

NON-CONFIDENTIAL



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

20 June 2013

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 27th June, 2013 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

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

A G E N D A

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 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.

3 Responses from Fraud Questionnaire

(Report of Grant Thornton (External Auditor) to be presented at the meeting)

4 Interim VFM Report (Using Audit Commission VFM Tools)

(Report of Grant Thornton (External Auditor) to be presented at the meeting)

5 Interim Audit Work Update

(Verbal Update from Grant Thornton (External Auditor))

6 Fee Letter (Pages 1 - 4)

(Report of Grant Thornton (External Auditor))

7 Annual Governance Statement & Code of Corporate Governance (Pages 5 - 60)

(Report of the Head of Internal Audit Services)

8 Statement on the Role of the Chief Finance Officer and the Head of Internal Audit (Pages 61 - 100)

(Report of the Head of Internal Audit Services)

9 Draft Annual Statement of Accounts & Report 2012/13 (Pages 101 - 108)

(Report of the Director (Finance))

10 Internal Audit Annual Opinion and Quarterly Report (Pages 109 - 128)

(Report of the Head of Internal Audit Services)

11 Review of the Effectiveness of Internal Audit (Pages 129 - 146)

(Report of the Head of Internal Audit Services)

12 Fraud Quarterly Update (Pages 147 - 198)

(Report of the Head of Internal Audit Services)

13 Audit and Governance Committee Self Assessment 2012/13 (Pages 199 - 202)

(Information only)

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

To Councillors: M Couchman, K Gant, M Gant, S People, S Pritchard, P Seekings and M Thurgood

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Our ref JC/JB/T09000011 /L1/2013_14

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12 April 2013

Dear Tony

Planned audit fee for 2013/14

The Audit Commission has set its proposed work programme and scales of fees for 2013/14. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

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

Following consultation, the Audit Commission set scale audit fees for local government bodies at the same level as the fees applicable for 2012/13. Therefore the Council's scale fee for 2013/14 has been set at £65,550.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-and-work-programme.

The audit planning process for 2013/14, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

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

Value for Money conclusion

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

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

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

Certification of grant claims and returns

The Council's composite indicative grant certification fee has been set by the Audit Commission at £16,400.

Billing schedule

Fees will be billed as follows:

| Main Audit fee | £ |
|----------------------------|------------------|
| September 2013 | 16,387.50 |
| December 2013 | 16,387.50 |
| March 2014 | 16,387.50 |
| June 2014 | 16,387.50 |
| Grant Certification | |
| June 2014 | 16,400.00 |
| Total | 81,950.00 |

Outline audit timetable

We will undertake our audit planning and interim audit procedures in the latter part of 2013 or early part of 2014 (time to be confirmed later in 2013). Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in September 2014 and work on the whole of government accounts return at the same time.

| Phase of work | Timing | Outputs | Comments |
|----------------------------------|---|--|--|
| Audit planning and interim audit | TBC | Audit plan | The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM. |
| Final accounts audit | July to Sept 2014 (actual timing to be confirmed in 2014) | Audit Findings (Report to those charged with governance) | This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance. |

| Phase of work | Timing | Outputs | Comments |
|------------------------------|-----------------------|---|--|
| VfMconclusion | Jan to Sept 2014 | Audit Findings (Report to those charged with governance) | As above |
| Financial resilience | Jan to Sept 2014 | Financial resilience report | Report summarising the outcome of our work. |
| Whole of government accounts | September 2014 | Opinion on the WGA return | This work will be completed alongside the accounts audit. |
| Annual audit letter | October 2014 | Annual audit letter to the Council | The letter will summarise the findings of all aspects of our work. |
| Grant certification | June to December 2014 | Grant certification report | A report summarising the findings of our grant certification work |

Our team

The key members of the audit team for 2013/14 are:

| | Name | Phone Number | E-mail |
|-------------------|--------------|---------------------|--------------------------|
| Engagement Lead | James Cook | 0121 232 5343 | james.a.cook@uk.gt.com |
| EngagementManager | Joan Barnett | 0121 232 5399 | joan.m.barnett@uk.gt.com |

Additional work

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

Quality assurance

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

Yours sincerely

James Cook
For Grant Thornton UK LLP

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27TH JUNE 2013

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE

EXEMPT INFORMATION

None

PURPOSE

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

RECOMMENDATIONS

That the proposed

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

EXECUTIVE SUMMARY

The Authority is required to produce a public Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2009 (as amended). The AGS must be published with the Authority's Annual Statement of Accounts. The AGS is a document which sets out the arrangements within the Authority for ensuring:

1. That there is a sound and robust governance framework, that the framework is regularly reviewed; and
2. It is expected that any instances of significant shortfalls in governance issues/arrangements are referred to within the AGS.

The Accounts and Audit (Amendment) (England) Regulations 2011 require that the Statement should be considered by a Committee of the Council – the Audit and Governance Committee is charged with this function.

Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA)

sets out the process by which the outcomes of the various arrangements within the Authority forming part of the governance framework should be brought together to inform the AGS. The guidance provides a model “Assurance Gathering Process” setting out the typical expected control arrangements and gives examples of the sorts of evidence which may be available within an authority to show that these controls are in place.

Relevant officers responsible for/involved in the main assurance processes have followed a process in accordance with CIPFA’s guidance to enable the model “Assurance Gathering Process” document to be completed. Members should also note that the AGS is informed by other processes such as the annual accounts closedown process, managers’ assurance statements, external audit reviews and inspections and the Head of Internal Audit Services Annual Audit Report.

In June 2009, CIPFA launched its “Statement on the Role of the Chief Finance Officer in Local Government” and during 2010 launched a similar document “The Statement on the Role of the Head of Internal Audit in Local Government”. Both statements support CIPFA’s work to strengthen governance and financial management across public services. Both of CIPFA’s statements set out five principles that define the core activities and behaviours of the role of the Chief Finance Officer and that of the Head of Internal Audit and the governance requirements needed to support them. We have benchmarked our arrangements against those set out in the Statements. This compliance is reflected in the Annual Governance Statement.

The proposed Annual Governance Statement 2012/13 arising from these processes is attached as **Appendix 1** for Members’ consideration. It should be noted that the Annual Governance Statement only includes significant governance issues.

The significant governance issues identified are:

| Issue | Proposed Actions |
|--|--|
| <p>Medium Term Financial Strategy</p> <p>The financial planning process has enabled a balanced MTFS to be delivered and has estimated closing balances over three years to £0.5m which is the minimum approved level.</p> | <p>Review on a regular basis the plans in place to deliver the MTFS to ensure that plans remain realistic and achievable including development of the Sustainability Strategy to address future financial constraints.</p> |
| <p>Town Centre Redevelopment</p> <p>The Authority is making plans for the redevelopment of the Town Centre.</p> | <p>Maintain and review plans on a regular basis to ensure that they can be delivered without detrimental impact on the MTFS.</p> |

| Issue | Proposed Action |
|--|---|
| <p>Golf Course</p> <p>The provision of golfing in Tamworth was at risk due to the financial stability of the management company running the golf course. The Authority has reopened and is managing the golf course for a period of up to two years.</p> | <p>Work is progressing to look at other options for securing the long-term future of the golf course site, including future redevelopment and investment options.</p> |
| <p>Housing Regeneration</p> <p>An in-depth study of council housing in Tamworth has identified that some housing in Tinkers Green in Wilnecote and the Kerria Centre in Amington was unpopular with residents, outdated and unsuitable for current housing needs.</p> | <p>A major redevelopment plan has been approved by the Authority's Cabinet, to involve the demolition and rebuilding of parts of the Tinkers Green and Kerria estates.</p> <p>The Authority will invest around £21.5 million over the next six years in the redevelopment of the two estates.</p> |

Other actions requiring attention have been identified through the assurance gathering process and as such will form an action plan (**Appendix 3**). These actions will be entered onto the Covalent Performance Management System to aid monitoring and review. Interim reporting of actions completed will be presented to the Audit & Governance Committee.

Actions arising from the Annual Governance Statement 2011/12 assurance process are identified in **Appendix 4** and show the current status of the actions. Where actions have not been fully completed, these have been forwarded to the current action plan at **Appendix 3** in order to monitor and review their implementation.

To achieve good governance, the Authority should be able to demonstrate that it is complying with the core and supporting principles contained in the guidance and should therefore develop and maintain a local code of governance appropriate to its circumstances and comprising the requirements for best practice as set out in the CIPFA/SOLACE guidance. As such the Code of Corporate Governance 2013/14 has been reviewed and is attached as **Appendix 2**. The Code indicates what is expected as per the CIPFA/SOLACE guidance and what we have completed to ensure that the principles of good governance are met.

The Authority can demonstrate that it complies with the core and supporting principles and complies with best practice.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS

Failure to produce an Annual Governance Statement would result in non-compliance with the Accounts and Audit (Amendment) (England) Regulations 2011.

There is a risk that failures in Governance would not be identified.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers

LIST OF BACKGROUND PAPERS

Managers Assurance Statements, Compliance with the Code of Corporate Governance review document, review of compliance to the Statements on the Role of the Chief Finance Officer in Local Government and the Role of the Head of Internal Audit in Local Government, Code of Practice for Internal Audit in Local Government in the UK review document.

APPENDICES

- Appendix 1 Annual Governance Statement 2012/13
- Appendix 2 Code of Corporate Governance 2013/14
- Appendix 3 Action plan arising from the AGS 12/13 assurance process
- Appendix 4 Action plan arising from the AGS 11/12 assurance process – update June 2013

Annual Governance Statement 2012/13

Scope of Responsibility

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

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

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Authority's code is on our website at www.tamworth.gov.uk. This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it is accountable to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

The governance framework has been in place at the Authority for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

The Governance Framework

Our vision “One Tamworth, Perfectly Placed” was endorsed in 2011/12 as a single vision by this Authority along with our partners – County Council, Police, Health Service, Fire & Rescue Services, Voluntary Sector and others. The intended outcomes (corporate priorities) and actions to fulfil these are identified in the Corporate Plan. The Corporate Priorities are “To Aspire & Prosper” and “To be Healthier & Safer”. To align with the corporate priorities, the Authority has “Statements of Intent” for **People, Place & Organisation**.

Some of the key elements of the systems, processes and controls that comprise the Authority’s governance arrangements are set out below in line with our statements of intent. Further details of the systems, processes and controls in place can be found in the Code of Corporate Governance.

People

Every year, the Authority undertakes consultation with local people on a wide range of issues. Further details can be found in the Code of Corporate Governance. A major consultation exercise completed during 2012/13, ensured the successful implementation of the Council Tax Support Scheme in compliance with statutory requirements under the Welfare Reform Act and ensured that those affected were able to put their views forward on the proposals. Survey and consultation results are made available on the website. Communication and feedback is also completed through several publications which are made available on the website.

We use various types of media to communicate our vision and priorities. Examples are the Corporate Plan and quarterly reporting on achievements. All documents are available on the Authority’s website and in hard copy format.

There is a “Tell Us Scheme “ in place which captures comments, compliments and complaints.

Place

The Tamworth Strategic Partnership (TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors with the vision and priorities aligned to the Authority’s. The TSP has in place a strategic plan, terms of reference, workstreams with lead officers and champions. Partnership Governance guidance has been developed for use in all partnerships.

The Authority is working to promote private sector growth and create quality employment locally. Some of the achievements during 2012/13 include, improvements to be made to the Assembly Rooms and Tamworth Castle which successfully gained heritage lottery funding; progression of the Gateway Projects with the County Council; and influencing both the Greater Birmingham and Solihull Local Enterprise Partnership, and the Staffordshire

and Stoke-on-Trent Local Enterprise Partnership, with successful outcomes for Tamworth.

The Authority has successfully implemented Council House Finance Reform which includes a 30 year business plan to bring new resources to the town.

Organisation

The Authority ensures accountability and openness through the publishing of the Corporate Plan and the Annual Review which detail proposed plans for the coming year and achievement of objectives for the previous year. The Annual Review also details the summary accounts for the financial year. The Statement of Accounts is made available to the public on the website both at draft and final stage. The Authority has a balanced three year medium term financial strategy.

We have a Performance Management Framework in place which ensures that our performance against our intended outcomes as identified in the Corporate Plan, making the best use of resources available whilst obtaining value for money, is measured, monitored and reported on a quarterly basis. Details of performance against target are made available on the Authority's website.

The Constitution and Scheme of Delegation is reviewed and approved annually at Full Council. They detail roles and responsibilities of members and the Statutory Officers and the protocol on member/officer relations. All new members are given induction training which covers conduct and standards of behaviour. Members and officers are required to declare gifts and hospitality and to register their interests. A Code of Conduct for officers has been drafted during 2012/13. There is an E-Induction programme in place which includes a section on conduct. All new staff and members are required to complete an induction programme. On-going development of members and officers is identified through the Performance Development Review (PDR) process which is completed annually.

A Risk Management Strategy is in place which has been formally approved by Corporate Management Team and the Audit & Governance Committee. It is updated and reviewed on a regular basis. There is a Corporate Risk Register in place which is monitored by the Corporate Management Team and reported to the Audit & Governance Committee.

The Authority has in place a Counter Fraud & Corruption Policy Statement, Strategy and Guidance Notes and a Whistleblowing Policy which are available on the website. These are reviewed and revised on a regular basis.

The Authority has been undertaking a change management programme over the last two years. In 2012/13, a Corporate Change Board was set up to strengthen the leadership and ownership of the programme.

The Authority's financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief*

Financial Officer in Local Government (2010). The Executive Director Corporate Services (the Chief Financial Officer) reports directly to the Chief Executive and is a member of the Corporate Management Team (CMT). He is professionally qualified and his main responsibilities include those set out in the CIPFA Statement on the role of the Chief Finance Officer in Local Government and also as detailed in the Constitution.

The Authority's Assurance Arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*. The Head of Internal Audit Services fulfils this role. She is professionally qualified and reports directly to the Executive Director Corporate Services who is a member of the Corporate Management Team.

The Solicitor to the Council fulfils the role of the Monitoring Officer, the functions of which are detailed in the Constitution and include the responsibility for ensuring that the Authority follows agreed procedures and that all applicable statutes, regulations and other relevant statements of good practice are complied with, for example, changes that have been required regarding the Localism Act 2011 and the Local Authority (Executive Arrangements) (Access to Information) Regulations 2013.

The Chief Executive fulfils the role of the Head of Paid Service, the functions of which are detailed in the Constitution.

The Audit & Governance Committee has been in place since 2006 and its role and function are laid down in the Constitution. The core functions are as identified in *CIPFA's Audit Committees: Practical Guidance for Local Authorities*. Each year, the Committee completes a self assessment against CIPFA guidance to ensure compliance. The Chair reports to the Full Council on an annual basis on the actions taken by the Committee during the year.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates as detailed below.

| Assurance Cycle | | | |
|--|--|---|---------------------------------------|
| Understand | Plan | Do | Review |
| What are we seeking to receive assurance on? | What sources of assurance do we require? | How we will arrange ourselves to receive adequate assurances? | How do we know that we are effective? |

- During 2012/13, the Governance Group has reviewed and updated against the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*;
- The Head of Internal Audit Services reports to the Audit & Governance Committee on a quarterly basis and provides an opinion on the overall effectiveness of the system of internal control based upon the work completed. For the 2012/13 financial year, the Head of Internal Audit Services' overall opinion of the control environment at this time is that "reasonable assurance" can be given;
- An annual review of the effectiveness of the system of Internal Audit (as required by Regulation 6(3) of the Accounts and Audit Regulations 2011) was completed and Internal Audit complied with CIPFA Code of Internal Audit practice for 2012/13. From the 1st April 2013, Internal Audit will comply with the Public Sector Internal Audit Standards;
- Our External Auditors report to each Audit & Governance Committee. They reported in their Annual Governance Report that the Authority had prepared its accounts and supporting working papers to a good standard with relatively few issues to be drawn to the attention of the members. They found no significant matters arising from certification of claims and returns;
- The Ombudsman reported in July 2012 on the enquiries and complaints they received in 2011/12. In total, they received 19 enquiries/complaints of which 5 were passed to the investigative team all of which concluded that there was not enough evidence of fault;

- Managers Assurance Statements have been completed and have not identified any significant control issues;
- The Performance Management Framework ensures that the financial healthcheck is reported to Cabinet on a quarterly basis and made readily available on the Authority's website.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Governance Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The significant governance issues already addressed and those to be specifically addressed with new actions planned are outlined in the attached **Annex 1**. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address these issues. Monitoring of the completion of these issues will be completed through reporting to the Audit & Governance Committee.

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

Signed

D Cook

A E Goodwin

Leader

Chief Executive

Date

On behalf of the Authority

Significant Governance Issues raised 2011/12 and action completed

The significant governance issues identified in relation to the Authority achieving its vision in 2011/12 and action completed are:

| No | Issue | Action | Update |
|----|---|--|---|
| 1 | <p>Medium Term Financial Strategy</p> <p>The Authority should continue vigorous monitoring and scrutiny of its financial position to ensure the savings plan can be delivered with the planned use of reserves; and that there is no impact on the quality and range of services provided.</p> | <p>The Medium Term Financial Strategy is under continuous review by CMT and the Executive Board to take account of current circumstances and that planned savings are implemented/achieved to enable minimum impact on service delivery.</p> | <p>The Authority approved an updated Medium Term Financial Strategy for 2013/14 to 2015/16 in line with statutory requirements at its meeting 26 February 2013.</p> |

Significant Governance Issues 2012/13

The significant governance issues identified in relation to the Authority achieving its vision in 2012/13 are:

| No | Issue | Action |
|----|---|--|
| 1 | <p>Medium Term Financial Strategy The financial planning process has enabled a balanced MTFS to be delivered and has estimated closing balances over three years to £0.5m which is the minimum approved level.</p> | <p>Review on a regular basis the plans in place to deliver the MTFS to ensure that plans remain realistic and achievable including development of the Sustainability Strategy to address future financial constraints.</p> |
| 2 | <p>Town Centre Redevelopment The Authority is making plans for the redevelopment of the Town Centre.</p> | <p>Maintain and review plans on a regular basis to ensure that they can be delivered without detrimental impact on the MTFS.</p> |
| 3 | <p>Golf Course The provision of golfing in Tamworth was at risk due to the financial stability of the management company running the golf course. The Authority has reopened and is managing the golf course for a period of up to two years.</p> | <p>Work is progressing to look at other options for securing the long-term future of the golf course site, including future redevelopment and investment options.</p> |
| 4 | <p>Housing Regeneration An in-depth study of council housing in Tamworth has identified that some housing in Tinkers Green in Wilnecote and the Kerria Centre in Amington was unpopular with residents, outdated and unsuitable for current housing needs.</p> | <p>A major redevelopment plan has been approved by the Authority's Cabinet to involve the demolition and rebuilding of parts of the Tinkers Green and Kerria estates.. The Authority will invest around £21.5 million over the next six years in the redevelopment of the two estates.</p> |

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TAMWORTH BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE 2013/14

Introduction

Good Governance is about how Tamworth Borough Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they are accountable to, engage with and, where appropriate, lead their communities.

Our Commitment

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

Good governance flows from shared values, culture and behaviour and from sound systems and structures. This Code of Corporate Governance is a public statement which sets out the framework through which the Council meets its commitment to good corporate governance and is based on the following principles which build on the Seven Principles of Public Life (see Appendix 1). It is also underpinned by the Council's shared values – Approachable, Accountable and Visible.

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of Members and Officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

This Code describes how the Council demonstrates its commitment to these six principles and indicates what the Council has completed to achieve the commitment.

Core Principle 1: Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.

| Supporting Principles | Tamworth's Commitment | What we have done |
|--|--|---|
| <p>1.1 Exercising strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users.</p> | <p>Develop and promote the authority's purpose and vision</p> <p>Review on a regular basis the authority's vision for the local area and its implications for the Authority's governance arrangements.</p> <p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners.</p> <p>Publish an annual report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance.</p> | <p>The shared vision "One Tamworth, Perfectly Placed" and corporate priorities have been developed with our partner organisations so that the strategic priorities of all organisations are more closely aligned to the needs of the community based upon the most recent data and intelligence provided by each organisation. In addition, the view of Tamworth residents helped shape the priorities.</p> <p>Every year, the Authority undertakes consultation with local people on a wide range of issues. The consultations undertaken during 2012/13 included budget consultation and Council Tax Support Scheme Consultation.</p> <p>The Council Tax Support Scheme consultation exercise was extensive to ensure that those affected were able to have their say on the proposals.</p> <p>"Tamworth Listens" is another consultation exercise of which the results feed into the "State of Tamworth Debate". Other surveys completed include the Tamworth Place survey, Citizens Panel survey and an Under Occupancy survey. Survey and consultation results are made available on the website. Communication and feedback is also completed through</p> |

| Supporting Principles | Tamworth's Commitment | What we have done |
|-----------------------|-----------------------|--|
| | | <p>several publications which include "Talkback" which is produced twice a year and is distributed to all households in the borough, "Open House" which is produced quarterly and distributed to all council tenants, and "Tamworth & Lichfield Business E-Brief" which is produced quarterly and made available on the website.</p> <p>The Vision is used as a basis for the Corporate Plan and service delivery plans which are reviewed on an annual basis.</p> <p>There is a Communication Strategy which details the way that the Authority communicates with the local community to be better informed regarding their needs and aspirations.</p> <p>The Tamworth Strategic Partnership (TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors. The TSP has terms of reference, vision and priorities, workstreams, and a commissioning framework. Agenda and minutes are made available on the Authority's website.</p> <p>The Authority produces an Annual Report. The Statement of Accounts and the Annual Audit letter are made available on the</p> |

| Supporting Principles | Tamworth's Commitment | What we have done |
|--|--|---|
| | | <p>website.</p> <p>The Medium Term Financial Strategy outlines how finances will be used over the coming three years.</p> <p>A quarterly performance report is presented to Cabinet which provides information on:</p> <ul style="list-style-type: none"> • Corporate Plan scorecard of performance indicators • High level corporate plan actions • Performance Management Framework • Corporate risks • Financial matters. |
| <p>1.2 Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.</p> | <p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery.</p> | <p>Corporate plan actions and performance indicators are in place and available on the website. Performance is reported on a quarterly basis.</p> <p>Consultation with the local community to identify their priorities is completed through Budget Consultation and Tamworth Listens as well as other on-going consultation activities such as tenant forums, place surveys etc.</p> <p>The Authority has in place a Tell Us Scheme which provides an avenue for services users to provide feedback on the</p> |

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| | | <p>services provided. This can either be in the form of comments, compliments or complaints. Guidance available about complaints refers to referrals to the Ombudsman. Guidance is made available to members of the public if they wish to make a complaint against a member of the Council. Complaints against members of the Council are dealt with by the Monitoring Officer in the first instance and ultimately reported to the Audit & Governance Committee.</p> |
| <p>1.3 Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money.</p> | <p>Decide how value for money is to be measured and make sure that the Authority or partnership has the information needed to review value for money and performance effectively.</p> <p>Measure the environmental impact of policies, plans and decisions.</p> | <p>The Procurement Policy has been drafted. Various departments within the Authority complete benchmarking exercises.</p> <p>The Authority has been undertaking a change management programme over the last two years. In 2012/13, a Corporate Change Board was set up to strengthen the leadership and ownership of the programme. A timetable of reviews is in place. Several members of staff have been trained to use change management methodology so that they can assist in reviews and take on a critical friend role. So far to date, reviews have been completed on and resulted in:</p> <ul style="list-style-type: none"> • The replacement Customer Relationship Management system (CRM) is on the verge of Go Live (as |

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| | | <p>at May 2013) with an increase in the volume and quality of processes and a development plan that supports the realignment of many processes, improving the overall customer experience.</p> <ul style="list-style-type: none"> <li data-bbox="1330 499 1917 938">● The Electronic Document & Records Management System (EDRMS) is well underway to becoming a corporate tool rather than being aimed at specific pockets of the organisation. Workshops have been held with key representatives to ascertain what will best sit on the system with a view to increasing accessibility of information and supporting the overall agile approach <li data-bbox="1330 986 1908 1425">● Progress has been made on specifying telephony, technology and website requirements to enable a more flexible workforce and a more robust infrastructure. Efforts have been made with tender processes, however upon assessment it is felt that these technologies are best developed as part of shared service agreements with partners, and this is currently work in progress to ascertain the |

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| | | <p>most suitable option for Tamworth.</p> <ul style="list-style-type: none"> ● Service reviews continue within the organisation and processes have been developed in creditors, anti social behaviour, environmental services and support services. These end to end processes are more streamlined and again, offer an improvement to the overall customer experience. ● New systems have been implemented to support the business functions of Human Resources, Payroll and Finance. These systems, when fully exploited, will offer more self service options to officers and improved management upon which to make business decisions. ● All of the work so far has made significant progress to enable a corporate approach to agile working. The concept has been trialled in key areas of the organisation with a great deal of success and final options are currently being identified and costed to take the organisation |

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| | | <p>forward.</p> <p>All implications relating to the decisions to be made are identified in the appropriate Committee report so that members are aware of the implications of taking that decision.</p> |

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

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| <p>2.1 Ensuring effective leadership throughout the Authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.</p> | <p>Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of other Authority members, members generally and senior officers.</p> | <p>The Constitution defines and documents the roles and responsibilities of the executive (the Cabinet) and other Non-Executive Committees. The Constitution details delegation arrangements, codes of conduct and protocols for member/officer relations. The Constitution also contains procedural rules, standing orders and financial regulations as well as the statutory roles of Head of Paid Service, Chief Finance Office and Monitoring Officer. All Statutory officers are members of the Corporate Management Team.</p> |
| <p>2.2 Ensuring that a constructive working relationship exists between Authority members and officers and that the responsibilities of members and officers are carried out to a high standard.</p> | <p>Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.</p> <p>Make a Chief Executive or equivalent responsible and accountable to the Authority for all aspects of operational management.</p> <p>Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</p> | <p>The Scheme of Delegation is included in the Constitution and is reviewed annually and approved by Full Council.</p> <p>Standing Orders, Financial Regulations and Financial Guidance are reviewed on a regular basis.</p> <p>The functions of the Chief Executive are detailed within the Constitution. The Chief Executive has a Performance Development Review with Cabinet.</p> |

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| | <p>Make a senior officer (the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p> <p>Make a senior officer (usually the monitoring officer) responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p> | <p>The Authority's Financial Management Arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)</i>. The Executive Director Corporate Services (the Chief Financial Officer) reports directly to the Chief Executive and is a member of the Corporate Management Team (CMT). The Executive Director Corporate Services is professionally qualified (FCCA) and his main responsibilities include those set out in the CIPFA Statement on the role of the Chief Finance Officer in Local Government. The functions of the Chief Finance Officer are detailed in the Constitution.</p> <p>The Authority's Assurance Arrangements conform to the governance requirements of the <i>CIPFA Statement on the Role of the Head of Internal Audit (2010)</i>. The Head of Internal Audit Services fulfils this role. She is professionally qualified (CMIIA) and reports directly to the Executive Director Corporate Services who is a member of the Corporate Management Team.</p> <p>The Solicitor to the Council fulfils the role of the Monitoring Officer. The functions of the Monitoring Officer are detailed in the Constitution and include the responsibility</p> |

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| | | for ensuring that the Council follows agreed procedures and that all applicable statutes, regulations and other relevant statements of good practice are complied with, for example changes that have been required regarding the Localism Act 2011 and the Local Authority (Executive Arrangements) (Access to Information) Regulations 2013. |
| 2.3 Ensuring relationships between the Authority, its partners and the public are clear so that each knows what to expect of the other. | <p>Develop protocols to ensure effective communication between members and officers in their respective roles.</p> <p>Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel.</p> <p>Ensuring that effective mechanisms exist to monitor service delivery.</p> <p>Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.</p> <p>When working in partnership, ensure that members are clear about their roles and responsibilities both individually and</p> | <p>The Protocol on Members/Officers Relations is detailed within the Constitution which is reviewed and approved annually.</p> <p>There is a members remuneration scheme in place which is reviewed on a regular basis by an independent panel. The last review was completed in 2012.</p> <p>All officers are subject to a job evaluation process. There is a Pay Policy Statement in place which is reviewed on a regular basis.</p> <p>The shared vision "One Tamworth, Perfectly Placed" and corporate priorities have been developed with our partner organisations so that the strategic priorities of all organisations are more closely aligned to the needs of the community based upon the most recent data and intelligence provided by each organisation. In addition, the view of Tamworth residents</p> |

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| | <p>collectively in relation to the partnership and to the Authority.</p> <p>Ensure that there is clarity about the legal status of the partnership.</p> <p>Ensure that representatives or organisations both understand and make clear to all other partners the extent of their Authority to bind their organisation to partner decisions.</p> | <p>helped shape the priorities. Every year, the Authority undertakes consultation with local people on a wide range of issues. The consultation undertaken during 2012/13 included budget consultation and Council Tax Support Scheme Consultation.</p> <p>The Council Tax Support Scheme consultation exercise was extensive to ensure that those affected were able to have their say on the proposals.</p> <p>“Tamworth Listens” is another consultation exercise of which the results feed into the “State of Tamworth Debate”. Other surveys completed include the Tamworth Place survey, Citizens Panel survey and an Under Occupancy survey.</p> <p>Survey and consultation results are made available on the website. Communication and feedback is also completed through several publications which include “Talkback” which is produced twice a year and is distributed to all households in the Borough, “Open House” which is produced quarterly and distributed to all council tenants and “Tamworth & Lichfield Business E-Brief” which is produced quarterly and made available on the website.</p> |

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| | | <p>The Vision is used as a basis for the Corporate Plan and service delivery plans which are reviewed on an annual basis.</p> <p>There is a Communication Strategy which details the way that the Authority communicates with the local community to learn more about their needs and aspirations.</p> <p>The Tamworth Strategic Partnership (TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors. The TSP has terms of reference, vision and priorities, workstreams, a commissioning framework. Agenda and minutes are made available on the Authority's website.</p> |

3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

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| <p>3.1 Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p> | <p>Ensure that the Authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.</p> <p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Authority, its partners and the community are defined and communicated through codes of conduct and protocols.</p> <p>Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</p> | <p>There is a Members Code of Conduct in place as well as a protocol on Member/Officer relations. The Officers Code of Conduct is at draft stage. The Constitution details Rules of Procedures for Committee meetings. Codes and protocols also include Gifts & Hospitality and Register of Interests.</p> <p>Complaints received about Members Conduct are administered by the Monitoring Officer. Following the Localism Act, the Standards Committee has been abolished and all the functions relating to standards of conduct as provided in the Localism Act are now dealt with by the Audit & Governance Committee.</p> <p>There is a complaints procedure in place (the "Tell Us" Scheme) for comments, complaints and complements on service delivery.</p> <p>Personal Development Reviews are completed annually for staff.</p> <p>The Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes and the Whistleblowing Policy are reviewed and updated on a regular basis. The last review</p> |

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| | | <p>was completed during 2012/13 and both were approved by the Audit & Governance Committee on the 24th May 2012 and by Full Council on the 11th September 2012. Both policies are available on the Council's website and the staff intranet. The E learning package has been used to develop governance awareness training which includes awareness around counter fraud arrangements and Whistleblowing. This package will be rolled out to staff and members in 2013/14. The Counter Fraud and Corruption Policy Statement & Strategy was issued to staff via the NetConsent Policy Management system. Staff are required to accept the policy via NetConsent.</p> <p>Both members and officers complete induction training. Training in specialised areas is provided to members and during 2012/13 the following training has been provided to members. Officers complete an annual Personal Development Review (PDR). The PDR process identifies training needs required by the officer for continued professional development and in order to deliver the vision and priorities of the authority. A staff annual general meeting is held which is well attended and the annual staff attitude survey revealed positive results.</p> |

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| | | <p>Standing Orders, Financial Regulations and Financial Guidance are reviewed and updated on a regular basis.</p> <p>Staff are required to Register Interests, secondary employment and declare Gifts & Hospitality.</p> |
| <p>3.2 Ensuring that organisational values are put into practice and are effective</p> | <p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectation, and communicate these with members, staff, the community and partners.</p> <p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.</p> <p>Develop and maintain an effective standards committee.</p> <p>Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.</p> <p>In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p> | <p>There is a Members Code of Conduct in place which they sign up to and update their interests annually as well as a protocol on Member/Officer relations. All members received training on the Code of Conduct. The Officers Code of Conduct is at draft stage.</p> <p>The Seven Principles of Public Life are detailed within the Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes which has been issued to staff through NetConsent. They are also detailed with the Members Code of Conduct.</p> <p>Under the Localism Act, the Standards Committee regime has been abolished with the duties relating to members conduct now being completed by the Monitoring Officer and the Audit & Governance Committee. The Whistleblowing Policy is available on the Intranet and Website.</p> <p>The Chair of the Audit & Governance</p> |

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| | | <p>Committee reports to Full Council on an annual basis.</p> <p>The Corporate Plan details the Vision and Corporate Priorities. It details achievements and plans for the financial year.</p> <p>Partnership Governance guidance is in place.</p> |

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

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| <p>4.1 Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p> | <p>Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisations for which it is responsible.</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p> <p>Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the function of such a committee.</p> <p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.</p> | <p>The Council has in place two Scrutiny Committees – Aspire and Prosper and Healthier and Safer which provide effective scrutiny to the achievement of the strategic priorities.</p> <p>Agendas and minutes for the Scrutiny Committees are made available on the Council's website and reported to the Full Council.</p> <p>An effective Internal Audit function is resourced and maintained with performance reported to the Audit & Governance Committee. Internal Audit complies with the CIPFA Code of Internal Audit Practice.</p> <p>Article 13 of the Constitution details about Decision Making. All decisions made are recorded in the minutes of the meeting held. Agenda items are submitted providing advice on the reaching of the decisions.</p> <p>A Members Code of Conduct is in place. Members are required to declare interests at the start of meetings. Requests for, and any declarations received are recorded in the minutes of the meeting.</p> |

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| | | <p>There is an Audit & Governance Committee in place for which the terms of reference and membership are detailed in the Constitution. Training is provided to the members of the Committee.</p> <p>The Council's complaints system is the "Tell Us" scheme. Complaints are investigated internally. If the complainant is still not satisfied they can go to the Ombudsman. Details of this complaints procedure is contained on the website.</p> |
| <p>4.2 Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p> | <p>Ensure that those making decisions, whether for the authority or the partnership, are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical and financial issues and their implications.</p> <p>Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.</p> | <p>Detailed agenda items are presented to the Committees. Legal and financial implications are noted on the agenda items. The Authority uses a computerised package "Mod Gov" for the production of Committee reports which requires implications of the report to be identified.</p> <p>Decisions made are published in the minutes of the meeting.</p> <p>Publications of agendas and reports are completed to a laid down timetable.</p> <p>The Forward Plan is published monthly and details the key decisions to be made over the next 4 months.</p> <p>The Authority complies with the <i>CIPFA Statement on the Role of the Chief</i></p> |

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| | | <p><i>Financial Officer in Local Government</i> and this is reported in the Annual Governance Statement.</p> |
| <p>4.3 Ensuring that an effective risk management system is in place.</p> | <p>Ensure that risk management is embedded into the culture of the Authority, with members and managers at all levels recognising that risk management is part of their jobs.</p> <p>Ensure that effective arrangements for Whistleblowing are in place to which officers, staff and all those contracting with or appointed by the authority have access.</p> | <p>The Authority has in place a Risk Management Policy & Strategy. Regular reviews and updates are completed, with the last review approved by the Audit & Governance Committee in October 2012. Quarterly risk management reports are presented to the Audit & Governance Committee.</p> <p>There is a Corporate Risk Register which is owned by the Corporate Management Team and reviewed quarterly. Operational risk registers are owned by managers and recorded on the Covalent risk management system which are linked to the performance module and service business plans. Internal Audit work with managers to help them identify their risks and record them on the Covalent system. The Internal Audit plan takes into account the identified risks on the risk registers.</p> <p>Contract standing orders, financial regulations and financial guidance are in place and reviewed and updated on a</p> |

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| | | regular basis. Counter fraud arrangements are in place and reviewed and updated on a regular basis. Counter fraud documents (including the Whistleblowing Policy) are made available to members of the public through the Authority's website. |
| 4.4 Using their legal powers to the full benefit of the citizens and communities in their area | <p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities.</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.</p> <p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes.</p> | <p>There is a Constitution in place which is reviewed and approved annually by Full Council. The Constitution details the provision for The Monitoring Officer and the Statutory provision of the Council.</p> <p>There is a record of legal advice provided by officers.</p> <p>Details of the Monitoring Officer role is detailed within the Constitution.</p> |

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

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| <p>5.1 Making sure that members and officers have the skills, experience and resources they need to perform well in their roles</p> | <p>Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</p> <p>Ensure that the statutory officers have the skills and resources to perform effectively in their roles and that these roles are properly understood throughout the authority.</p> | <p>There are training and development plans in place for members and officers. Officers' training and development is identified through the Personal Development Review (PDR).</p> <p>The recruitment process ensures that skills and knowledge are measured and tested appropriately.</p> <p>There is an E-Induction programme in place which is available to both officers and members.</p> <p>Job descriptions and personal specifications are in place for all posts and reviewed as required.</p> <p>All Statutory Officers are members of CMT.</p> |
| <p>5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</p> | <p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.</p> <p>Developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p> | <p>Training and development plan which is developed through the PDR process. This process is in place for all officers.</p> <p>Members training is provided on induction and in specialist areas.</p> |

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| | <p>Ensure that arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan, which might for example aim to address any training or development needs.</p> | |
| <p>5.3 Encouraging new talent for membership of the Authority so that best use can be made of individual skills and resources in balancing continuity and renewal</p> | <p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.</p> <p>Ensure that career structures are in place for members and officers to encourage participation and development.</p> | <p>The shared vision "One Tamworth, Perfectly Placed" and corporate priorities have been developed with our partner organisations so that the strategic priorities of all organisations are more closely aligned to the needs of the community based upon the most recent data and intelligence provided by each organisation. In addition, the views of Tamworth residents helped shape the priorities. Every year, the Authority undertakes consultation with local people on a wide range of issues. The consultation undertaken during 2012/13 included budget consultation and Council Tax Support Scheme Consultation. The Council Tax Support Scheme consultation exercise was extensive to ensure that those affected were able to have their say on the proposals. "Tamworth Listens" is another consultation exercise of which the results feed into the "State of Tamworth Debate". Other surveys completed include the</p> |

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| | | <p>Tamworth Place survey, Citizens Panel survey and an Under Occupancy survey. Survey and consultation results are made available on the website. Communication and feedback is also completed through several publications which include "Talkback" which is produced twice a year and is distributed to all households in the Borough, "Open House" which is produced quarterly and distributed to all council tenants and "Tamworth & Lichfield Business E-Brief" which is produced quarterly and made available on the website.</p> <p>There is a Communication Strategy which details the way that the Authority communicates with the local community to learn more about their needs and aspirations.</p> <p>Social media channels are being used to encourage more participation.</p> <p>The Tamworth Strategic Partnership (TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors. The TSP has terms of reference, vision and priorities, workstreams, and a commissioning framework. Agenda and minutes are made available on the</p> |

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| | | <p>Authority's website.</p> <p>The Succession planning process will over the next few months be supported by the further development of the iTrent HR/Payroll system. Generic core competencies will be assigned to roles which will enable PDRs to be more focussed, co-ordinated and delivered.</p> |

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

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| <p>6.1 Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships</p> | <p>Make clear to themselves, all staff and the community to whom they are accountable and for what.</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.</p> <p>Produce an annual report on the activity of the scrutiny function.</p> | <p>The Tamworth Strategic Partnership is in place.</p> <p>There is a consultation strategy in place. Members of the public are able to comment on various consultation exercises completed (see 5.3) which are displayed on the website. In addition, members of the public are actively encouraged to become members of various consultation groups. Consultation feedback is made available on the website.</p> <p>The authority has two Scrutiny Committees – Aspire and Prosper and Healthier and Safer. The Committees join together to scrutinise the budget.</p> <p>The Aspire and Prosper Committee undertakes a strategic role in the review and scrutiny of the performance of the Council in relation to its policy objectives and performance targets. This will include the Council's overall financial management and the overall performance of the Council.</p> <p>The Healthier and Safer Committee reviews and scrutinises the performance and functions of other public bodies, statutory undertakers or other such organisations, including voluntary and not</p> |

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| | | <p>for profit institutions, who provide or facilitate the provision of public services within the Borough.</p> <p>An annual report on the work completed by the Scrutiny Committees is reported to Full Council.</p> |
| <p>6.2 Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning</p> | <p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, including monitoring arrangements, and ensure that they operate effectively.</p> <p>Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p> <p>Establish a clear policy on the types of issues on which they will meaningfully consult on or engage with the public, and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result.</p> <p>Publish an annual performance plan giving information on the Authority's vision, strategy, plans and financial statements as</p> | <p>The shared vision "One Tamworth, Perfectly Placed" and corporate priorities have been developed with our partner organisations so that the strategic priorities of all organisations are more closely aligned to the needs of the community based upon the most recent data and intelligence provided by each organisation. In addition, the views of Tamworth residents helped shape the priorities. Every year, the Authority undertakes consultation with local people on a wide range of issues. The consultations undertaken during 2012/13 included budget consultation and Council Tax Support Scheme Consultation. The Council Tax Support Scheme consultation exercise was extensive to ensure that those affected were able to have their say on the proposals. "Tamworth Listens" is another consultation exercise of which the results feed into the "State of Tamworth Debate". Other surveys completed include the</p> |

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| | <p>well as information about its outcomes, achievements and the satisfaction of service users in the previous period.</p> <p>Ensure that the Authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p> | <p>Tamworth Place survey, Citizens Panel survey and an Under Occupancy survey. Survey and consultation results are made available on the website. Communication and feedback is also completed through several publications which include "Talkback" which is produced twice a year and is distributed to all households in the Borough, "Open House" which is produced quarterly and distributed to all council tenants and "Tamworth & Lichfield Business E-Brief" which is produced quarterly and made available on the website.</p> <p>There is a Communication Strategy which details the way that the Authority communicates with the local community to learn more about their needs and aspirations.</p> <p>Social media channels are being used to encourage more participation.</p> <p>A record of public consultations and their outcomes are recorded on the Authority's website.</p> <p>The Tamworth Strategic Partnership(TSP) is an umbrella partnership that brings together key local agencies from the public, private, voluntary and community sectors.</p> |

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| | | <p>The TSP has terms of reference, vision and priorities, workstreams, and a commissioning framework. Agenda and minutes are made available on the Authority's website.</p> <p>An annual report is produced and made available on the website. The Annual Plan gives details on the authority's vision, strategy and plans and the financial statements. It gives details of outcomes and achievements. The Corporate Plan is produced on an annual basis and details both a backward look at achievements and successes and a forward look to achievements for the forthcoming year.</p> <p>Each department develops a business plan with outcomes, and performance indicators linked to the vision and priorities.</p> <p>The Constitution is available on the Authority's website.</p> <p>The Freedom of Information Act publication scheme is made available on the authority's website, along with the council tax leaflet.</p> |

| Supporting Principle | Tamworth's Commitment | What we have done |
|---|---|---|
| 6.3 Making best use of human resources by taking an active and planned approach to meet responsibility to staff | Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making. | The authority has in place a Trade Union Liaison Group (TULG). This group is made up of representatives from the trade unions and management and is led by the Director of Transformation and Corporate Performance. A facilities agreement is in place and is reviewed regularly. The Group meet on a regular basis to discuss both operation and strategic issues and both sides are encouraged to raise issues they feel necessary. The CE, Directors and Heads of Service attend the meetings as necessary to present changes to legislation, reorganisations, changes to processes and policies. The representatives are provided with assistance where applicable and an open style of communication is encouraged. |

The Nolan Principles of Public Life

1. Selflessness :

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

2. Integrity :

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

3. Objectivity :

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

4. Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

5. Openness :

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

6. Honesty :

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

7. Leadership :

Holders of public office should promote and support these principles by leadership and example.

Action Plan Arising from the AGS 12/13 Assurance Process

Report Type: Actions Report
Report Author: Angela Struthers
Generated on: 18 June 2013



| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------|----------------|---|-------------|----------------|--------------|
| AGS1213 1 | Satisfaction Survey | 3 | | <div style="width: 25%;"><div style="background-color: #4F81BD; height: 10px;"></div></div> 25% | 31-Oct-2013 | | Jane Hackett |
| Description | Satisfaction surveys are not issued to service users of Member Services and Legal Services | | | | | | |
| Desired Outcome | A satisfaction survey to be completed for users of Member and Legal Services | | | | | | |
| All Notes | Angela Struthers 17-Jun-2013 Action bought forward from 11/12 - Original Note: Jane Hackett 8/3/13 - this will be tied into the legal services review taking place expected completion September 2013 | | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---|-------------|----------------|-------------|
| AGS1213 2 | Community Engagement | 2 | | <div style="width: 50%;"><div style="background-color: #4F81BD; height: 10px;"></div></div> 50% | 31-Mar-2014 | | John Day |
| Description | Improve insight about customer/residents needs by developing solutions with partners/neighbouring authorities | | | | | | |
| Desired Outcome | Council Insight strategy to be developed. | | | | | | |
| All Notes | Angela Struthers 17-Jun-2013 Action bought forward from 11/12. Original note: John Day 11/3/13 - the Customer Insight Strategy is under development. The new CRM system will be an important part of this and will be integral part of it as it drives an improvement in corporate performance. Mosaic data continues to inform projects and has recently been used for a direct debit campaign, alcohol and obesity profiling | | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---|-------------|----------------|---------------|
| AGS1213 3 | Succession Planning | 2 | | <div style="width: 21%;"><div style="background-color: #4F81BD; height: 10px;"></div></div> 21% | 31-Mar-2014 | | Anica Goodwin |
| Description | Career structures are not in place for officers and members to encourage participation and development | | | | | | |
| Desired Outcome | Succession planning to be discussed with the Head of Organisational Development | | | | | | |
| All Notes | Angela Struthers 18-Jun-2013 Action bought forward from 11/12. Original note - Anica Goodwin 16/5/13 - areas identified as pilot areas, matrix developed and to be completed with relevant manager, progress slow to date due to workload within HR, new target to be March 2014. 10k was allocated in reserve for this work to be completed. Due to implementation of new HR system the reserve has been put back into corporate reserve. | | | | | | |






| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---------------------------------|-------------|----------------|-------------|
| AGS1213 4 | Customer Satisfaction | 3 | | <input type="text" value="0%"/> | 31-Dec-2013 | | Jane Eason |
| Description | Satisfaction surveys are not issued to service users of Public Relations | | | | | | |
| Desired Outcome | Customer satisfaction monitoring mechanism with PR service to be implemented. | | | | | | |
| All Notes | Angela Struthers 18-Jun-2013 Bought forward from 1.1/1.2. Original note - Jane Eason 18/6/13 - This will be done following the launch of the new website post September. | | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---------------------------------|-------------|----------------|---------------|
| AGS1213 5 | Audit Recommendations | 2 | | <input type="text" value="0%"/> | 31-Mar-2014 | | Anica Goodwin |
| Description | The timescale for the implementation of audit recommendations has slipped due to other work demands. | | | | | | |
| Desired Outcome | Management ensure that audit recommendations are implemented in a timely manner | | | | | | |
| All Notes | | | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------|----------------|---------------------------------|-------------|----------------|---------------|
| AGS1213 6 | Business Continuity | 2 | | <input type="text" value="0%"/> | 31-Mar-2014 | | Anica Goodwin |
| Description | Business Continuity Plans are not tested on a regular basis | | | | | | |
| Desired Outcome | All Business Continuity Plans to be tested on an annual basis | | | | | | |
| All Notes | | | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------|----------------|---------------------------------|-------------|----------------|--------------|
| AGS1213 7 | Audit Recommendations | 2 | | <input type="text" value="0%"/> | 30-Sep-2013 | | Nicki Burton |
| Description | There are a number of audit recommendations outstanding which are dependent on key policies and procedures being compiled/reviewed. | | | | | | |
| Desired Outcome | Audit recommendations prioritised and assigned to managers for completion. | | | | | | |
| All Notes | | | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------|----------------|---------------------------------|-------------|----------------|-------------|
| AGS1213 8 | Documented Procedures | 2 | | <input type="text" value="0%"/> | 31-Mar-2014 | | Paul Weston |
| Description | Documented procedures are out of date due to the use of the orchard system for recording data | | | | | | |
| Desired Outcome | Documented procedures are updated to reflect new working practices. | | | | | | |
| All Notes | | | | | | | |

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

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Action plan arising from the AGS 11/12 assurance process

Report Type: Actions Report
Report Author: Angela Struthers
Generated on: 18 June 2013



| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------------|--|-------------|----------------|---------------|
| IAR AGS1 1112 AC | Valuation & Impairment Reports Priority 2 | | <div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100% | 30-Jun-2012 | 04-Oct-2012 | Stefan Garner |
| Description | The Council should ensure that all signed valuation and impairment reports are provided at the beginning of the audit | | | | | |
| Desired Outcome | A signed valuation and impairment report will be provided at the beginning of the Audit. | | | | | |
| All Notes | Stefan Garner 04-Oct-2012 Signed reports presented at beginning of Audit - development issue for 2012/13 to include full valuation details signed by Valuer | | | | | |

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------------|--|-------------|----------------|---------------|
| IAR AGS2 1112 AC | Component Accounting Priority 2 | | <div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100% | 12-Jun-2012 | 12-Jun-2012 | Stefan Garner |
| Description | The Council should annually review whether the application of component accounting would make a material difference to the estimated depreciation charge to the accounts. | | | | | |
| Desired Outcome | An annual review will be completed in liaison with the external auditors at audit planning meetings. | | | | | |
| All Notes | | | | | | |

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------------|--|-------------|----------------|---------------|
| IAR AGS3 1112 AC | Financial Monitoring Priority 1 | | <div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100% | 12-Jun-2012 | 12-Jun-2012 | Stefan Garner |
| Description | The Council should continue vigorous monitoring and scrutiny of its financial position to ensure the savings plan can be delivered with the planned use of reserves; and that there is no impact on the quality and range of services provided. | | | | | |
| Desired Outcome | Continual monthly monitoring in place | | | | | |
| All Notes | | | | | | |

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|--------------------|---|----------------|--|-------------|----------------|--------------|
| IAR AGS4 1112 AC | H & CT Subsidy Claims Administration Priority 2 | | <div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100% | 12-Jun-2012 | 12-Jun-2012 | Karen Taylor |
| Description | Ensure the controls put in place to mitigate the risk of similar errors arising in Housing and Council Tax subsidy claims administration are effective. | | | | | |

| | | | | | | | |
|------------------------|---|-----------------|-----------------------|---|-----------------|-----------------------|--------------------|
| Desired Outcome | Review to be undertaken of the impact of extra quality checking of claims processing | | | | | | |
| All Notes | | | | | | | |
| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
| IAR AGS5 1112 MA | Internal Audit Recommendations | 2 | | <div style="width: 100%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 100% | 31-Mar-2013 | 17-Jun-2013 | Tina Mustafa |
| Description | -- enter action details here -- | | | | | | |
| Desired Outcome | Progress and track existing Internal Audit Recommendations | | | | | | |
| All Notes | | | | | | | |
| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
| IAR AGS6 1112 MA | Business Continuity | 2 | | <div style="width: 100%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 100% | 31-Mar-2013 | 17-Jun-2013 | Tina Mustafa |
| Description | Business Continuity plans need to be tested and reviewed on a regular basis | | | | | | |
| Desired Outcome | Review of Business Continuity to be undertaken | | | | | | |
| All Notes | | | | | | | |
| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
| IAR AGS7 1112 PR | PDR's | 2 | | <div style="width: 100%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 100% | 30-Jun-2012 | 04-Feb-2013 | Stefan Garner |
| Description | PDR's have not been completed for all staff within Finance | | | | | | |
| Desired Outcome | PDR's to be completed for Finance staff | | | | | | |
| All Notes | Stefan Garner 04-Feb-2013 Direct reports PDRs carried out December 2012 - remainder during Jan/Feb 2013 Stefan Garner 10-Dec-2012 PDRs scheduled for mid-December 2012 Stefan Garner 15-Oct-2012 PDRs complete within Revenues - remaining PDRs to be scheduled for Mid November 2012 | | | | | | |
| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
| IAR AGS8 1112 MA | Procedures and Controls | 2 | | <div style="width: 100%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 100% | 31-Aug-2012 | 29-Mar-2013 | Paul Weston |
| Description | Process, procedures and controls for Capital Works Programme require complete overhaul to reflect the contracts and method of operation. Capital Programme due to commence June 2012 | | | | | | |
| Desired Outcome | Revise documented procedures and controls in line with new process | | | | | | |
| All Notes | Paul Weston 30-May-2013 Orchard not ready for use until April 2013. Old procedure guide used for delivery and management of 2012/13 programme. Orchard now in use for 2013/14 programme and controls built into Orchard being used to determine quality and quantity checks and for the production of financial completions. Programme still determined using old procedures but as Stock Condition data will be held in Orchard, this in conjunction with the planned maintenance module will be | | | | | | |

used to plan works for 2014/15.
 Paul Weston 08-Oct-2012 Basic flow chart produced but process around Orchard not yet agreed and awaiting input from Jackie Lea.

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------------|---|-------------|----------------|---------------|
| IAR AGS9 1.112 MA | HR Policies | | <div style="width: 100%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 100% | 30-Jun-2012 | 24-Sep-2012 | Christie Tims |
| Description | Not all HR Policies are up to date | | | | | |
| Desired Outcome | Finalisation and publication of key policies. Review programme following audit | | | | | |
| All Notes | Christie Tims 24-Sep-2012 plan in place to develop and review all policies | | | | | |

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------------|---|-------------|----------------|---------------|
| IARAGS10 1.112 MA | Volunteers | | <div style="width: 100%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 100% | 30-Jun-2012 | 24-Sep-2012 | Christie Tims |
| Description | Volunteers Policy requires finalisation and training has not been provided | | | | | |
| Desired Outcome | Following the Volunteers audit, the policy will be finalised and training delivered so that the website can be published | | | | | |
| All Notes | Christie Tims 24-Sep-2012 Policy approved and loaded onto net consent | | | | | |

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|---|----------------|---|-------------|----------------|---------------|
| IARAGS11 1.112 MA | Partnerships roles and responsibilities | | <div style="width: 100%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 100% | 30-Jun-2012 | 24-Sep-2012 | Christie Tims |
| Description | Roles and responsibilities need to be reviewed with regard to the LGPS | | | | | |
| Desired Outcome | Review of procedures and agreement with the LGPS. Update risks and agree mechanisms | | | | | |
| All Notes | Christie Tims 24-Sep-2012 Met with LGPS Director & Manager in July to confirm arrangements. Will review quarterly updates on employers website for tracking of investments and copy into all correspondence with 3rd party contractor. Copy of full contract also provided to LGPS to assist in governance. | | | | | |

| Action Code | Action Title | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------------|---|-------------|----------------|--------------|
| IARAGS12 1.112 PR | Satisfaction Survey | | <div style="width: 25%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 25% | 31-Mar-2013 | | Jane Hackett |
| Description | Satisfaction surveys are not issued to service users of Member Services and Legal Services | | | | | |
| Desired Outcome | A satisfaction survey to be completed for user of Member and Legal Services | | | | | |
| All Notes | Angela Struthers 18-Jun-2013 Moved to 1.314 action plan Jane Hackett 08-Mar-2013 this will be tied into the legal services review taking place expected completion September 2013 | | | | | |

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---|-------------|----------------|---------------|
| IARAGS13 11.12 PR | Succession Planning | 2 | | <div style="width: 2%; background-color: blue; height: 10px;"></div> 2% | 31-Mar-2013 | | Anica Goodwin |
| Description | Career structures are not in place for officers and members to encourage participation and development | | | | | | |
| Desired Outcome | Succession planning to be discussed with the Head of Organisational Development | | | | | | |
| All Notes | Angela Struthers 18-Jun-2013 Moved to 1213 action plan Anica Goodwin 16-May-2013 2 areas identified as pilot areas. matrix developed and to be completed with relevant manager. progress slow to date due to workload within HR. new target to be March 14. £10k was allocated in reserve for this work to be completed. Due to implementation of new HR system the reserve has been put back into corporate reserve. Angela Struthers 13-Jun-2012 Birmingham City Council are sharing their training solution for talent management and succession planning. to be completed September 2012 | | | | | | |


| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---|-------------|----------------|-------------|
| IARAGS14 11.12 PR | Community Engagement | 2 | | <div style="width: 50%; background-color: blue; height: 10px;"></div> 50% | 31-Dec-2012 | | John Day |
| Description | Improve insight about customer/residents needs by developing solutions with partners/neighbouring authorities | | | | | | |
| Desired Outcome | Council's Insight Strategy to be developed | | | | | | |
| All Notes | Angela Struthers 18-Jun-2013 Moved to 1213 action plan John Day 11-Mar-2013 The Customer Insight Strategy is under development. The new CRM system will be an important part of this and will be integral part of it as it drives an improvement in corporate performance. Mosaic data continues to be inform projects and has recently been used for a direct debit campaign, alcohol and obesity profiling. John Day 25-Oct-2012 The Customer Insight Strategy is under development. The new CRM system will be an important part of this and will be integral part of it as it drives an improvement in corporate performance. Mosaic data continues to be inform projects and has recently been used for a direct debit campaign, alcohol and obesity profiling. Angela Struthers 12-Jun-2012 The development of a Customer Insight strategy will follow and be produced by September/October 2012. | | | | | | |






| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|----------------|---|-------------|----------------|-------------|
| IARAGS15 11.12 PR | Business Continuity | 2 | | <div style="width: 100%; background-color: blue; height: 10px;"></div> 100% | 31-Mar-2013 | 22-May-2013 | Jane Eason |
| Description | Business continuity plans are not tested on a regular basis within PR and Communications | | | | | | |
| Desired Outcome | Test to ensure that web continuity can be maintained by remote update by TBC and Unified/Alterian | | | | | | |
| All Notes | Jane Eason 22-May-2013 We can now access and update the website remotely. However it can prove difficult to access and can only be accessed by a small number of | | | | | | |

people. We are now in the process of providing a new website inhouse which will mean accessing the site remotely, from a number of platforms, will be much easier and will see real time updates able to be carried out. This will carry no additional cost apart from staff time.

Angela Struthers 12-Jun-2012 Currently we cannot update the website remotely.
We can currently contact Unified to make a change for us out of hours however there is a cost associated to doing this, based on their day rate of £900.

Our solution to this for non priority remote updates is to update the website homepage via twitter and directly to the blog via a number of platforms, including phones and tablets. Remote access will be a key feature of the new website, which is a corporate project and now underway.

| Action Code | Action Title | Priority | Current Status | Progress Bar | Due Date | Completed Date | Assigned To |
|------------------------|--|----------|---|---------------------------------|-------------|----------------|-------------|
| IARAGS16 1.112 PR | Customer Satisfaction | 3 |  | <input type="text" value="0%"/> | 30-Mar-2013 | | Jane Eason |
| Description | Satisfaction surveys are not issued to service users of Public Relations | | | | | | |
| Desired Outcome | Customer satisfaction monitoring mechanism with PR service to be implemented | | | | | | |
| All Notes | <p>Angela Struthers 18-Jun-2013 Moved to 1213 action plan</p> <p>Jane Eason 17-Jun-2013 This will be done following the launch of the new website post September</p> <p>Angela Struthers 12-Jun-2012 This has not been completed. It is hoped to be carried out by October 2012 in conjunction with the new cabinet role on reputation and engagement.</p> | | | | | | |

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

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AUDIT & GOVERNANCE COMMITTEE

27th JUNE 2013

Report of the Head of Internal Services

STATEMENT ON THE ROLE OF THE CHIEF FINANCE OFFICER & HEAD OF INTERNAL AUDIT

EXEMPT INFORMATION

None

PURPOSE

To provide members with information on the application of the Statement on the Role of the Chief Finance Officer and the Statement of the Role of the Head of Internal Audit and the benchmarking of existing arrangements.

RECOMMENDATIONS

That the Committee endorses this report and raises any issues it deems appropriate.

EXECUTIVE SUMMARY

Statement on the Role of the Chief Finance Officer in Local Government

In 2010, CIPFA issued its *Statement on the Role of the Chief Finance Officer in Local Government*. The Statement builds heavily on CIPFA's Role of the Chief Finance Officer in Public Services and applies the principles and roles set out in that document to local government.

The governance requirements in the Statement on the Role of the Chief Finance Officer (CFO) in Public Services are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the organisation's annual governance report, together with how these deliver the same impact.

CIPFA have developed an *Application Note* to advise on the application of the Statement on the Role of the Chief Financial Officer in Local Government which illustrates:

- How the governance requirements to support the principles in the CFO statement build on the governance requirements that need to be reflected in an authority's local code set out in the CIPFA/SOLACE framework and guidance note
- How the annual governance statement can reflect compliance with the CFO statement for reporting purposes.

Tamworth Borough Council complies with the application of the Statement.

CIPFA's statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

The CFO in a public service organisation:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy
- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. CIPFA recommends that organisations should use the Statement as a framework to benchmark their existing arrangements, which has been completed and is attached as **Appendix 1**. The review has identified that the CFO complies with all the requirements set in the guidance.

CIPFA also recommends that organisations should report publicly on compliance to demonstrate commitment to good practice in both governance and financial management. This is completed and is included in the Annual Governance Statement.

Statement on the Role of the Head of Internal Audit in Public Sector Organisations

CIPFA published a draft statement on the role of the Head of Internal Audit in Local Government in December 2010. Following a consultation period, the final statement was published in May 2011.

CIPFA's statement is intended to raise the profile and clarify the role of the HIA. It sets out best practice for HIAs, and for the Audit & Governance Committee and others to measure internal audit against. The statement applies both where internal audit services are provided in-house or contracted out or shared with others.

The statement sets out an overarching principles-based framework, which is intended to apply to all HIAs in the UK, irrespective of the particular part of the public services in which they work. The statement draws on the best practice and regulatory requirements in public services, as well as the requirements of CIPFA, other professional accountancy bodies, and the Institute of Internal Auditors' code of ethics and professional standards.

CIPFA recommends that organisations should use the statement as the framework to assess their existing arrangements and that they should report publicly where arrangements do not conform to the compliance framework in this statement, explaining the reasons for this and how they achieve the same impact.

CIPFA's statement sets out five principles that define the core activities and behaviours for the role of the HIA and the organizational arrangements to support them.

The HIA plays a critical role in delivering the authority's strategic objectives by:

- Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

To perform this role the HIA:

- Must be a senior manager with regular and open engagement across the authority, particularly with the leadership team and with the Audit & Governance Committee;
- Must lead and direct an internal audit service that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

For each principle, the guidance provides a summary of the requirements and then sets out a list of governance requirements, the core HIA responsibilities and the personal skills and professional standards needed. CIPFA recommends that organisations should use the statement as a framework to benchmark their existing arrangements, which has been completed and is attached as **Appendix 2**. The review has identified that the HIA complies with all the requirements sets in the guidance.

CIPFA also recommends that organisations should report publicly on compliance to demonstrate commitment to good practice in governance. This is completed and is included in the Annual Governance Statement.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

- Appendix 1 CIPFA Statement on the Role of the Chief Financial Officer in a Local Authority
- Appendix 2 CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations.

CIPFA Statement on the Role of the Chief Financial Officer in Public Service organisations

| | |
|---|--|
| <p>Principle 1 The CFO in a public service organisation is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest.</p> | |
| Governance requirements | How compliance is demonstrated |
| 1.1 Set out a clear statement of the respective roles and responsibilities of the leadership Team and its members individually. | Set out within Constitution, Scheme of Delegation and Job Description |
| 1.2 Ensure that the CFO reports directly to the Chief Executive and is a member of the leadership Team with a status at least equivalent to other members. | CFO reports directly to Chief Executive and is an Executive Director and a senior member of Corporate Management Team. Weekly meetings with the Leader and Chief Executive take place. |
| 1.3 If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact. | N/A |
| 1.4 Determine a scheme of delegation and reserve powers, including a formal schedule of those matters specifically reserved for collective decisions by the Board, and ensure that it is monitored and updated. | Scheme of Delegation in place – which is regularly reviewed and monitored by the Monitoring Officer |
| 1.5 Ensure that organisation’s governance arrangements allow the CFO: - to bring influence to bear on all material business decisions; and - direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit. | As stated within the Constitution and Financial Guidance. The Executive Director – Corporate Services is a member of CMT, BRG. The ED-CS has regular planned and update meetings with the Leader & CMT and individually with the Leader, deputy Leader and Portfolio Holder Corporate Governance. He has direct access to the Chief Executive and other leadership team members. |

| | |
|---|---|
| | <p>The ED-CS attends Audit & Governance Committee. ED-CS is the key liaison point with the External Auditor. All reports to committee require financial approval before they are presented to Committee; specific key reports are required to be signed off by the ED-CS/S151 Officer.</p> |
| <p>1.6 Review the scope of the CFO's other management responsibilities to ensure that financial matters are not compromised.</p> | <p>Executive Director – Corporate Services has some non financial responsibilities i.e. ICT and Democratic Services. The structure of Directors and Heads of Service ensure that the S151 responsibilities are not compromised.</p> |
| <p>1.7 Assess the financial skills required by members of the Leadership Team and commit to develop those skills to enable their roles to be carried out effectively.</p> | <p>There is an on-going process of performance development review. Financial awareness training for managers has taken place as well as accounts training for Cabinet and the Audit & Governance Committee. The Budget Review Group (consisting of Cabinet and CMT) has completed a budget review workshop. Treasury management training has been made available to all members and is ongoing. Specific training tailored to requirements has been given to Portfolio holders especially in respect of Portfolio Holder for Corporate Governance. Recent training given includes understanding financial accounts & budget issues, Treasury Management Strategy.</p> |
| <p>Core CFO Responsibilities</p> | |
| <p>1.8 Contributing to the effective leadership of the organisation, maintaining focus on its purpose and vision through rigorous analysis and challenge.</p> | <p>The Executive Director – Corporate Services is a senior member of the Corporate Management Team and Budget Review Group; acts as financial advisor and reports on financial matters to Cabinet, Council Audit & Governance Committee. Members are regularly updated/ advised.</p> |

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| <p>1.9 Contributing to the effective corporate management of the organisation, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.</p> | <p>Member of Corporate Management Team – reviewing and agreeing future Strategy Medium Term Financial Strategy is linked to business planning. Quarterly performance reports are produced for Cabinet. Risk Management issues (Corporate) and regularly reviewed by CMT and are integrated Contribution to the review of the Scheme of Delegation.</p> |
| <p>1.10 Supporting the effective governance of the organisation through development of - corporate governance arrangements, risk management and reporting framework; and - corporate decision making arrangements</p> | <p>Responsible for Internal Audit, Risk Management. Member of CMT. ED-CS is support for Audit & Governance Committee. All reports for Cabinet and Council require financial implications to be signed off before presented to Committee.</p> |
| <p>1.11 Leading or promoting change programmes within the organisation.</p> | <p>As a senior member of CMT, leads on change programmes within the organisation e.g. (ICMC, restructures, efficiency agenda, etc.)</p> |
| <p>1.12 Leading development of a medium term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.</p> | <p>Executive Director – Corporate Services is the lead on the medium term financial strategy and the annual budget process. Process is proactively reviewed by Budget review group, CMT, Cabinet and Council.</p> |
| <p>1.13 Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.</p> | <p>Medium term financial strategy reflects joint working. Budget review process incorporates liaison planning with partners, business community and relevant stakeholders on financial strategies.</p> |
| <p>Personal Skills and Professional Standards</p> | |
| <p>1.14 Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of</p> | <p>ED-CS completes a professional proactive role in line with duties and responsibilities and demonstrates the personal skills required. Holds professional qualification (FCCA) and</p> |

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| conduct. | is subject to professional standards and Continued Professional Development, legislation updates/professional standards. |
| 1.15 Adopt a flexible leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate. | A flexible leadership style is used as appropriate in line with relevant skills and professional standards as appropriate for each circumstance. The ability to identify project issues from strategic side to delivering outturn of project. |
| 1.16 Build robust relationships both internally and externally. | Robust relationships are built with internal and external peers, partners, staff etc and external regularity/government bodies at all levels – regularly participates in Staffordshire CFOG. |
| 1.17 Work effectively with other Leadership Team members with political awareness and sensitivity. | The ED-CS is a member of CMT and BRG and works with political awareness and sensitivity. ED-CS meets regularly with CMT colleagues, Audit & Governance Committee, Cabinet, Leader and Deputy Leader and as required by other members including the opposition. |
| 1.18 Support collective ownership of strategy, risk and delivery. | As part of the duties of the ED-CS – the post has overall responsibility for risk management. As part of CMT the post holder is collectively responsible for strategy and for delivery of services. |
| 1.19 Address and deal effectively with difficult situations. | The ED-CS is able to address and deal effectively with difficult situations. |
| 1.20 Implement best practice in change management and leadership. | The ED-CS maintains professional development and continuous professional development, undertakes relevant training/ maintains up to date knowledge and applies best practice in change management and leadership. Ongoing review of management structures. |
| 1.21 Balance conflicting pressures | The ED-CS is required to balance |

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| <p>and needs, including short and longer term trade-offs.</p> | <p>conflicting pressures and needs on a regular basis – this includes evaluating the impact of short and long term decision making/business trade offs e.g. budget setting, business decision making.</p> |
| <p>1.22 Demonstrate strong commitment to innovation and performance improvement.</p> | <p>ED-CS completes this as part of the performance management framework. Areas of improvement are identified in business plans and management of their achievements/performance is monitored and reviewed and where applicable remedial action is taken.</p> |
| <p>1.23 Manage a broad portfolio of services to meet the needs of diverse communities.</p> | <p>ED-CS manages in the main support functions as well as front facing services - this includes; provision of finance & exchequer function, housing benefit, council tax, NNDR and Internal Audit and Returning Officer.</p> |
| <p>1.24 Maintain an appropriate balance between the deeper financial aspects of the CFO role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.</p> | <p>This is completed through the budget review process. The public are consulted during the budget process. Environmental factors are taken into account in all decisions made. The budget setting process balances the need to set a legal budget with constraints of Council Tax and Revenue Support Grant and the needs of customers, service improvement, corporate objectives and priorities.</p> |
| <p>1.25 Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accounting bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and</p> | <p>The ED-CS complies with the IFAC Code of Ethics for Professional Accountants (ICAEW) as well as compliance with his own Association's professional standards/proactive member of the Association of Chartered Certified Accountants. Impartiality is practiced as fundamental in dealing with all issues.</p> |

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| <p>professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.</p> | |
| <p>Principle 2 The CFO in a public service organisation must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation’s overall financial strategy.</p> | |
| <p>Governance requirements</p> | <p>How compliance is demonstrated</p> |
| <p>2.1 Establish a medium term business and financial planning process to deliver the organisation’s strategic objectives, including:</p> <ul style="list-style-type: none"> - a medium term financial strategy to ensure sustainable finances; - a robust annual budget process that ensures financial balance; and - a monitoring process that enables this to be delivered. | <p>The ED-CS coordinates the delivery of the medium term financial strategy with BRG, Cabinet and CMT. A medium term financial strategy is in place to ensure sustainable finances in line with estimates.</p> <p>The annual budget process includes budget consultation, central and local financial constraints/demands, prioritisation of resources to Corporate Objectives & Priorities</p> <ul style="list-style-type: none"> ▪ Setting legal budget in compliance with Council Tax levels and maintaining required balances ▪ A Medium Term Financial Strategy (4 years) is in place ▪ Annual budgets set complying with legislative requirements and maintain reserves/balances. Budgets are monitored monthly to CMT and quarterly to Cabinet. |
| <p>2.2 Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.</p> | <p>All reports to Council and Cabinet are required to have approval and financial implications are identified as part of the process.</p> <p>Appropriate Financial Advice/Consultation is undertaken identifying key financial issues prior to the formulation of reports – key financial information is provided to inform the management decision making process.</p> |
| <p>2.3 Ensure that those making</p> | <p>All reports to members are issued in</p> |

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| <p>decisions are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of financial issues and their implications.</p> | <p>advance of the meeting and any implications – financial or other are identified. Appropriate Financial Advice/Consultation is undertaken identifying key financial issues prior to the formulation of reports – key financial information is provided to inform the management decision making process.</p> |
| <p>Core CFO responsibilities</p> | |
| <p>Responsibility for financial strategy</p> | |
| <p>2.4 Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.</p> | <p>Financial frameworks are in place to ensure delivery is in line with strategic and operational criteria – this is further underpinned by the budget setting process, governance arrangements and financial guidance.</p> |
| <p>2.5 Maintaining a long term financial strategy to underpin the organisation’s financial viability within the agreed performance framework.</p> | <p>Budget and performance frameworks are integrated through the budget setting process to ensure appropriate resources enable appropriate levels of performance to be achieved. Four year medium term financial strategy in place.</p> |
| <p>2.6 Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.</p> | <p>Robust performance management process in place linked to financial reviews. Budgets set over 4 years to enable financial stability with maximum balances being achieved.</p> |
| <p>2.7 Appraising and advising on commercial opportunities and financial targets.</p> | <p>Appropriate processes are in place to ensure appropriate financial advice is provided to CMT/Members/Budget Holders e.g. Waste Management, Boots development, New Homes Bonus</p> |
| <p>2.8 Developing and maintaining an effective resource allocation model to deliver business priorities.</p> | <p>Appropriate resources are provided to ensure that the delivery of business priorities are not compromised i.e. staffing structure/qualified staff</p> |
| <p>2.9 Leading on asset and balance sheet management.</p> | <p>Asset and balance sheet management is delivered through appropriately qualified staff and consultants with officers through the Asset Management Group, Budget Review Group and CMT.</p> |

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| 2.10 Co-ordinating the planning and budgeting process. | ED-CS role is corporate strategic head of budget setting process with BRG/Cabinet members. |
| Influencing decision making | |
| 2.11 Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy. | Risks identified in reports along with VFM implications to ensure that decision making is appropriately informed |
| 2.12 Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions | Objective and professional advice is given to all decision makers (as above – Cabinet reports/members books) e.g. Boots development, New Homes Bonus. |
| 2.13 Ensuring that the organisation's capital projects are chosen after appropriate value for money analysis and evaluation using relevant professional guidance. | Asset management group review proposed capital projects – proposals reduced to fit resources/VFM agenda. Revised projects submissions reviewed by BRG on priority basis (as part of capital strategy/medium term financial plan) Note: Invest to save approval - savings should arise from revenue savings |
| 2.14 Checking at an early stage, that innovative financial approaches comply with regulatory requirements | All financial approaches are reviewed for robustness and legality as part of the process and compliance with financial guidance. |
| Financial Information for Decision Makers | |
| 2.15 Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions. | Quarterly financial and performance monitoring reported to Cabinet and monthly to CMT. Variance analysis identifies material issues together with appropriate remedial action – in line with best practice and financial guidance |
| 2.16 Preparing timely management accounts. | Completed in accordance with legislative timetable – supported by robust delivery/action plan |
| 2.17 Ensuring that the reporting envelope reflects partnership and other arrangements to give an overall picture. | Reporting includes relevant information in respect to partners i.e. LEP, Tamworth Strategic Partnership, Town Centre development, PCT etc. Key partnership issue/actions |

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| | monitored through performance system (reported to CMT & Cabinet) |
| Personal skills and financial standards | |
| 2.18 Implement appropriate management, business and strategic planning techniques. | Appropriate management, business and strategic planning techniques are applied in the appropriate situations (i.e. discounted cash flow, sensitivity analysis, options appraisal techniques etc). |
| 2.19 Link financial strategy and overall strategy. | Financial strategy is linked with overall strategy as part of the business planning process i.e. corporate priority/objectives linked with resource allocation /policy changes |
| 2.20 Demonstrate a willingness to take and stick to difficult decisions- even under pressure. | Difficult decisions are taken as required and stuck to e.g. restructures, outsourcing of certain activities, administration arrangements (Waste project – Lichfield DC), Senior Management Review identifying budget savings |
| 2.21 Take ownership of relevant financial and business risks. | Financial and business risks are identified in managing the performance of the Directorate and in the delivery of Corporate Priorities /risks linked with performance management |
| 2.22 Network effectively within the organisation to ensure awareness of all material business decisions to which CFO input may be necessary. | As expected – contributor to various working groups throughout the Authority ie CMT, budget review group, Cabinet, Asset Management, Council etc. – role as key contributor to CMT |
| 2.23 Role model persuasive and concise communication with a wide range of audiences internally and externally. | Communicates effectively with a wide range of audiences both internally and externally (officers, members, public, partnerships, SCFOG etc) |
| 2.24 Provide clear, authoritative and impartial professional advice and objective financial analysis and | The ED-CS provides impartial professional advice on complex financial situations – in line with |

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| interpretation of complex situations. | professional standards |
| 2.25 Apply relevant statutory, regulatory and professional standards both personal and organisational. | The ED-CS applies relevant statutory, regulatory and professional standards both personally and to the organisation (in consultation with Solicitor to the Council/legislative requirements/External Audit) |
| 2.26 Demonstrate a strong desire to innovate and add value. | The ED-CS encourages innovative thinking and strives to obtain value for money. Efficiency savings are identified through spending reviews as well as innovative ways of working e.g. shared working, benchmarking etc |
| 2.27 Challenge effectively and give and receive constructive feedback. | Completed through CMT, DMT and one to one meetings with Directors and Heads of Service reporting to the ED-CS |
| 2.28 Operate with sensitivity in a political environment. | As expected – the ED-CS operates sensitively in the political environment but ensures that appropriate financial advice/information is delivered at all times to all decision makers |
| Principle 3 The CFO in a public service organisation must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. | |
| Governance requirements | How compliance is demonstrated |
| 3.1 Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control. | Responsibilities detailed in Constitution and financial regulations and standing orders relating to contract – these are reviewed on a regular basis. This is supported by a proactive Internal Audit section assisting delivery of S151 requirements and through the management accountants' processes. |
| 3.2 Ensure that systems and processes for financial administration, financial control and protection of the organisation's resources and assets are designed in conformity with appropriate ethical standards | ED-CS has responsibility for making arrangements for the proper administration of the Council's financial affairs and completes this through the internal audit function/financial guidance and management assurance |

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| and monitor their continuing effectiveness in practice. | statements/risk review |
| 3.3 Address the organisation's arrangements for financial and internal control and for managing risk in Annual Governance Reports. | Governance group formed of appropriate officers to produce AGS. Risks/actions identified as part of the process are logged on Covalent and progress on action to date reported |
| 3.4 Publish annual accounts on a timely basis to communicate the organisation's activities and achievements, its financial position and performance. | Annual accounts published in accordance with timetable/delivery plan/ statutory timescales |
| 3.5 Maintain and resource an effective Internal Audit function. | Internal Audit function maintained and effective – this is reviewed on a regular basis in line with resources needed/External Audit assurance requirements |
| 3.6 Develop and maintain an effective Audit Committee. | Audit and Governance Committee maintained. Training given as required on the role of the audit committee. Self assessment of their effectiveness completed on an annual basis. Audit & Governance Committee supported by External Audit who are in regular attendance |
| 3.7 Ensure that the organisation makes best use of resources and that taxpayers and/or service users receive value for money. | Support Services Review, Transforming Tamworth projects being completed. Benchmarking of key services and performance (e.g. Audit Commission data/case studies/efficiency savings). Business cases provided for decision making processes e.g. VR |
| 3.8 Embed financial competencies in person specifications and appraisals. | PDRs include review/target setting of key financial competencies. Job descriptions identify key competencies and are regularly reviewed together with appropriate training. |
| 3.9 Assess the financial skills required by managers and commit to develop those skills to enable | Financial management training delivered to managers. Training identified through PDR process |

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| their roles to be carried out effectively. | together with requirement of CPD and recent legislation/interpretation i.e. Housing review etc. Financial management training identified as an area for e-learning |
| Core CFO responsibilities | |
| Promotion of financial management | |
| 3.10 Assessing the organisations financial management style and the improvements needed to ensure it aligns with the organisation's strategic direction. | Financial management training identified as a need and delivered. Guidance available on intranet and workshops and shadowing (via Accountants) |
| 3.11 Actively promoting financial literacy throughout the organisation. | Financial management guidance, financial guidance, budget consultation, budget book available on intranet & website. Monthly meeting with accountants |
| Value for money | |
| 3.12 Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are signed off by finance function. | All reports to be presented to committee require finance sign off. Benchmarking is undertaken on key areas – will be rolled out further. Reports clearly identify financial implications and VFM issues in order to ensure decision makers have the most appropriate financial information. Business cases provided for decision making e.g. VR |
| 3.13 Developing and maintaining appropriate asset management and procurement strategies. | Completed through asset management group ED-CS lead member of group. Asset Management Strategy (Asset Management Group) and procurement strategy regularly reviewed. Currently reviewing better use of assets with partners e.g. County and the sharing of buildings |
| 3.14 Managing long term commercial contract value. | Completed through procurement service, service management, budget review process (i.e. waste management) |
| Safeguarding public money | |

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| <p>3.15 Applying strong internal controls in all areas of financial management, risk management and asset control.</p> | <p>Internal controls assessed by Internal Audit – risk based approach to planning work. Managers sign off managers assurance statements annually as part of the AGS process to confirm areas have sufficient internal controls</p> |
| <p>3.16 Establishing budgets, financial targets and performance indicators to help assess delivery.</p> | <p>Part of the business planning, budget setting processes, and performance management systems. Report monthly to CMT and quarterly to Cabinet/members</p> |
| <p>3.17 Implementing effective systems of internal control that include standing financial instructions, operating manuals and compliance with codes of practice to secure probity.</p> | <p>Standing orders and financial regulations reviewed and updated annually. Documented procedures part of service delivery and checked by internal audit. Compliance with codes of practice to ensure probity</p> |
| <p>3.18 Ensuring that delegated financial authorities are respected.</p> | <p>Electronic financial authority set up on finance system – regularly reviewed and monitored</p> |
| <p>3.19 Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance.</p> | <p>Risk register in place and reviewed on a regular basis. Corporate risk identified and business risk for service areas identified. Insurance regularly reviewed and mitigation in place to minimise the risk to the authority.</p> |
| <p>3.20 Overseeing of capital projects and post completion reviews.</p> | <p>Capital projects reported to Budget Review Group and quarterly update to Cabinet together with Asset Management Group – post/exit review undertaken to identify compliance, delivery and learning opportunities</p> |
| <p>3.21 Applying discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.</p> | <p>Appropriate segregation of duties in place and confirmed through internal audit of key controls within systems</p> |
| <p>3.22 Implementing measures to prevent and detect fraud and corruption.</p> | <p>Counter fraud and corruption strategy and guidance notes and Whistleblowing policy in place, reviewed annually and available on</p> |

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| | intranet and website. Strategy and policy issued to staff through NetConsent and is part of the e-learning solution. |
| 3.23 Establishing proportionate business continuity arrangements for financial processes and information. | Business continuity plans in place. Critical systems identified for restore, back ups as part of corporate continuity process |
| 3.24 Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls. | Partnership governance toolkit in place and reviewed – adequate governance arrangements in place |
| Assurance and scrutiny | |
| 3.25 Reporting performance of both the organisation and its partnerships to the board and other parties as required. | Performance is reported about the organisation and partnerships i.e. Tamworth Strategic Partnership, Community Partnerships, Business & Economic Partnerships, Birmingham Enterprise Partnership through performance reporting and performance management system. |
| 3.26 Supporting and advising the Audit Committee and other relevant scrutiny groups. | Yes – ED-CS attends all meetings of the Audit & Governance Committee |
| 3.27 Preparing published budgets, annual accounts and consolidation data for government-level consolidated accounts. | Yes – prepared in accordance with legislative requirements – reviewed annually by External Audit as part of opinion process |
| 3.28 Liaising with the external auditor. | Regular meetings held with external auditor regarding final accounts/changing financial environment and Audit & Governance Committee (regular attendance) |
| Personal skills and professional standards | |
| 3.29 Generate “buy-in” to, and support delivery of, good financial management across the organisation. | Completed through provision of financial management training, availability of guidance on intranet, monthly meetings with accountants and budget holders |
| 3.30 Develop and sustain | Develops network opportunities with |

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| partnerships, and engage effectively in collaboration. | other LAs (through contacts/Staffs Treasurers Group/Society of District Treasurers). Review opportunities as the need arises to ensure effective collaboration i.e. External Audit, shared working, performance management, benchmarking |
| 3.31 Deploy effective facilitation and meeting skills. | Effective meeting and facilitation skills in place |
| 3.32 Build and demonstrate commitment to continuous improvement and innovative, but risk –aware, solutions. | Commitment to continuous improvement –member of the Executive Board which reviews the Medium Term Financial Strategy & ensuring that value for money is obtained through service delivery reviews etc Risks identified in all projects, and reports to members etc |
| 3.33 Place stewardship and probity as the bedrock for management of the organisation’s finances. | Stewardship and probity in place for the management of finances – unqualified accounts, financial guidance, positive Annual Governance Statement |
| Principle 4 | |
| The CFO in a public service organisation must lead and direct a finance function that is resourced to be fit for purpose. | |
| Governance requirements | How compliance is demonstrated |
| 4.1 Provide the finance function with the resources, expertise and systems necessary to perform its role effectively. | Yes – finance function reviewed in line with needs of the organisation i.e. centralised accounting function, senior management review undertaken May 2010 and 2012 and as part of the VR package. |
| 4.2 Ensure there is a line of professional accountability to the CFO for finance staff throughout the organisation. | Completed through Director of Finance. All accountants in Corporate Accountancy. Team have qualified members of staff ensuring appropriate foundation for delivery of high standards. |
| Core CFO responsibilities | |
| 4.3 Leading and directing the finance function so that it makes a full contribution to and meets the needs of the business. | Accountants assigned to service areas. ED-CS key lead in Budget review group. Key financial strategy delivered to inform members. |

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| 4.4 Determining the resources, expertise and systems for the finance function that are sufficient to meet business needs and negotiating these within the overall financial framework, | Finance function reviewed, Senior Management review undertaken May 2010 and 2012 and as part of the budget process in 10/11 for 11/12. Resources and needs of service regularly reviewed and where appropriate liaison with external/consultants undertaken i.e. Housing Stock Transfer, Housing Repairs/Subsidy |
| 4.5 Implementing robust processes for recruitment of finance staff and / or outsourcing of functions. | Recruitment and selection process in place. Job description and person specifications aligned to financial standards/requirements. |
| 4.6 Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders. | Benchmarking completed. User satisfaction feedback undertaken. Regular review of service issues undertaken with key budget holders to ensure appropriate service delivery. |
| 4.7 Seeking continuous improvement in the finance function. | Through benchmarking and continuous service improvement and discussion with senior users. |
| 4.8 Identifying and equipping finance staff, managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future. | PDR CPD, financial management training and guidance notes available. Ongoing process in line with changing legislation requirements/knowledge ie IFRS. |
| 4.9 Ensuring that the Head of Profession role for all finance staff in the organisation is properly discharged. | Completed through Executive Director – Corporate Services with regular performance review/ achievement. |
| 4.10 Acting as the final arbiter on application of professional standards. | Set down in Constitution and Financial Regulations. |
| Personal skills and professional standards. | |
| 4.11 Create, communicate and implement a vision for the finance function. | Completed through business planning process – improvement plan and Medium Term Financial Strategy (CMT/Cabinet/BRG). |

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| 4.12 Role model a customer focussed function within the finance function. | Monthly meetings with accountants and budget holders and CMT/Cabinet/BRG. Consulting and delivering customer requirements to professional standards/deadlines and financial consultation. |
| 4.13 Establish an open culture, built on effective coaching and a “no blame” approach. | As expected - counter fraud and corruption strategy and Whistleblowing policy in place. Open culture in place of learning from mistakes to improve process. No blame culture in place couple with training as appropriate. |
| 4.14 Promote effective communication within the finance department, across the broader organisation and with external stakeholders. | Budget consultation Council spending, budget books, statement of accounts on website (CIPFA Financial Manual, Financial Guidance) Support Services Review. |
| 4.15 Apply strong project planning and process management skills. | Project planning and process management skills in place |
| 4.16 Set and monitor meaningful performance objectives for the finance team. | As part of the business planning process – performance indicators are identified and monitored through Covalent and key deliverables and objectives identified |
| 4.17 Role model effective staff performance management. | PDRs completed and on going training |
| 4.18 Coach and support staff in both technical and personal development. | PDR process. Team meetings and on-going training to fit changing needs. Regular updates at team meetings and one to one sessions. |
| 4.19 Promote high standards of ethical behaviour, probity, integrity and honesty. | Identified in counter fraud and corruption strategy and guidance notes |
| 4.20 Ensure, when necessary, that outside expertise is called upon for specialist advice not | As identified above and as part of delivery of efficient and effective service delivery, appropriate outside |

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| available within the finance function. | specialists are used to supplement internal resources i.e. treasury management, IFRS, housing finance options, 30 year business plan. |
| 4.21 Promote discussion on current financial and professional issues and their implications. | Through team meetings, PDR process, circulation of relevant documents/updates |
| Principle 5 | |
| The CFO in a public service organisation must be professionally qualified and suitably experienced. | |
| Governance requirements | How compliance is demonstrated |
| 5.1 Appoint a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation. | As expected – detailed responsibilities within Constitution and financial regulations ED-CS – qualified CCAB Accountant |
| 5.2 Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role. | As expected – completed through PDR and CPD process and regularly undertakes training and professional updates/advice re changing legislation and financial advice /consultants/ needs of customers (officer/member) |
| Personal skills and professional standards. | |
| 5.3 Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers. | ED-CS member of CCAB – Fellow of the Association of Chartered Certified Accountants |
| 5.4 Adhere to international standards set by IFAC on: -Ethics -Continuing professional development. | Through CPD process, updates, training, External Auditor/ Networking with Society of District Council Treasurers, SCFOG and Staffs Treasurers Group and any appropriate/relevant body. |
| 5.5 Demonstrate IT literacy. | As expected – IT literate and directs the ICT team. |

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| 5.6 Have relevant prior experience of financial management in the public services or private sector. | Appropriate public sector experience and financial knowledge/training and understanding |
| 5.7 Understand public sector finance and its regulatory environment. | Appropriate public sector experience and financial knowledge. Regular updates from relevant bodies received. |
| 5.8 Apply the principles of corporate finance, economics, risk management and accounting. | Appropriate public sector experience and financial knowledge. Regular updates from relevant bodies received. |
| 5.9 Understand personal and professional strengths. | Completed as part of CPD requirements and job requirements. Changes in legislation and statutory requirements reviewed. |
| 5.10 Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role. | PDR /CPD process. Undertakes appropriate development in non-financial areas as changing role dictates. |

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CIPFA: The Role of the Head of Internal Audit in Public Sector Organisations

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| Principle 1. | |
| The Head of Internal Audit in a public service organisation champions best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments. | |
| Governance requirements | How compliance is demonstrated |
| 1.1 Sets out the HIA's role in good governance and how this fits in with the role of others, in particular the CFO, the Monitoring Officer and the Head of Paid Service. | Detailed within HIAS job description to contribute to the effectiveness and improvement of corporate governance. Set out in Financial Guidance, Audit Strategy and Audit Manual how HIA's role fits in with the role of others. |
| 1.2 Ensure that the importance of good governance is stressed to all in the authority, through policies, procedures and training. | Lead on policies relating to good governance – counter fraud, financial guidance, risk management etc |
| 1.3 Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives. | HIA involved in Corporate meetings, repairs contract, Corporate Change Programme and consulted regarding policies. |
| 1.4 Require staff to report suspected or detected fraud, corruption or impropriety to the HIA | Detailed within the counter fraud and corruption strategy, financial guidance and the constitution which are available on the intranet and website (as applicable) |
| Core HIA responsibilities | How compliance is demonstrated |
| 1.5 Working with others (including the CFO, the Monitoring Officer and the Head of Paid Service) to promote the benefits of good governance throughout the | Lead on e learning solution for good governance |

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| organisation | |
| 1.6 Giving advice to the Leadership Team and others on the control arrangements and risks relating to proposed policies, programmes and projects. | Completed as required |
| 1.7 Promoting the highest standards of ethics and standards across the authority based on the principles of integrity, objectivity, competence and confidentiality. | Completed as part of audits and review and maintenance of Counter fraud and corruption strategy. Lead on e-learning governance training |
| 1.8 Demonstrating the benefits of good governance for effective public service delivery and how the HIA can help. | Part of the Governance working group and leads on production of Annual Governance Statement. Promoted in e-learning solution. Internal Audit Intranet page details services provided and good governance |
| 1.9 Offering consultancy advice where the HIA considers that it is appropriate, drawing up clear terms of reference for such assignments. | Consultancy advice is provided as requested. Terms of reference are drawn up as necessary for consultancy assignments |
| Personal skills and professional standards | How compliance is demonstrated |
| 1.10 Provide leadership by giving practical examples of good governance that will inspire others. | Completed as part of projects etc. Areas of good practice are noted in audit reports. |
| 1.11 Deploy effective facilitating and negotiating skills. | Effective facilitating and negotiating skills used |
| 1.12 Build and demonstrate commitment to continuous improvement. | Completed as part of service review – new initiatives completed to improve service. Introduction of Covalent electronic working papers, audit files etc. Team building/working together Part of Corporate Change |

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| | Programme |
| 1.13 Demonstrate consultancy skills as appropriate- analytical, problem solving, influencing and communicating. | Demonstrating through critical friend role on Corporate Change Programme and when advice and guidance sort. |
| <p>Principle 2</p> <p>The Head of Internal Audit in a public service organisation gives an objective and evidenced based opinion on all aspects of governance, risk management and internal control.</p> | |
| Governance requirements | How compliance is demonstrated |
| 2.1 Set out the responsibilities of the HIA, which should not include the management of operational areas. | Detailed with job description and detailed within financial guidance |
| 2.2 Ensure that internal audit is independent of external audit. | Internal audit is independent of external audit. |
| 2.3 Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the internal audit strategy for these and associated plans and reports and ensure the work is independently managed. | As expected. HIA responsible for Risk Management. Risk Management reported to Audit and Governance Committee. |
| 2.4 Establish clear lines of responsibility for those with an interest in governance (e.g. Head of Paid Service, Monitoring Officer, Chief Financial Officer, Audit Committee, members). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies. | Clear lines of responsibility have been established for officers detailed. |

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| 2.5 Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns | Detailed within financial guidance and the Internal Audit Charter |
| 2.6 Agree the terms of reference for internal audit with the HIA and the Audit Committee and the CFO, as well as with the Leadership Team. | Detailed within financial guidance and the Internal Audit Charter which is approved by CMT and the Audit & Governance Committee |
| 2.7 Set out the basis by which the HIA can give assurance to other organisations and the basis on which the HIA can place reliance on assurances from others. | Detailed within the Internal Audit Charter |
| 2.8 Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti-fraud and corruption and whistle blowing. | HIAS lead on policies etc for counter fraud, risk management, whistle blowing |
| 2.9 Ensure that the annual internal audit opinion and report are issued in the name of the HIA. | Annual audit opinion and report is issued in the name of the HIAS to the Audit and Governance Committee. |
| 2.10 Include awareness of governance in the competencies required by members of the Leadership Team. | Awareness of governance is required for members of CMT |
| 2.11 Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report. | HIAS lead on preparing annual governance statement– due to the size of the authority and previous years' involvement, it is not practical to move this responsibility to another officer. Internal Audit role defined within Annual Governance Statement |

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| <p>2.12 Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.</p> | <p>Internal audit charter is approved by CMT and the Audit & Governance Committee</p> |
| <p>Core HIA responsibilities</p> | <p>How compliance is demonstrated</p> |
| <p>2.13 Giving assurance on the control environment. This includes risk and information management and internal controls across all systems.</p> | <p>This is completed quarterly to feed into the annual opinion. The audit risk assessment covers all the areas of the authority.</p> |
| <p>2.14 Reviewing the adequacy of key corporate arrangements including e.g. risk strategy, risk register, anti fraud and corruption strategy, corporate plan.</p> | <p>HIAS responsible for maintaining risk strategy, counter fraud documents. Lead on corporate risk</p> |
| <p>2.15 Produce an evidence based annual internal audit opinion on the authority's control environment.</p> | <p>Quarterly update and annual report reported to the Audit & Governance Committee</p> |
| <p>2.16 Working closely with others to ensure that sufficient and relevant evidence is used. Where relying on others, clarifying the degree and basis for the reliance.</p> | <p>Work with external audit. Do not rely on others for assurance purposes.</p> |
| <p>2.17 Reviewing significant partnership arrangements and major services provided by third parties and the controls in place to promote and protect the authority's interests. Assessing whether lines of responsibility and assurance are clear.</p> | <p>Reviewing of significant partners completed – risk based. Where partnerships in place with other local authorities, any internal audit reports shared</p> |

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| 2.18 Liaising closely with the external auditor to share knowledge and to use audit resources most effectively. | As expected – regular meetings held to ensure that work not duplicated |
| 2.19 Producing an internal audit strategy that fits with and supports the authority's objectives. | As expected – strategy supports the authority's objectives |
| 2.20 Reviewing the authority's risk maturity (including the authority's own assessment) and reflecting this in the strategy. | Completed – if the risk register is not of sufficient standard to inform audit planning, IA risk assessment completed but assessment of risk consulted with CMT |
| 2.21 Consulting stakeholders, including senior managers and Members on the internal audit strategy. | As expected – presented to CMT and the Audit & Governance Committee |
| 2.22 Setting out how the HIA plans to rely on others for assurance on the authority's controls and risks and taking account of any limitations in assurance given by others. | HIA asks for other assurances provided to assist in audit planning. |
| 2.23 Liaising with external inspectors and review agencies where appropriate when drawing up the Internal audit strategy. | As appropriate |
| 2.24 Liaising with the external auditor on the internal audit strategy, but not being driven by external audit's own priorities. | As appropriate |
| Personal skills and professional standards | How compliance is demonstrated |
| 2.25 Give clear, professional and objective advice. | Clear, professional and objective advice is given |
| 2.26 Report on what is found, without fear or favour. | Report on a quarterly basis directly to the Audit & Governance committee. Have direct access to the Executive Director – Corporate Services and the Chief Executive |

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| 2.27 Demonstrate integrity to staff and others in the authority. | As expected – compliance with code of ethics |
| 2.28 Exercise sound judgement in identifying weakness in the authority’s control environment and a balanced view on how significant these are. | As expected – high priority recommendations are defined. Low priority recommendations are identified for management information but not included in the final report. |
| 2.29 Work well with others with specific responsibilities for internal control, risk management and governance including the Head of Paid Service, the Monitoring Officer, the CFO, Audit Committee and Members | Good working relationships with Head of Paid Service, Monitoring Officer, CFO and Audit & Governance Committee and members |
| 2.30 Be concerned for action-influencing the Leadership Team, Audit Committee and others to ensure the HIA’s recommendations are implemented. | Have access to CMT and Audit & Governance Committee to raise concerns if audit actions not implemented. Implementation reported to Audit & Governance quarterly |
| 2.31 Be a role model, dynamic, determined, positive, robust and with resilient leadership, able to inspire confidence and respect and exemplifying high standards of conduct. | As expected. |

| Principle 3 | |
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| The Head of Internal Audit in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the Audit Committee | |
| Governance requirements | How compliance is demonstrated |
| 3.1 Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement. | Designated as Head of Internal Audit Services |
| 3.2 Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team. | As expected – direct access to CFO (ED-CS) and Head of Paid Service, Audit & Governance Committee HIAS reports directly to ED-CS |
| 3.3 Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier. | ED-CS is line manager and member of CMT |
| 3.4 Establish an Audit Committee in line with guidance and good practice. | Audit & Governance Committee established in accordance with CIPFA guidance. Annual review of committee's effectiveness |

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| <p>3.5 Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.</p> | <p>HIAS reports directly to the Audit & Governance Committee – no involvement in the appointment of the HIAS but chair of Audit & Governance to feed into the HIAS PDR process as per the new Internal Audit Standards</p> |
| <p>3.6 Ensure that the organisation's governance arrangements allow the HIA:</p> <ul style="list-style-type: none"> - to bring influence to bear on material decisions reflecting governance; - direct access to the Chief Executive, other Leadership Team members, the Audit Committee and External Audit; and - to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate. | <p>As expected – direct access to the Chief Executive, members of the Corporate Management Team and the Audit & Governance Committee as well as External Auditors. Attendance at Corporate Management Team as required.</p> |
| <p>3.7 Set out an unfettered right of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.</p> | <p>As expected – laid down in financial guidance regards access rights</p> |
| <p>3.8 Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.</p> | <p>As expected – laid down in financial guidance. Also detailed in contract documents Internal Audit's right of access.</p> |
| <p>Core HIA responsibilities</p> | <p>How compliance is demonstrated</p> |
| <p>3.9 Escalating any concerns through the line manager, CFO, Monitoring Officer, Head of Paid Service, Audit Committee, Leadership Team and external audit as appropriate.</p> | <p>As expected – the HIAS has right of access to approach ED-CS, Monitoring Officer, Head of Paid Service, Audit & Governance Committee, CMT and external audit to escalate any concerns</p> |

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| 3.10 Supporting the Audit Committee in reviewing its own effectiveness and advising the Chair and line manager of any suggested improvements. | As expected – review of the committee’s effectiveness completed annually |
| 3.11 Consulting stakeholders, including senior managers and Members on the internal audit strategy. | As expected – issued to CMT prior to being approved at Audit & Governance Committee |
| Personal skills and professional standards | How compliance is demonstrated |
| 3.12 Network effectively to raise the profile and status of internal audit. | As expected – regular meetings with CMT members on one to one basis – available to attend DMT meetings as requested |
| 3.13 Adopt a flexible style, being able to collaborate and advise but also able to challenge as appropriate. | As expected – through work completed in project groups etc |
| 3.14 Build productive relationships both internally and externally. | As expected – networking within Staffordshire and the Midlands. Attendance at team meetings as required |
| 3.15 Work effectively with the Leadership Team and Audit Committee with political awareness and sensitivity. | As expected – Audit & Governance Committee politically neutral |
| 3.16 Be seen to be objective and independent but also pragmatic where appropriate. | As expected in compliance with Public Sector Internal Audit Standards |

| Principle 4 | |
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| The Head of Internal Audit in a public service organisation must lead and direct an Internal Audit service that is resourced to be fit for purpose. | |
| Governance requirements | How compliance is demonstrated |
| 4.1 Provide the HIA with the resources, expertise and systems necessary to perform their role effectively. | As expected – staffing resources adequate for the size of the authority. |
| 4.2 Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate. | Performance is reported quarterly to the Audit and Governance Committee who can/ do ask for additional performance information. |
| 4.3 Ensure that there is a regular external audit review of internal audit quality. | As expected – completed tri – annually. Self assessment completed annually against the Public Sector Internal Audit Standards. |
| 4.4 Ensure that where the HIA is from another organisation that they do not also provide the external audit service. | N/A |
| Core HIA responsibilities | How compliance is demonstrated |
| 4.5 Leading and directing the internal audit service so that it makes a full contribution to and meets the needs of the authority and external stakeholders. | As expected – work to provide service required with limited resources – ensure that coverage is appropriate |
| 4.6 Determining the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives; using a full range of resourcing options including consultancy, working with others and buying in where appropriate. | As expected – work to provide the best service with limited resources. Buy in specialist work as required. Working practices improved with electronic working papers |

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| <p>4.7 Informing the CFO, the Leadership Team and the Audit Committee if there are insufficient resources to carry out a satisfactory level of Internal audit, and the consequence for the level of assurance that may be given.</p> | <p>Completed as part of the annual Internal Audit Charter & plan.</p> |
| <p>4.8 Implementing robust processes for recruitment of internal audit staff and / or the procurement of Internal audit services from external suppliers.</p> | <p>Recruitment and selection processes in place. Procurement processes in place</p> |
| <p>4.9 Ensuring that the professional and personal training needs for staff are assessed and seeing that these needs are met.</p> | <p>Part of the PDR process. CPD for professional bodies</p> |
| <p>4.10 Developing succession plans and helping staff with their career progression.</p> | <p>Part of PDR process. Audit Assistant has competency framework in place.</p> |
| <p>4.11 Establishing a quality assurance and improvement programme that includes:</p> <ul style="list-style-type: none"> - Ensuring that professional internal audit standards are complied with; - Reviewing the performance of internal audit and ensuring that the service provided is in line with the expectations and needs of its stakeholders; - Providing an efficient and effective Internal audit service – demonstrating this by agreeing key performance indicators and targets with the line manager and Audit Committee; annually reporting achievement against targets. - Putting in place adequate | <p>As expected – audit manual in place and reviewed and updated Compliance with professional standards - PSIAS Quality questionnaires issued for annual survey which the results are reported to the Audit and Governance Committee Internal Audit performance indicators reported to the Audit & Governance Committee on a quarterly basis Review process in place to review internal audit work Declaration of interests completed by internal auditors Continuous improvement completed for internal audit service e.g. use of Covalent audit software for recording and reporting on audit findings, revising audit reports, risk based</p> |

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| <p>ongoing monitoring and periodic review of internal audit work and supervision and review of files, to ensure that audit plans, work and reports are evidence based and of good quality.</p> <ul style="list-style-type: none"> - Ensuring that any internal auditors declare any interests that they have. - Seeking continuous improvement in the internal audit service. | <p>auditing, consultancy service</p> |
| <p>4.12 Keeping up to date with developments in governance, risk management , control and internal auditing, including networking with other HIAs and learning from them, implementing improvements where appropriate.</p> | <p>As expected – all members of professional bodies, networking completed</p> |
| <p>4.13 Demonstrating how internal audit adds value to the authority.</p> | <p>Audit reports give managers assurance on systems working effectively and identify potential efficiencies.</p> |
| <p>Personal skills and professional standards</p> | <p>How compliance is demonstrated</p> |
| <p>4.14 Demonstrate leadership and be an ambassador for internal audit.</p> | <p>As expected</p> |
| <p>4.15 Create, communicate and implement a vision for internal audit service.</p> | <p>Internal Audit Charter reviewed and presented to Audit & Governance Committee annually. Forward thinking department – continuous improvement identified.</p> |
| <p>4.16 Create a customer focussed internal audit service.</p> | <p>Regular meetings to discuss audit planning with CMT members.</p> |
| <p>4.17 Establish an open culture, built on effective coaching and a constructive approach.</p> | <p>Detailed roles and responsibilities noted on intranet including open culture. To be reiterated through governance training</p> |

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| 4.18 Promote effective communication within internal audit, across the broader organisation and with external stakeholders. | Effective communication within internal audit – small team – and across organisation. Promotion of e-learning will improve this. |
| 4.19 Set and monitor meaningful performance objectives for staff. | Through PDR process and business planning |
| 4.20 Manage and coach staff effectively. | As expected – PDR process in place. Competency framework in place |
| 4.21 Comply with professional standards and ethics. | As expected – compliance with PSIAS |
| 4.22 Require the highest standards of ethics and standards within internal audit based on the principles of integrity, objectivity, competence and confidentiality. In particular, ensuring that internal auditors identify and report any conflicts of interest and act appropriately. | Conflicts of interest identified and declared as necessary |
| 4.23 Ensure, where necessary, that outside expertise is called upon for specialist advice not available within the internal audit service. | Advice can be sought as required through networking, calling on expertise ie computer audit |
| 4.24 Promote discussion on current governance and professional issues and their implications. | Staff members of different professional institutes Close working team to discuss current issues |

| Principle 5 | |
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| The Head of Internal Audit in a public service organisation must be professionally qualified and suitable experienced | |
| Governance requirements | How compliance is demonstrated |
| 5.1 Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation. | Professionally qualified – Chartered Member of the Institute of Internal Auditors Detailed within Financial Guidance roles and responsibilities |
| 5.2 Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role. | As expected – professionally qualified, 20 + years Internal audit experience and staffing resources in-line with the size of the authority. |
| Personal skills and professional standards | How compliance is demonstrated |
| 5.3 Be a full member of an appropriate professional body and have an active programme for personal professional development. | Member of the Chartered Institute of Internal Auditors Personal professional development through the Institute |
| 5.4 Adhere to professional Internal audit (and where appropriate accounting and auditing) standards. | As expected adhere to PSIAS |
| 5.5 Demonstrate a range of skills including communicating, managing and influencing, as well as an understanding of IT and consultancy. | Range of skills in place and measured through professional competency framework |
| 5.6 Have prior experience of working in internal audit. | 20 + years internal audit experience |
| 5.7 Understand and have experience of strategic objective setting and management | As expected – Internal Audit Charter completed annually |

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| 5.8 Understand the internal audit and regulatory environment applicable to public service organisations. | As expected 20 + years Internal Audit and local government experience |
| 5.9 Demonstrate a comprehensive understanding of governance, risk management and internal control. | As expected Professional (CMIIA) and academic qualifications (PGDip Audit) held in this area |
| 5.10 Undertake appropriate development or obtain relevant experience as appropriate in order to demonstrate an understanding of the full range of the authority's activities and processes. | As expected – CPD, Networking, regular management updates completed to ensure latest developments known. |

AUDIT & GOVERNANCE COMMITTEE

27th June 2013

Report of the Director of Finance

DRAFT ANNUAL STATEMENT OF ACCOUNTS & REPORT 2012/13

EXEMPT INFORMATION

None

PURPOSE

To receive the Draft Statement of Accounts (the Statement) for the financial year ended 31st March 2013.

RECOMMENDATION

That Members review the Annual Statement of Accounts 2012/13.

EXECUTIVE SUMMARY

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires the Council to prepare a Draft Statement of Accounts by 30th June each year (approved by the Council's Chief Finance Officer - the Executive Director Corporate Services), a Committee of the Council to approve the Statement by 30th September and for the Council to publish the Statement together with the Auditors' opinion by 30th September 2013.

The draft accounts once signed by the Executive Director Corporate Services, will be issued to the External Auditor on or before 30th June in compliance with the regulations and are subject to the normal External Audit review by the Audit Commission.

Although there is now no formal requirement for this Committee to approve the accounts prior to audit, it is considered best practice that members have the opportunity to review the accounts. The Draft 2012/13 Statement of Accounts (subject to audit) are being finalised and will be circulated prior to the meeting.

This Committee will be required to formally approve the final Statement of Accounts by the 30th September 2013, following the receipt of the External Auditors' 'Report to those charged with Governance' on the accounts.

Key issues affecting the 2012/13 accounts / accounting process are detailed within the report.

RESOURCE IMPLICATIONS

For 2012/13, a revenue budget underspend for the General Fund of £0.668m is reported with a reduction in General Fund closing balances of £0.102m. The Housing Revenue Account reports an underspend of £1.90m with an increase in Housing Revenue Account closing balances of £0.78m.

It should be noted that the Medium Term Financial Strategy identified required balances of £4.222m (at 1st April 2013) compared to the draft actual closing balances of £4.619m - additional balances of £0.397m. For the HRA balances of £4.774m were forecast at 1st April 2013 compared to the actual balances of £5.267m - additional balances of £0.493m. Balances above the minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

The outturn for the 2012/13 capital programme identifies an underspend of £5.885m against the approved budget of £10.872m (actual spend £4.987m - no change since Provisional Outturn). However, it has been requested that £4.778m of scheme spend be re-profiled into 2013/14. This will result in an overall underspend of £1.107m for the 2012/13 capital programme.

LEGAL / RISK IMPLICATIONS

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires a Committee of the Council to approve the Statement by 30th September 2013 and for the Council to publish the Statement together with the Auditors' opinion by 30th September 2013.

REPORT AUTHOR

Stefan Garner, Director of Finance

LIST OF BACKGROUND PAPERS

Capital Outturn Report 2012/13 - Cabinet, 20^h June 2013
Provisional Outturn Report 2012/13 - Cabinet, 20th June 2013

BACKGROUND INFORMATION

An updated Code of Practice applicable for 2012/13 was issued by CIPFA in January 2012 and the changes reflected in this review must now be incorporated into the Council's 2012/13 accounts, together with relevant changes to accounting policies.

This update to the Code provides accounting guidance on regulations issued and on other legislative developments since the original code was issued.

The Code is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial

Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2012. It supersedes the 2011/12 Code.

In England and Wales, the Code is part of the 'proper practices' requirements governing the preparation of an authority's Statement of Accounts referred to in section 21(2) of the Local Government Act 2003. All English authorities to which section 21 applies and that are required to prepare a Statement of Accounts by the Accounts and Audit Regulations under section 27 of the Audit Commission Act 1998, therefore have a statutory duty to comply with the Code's requirements.

The 2012/13 Code introduces some changes in accounting practice which the Council needs to comply with.

CHANGES IN ACCOUNTING POLICY FOR 2012/13

The need for changes in accounting policy can arise from:

(i) changes that are mandatory under the annual IFRS based *Code of Practice on Local Authority Accounting* and require a new or revised accounting policy to be adopted by all local authorities;

(ii) changes within the overall framework of the *Code of Practice* but where the policy to be adopted is discretionary and is dependent upon interpretation of local circumstances.

The changes required to the Council's accounting policies for 2012/13 therefore arise from an updated IFRS based *Code of Practice on Local Authority Accounting* issued by CIPFA in January 2012.

Many of the changes reflected in the 2012/13 code & code update do have to be incorporated into the Council's accounts but do not necessarily impact on its accounting policies. This is because the changes are principally around additional or changed disclosure notes, points of clarification and additional guidance etc.

Following the significant changes in Local Authority Accounting in recent years, 2012/13 is a year of consolidation with relatively few new requirements as set out below:-

- Explanatory Foreword: The Code encourages local authorities to draft their Explanatory Forewords in line with guidance of the requirements of the Government's Financial Reporting Manual. However CIPFA have not prescribed a sector-specific format, and therefore the lay-out of the Explanatory Foreword will remain a local judgement. However, a review has been carried out with the emphasis on 'de-cluttering' the accounts to remove unnecessary information and duplication.

- A number of amendments published as part of the update to the 2011/12 Code issued in early 2012.

SIGNIFICANT TRANSACTIONS IN 2012/13

- Tamworth Borough Council own the freehold to an 18 hole golf course at Amington. Following a tender process in 2006, Tamworth Golf Centre (Jack Barker Golf) was appointed the lease and an operating agreement in 2007. The Council received a rental payment from the company, which was responsible for operating the golf course and was required to invest in the facilities. Tamworth Golf Centre entered a company voluntary arrangement, and the Council agreed to a reduction in the rental payment and a renegotiation of the terms of the lease, in 2012.

However, the company entered into liquidation in February 2013. At a meeting of the Council's Cabinet on 26th March, it was resolved that the Council would operate the Golf Course for an interim period whilst considering the longer term sustainability of the course.

As a result, the accounting entries for the lease arrangement (for the buildings element) have been reversed (approx. £300k) and the asset recognised on the balance sheet – at a reduced value reflecting its use as an operational asset. This is reflected within the Cultural & Related Services line of the CIES.

- The pension fund deficit has increased in the year to £34.415m (2011/12 £28.118m) as financial assumptions are less favourable at 31st March 2013 than the previous year - this is required to be shown on the balance sheet of the Authority. The increased liability is as a result of a fall in the net discount rate of around 0.3% which was partially offset by greater than anticipated asset returns – as reflected in the Actuarial Gains / Losses on Pension Assets / Liabilities line of the Comprehensive Income & Expenditure Account.

The Council's accounts for 2012/13 consist of the following:

▪ Core Financial Statements:

- **Movement in Reserves Statement:** shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.
- **Comprehensive Income & Expenditure Account:** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Balance Sheet:** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.
- **Cash Flow Statement:** shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- **Supplementary Statements:**
 - **Housing Revenue Account:** reflects the statutory requirement to maintain a separate account for Council Housing.
 - **The Collection Fund:** shows the non-domestic rates and council tax income collected on behalf of Staffordshire County Council, the Police Authority, the Fire & Rescue Authority and this Council's General Fund.

These accounting statements are supported by appropriate notes to the accounts including the Statement of Accounting Policies - this provides details of the framework within which the Council's accounts are prepared and published.

GENERAL FUND, HOUSING REVENUE ACCOUNT & CAPITAL OUTFURN

Below are details of the outturn fund balances for the General Fund and the Housing Revenue Account together with a summary of the outturn position on Capital Expenditure for the year.

GENERAL FUND

When compared to the final approved budget (which reflects decisions made by members during the financial year) an under-spend of £668k is reported, £125k more than reported in the provisional outturn report.

Closing General Fund balances as at 31st March 2013 were £4.619m:

| General Fund Balances Movement 2012/13 | Final Outturn £'000 | Projected Outturn £'000 |
|---|------------------------------------|--|
| Balances B/fwd. | 4,721 | 4,721 |
| Approved Budget transfer To / (From) balances | (770) | (770) |
| Approved Budget Changes during year | 0 | 0 |
| Outturn variance - Surplus | 668 | 543 |
| Balance C/fwd. | 4,619 | 4,494 |

The main changes since the provisional outturn was prepared are due to:

- Net additional income arising from the reduced impairment of Icelandic deposits following an improvement in the forecast financial position and additional interest and an exchange rate improvement relating to the funds held with Icelandic Bank Glitnir, £113k; and
- A net increase in recharges to the Housing Revenue Account following finalisation of year end costs, £10k;

In addition to these, the remainder of the favourable outturn variance of £0.668m is mainly attributable to savings made in the following areas:

- write back of unspent reserves, £117k;
- a net reduction in the joint waste management arrangement costs of £202k (including unexpected income from bulky waste of £27k);
- vacancy allowance & Contingency budget not required to be released, £73k
- a reduction in interest payable of £125k, offset by a reduced interest cost recharge relating to Housing debt, £92k.

It should be noted that the Medium Term Financial Strategy identified required balances of £4.222m (at 1st April 2013) compared to the draft actual closing balances of £4.619m – the additional balances of £0.397m above this minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

Members should be aware that any unplanned call on the above balance could adversely affect the Authority's ability to resource activity within the Medium Term Financial Strategy period.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) is underspent against the approved budget for the year by £1.9m, £10k less than reported in the provisional outturn report. The Housing Revenue Account balances as at 31st March 2012 were £5.267m.

| HRA Balances Movement 2012/13 | Final Outturn £'000 | Projected Outturn £'000 |
|--------------------------------------|------------------------------------|--|
| Balances B/fwd. | 4,487 | 4,487 |
| Approved Budget | (1,120) | (1,120) |
| Approved Budget Changes during year | 0 | 0 |
| Outturn variance - Surplus | 1,900 | 1,910 |
| Balance C/fwd. | 5,267 | 5,277 |

The change since the provisional outturn was prepared is mainly due to:

- An increase in recharges to the Housing Revenue Account following finalisation of year end costs, £10k;

In addition to these, the remainder of the outturn variance surplus of £1.9m shown above is mainly attributable to the following areas:

- write back of unspent reserves, £103k;
- Lower Debt / Capital Charges from the General Fund, £54k and additional interest on balances, £59k;
- Council House Rents income higher than budget due to a quicker turnaround of void properties reducing overall void levels, £118k;
- Savings in Repairs & Maintenance costs across multiple contracts, £1.4m.

It should be noted that the Medium Term Financial Strategy identified balances of £4.774m (at 1st April 2013) compared to the draft actual closing balances of £5.267m, which means additional balances of £493k.

CAPITAL OUTTURN

The outturn for the 2012/13 capital programme identifies an underspend of £5.885m against the approved budget of £10.872m (actual spend £4.987m - no change since Provisional Outturn). However, it has been requested that £4.778m of scheme spend be re-profiled into 2013/14. This will result in an overall underspend of £1.107m for the 2012/13 capital programme.

Full details are contained within the Capital Outturn Report reported to Cabinet on 20th June 2013.

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27th JUNE 2013

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

INTERNAL AUDIT ANNUAL OPINION & QUARTERLY REPORT

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 4th quarter of 2012/13 – to provide Members with assurance of the ongoing effective operation of the internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATIONS

That the committee considers the attached annual opinion & quarterly report and raises any issues it deems appropriate.

EXECUTIVE SUMMARY

The Accounts and Audit Regulations 2011 (as amended) require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the internal control, risk management and governance framework within the organisation, and their outcomes.

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

The Head of Internal Audit Services' annual opinion statement for 2012/2013 is set out in the attached document (detailing the work completed to date), and the opinion is summarised below.

Based on the ongoing work carried out by and behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment for the financial year is that "reasonable assurance" can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement

which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during 2012/13.

For easy reference, performance against 2 key performance indicators for the service is set out in graphical form in **Appendix 1** (% of draft reports issued within timeliness target) and **Appendix 2** and **2.1** (% of audit recommendations agreed by management). The proportion of agreed management actions found to have been implemented is also shown graphically in **Appendix 3**. Details of the 2012/13 audit plan completion status as at 31st March 2013 is detailed at **Appendix 4**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers ex 234

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 – Percentage of draft reports issued within 15 days

Appendix 2 – Percentage of audit recommendations agreed by management

Appendix 2.1 – Number of recommendations made and agreed

Appendix 3 – Proportion of agreed management actions implemented

Appendix 4 – Internal Audit Plan status as at 31st March 2013

1. INTRODUCTION

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. 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 draft reports on these where possible/necessary. As in previous years it is expected that not all 80 planned areas of audit work will be delivered for various reasons, eg due to changes within services, delays to projects, or reasonable requests to delay from managers due to unexpected demands or resource problems eg sickness. The service thus plans to complete 90% of those audits that are deliverable in the year.

Of the 80 audits originally identified, 11 were cancelled by the request of management leaving 69 audits to be delivered. The Internal Audit service has completed or has underway 66 (95.6%) of the deliverable audit plan to date during the financial year. Changes to the timings of the audits have been made for various reasons e.g. due to changes within services, delays to projects, or reasonable requests to delay from managers due to unexpected demands or resource problems details of which are given in **Appendix 4**. The Internal Audit Service has completed works in 7 additional areas as requested by management. As previously described, the plan has been actively managed to seek to ensure delivery of good practice levels over the year. Areas of audit work include the planned audits of systems plus activities that contribute to the overall governance of the authority. **Appendix 4** details the Internal Audit plan status as at 31st March 2013.

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 15 draft reports issued in this quarter of the year were issued within this deadline (see graph at **Appendix 1**).

The Head of Internal Audit Services is responsible for ensuring that the work of the service is of appropriate quality to meet professional standards, and has in place, on an ongoing basis, a number of processes to meet this aim. For instance, there is an Audit Manual in place to guide auditors in their work, the Head of Internal Audit Services carries out independent review of auditors' work to ensure professional standards are met, the service benchmarks its performance against other such services in the region, quality control questionnaires are issued to managers for their view on the work of the service, and so on. The service is also subject to review by the external auditor, who places reliance on the work of the service. It is considered that the service continues to ensure professional standards are in place, and indeed in its move to risk based auditing is ahead of most other similar audit services in the region in adopting emerging good practice.

3. AUDIT REVIEWS COMPLETED QUARTER 4 2012/13

Internal Audit carries out reviews in compliance with its approved annual Audit Plan and additional areas where necessary, and reports on these to management in accordance with its approved Reporting Protocol. The audits finalised since the previous quarterly report were as shown below and detail the number of recommendations made and their priority.

| | H | M | Agreed |
|---|----|----|--------|
| • Treasury Management Qtr 3 | - | - | - |
| • CT & Housing Benefits | - | - | - |
| • Health & Safety | 10 | 4 | 13 |
| • Tourist Information Centre | - | 2 | 2 |
| • Housing Allocations | 2 | 10 | 12 |
| • Mobile Telephony | 7 | 3 | 10 |
| • Ombudsmen Process | - | - | - |
| • Academy Application Review | - | 4 | 4 |
| • Street Scene | - | 6 | 6 |
| • Outdoor Events | - | 11 | 11 |
| • Operational Services Financial Controls | 3 | 3 | 6 |

As part of each audit review, recommendations are made where necessary to address areas where the Internal Audit service considers controls, or compliance with controls, could be improved to help to manage risks to service objectives and ensure service objectives are met.

Accordingly a total of 65 new audit recommendations were made in this quarter of which 64 (98.5%) were agreed by management (this is the third main service PI – see **Appendix 2. Appendix 2.1** shows the number of recommendations made and agreed). Internal Audit is satisfied with the management responses received to the recommendations made in this period. Each audit will be reviewed within the specified time scale and the implementation status of the audit recommendations reported.

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. The Implementation review finalised during the 4th quarter of 2012/13 relates to the audit completed on Data Quality & Records Management. Twenty six recommendations were made and at implementation review, eleven had been implemented. Four of the fifteen outstanding recommendations are high risk and as such a further follow up will be completed to ensure they are implemented.

4. INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY

Attribute Standards 1110 to 1130 in the Public Sector Internal Audit Standards require that Internal Audit have organizational and individual independence and specifically state that the Head of Internal Services must confirm this to the Audit & Governance Committee at least annually. The Head of Internal Audit Services confirms that Internal Audit is operating independently of management and is objective in the performance of Internal Audit work.

5. OVERALL CURRENT INTERNAL AUDIT OPINION

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that "reasonable assurance" can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

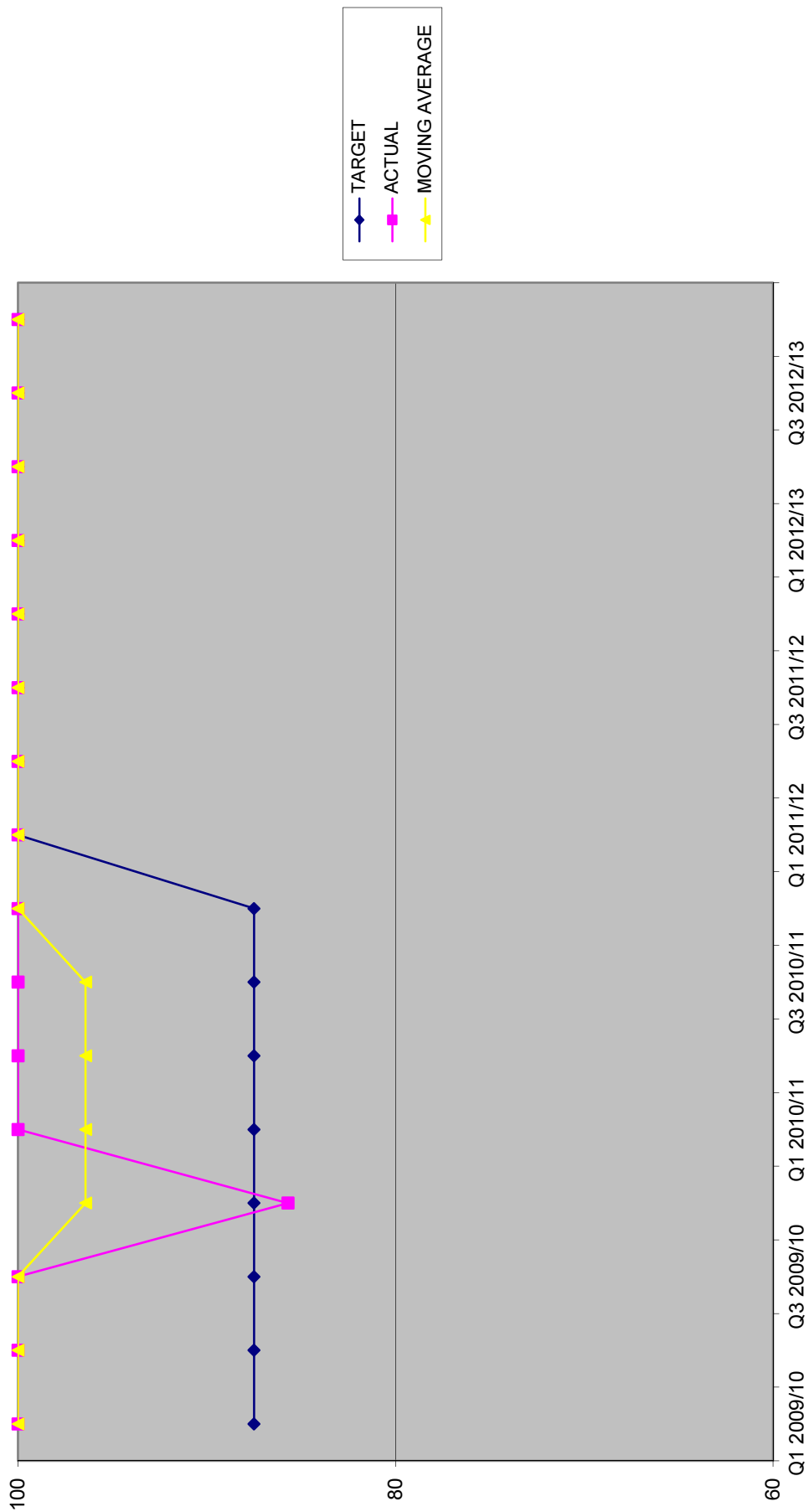
There were no specific issues highlighted through the work of Internal Audit in the fourth quarter of the 2012/13 financial year

Angela Struthers,
Head of Internal Audit Services

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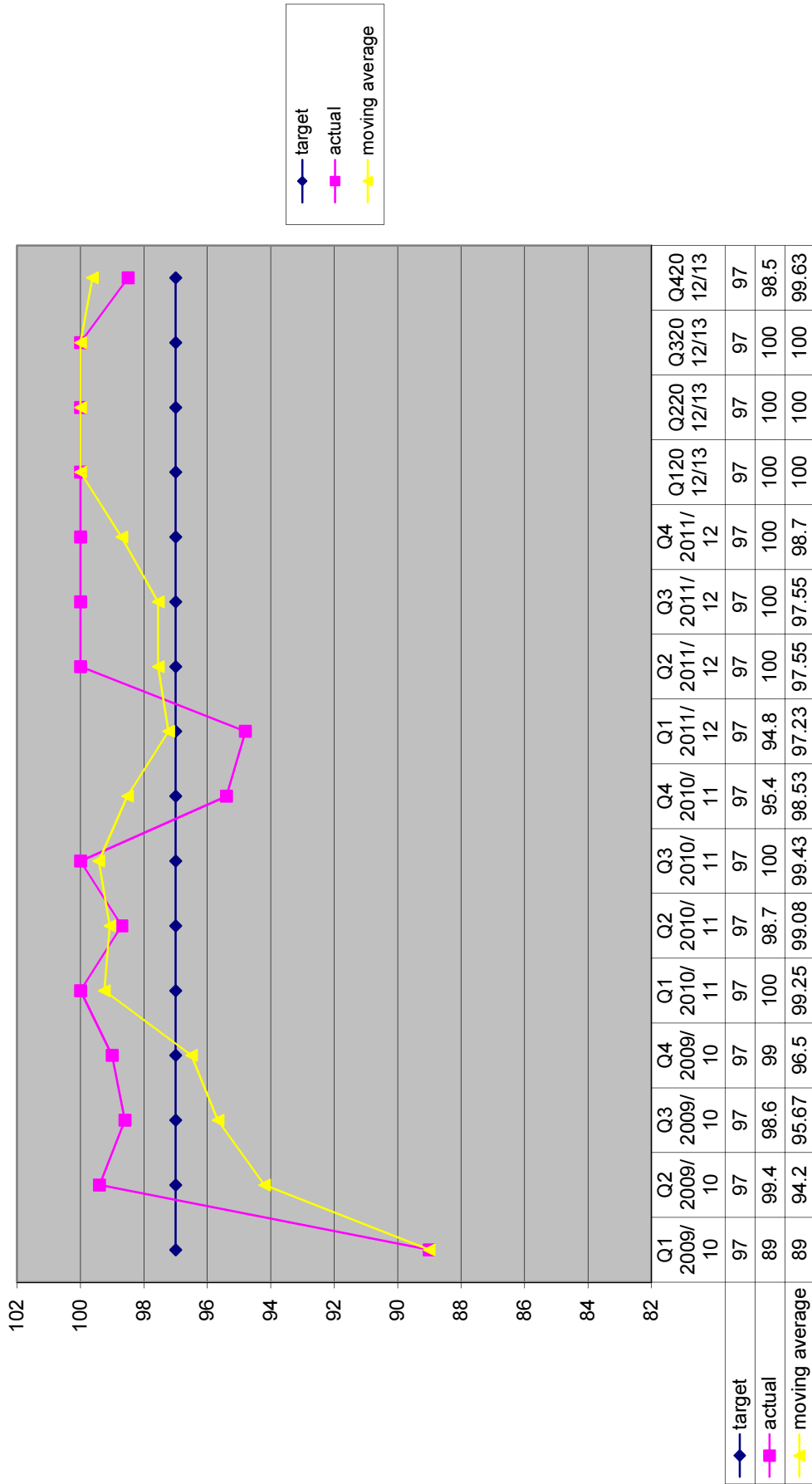
Appendix 1

Percentage of draft reports issued within 15 days



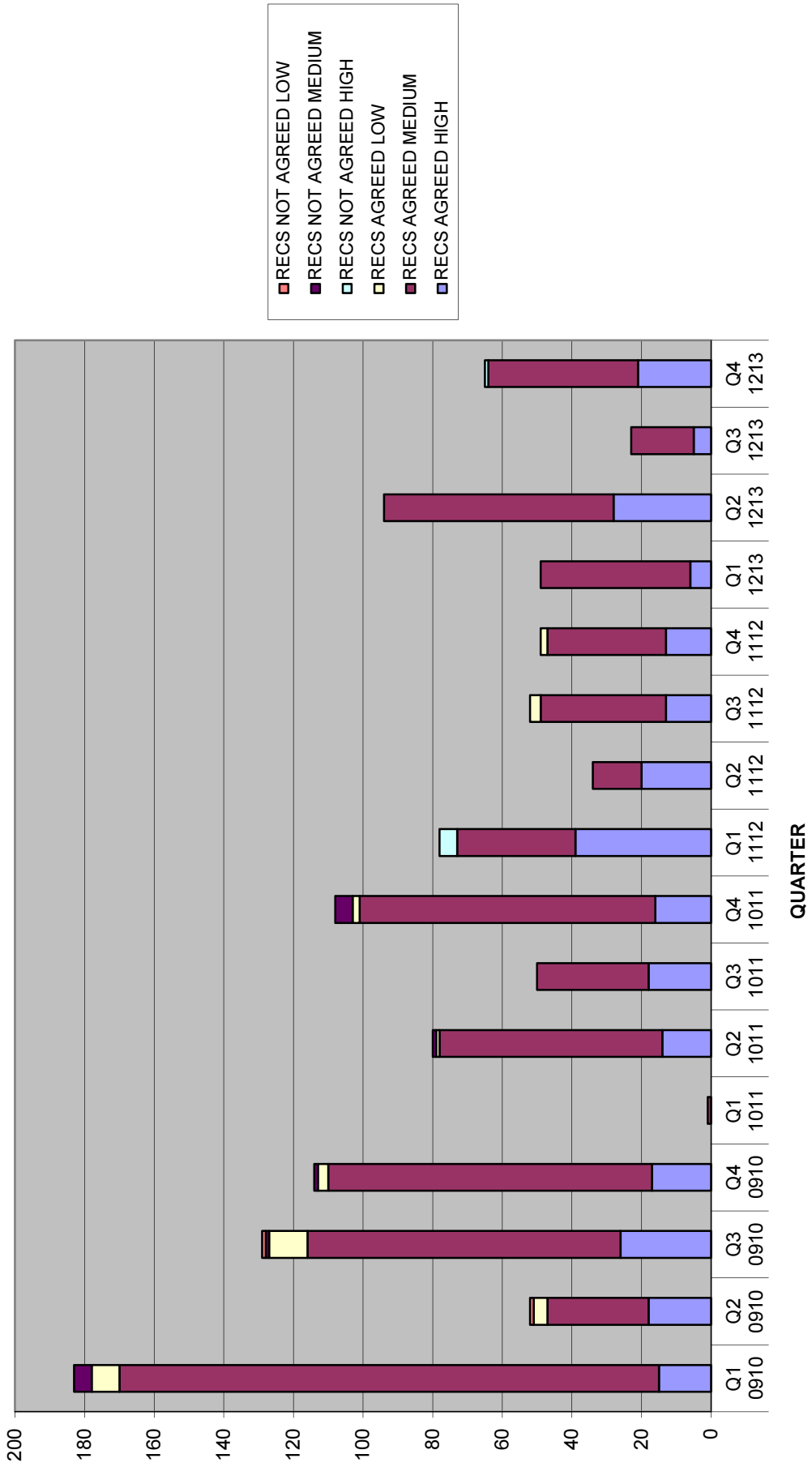
Appendix 2

Percentage of management actions agreed

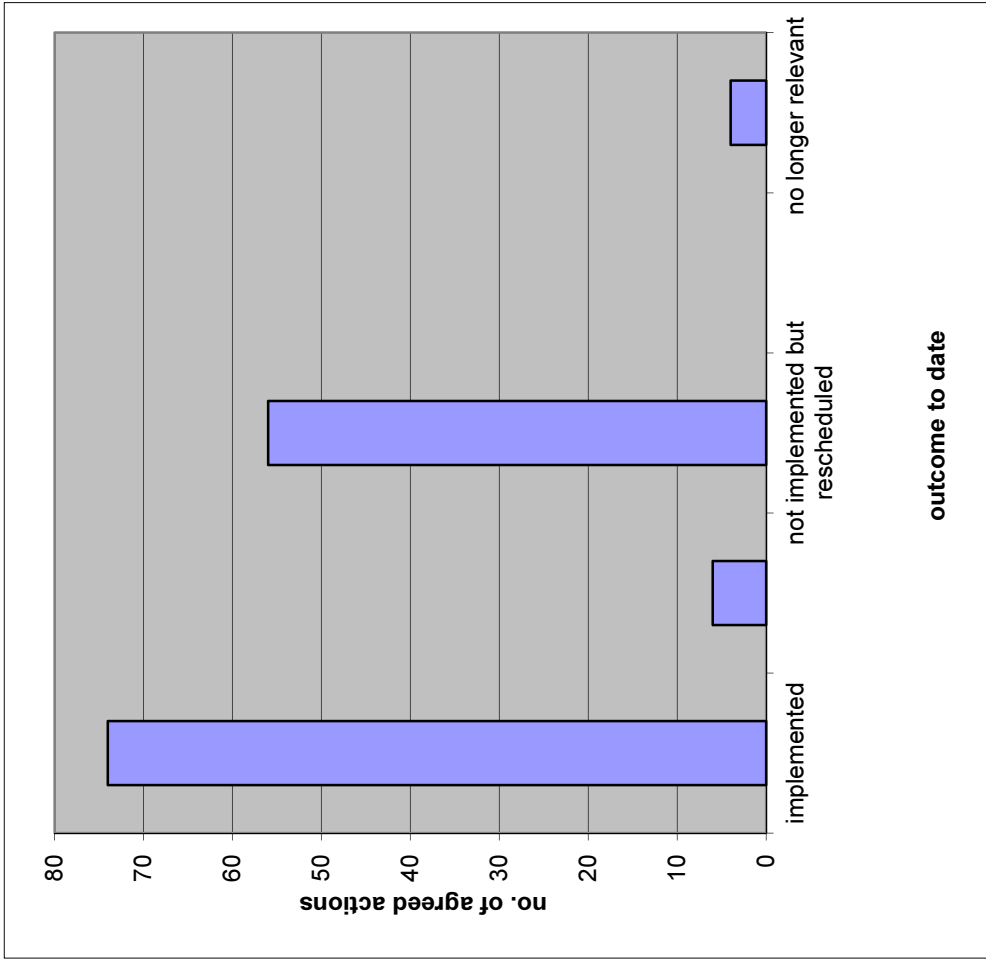


Appendix 2.1

MANAGEMENT ACTIONS AGREED BY NUMBER



Proportion of agreed management actions implemented 2012/13



Internal Audit Plan 2012/13 Status as at 31st March 2013

| B/F FROM 11/12 | RISK RATING | TYPE | STATUS AS AT 31/3/13 | ASSURANCE LEVEL | NUMBER OF MANAGEMENT ACTIONS AGREED | IMPLEMENTATION REVIEW | REVISED ASSURANCE LEVEL | COMMENTS |
|---|-------------|------|----------------------|-----------------|-------------------------------------|--------------------------------|-------------------------|----------|
| Capital Strategy 11/12 | M | KFS | | | 3 | n/a | | |
| Housing Responsive Repairs 11/12 | M | KFS | | | 6 | n/a | | |
| Bank Reconciliation 11/12 | M | KFS | | | 5 | n/a | | |
| Debtors 11/12 | M | KFS | | | 26 | n/a | | |
| Main Accounting 11/12 | M | KFS | | | 0 | n/a | | |
| Property Services Contracts 11/12 | M | KFS | | | 12 | n/a | | |
| Assets & Environment Financial Controls 11/12 | M | SBR | | | 8 | n/a | | |
| Data Quality & Records Management 11/12 | H | SBR | | | 26 | n/a | | |
| Voluntary Redundancy 11/12 | M | SBR | | | 15 | n/a | | |
| M3 Application Review 11/12 | M | SBR | | | 34 | | | |
| Street Scene 11/12 | M | RBR | | | 1 | n/a | | |
| Time Recording (Sports Development) 11/12 | M | IR | | | 10 | 5 implemented 5 rescheduled | | |

| QUARTER1 PLANNED WORK | RISK RATING | TYPE | STATUS AS AT 31/3/13 | ASSURANCE LEVEL | NUMBER OF MANAGEMENT ACTIONS AGREED | IMPLEMENTATION REVIEW | REVISED ASSURANCE LEVEL | COMMENTS |
|--|-------------|------|----------------------|-----------------|-------------------------------------|---|-------------------------|---|
| Street Scene | M | IR | | | 6 | | | |
| Post project – Transforming Tamworth | H | IR | x | | | | | Cancelled – New process to be looked at 13/14 |
| Freedom of Information | H | IR | | | 15 | 3 implemented 1 no longer relevant 11 rescheduled | | Further implementation review to be completed 13/14 |
| Strategic Planning | M | RBR | | | 1 | | | |
| Time Recording | M | IR | | | 12 | 4 implemented 4 not yet due 4 rescheduled | | |
| Review of Internal Audit Effectiveness | | COR | | | | | | |
| Area Based Grants | | ST | x | | | | | No longer requirement from County Council |
| Pension Contributions | | ST | | | 0 | | | |
| Annual Audit Opinion | | COR | | | | | | |
| Data Protection | H | P | | | | | | Not completed |
| Corporate Policy Management | H | IR | | | | | | Moved to Qtr 3 by IA |

| | | | | | | | | | | |
|---|---|-----|--|----|--|--|--|--|--|--|
| Review of Financial Guidance | | COR | | | | | | | | Moved to Qtr 4 – new system |
| Land Charges | M | SBR | | | | | | | | |
| Safeguarding Children & Vulnerable Adults | M | RBR | | 14 | | | | | | |
| CCTV | M | RBR | | 1 | | | | | | |
| Treasury Management | M | KFS | | 0 | | | | | | Quarterly testing completed |
| Community Safety Hub | M | SBR | | 5 | | | | | | |
| Localism Act | M | RBR | | | | | | | | Moved to Qtr 4 by IA |
| Academy Application Review | M | SBR | | | | | | | | Moved to Qtr 4 to be completed with Benefits audit |
| IT Physical & Environmental Controls | H | SBR | | | | | | | | Moved to Qtr 4 after office moves |
| Annual Governance Statement | | COR | | | | | | | | |
| Housing Responsive Repairs and Property Contracts | M | KFS | | | | | | | | Work completed on KPIs |

| QUARTER 2 PLANNED WORK | RISK RATING | TYPE | STATUS AS AT 31/3/13 | ASSURANCE LEVEL | NUMBER OF MANAGEMENT ACTIONS AGREED | IMPLEMENTATION REVIEW | REVISED ASSURANCE LEVEL | COMMENTS |
|---|-------------|------|----------------------|-----------------|-------------------------------------|---|-------------------------|---|
| IT Software Licensing | H | IR | | | 21 | 15 implemented 1 no longer relevant 5 rescheduled | | |
| Efin Application Review | M | SBR | x | | | | | Cancelled completed 11/12 |
| Community Development | M | IR | | | 2 | 2 implemented | | |
| Remote Desktop Support | M | IR | | | 14 | 14 implemented | | |
| Virtual Servers | M | IR | | | 20 | 7 implemented 2 no longer relevant 10 rescheduled | | Additional review to be completed Qtr 1 13/14 |
| Content Application Review | M | IR | | | 17 | 15 implemented 2 rescheduled | | |
| Volunteers Policy | H | IR | | | 15 | 9 implemented 6 rescheduled | | |
| Operational services financial controls | M | IR | | | 6 | Newly identified from risk register | | Testing of the controls identified in the risk based review |
| M3 Application Review | M | IR | | | 34 | 21 implemented 13 rescheduled | | |
| Street Wardens | M | RBR | | | 1 | | | |
| PR & Communication Strategy | M | RBR | | | 3 | | | |
| Tourism & Town Centre | M | RBR | | | 1 | | | |

| | | | | | | | | | |
|-------------------------------------|---|-----|---|---|----|--|--|--|---|
| Tourist Information Centre | M | RBR | ✓ | ✓ | 2 | | | | Moved to quarter 4 by management |
| Public Protection – Food Safety | M | RBR | ✓ | ⚠ | | | | | Cancelled – no longer a priority at this stage |
| Cleaning | M | SBR | ✗ | | | | | | Moved to 13/14 by management (Organisational Development) |
| E-Induction/Induction Process | M | SBR | ✗ | | | | | | |
| Car Park Income | M | SBR | ✓ | ✓ | 3 | | | | |
| ISO27001 | M | SBR | ⚠ | | | | | | Draft report issued |
| Corporate Business Continuity | H | SBR | ⚠ | | | | | | |
| Community Leisure | M | RBR | ✓ | ⚠ | 1 | | | | |
| Housing Allocation of Accommodation | M | SBR | ✓ | ⚠ | 12 | | | | |
| Scheme of Delegation | M | SBR | ✗ | | | | | | Cancelled – moved to 13/14 following review of scheme |




| QUARTER 3 PLANNED WORK | RISK RATING | TYPE | STATUS AS AT 31/3/13 | ASSURANCE LEVEL | NUMBER OF MANAGEMENT ACTIONS AGREED | IMPLEMENTATION REVIEW | REVISED ASSURANCE LEVEL | COMMENTS |
|-----------------------------------|-------------|------|----------------------|-----------------|-------------------------------------|--------------------------|-------------------------|--------------------|
| Data Quality & records Management | H | IR | ✓ | ⚠ | 26 | 11 implemented | ⚠ | |
| Outdoor Events | M | IR | ✓ | ⚠ | 11 | 11 new issues identified | ⚠ | |
| Castle | M | IR | ✓ | ✓ | 4 | | | |
| Creditors | M | KFS | ✓ | ✓ | 2 | | | |
| Council Tax | M | KFS | ✓ | ✓ | 2 | | | |
| NDR | M | KFS | ✓ | ✓✓ | 1 | | | |
| Payroll | M | KFS | ✓ | ✓ | 2 | | | |
| Bank rec & Cash | M | KFS | ✓ | ✓ | 2 | | | |
| Housing Rents | M | KFS | ⚠ | | | | | Moved to quarter 4 |
| Members Allowances & Expenses | H | SBR | ✓ | ✓ | 8 | n/a | | |
| Building Security | M | RBR | ✓ | ✓✓ | 1 | | | |
| Travel & Subsistence | M | SBR | ✓ | ⚠ | 17 | n/a | | |
| Insurance | M | SBR | ✓ | ✓ | 5 | | | |
| Recruitment & Retention | M | RBR | ✗ | | | | | Moved to quarter 4 |
| Health & Safety | M | SBR | ✓ | ⚠ | 14 | | | |






| | | | | | | | | |
|--|---|-----|----------|--|----|--|--|---|
| Legionella | M | RBR | | | | | | Delayed to quarter 1 13/14 |
| Asbestos Policy | M | RBR | | | | | | Delayed to quarter 1 13/14 |
| Performance Management | M | SBR | | | | | | |
| Homelessness | M | SBR | | | | | | Moved to quarter 4 |
| Licences | M | SBR | x | | | | | Cancelled management request move to 13/14 |
| Mobile Telephony | M | SBR | | | 10 | | | |
| Private Sector Empty Homes | M | SBR | | | 1 | | | |
| Private Sector Housing – Feasibility studies/management models | M | SBR | x | | | | | Cancelled management request – covered under private sector empty homes |
| End Point Security | M | SBR | | | | | | |
| IT File Controls | H | SBR | | | | | | Draft report issued |
| Treasury Management – quarterly testing | M | KFS | | | 0 | | | |
| Housing Responsive Repairs & Property Contracts | M | KFS | | | | | | |

| QUARTER 4 PLANNED WORK | RISK RATING | TYPE | STATUS AS AT 31/3/13 | ASSURANCE LEVEL | NUMBER OF MANAGEMENT ACTIONS AGREED | IMPLEMENTATION REVIEW | REVISED ASSURANCE LEVEL | COMMENTS |
|--|-------------|------|----------------------|-----------------|-------------------------------------|-----------------------|-------------------------|---|
| Academy Application Review | M | IR | x | | | | | Moved to 13/14 aligned to implementation review |
| Review of Counter Fraud Policies & Documents | H | | | | | | | |
| Main Accounting & Budgetary Control | M | KFS | | | | | | |
| Debtors | M | KFS | | | 0 | | | |
| HB & CTB Benefits | M | KFS | | | 0 | | | |
| Capital Strategy & Programme Management | M | KFS | | | | | | |
| Ordnance Process | M | SBR | | | 0 | | | |
| Annual Audit Planning & Review | | | | | | | | |
| Programme/Project Management | M | RBR | x | | | | | Cancelled by management |

| ADDITIONAL WORK COMPLETED | RISK RATING | TYPE | STATUS AS AT 31/3/13 | ASSURANCE LEVEL | NUMBER OF MANAGEMENT ACTIONS AGREED | IMPLEMENTATION REVIEW | REVISED ASSURANCE LEVEL | COMMENTS |
|---------------------------|-------------|------|----------------------|-----------------|-------------------------------------|-----------------------|-------------------------|----------|
| Cemeteries | M | RBR | ✓ | ✓ | | | | |
| Amington Depot | M | RBR | ✓ | ✓ | | | | |
| Christmas Lights | L | RBR | ✓ | ✓ | | | | |
| Environmental Management | M | RBR | ✓ | ✓ | | | | |
| Street Lighting | L | RBR | ✓ | ✓ | | | | |
| Tree maintenance | M | RBR | ✓ | ✓ | | | | |
| Gas contract | M | ST | ✓ | ⚠ | 3 | | | |

KEY TO SYMBOLS

| STATUS AS AT 30/9/12 / IMPLEMENTATION REVIEW | |
|---|-----------------|
|  | COMPLETED |
|  | UNDERWAY |
|  | NOT YET STARTED |
| x | CANCELLED |

| ASSURANCE LEVELS | |
|---|-----------------------|
|   | SUBSTANTIAL ASSURANCE |
|  | REASONABLE ASSURANCE |
|  | LIMITED ASSURANCE |
|  | NO ASSURANCE |

| TYPES | |
|-------|---------------------------|
| IR | IMPLEMENTATION REVIEW |
| SBR | SYSTEMS BASED REVIEW |
| RBR | RISK BASED REVIEW |
| COR | CORPORATE/MANAGEMENT WORK |
| ST | SUBSTANTIVE TESTING |
| P | PROBITY |
| KFS | KEY FINANCIAL SYSTEM |

27TH JUNE 2013

REPORT OF HEAD OF INTERNAL AUDIT SERVICES

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

EXEMPT INFORMATION

None

PURPOSE

To provide members with the findings of the review of the effectiveness of Internal Audit.

RECOMMENDATIONS

That the Committee endorses the report.

EXECUTIVE SUMMARY

The Council is required to conduct an annual review of the effectiveness of Internal Audit under the Accounts and Audit regulations 2011 and the findings need to be considered by a committee (Audit & Governance Committee) of the Authority.

This review forms part of the assurance gathering process for the Annual Governance Statement.

An effective Internal Audit service is a key part of the Council's governance arrangements and for adding value to its services.

The review of the effectiveness of internal audit is completed by a self assessment against the CIPFA Code of Practice for Internal Audit in Local Government in the UK (2006). The self assessment is attached as **Appendix 1**.

The Code of Practice comprises eleven standards/principles covering 37 related areas and 194 specific questions in the assessment.

In summary, compliance against the Codes is as follows:

| Summary of Findings | Yes | Partial | No | N/A |
|--------------------------------------|------------|----------------|-----------|------------|
| Scope of Internal Audit | 20 | 1 | | |
| Independence | 12 | 1 | | 2 |
| Ethics for Internal Auditors | 10 | | | 1 |
| Audit Committees | 11 | | | |
| Relationships | 11 | 2 | | 1 |
| Staffing, Training & CPD | 11 | | | |
| Audit Strategy & Planning | 21 | | | |
| Undertaking Audit Work | 18 | | | |
| Due Professional Care | 11 | | | |
| Reporting | 31 | | | 1 |
| Performance, Quality & Effectiveness | 28 | | | 1 |
| Total | 184 | 4 | | 6 |

As from 1st April, 2013, the Public Sector Internal Audit Standards came into effect and compliance with the Standards will be reported to this Committee later during this year. Details of the main changes the new Standards were reported to this committee on the 31st January 2013.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

Failure to complete the review of the effectiveness of Internal Audit will lead to non-compliance with the Accounts & Audit Regulations 2011

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

CIPFA Code of Practice for Internal Audit in Local Government in the UK (2006).

REPORT AUTHOR

Angela Struthers ex 234

LIST OF BACKGROUND PAPERS

APPENDICES

Appendix 1 CIPFA Internal Audit Code 2006 – Compliance Checklist

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|-----|---------|----|-----|---|-----|
| 1 Scope of Internal Audit | | | | | | |
| 1.1 Terms of Reference | | | | | | |
| 1.1.1 Do terms of reference: | | | | | Terms of reference/financial guidance - relevant paragraphs from within Financial Guidance detailed below | 1 |
| (a) establish the responsibilities and objectives of Internal Audit? | ✓ | | | | Financial Guidance - 3.4.2 | 1 |
| (b) establish the organisational independence of Internal Audit? | ✓ | | | | Financial Guidance - 3.4.3 | 1 |
| (c) establish the accountability, reporting lines and relationships between the Head of Internal Audit and: | | | | | | |
| (i) those charged with governance? | ✓ | | | | Financial Guidance - 3.4.6 | 1 |
| (ii) those parties to whom the Head of Internal Audit may report? | ✓ | | | | Financial Guidance - 3.4.3 | 1 |
| (d) recognise that Internal Audit's remit extends to the entire control environment of the organisation? | ✓ | | | | Financial Guidance - 3.4.1, 3.4.2 | 1 |
| (e) identify Internal Audit's contribution to the review of the effectiveness of the control environment? | ✓ | | | | Financial Guidance - 3.4.1, 3.4.2 | 1 |
| (f) require and enable the Head of Internal Audit to deliver an annual audit opinion? | ✓ | | | | Requirement reflected in strategy | 3 |
| (g) define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)? | ✓ | | | | Financial Guidance & Counter Fraud & Corruption Strategy (4.5, 5.3.3) | 4 |
| (h) explain how Internal Audit's resource requirements will be assessed? | ✓ | | | | IA Strategy & Operational Plan | 3 |
| (i) establish Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities? | ✓ | | | | Financial Guidance - 3.4.5 | |
| 1.1.2 Does the Head of Internal Audit advise the organisation on the content and the need for subsequent review of the terms of reference? | ✓ | | | | Review of financial guidance - on going | 5 |
| 1.1.3 Have the terms of reference been formally approved by the organisation? | ✓ | | | | Financial guidance approved by Audit & Governance Cttee 25/10/12 | 6 |
| 1.1.3 Are terms of reference regularly reviewed? | ✓ | | | | On-going, latest review completed & approved 25/10/12 | 6 |
| 1.2 Scope of Work | | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|------------|----------------|-----------|------------|---|------------|
| 1.2.1 Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining Internal Audit's work and where effort should be concentrated? | ✓ | | | | Risk matrix completed to identify high risk areas, also risk register reviewed as part of annual audit planning. | |
| 1.2.3 Where services are provided in partnership has the Head of Internal Audit identified: | | | | | | |
| (a) how assurance will be sought? | ✓ | | | | Working together - assurance provided to county re pension contributions etc, partnership database and guidance details assurance required and access levels of authority for partnerships. | |
| (b) agreed access rights where appropriate? | | ✓ | | | Carried out by the Partnership officers | |
| 1.3 Other Work | | | | | | |
| 1.3.1 Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the: | | | | | | |
| (a) skills, and | ✓ | | | | PDR and team meetings (due to staffing numbers minutes of team meetings not recorded. | 12 |
| (b) resources to do this? | ✓ | | | | Audit plan & audit strategy | 2 & 3 |
| 1.3.2 Do the terms of reference define Internal Audit's role in: | | | | | | |
| (a) fraud and corruption? | ✓ | | | | Portfolio and Anti fraud & Corruption strategy | 4 |
| (b) consultancy work? | ✓ | | | | | |
| 1.4 Fraud and Corruption | | | | | | |
| 1.4.2 Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety? | ✓ | | | | Named as one of the officers that can be approached also identified in Capability & Conduct Policy | 4 & 7 |
| Overall Conclusion - Scope | 20 | 1 | | | | |
| 2 Independence | | | | | | |
| 2.1 Principles of Independence | | | | | | |
| 2.1.1 Is Internal Audit: | | | | | | |
| (a) independent of the activities it audits? | ✓ | | | | | 8 |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|------------|----------------|-----------|------------|--|------------|
| (b) free from any non-audit (operational) duties? | ✓ | | | | | 8 |
| 2.1.2 Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits? | ✓ | | | | | |
| 2.2 Organisational Independence | | | | | | |
| 2.2.1 Does the status of Internal Audit allow it to demonstrate independence? | ✓ | | | | | |
| 2.2.2 Does the Head of Internal Audit have direct access to: | | | | | | |
| (a) officers? | ✓ | | | | Line manager - Executive Director Corporate Services, access to the Chief Executive - financial guidance ref 3.4.3 | 1 |
| (b) members? | ✓ | | | | Audit & Governance cttee | 9 |
| 2.2.2 Does the Head of Internal Audit report in his or her own name to members and officers? | ✓ | | | | copy of committee minutes detailing report taken to A & G by Head of Internal Audit | 6 |
| 2.2.3 (a) Is there an assessment that the budget for Internal Audit is adequate? | | ✓ | | | Based on previous years budget. HIAS professional view taken regarding the adequacy of the number of days available for audit plans. Audit strategy refers to process to advise committee if opinion is negative | |
| (b) Does any budget delegated to service areas ensure that: | | | | | | |
| (i) Internal Audit adherence to the Code is not compromised? | ✓ | | | | | |
| (ii) the scope of Internal Audit is not affected? | ✓ | | | | | |
| (iii) Internal Audit can continue to provide assurance for the Statement on Internal Control? | ✓ | | | | | |
| 2.3 Status of the Head of Internal Audit | | | | | | |
| 2.3.1 Is the Head of Internal Audit managed by a member of the corporate management team? | ✓ | | | | Executive Director Corporate Services | 10 & 11 |
| 2.4 Independence of Internal Audit Contractors | | | | | | |
| 2.4.1 Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services? | | | | ✓ | But would consider if applicable | |
| 2.5 Declaration of Interest | | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|------------|----------------|-----------|------------|---|------------|
| 2.5.1 Do audit staff make formal declarations of interest? | ✓ | | | | | 13 |
| 2.5.2 Does the planning process take account of the declarations of interest registered by staff? | | | | ✓ | N/A none made | |
| Overall Conclusion - Independence | 12 | 1 | | 2 | | |
| 3 Ethics for Internal Auditors | | | | | | |
| 3.1 Purpose | | | | | | |
| 3.1.1 Does the Head of Internal Audit regularly remind staff of their ethical responsibilities? | ✓ | | | | PDR process, also part of membership of professional bodies | 12 |
| 3.2 Integrity | | | | | | |
| 3.2.1 Has the internal audit team established an environment of trust and confidence? | ✓ | | | | Demonstrated through responses to annual questionnaire | 14 |
| 3.2.1 Do internal auditors demonstrate integrity in all aspects of their work? | ✓ | | | | | |
| 3.3 Objectivity | | | | | | |
| 3.3.2 Are internal auditors perceived as being objective and free from conflicts of interest? | ✓ | | | | | |
| 3.3.3 Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles? | | | | ✓ | | |
| 3.3.4 Are staff rotated on regular/annually audited areas? | ✓ | | | | | |
| 3.4 Competence | | | | | | |
| 3.4.1 Does the Head of Internal Audit ensure that staff have sufficient knowledge of: | | | | | | |
| (a) the organisation's aims, objectives, risks and governance arrangements? | ✓ | | | | completed through PDR process | 12 |
| (b) the purpose, risks and issues of the service area? | ✓ | | | | PDR's, team meetings | 12 |
| (c) the scope of each audit assignment? | ✓ | | | | job control record issued | 15 |
| (d) relevant legislation and other regulatory arrangements that relate to the audit? | ✓ | | | | highlighted in job control record where applicable | 15 |
| 3.5 Confidentiality | | | | | | |
| 3.5.1 Do internal audit staff understand their obligations in respect to confidentiality? | ✓ | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|-----|---------|----|-----|---|--------|
| Overall Conclusion - Ethics | 10 | | | 1 | | |
| 4 Audit Committees | | | | | | |
| 4.1 Purpose of the Audit Committee | | | | | | |
| 4.1.1 Does the organisation have an independent audit committee? | ✓ | | | | Audit & Governance Committee | 16 |
| 4.2 Internal Audit's Relationship with the Audit Committee | | | | | | |
| 4.2.1 Is there an effective working relationship between the audit committee and Internal Audit? | ✓ | | | | | |
| 4.2.2 Does the committee approve the internal audit strategy and monitor progress? | ✓ | | | | Terms of reference for committee | 9 |
| 4.2.2 Does the committee approve the annual internal audit plan and monitor progress? | ✓ | | | | Terms of reference for committee and quarterly audit report | 9 & 17 |
| 4.2.4 Does the Head of Internal Audit: | | | | | | |
| (a) attend the committee and contribute to its agenda? | ✓ | | | | Committee minutes | 6 |
| (b) participate in the committee's review of its own remit and effectiveness? | ✓ | | | | Cttee review completed March 2012 | |
| (c) ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives? | ✓ | | | | | |
| (d) report on the outcomes of internal audit work to the committee? | ✓ | | | | quarterly report | 17 |
| (e) establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa? | ✓ | | | | | |
| (f) present the annual internal audit report to the committee? | ✓ | | | | within terms of reference | 9 |
| 4.2.5 Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee? | ✓ | | | | would be if required | |
| Overall Conclusion - Audit Committees | 11 | | | | | |
| 5 Relationships | | | | | | |
| 5.1 Principles of Good Relationships | | | | | | |
| 5.1.2 Is there a protocol that defines the working relationship for Internal Audit with: | | | | | | |
| (a) management? | ✓ | | | | In audit manual | 18 |
| (b) other internal auditors? | ✓ | | | | | 18 |
| (c) external auditors? | ✓ | | | | | 18 |
| (d) other regulators and inspectors? | ✓ | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|-----|---------|----|-----|---|-----|
| (e) elected members? | ✓ | | | | Constitution | |
| 5.2 Relationships with Management | | | | | | |
| 5.2.1 Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers? | ✓ | | | | | |
| 5.2.2 Is the timing of audit work planned in conjunction with management? | ✓ | | | | Discussions about timings during the audit planning process and also throughout the year. | |
| 5.3 Relationships with Other Internal Auditors | | | | | | |
| 5.3.1 Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality? | ✓ | | | | | |
| 5.4 Relationships with External Auditors | | | | | | |
| 5.4.2 Is it possible for Internal Audit and External Audit to rely on each other's work? | ✓ | | | | External Audit Opinion | 19 |
| 5.4.3 Are there regular meetings between the Head of Internal Audit and the External Audit Manager? | | ✓ | | | meetings take place but not on a scheduled basis | |
| 5.4.3 Are the internal and external audit plans co-ordinated? | | ✓ | | | External Audit advised of Internal Audit plans and vice versa and taken into account | |
| 5.5 Relationships with Other Regulators and Inspectors | | | | | | |
| 5.5.1 Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation? | | | | ✓ | Not directly. Not considered required other than for external audits | |
| 5.6 Relationships with Elected Members | | | | | | |
| 5.6.1 Do the terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should operate? | ✓ | | | | Audit manual & Constitution | 18 |
| 5.6.1 Does the Head of Internal Audit maintain good working relationships with members? | ✓ | | | | | |
| Overall Conclusion - Relationships | 11 | 2 | | 1 | | |
| 6 Staffing, Training and Continuing Professional Development | | | | | | |
| 6.1 Staffing Internal Audit | | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|-----|---------|----|-----|---|------------|
| 6.1.1 Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards? | ✓ | | | | Review completed against other Staffordshire authorities and salaries, staff numbers and qualifications completed annually. | |
| 6.1.1 Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team? | ✓ | | | | Audit contract - IT specialist. Ability to call off contract for other areas of audit | |
| 6.1.2 Is the Head of Internal Audit professionally qualified and experienced? | ✓ | | | | | |
| 6.1.2 Does the Head of Internal Audit have wide experience of internal audit and management? | ✓ | | | | | |
| 6.1.3 (a) Do all internal audit staff have up-to-date job descriptions? | ✓ | | | | | 22 |
| (b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff? | ✓ | | | | | 23 |
| 6.2 Training and Continuing Professional Development | | | | | | |
| 6.2.1 (a) Has the Head of Internal Audit defined the skills and competencies for each level of auditor? | ✓ | | | | PDR process. Updated JD's through JE process and reviewed annually with PDR process | 12, 22, 23 |
| (b) Are individual auditors periodically assessed against these predetermined skills and competencies? | ✓ | | | | PDR, also CPD requirements for membership of professional bodies. | 12 |
| (c) Are training or development needs identified and included in an appropriate ongoing development programme? | ✓ | | | | Future training requirements identified in PDR | 12 |
| (d) Is the development programme recorded, regularly reviewed and monitored. | ✓ | | | | Training requirements passed to HR Advisor - Training and then training approved as necessary during year. 6monthly review of PDR | |
| 6.2.2 Do individual auditors maintain a record of their professional training and development activities? | ✓ | | | | CPD requirements | |
| Overall Conclusion - Staffing, Training and CPD | 11 | | | | | |
| 7 Audit Strategy and Planning | | | | | | |
| 7.1 Audit Strategy | | | | | | |
| 7.1.1 (a) Is there an <i>internal audit</i> strategy for delivering the service? | ✓ | | | | Audit manual. Audit strategy | 3 |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|-----|---------|----|-----|---|-----|
| (b) Is it kept up to date with the organisation and its changing priorities? | ✓ | | | | | |
| 7.1.2 Does the strategy include: | | | | | | |
| (a) Internal Audit objectives and outcomes? | ✓ | | | | | |
| (b) how the Head of Internal Audit will form and evidence his or her opinion on the control environment? | ✓ | | | | In strategy | |
| (c) how Internal Audit's work will identify and address local and national issues and risks? | ✓ | | | | | |
| (d) how the service will be provided, ie internally, externally, or a mix of the two? | ✓ | | | | | |
| (e) the resources and skills required to deliver the strategy? | ✓ | | | | | |
| (f) Has the strategy been approved by the audit committee? | ✓ | | | | A & G Committee 28 March 2013 | 6 |
| 7.2 Audit Planning | | | | | | |
| 7.2.1 Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes? | ✓ | | | | Audit plan takes into account corporate risk register | |
| 7.2.1 Where the risk management process is not fully developed or reliable, does the Head of Internal Audit undertake his or her own risk assessment process? | ✓ | | | | | |
| 7.2.1 Are stakeholders consulted on the audit plan? | ✓ | | | | Annual meetings with relevant managers when developing the audit plan | |
| 7.2.2 Does the plan demonstrate a clear understanding of the organisation's functions? | ✓ | | | | | |
| 7.2.3 Does the plan: | | | | | | |
| (a) cover a fixed period of no longer than one year? | ✓ | | | | Audit plan | |
| (b) outline the assignments to be carried out? | ✓ | | | | | |
| (c) prioritise assignments? | ✓ | | | | | |
| (d) estimate the resources required? | ✓ | | | | | |
| (e) differentiate between assurance and other work? | ✓ | | | | | |
| (f) allow a degree of flexibility? | ✓ | | | | | |
| 7.2.4 If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions? | ✓ | | | | This would be the case. Resources considered to be appropriate | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|------------|----------------|-----------|------------|---|------------|
| 7.2.4 Has the plan been approved by the audit committee? | ✓ | | | | Noted in quarterly report | |
| 7.2.5 If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee? | ✓ | | | | | |
| Overall Conclusion - Strategy and Planning | | | | 21 | | |
| 8 Undertaking Audit Work | | | | | | |
| 8.1 Planning | | | | | | |
| 8.1.1 (a) Is a brief prepared for each audit? | ✓ | | | | copy of completed brief | 20 |
| (b) Is the brief discussed and agreed with the relevant managers? | ✓ | | | | | |
| 8.1.1 Does the brief set out: | | | | | | |
| (a) objectives? | ✓ | | | | | |
| (b) scope? | ✓ | | | | | |
| (c) timing? | ✓ | | | | | |
| (d) resources? | ✓ | | | | Identifies staff involved in the audit but not the number of days. Not felt appropriate as not all of the audit days are on site. Directors have a copy of the audit plan and this is available on the website. | 20 |
| (e) reporting requirements? | ✓ | | | | Identifies who will receive the full audit report and who will receive the Executive Brief | 20 |
| 8.2 Approach | | | | | | |
| 8.2.1 Is a risk-based audit approach used? | ✓ | | | | For relevant audits and where appropriate | |
| 8.2.3 Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen? | ✓ | | | | | |
| 8.2.4 Does the audit approach include a quality review process for each audit? | ✓ | | | | Audit signed off as reviewed on Covalent system | 21 |
| 8.3 Recording Audit Assignments | | | | | | |
| 8.3.1 Has the Head of Internal Audit defined a standard for audit documentation and working papers? | ✓ | | | | file structure and audit manual | 24 |

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Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|------------|----------------|-----------|------------|--|------------|
| 8.3.1 Do quality reviews ensure that the defined standard is followed consistently for all audit work? | ✓ | | | | | |
| 8.3.2 Are working papers such that an experienced auditor can easily: | ✓ | | | | | |
| (a) identify the work that has been performed? | ✓ | | | | | |
| (b) re-perform it if necessary? | ✓ | | | | | |
| (c) see how the work supports the conclusions reached? | ✓ | | | | | |
| 8.3.3 Is there a defined policy for the retention of all audit documentation, both paper and electronic? | ✓ | | | | In line with document retention | |
| 8.3.3 Do all retention and access policies conform to appropriate legislation, ie Data Protection Act, Freedom of Information Act, etc and any organisational requirements? | ✓ | | | | | |
| 8.3.3 Is there an access policy for audit files and records? | ✓ | | | | extract from audit manual | 25 |
| Overall Conclusion - Undertaking Audit Work | 18 | | | | | |
| 9 Due Professional Care | | | | | | |
| 9.2 Responsibilities of the Individual Auditor | | | | | | |
| 9.2.1 Are there documents that set out the requirements on all audit staff in terms of: | | | | | | |
| (a) being fair and not allowing prejudice or bias to override objectivity? | ✓ | | | | Objectivity & Independence Declaration | 32 |
| (b) declaring interests that could be perceived to be conflicting or could potentially lead to conflict? | ✓ | | | | | |
| (c) receiving and giving gifts and hospitality from employees, clients, suppliers or third parties? | ✓ | | | | Gifts and hospitality policy | 26 |
| (d) using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions? | ✓ | | | | | |
| (e) being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest? | ✓ | | | | | |
| (f) having sufficient knowledge to identify indicators that fraud or corruption may have been committed? | ✓ | | | | | |
| (g) disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice? | ✓ | | | | | |
| (h) disclosing any non-compliance with these standards? | ✓ | | | | | |

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Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|-----|---------|----|-----|---|-----|
| (i) not using information they gain in the course of their duties for personal use? | ✓ | | | | | |
| 9.3 Responsibilities of the Head of Internal Audit | | | | | | |
| 9.3.1 Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained? | ✓ | | | | | |
| 9.3.2 Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct? | ✓ | | | | Through line manager. Whistleblowing Policy | 27 |
| Overall Conclusion - Due Professional Care | 11 | | | | | |
| 10 Reporting | | | | | | |
| 10.1 Principles of Reporting | | | | | | |
| 10.1.1 Is an opinion on the control environment and risk exposure given in each audit report? | ✓ | | | | Audit report format | 28 |
| 10.1.3 Has the Head of Internal Audit determined the way in which Internal Audit will report? | ✓ | | | | | 28 |
| 10.1.4 Has the Head of Internal Audit set out the standards for internal audit reporting? | ✓ | | | | | 28 |
| 10.1.5 Are there laid-down timescales for reports to be issued? | ✓ | | | | Performance indicators, detailed in Business Plan and on Covalent | |
| 10.2 Reporting on Audit Work | | | | | | |
| Do the reporting standards include: | | | | | | |
| (a) format of the reports? | ✓ | | | | | 28 |
| (b) quality assurance of reports? | ✓ | | | | | 28 |
| (c) the need to state the scope and purpose of the audit? | ✓ | | | | | 28 |
| (d) the requirement to give an opinion? | ✓ | | | | | 28 |
| (e) process for agreeing reports with the recipient? | ✓ | | | | Time line discussed with Manager at start of audit | |
| (f) an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales? | ✓ | | | | Audit Opinion & Action Plan | 29 |
| 10.2.3 Does the audit reporting process include discussion and agreement of reports? | ✓ | | | | | 29 |

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Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|-----|---------|----|-----|--|-----|
| 10.2.4 Has the Head of Internal Audit determined a process for prioritising recommendations according to risk? | ✓ | | | | Detailed in the pre meet document | 20 |
| 10.2.5 Are areas of disagreement recorded appropriately? | ✓ | | | | | |
| 10.2.5 Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management? | ✓ | | | | | |
| 10.2.6 Is the circulation of each audit report determined when preparing the audit brief? | ✓ | | | | Completed in pre-meet document | 20 |
| 10.2.6 (a) Does the reporting process include details of circulation of that particular audit report? | ✓ | | | | covering memo and emails would set out who receives copies | |
| 10.2.6 (b) Is this included in the brief for each individual audit? | ✓ | | | | | 20 |
| 10.2.7 Does the Head of Internal Audit have mechanisms in place to ensure that: | | | | | | |
| (a) recommendations that have a wider impact are reported to the appropriate forums? | ✓ | | | | Yes various reports go to CMT Managers are advised, where relevant, to update risk registers. This is not in Internal Audit's control | |
| (b) risk registers are updated? | | | | ✓ | | |
| 10.3 Follow-up Audits and Reporting | | | | | | |
| 10.3.1 Has the Head of Internal Audit defined the need for and the form of any follow-up action? | ✓ | | | | follow up report | |
| 10.3.2 Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date? | ✓ | | | | what to expect document. Report to committee to highlight | 30 |
| 10.3.3 Where appropriate, is a revised opinion given following a followup audit and reported to management? | ✓ | | | | | |
| 10.3.4 Are the findings of audits and follow-ups used to inform the planning of future audit work? | ✓ | | | | | |
| 10.4 Annual Reporting and Presentation of Audit Opinion | | | | | | |
| 10.4.1 Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control? | ✓ | | | | | |
| 10.4.2 Does the Head of Internal Audit's annual report: | | | | | annual report. AGS | |
| (a) include an opinion on the overall adequacy and effectiveness of the organisation's control environment? | ✓ | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|------------|----------------|-----------|------------|------------------------------------|------------|
| (b) disclose any qualifications to that opinion, together with the reasons for the qualification? | ✓ | | | | | |
| (c) present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies? | ✓ | | | | | |
| (d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control? | ✓ | | | | | |
| (e) compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets? | ✓ | | | | | |
| (f) comment on compliance with the standards of the Code? | ✓ | | | | | |
| (g) communicate the results of the internal audit quality assurance programme? | ✓ | | | | | |
| 10.4.3 Has the Head of Internal Audit made provision for interim reporting to the organisation during the year? | ✓ | | | | quarterly report | 17 |
| Overall Conclusion - Reporting | 31 | | | 1 | | |
| 11 Performance, Quality and Effectiveness | | | | | | |
| 11.1 Principles of Performance, Quality and Effectiveness | | | | | | |
| 11.1.1 Is there an audit manual? | ✓ | | | | Audit manual - held electronically | |
| 11.1.1.1 Does the audit manual provide guidance on: | | | | | | |
| (a) carrying out day-to-day audit work? | ✓ | | | | | |
| (b) complying with the Code? | ✓ | | | | | |
| 11.1.1.1 Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards? | ✓ | | | | | |
| 11.1.2 Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: | | | | | | |
| (a) each individual auditor? | ✓ | | | | | |
| (b) the internal audit service as a whole? | ✓ | | | | | |
| 11.2 Quality Assurance of Audit Work | | | | | | |
| 11.2.1 Does the Head of Internal Audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence? | ✓ | | | | Knowledge of Auditors abilities | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---|-----|---------|----|-----|--|--------|
| 11.2.2 Does the Head of Internal Audit have a process in place to ensure that all staff are supervised appropriately throughout all audits? | ✓ | | | | Audit Control Sheet | 21 |
| 11.2.2 Does the supervisory process cover: | | | | | | |
| (a) monitoring progress? | ✓ | | | | team meetings | |
| (b) assessing quality of audit work? | ✓ | | | | Audit Control Sheet | 21 |
| (c) coaching staff? | ✓ | | | | | |
| 11.3 Performance and Effectiveness of the Internal Audit Service | | | | | | |
| 11.3.1 Does the Head of Internal Audit have a performance management and quality assurance programme in place? | ✓ | | | | review of files - documented on each file. PI review. Quarterly reports to audit & governance committee | 17 |
| 11.3.2 Does the performance management and quality assurance framework include as a minimum: | | | | | performance indicators - on Covalent | |
| (a) a comprehensive set of targets to measure performance: | ✓ | | | | | |
| (i) which are developed in consultation with appropriate parties? | ✓ | | | | | |
| (ii) which are included in service level agreements, where appropriate? | | | | ✓ | | |
| (iii) against which the Head of Internal Audit measures, monitors and reports appropriately on progress? | ✓ | | | | | |
| (b) user feedback obtained for each individual audit and periodically for the whole service? | ✓ | | | | user satisfaction surveys by audit and service (annual) | 31, 14 |
| (c) a periodic review of the service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy? | ✓ | | | | | |
| (d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual? | ✓ | | | | annually | |
| (e) an action plan to implement improvements? | ✓ | | | | see audit manual action plan | |
| 11.3.3 Does the Head of Internal Audit compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user? | ✓ | | | | | |
| 11.3.1 Do the results of the performance management and quality assurance programme evidence that the internal audit service is: | ✓ | | | | see SCAG PI's also triannual IPF benchmarking | |
| (a) meeting its aims and objectives? | ✓ | | | | | |
| (b) compliant with the Code? | ✓ | | | | | |
| (c) meeting internal quality standards? | ✓ | | | | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|--|-----|---------|----|-----|--|-----|
| (d) effective, efficient, continuously improving? | ✓ | | | | service improvements discussed at team meetings | |
| (e) adding value and assisting the organisation in achieving its objectives? | ✓ | | | | Annual questionnaire issued to senior managers and results collated. | 14 |
| 11.3.4 Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report? | ✓ | | | | | |
| 11.3.5 Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit? | ✓ | | | | | |
| Overall Conclusion - Performance, Quality and Effectiveness | 28 | | | 1 | | |
| Summary of Findings | | | | | | |
| 1 Scope of Internal Audit | 20 | 1 | | | | |
| 2 Independence | 12 | 1 | | 2 | | |
| 3 Ethics for Internal Auditors | 10 | | | 1 | | |
| 4 Audit Committees | 11 | | | | | |
| 5 Relationships | 11 | 2 | | 1 | | |
| 6 Staffing, Training and CPD | 11 | | | | | |
| 7 Audit Strategy and Planning | 21 | | | | | |
| 8 Undertaking Audit Work | 18 | | | | | |
| 9 Due Professional Care | 11 | | | | | |
| 10 Reporting | 31 | | | 1 | | |
| 11 Performance, Quality and Effectiveness | 28 | | | 1 | | |
| | 184 | 4 | | 6 | | |

CIPFA Internal Audit Code 2006 - Compliance Checklist
Authority Name:

| Adherence to Standard | Yes | Partial | No | N/A | Evidence | Ref |
|---------------------------|-----|---------|----|-----|----------|-----|
| Completed by :A Struthers | | | | | | |
| Date :31 May 2013 | | | | | | |
| Reviewed by :K Beavis | | | | | | |
| Date :7 June 2013 | | | | | | |

27TH JUNE 2013

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

FRAUD AND CORRUPTION UPDATE REPORT

EXEMPT INFORMATION

None

PURPOSE

To provide Members with an update of Counter Fraud work completed to date during the financial year 2013/14.

RECOMMENDATIONS

That the Committee endorses:

- 1 The attached updated Counter Fraud Work Plan**
- 2 The Fraud Risk Register**

EXECUTIVE SUMMARY

At its meeting of the 31st May 2012, this Committee endorsed the Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes which included a specific Internal Audit Counter Fraud Work Plan. As part of the strategy, progress against the plan is to be reported to this committee on a regular basis. The work plan has been updated to reflect the actions proposed for 2013/14 financial year (**Appendix 1**).

The Fraud Risk Register is reviewed quarterly and the latest version is attached as **Appendix 2**. There are no significant fraud risks to the Authority.

Work is progressing with data matches identified through the National Fraud Initiative (NFI) in the data matching exercise completed recently.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Internal Audit Counter Fraud Work Plan 2013/14

Appendix 2 Fraud Risk Register

TAMWORTH BOROUGH COUNCIL INTERNAL AUDIT COUNTER FRAUD WORK PLAN 2013/14

| CREATING AN ANTI-FRAUD CULTURE | | |
|--|--|---|
| OBJECTIVE | RISK | PROGRESS |
| <p>To build an anti-fraud culture through the adoption of various measures to promote counter fraud awareness by:</p> <ul style="list-style-type: none"> a) Roll out of the e learning package on governance (includes counter fraud & whistleblowing) b) Provide drop in sessions (if required) to staff and members c) Continue to make available counter fraud strategies/policies on the intranet/website | <p>1. Failure to make staff, member and the public aware that their suspicions will be treated confidentially, objectively and professionally. (Medium risk)</p> | <p>Roll out delayed to July 2013</p> <p>As required</p> <p>Completed – new versions on website and intranet</p> |
| RESOURCE (DAYS) | | 5 |

| DETERRING FRAUD | | |
|---|--|--|
| OBJECTIVE | RISK | PROGRESS |
| Review communications so that the most effective ways of communicating with staff are utilised. | A lack of robust strategic approach to deterring fraud can undermine actions to build an anti-fraud culture. (Medium risk) | Evaluation and adaptation of National Fraud Authority fraud campaign pack being completed for roll out with E Learning solution. |
| | | Resources (Days) |

| PREVENTING FRAUD | | |
|--|--|--------------------------------|
| OBJECTIVE | RISK | PROGRESS |
| Review the existing counter fraud policy statement, strategy and guidance notes and update and amend as appropriate. | Out of date policies and procedures which do not cover relevant legislation. (Medium risk) | To be completed September 2013 |
| Review financial guidance and update and amend as appropriate. | Out of date policies and procedures which do not cover relevant legislation. (Medium risk) | To be completed September 2013 |
| Review and update the fraud risk register in line with potential system weaknesses identified during audits or investigations. | Potential risks not identified. (Medium risk) | Completed quarterly |
| Resources (Days) | | 9 |

| DETECTING FRAUD | | |
|---|---|--------------------|
| OBJECTIVE | RISK | PROGRESS |
| Undertake enquiries as a result of the outcome of the Audit Commission's National Fraud Initiative | If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught may be deemed negligible by the perpetrator. (Medium risk) | On-going |
| Undertake local proactive exercises at the Authority as agreed with the Executive Director Corporate Services | If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught may be deemed negligible by the perpetrator. (Low risk) | Not yet identified |
| Resources (Days) | | 15 |

| INVESTIGATIONS | | |
|--|---|-----------------|
| OBJECTIVE | RISK | PROGRESS |
| <p>All referrals will be investigated in accordance with the Counter Fraud and Corruption Policy Statement and Strategy.</p> | <p>The risk of not investigating is that fraud goes unpunished and there is no resulting deterrent effect thus increasing the prevalence of fraud further. (Medium risk)</p> <p>The staff (or others) making the allegation feel they are not taken seriously and referrals cease to be made. (Medium risk)</p> | <p>On-going</p> |
| Resources (Days) | | 20 |

| SANCTIONS | | |
|---|---|-----------------|
| OBJECTIVE | RISK | PROGRESS |
| Ensure that the sanctions are applied correctly and consistently. | If sanctions are not imposed there is no deterrence of fraud. (Low risk) | As required |
| Resources (Days) | | |

| REDRESS | | |
|--|--|-------------------------|
| OBJECTIVE | RISK | PROGRESS |
| <p>Maintain comprehensive records of time spent on each investigation so that this can be included in any compensation claim.</p> <p>Identify and maintain a record of the actual proven amount of loss so that appropriate recovery procedures can be actioned.</p> | <p>Fraudsters may not realise that any and all measures will be taken to recover any money lost to fraud. (Low risk)</p> | <p>As required</p> |
| | | Resources (Days) |

| MANDATORY COUNTER FRAUD ARRANGEMENTS (STRATEGIC WORK) | | |
|---|---|-----------------|
| OBJECTIVE | RISK | PROGRESS |
| Attendance at relevant fraud forums/meetings to ensure that professional knowledge and skills are maintained. | Failure to ensure the completion of mandatory strategic work may mean that the professional knowledge and skills are not maintained to a high standard. (Medium risk) | On-going |
| Completion and agreement of work plan. | | On-going |
| Regular meetings with the Executive Director Corporate Services. | | On-going |
| Quarterly report of counter fraud work. | | On-going |
| Attendance at relevant training as required. | | On-going |
| Resources (Days) | | 5 |
| TOTAL RESOURCES (Days) | | 54 |


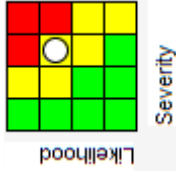
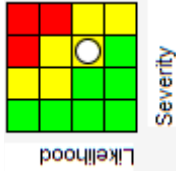
Fraud risks

Generated on: 22 May 2013



| | | | | | |
|-------------------------------|---------------------------------------|--|--|------------------------------|-------------|
| Risk Code | RR RDIAFC001 | Risk Title | Benefits fraud - claimant | Current Risk Status | |
| Description of Risk | Claimant fraudulently claims benefits | | | Assigned To | |
| Gross Risk Matrix | | | Risk Treatment Measures Implemented | Current Risk Matrix | |
| Gross Risk Score | 12 | | | Current Risk Score | 8 |
| Gross Severity | 3 | trained staff media coverage - forms, TV radio data matching internal audit documentary evidence | | Current Severity | 2 |
| Gross Likelihood | 4 | | | Current Likelihood | 4 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---------------------------------|--|--|----------------------------|---|
| Risk Code | RR RDIAFC002 | Risk Title | Benefits fraud - third party eg landlord | Current Risk Status | |
| Description of Risk | fraudulent claim by third party | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 4 | trained staff media coverage - forms, TV radio Data matching Internal Audit Supervisory checks Documentary evidence | | Current Risk Score | 4 |
| Gross Severity | 2 | | Current Severity | 2 | |
| Gross Likelihood | 2 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|--|---|----------------------------|---|
| Risk Code | RR RDIAFC003 | Risk Title | Benefits fraud - internal | Current Risk Status |  |
| Description of Risk | Fraudulent claim by member of staff | | Assigned To | | |
| Gross Risk Matrix |  | Risk Treatment Measures Implemented |  | | |
| Gross Risk Score | 9 | recruitment checks data matching supervisory checks system controls audit trails internal audit | Current Risk Score | 6 | |
| Gross Severity | 3 | | Current Severity | 3 | |
| Gross Likelihood | 3 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|--|---|------------|------------------------------|-------------|
| Risk Code | RR RDIAFC004 | Risk Title | Cash theft | Current Risk Status | |
| Description of Risk | theft of takings disguised by manipulation of accounts | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 4 | | | Current Risk Score | 2 |
| Gross Severity | 2 | reconciliations supervisory checks policies and procedures financial regulations and guidance | | Current Severity | 2 |
| Gross Likelihood | 2 | segregation of duties budgetary controls internal audit confidential reporting policy fraud & corruption strategy | | Current Likelihood | 1 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |


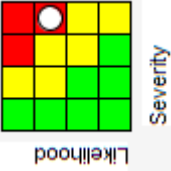

| | | | | | |
|-------------------------------|--------------------------------|---|------------------------------|----------------------------|--|
| Risk Code | RR RDIAFC005 | Risk Title | Cash theft | Current Risk Status | |
| Description of Risk | theft of cash without disguise | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | |
| Gross Risk Score | 4 | reconciliations supervisory checks policies and procedures financial regulations segregation of duties budgetary controls internal audit confidential reporting policy fraud & corruption strategy physical controls | Current Risk Score | | |
| Gross Severity | 2 | | Current Severity | | |
| Gross Likelihood | 2 | | Current Likelihood | | |
| Gross Risk Review Date | | | Last Risk Review Date | | |
| Risk Notes | 22-May-2013 | | | | |

| | | | | | |
|-------------------------------|--|--|----------------------------|----------------------------|-------------|
| Risk Code | RR RDIAFC006 | Risk Title | Credit Income | Current Risk Status | |
| Description of Risk | suppression of any notification of debt to be raised improper write-off failing to institute recovery proceedings switching/transferring arrears or manipulation of credit balances | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | Current Risk Matrix | | |
| Gross Risk Score | 4 | reconciliations budgetary controls internal audit write off policy authorisation levels audit trail debt recovery procedures supervisory controls review of credit balances and suspense items | Current Risk Score | | |
| Gross Severity | 2 | | 2 | | |
| Gross Likelihood | 2 | | 1 | | |
| Gross Risk Review Date | 2013 | Last Risk Review Date | | | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | | |
|-------------------------------|--|--|-------------------|----------------------------|---------------------------|---|
| Risk Code | RR RDIAFC007 | Risk Title | Creditor payments | Current Risk Status | | |
| Description of Risk | invoicing for goods/services not supplied/false invoices supplying inferior goods/services to those invoiced | | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | | |
| Gross Risk Score | 6 | authorisation procedures reconciliations audit trail segregation of duties financial guidance inventories | | | Current Risk Score | 2 |
| Gross Severity | 3 | | | | Current Severity | 2 |
| Gross Likelihood | 2 | | | | Current Likelihood | 1 |
| Gross Risk Review Date | | Last Risk Review Date | | | 22-May-2013 | |
| Risk Notes | | | | | | |

| | | | | | |
|-------------------------------|--|--|---------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC008 | Risk Title | Treasury management | Current Risk Status | |
| Description of Risk | falsifying records to gain access to loan or investment monies | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 12 | management controls | | Current Risk Score | 6 |
| Gross Severity | 4 | segregation of duties | | Current Severity | 3 |
| Gross Likelihood | 3 | internal audit | | Current Likelihood | 2 |
| Gross Risk Review Date | | authorised signatories | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | budgetary controls | | | |
| | | preferred/approved borrowers | | | |
| | | audit trail | | | |
| | | documented procedures | | | |

| | | | | | |
|-------------------------------|-----------------------------|--|---------------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC009 | Risk Title | Contracts/procurement | Current Risk Status | |
| Description of Risk | improper award of contracts | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Assigned To | |
| Gross Risk Score | 12 | financial regulations standing orders procurement specialist OJEU regulations authorised signatories management controls segregation of duties tendering system | | Current Risk Score | 6 |
| Gross Severity | 4 | | Current Severity | 3 | |
| Gross Likelihood | 3 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|--|-----------------------|------------------------------|---|
| Risk Code | RR RDIAFC010 | Risk Title | Contracts/procurement | Current Risk Status |  |
| Description of Risk | contract not delivered properly contractor overpaid | | | | |
| Gross Risk Matrix |  | Risk Treatment Measures Implemented | | Current Risk Matrix |  |
| Gross Risk Score | 12 | | | Current Risk Score | 6 |
| Gross Severity | 4 | contract conditions contract monitoring legal advice internal audit | | Current Severity | 3 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|--|-----------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC01.1 | Risk Title | Contracts/procurement | Current Risk Status | |
| Description of Risk | collusion with contractors and/or acceptance of bribes | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 12 | authorised signatories | | Current Risk Score | 6 |
| Gross Severity | 4 | management controls | | Current Severity | 3 |
| Gross Likelihood | 3 | segregation of duties | | Current Likelihood | 2 |
| Gross Risk Review Date | | register of interests | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | confidential reporting policy gifts and hospitality policy | | | | |

| | | | | | |
|-------------------------------|----------------------------|--|------------------------|------------------------------|----------------------------|
| Risk Code | RR RDIAFC012 | Risk Title | Contracts/procurements | Current Risk Status | |
| Description of Risk | collusion by tenderers | | | Assigned To | |
| Gross Risk Matrix | Likelihood Severity | Risk Treatment Measures Implemented | | Current Risk Matrix | Likelihood Severity |
| Gross Risk Score | 16 | | | Current Risk Score | 8 |
| Gross Severity | 4 | | | Current Severity | 4 |
| Gross Likelihood | 4 | benchmarking tendering procedures | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|-----------------------------------|---|------------------------------|----------------------------|--|
| Risk Code | RR RDIAFC013 | Risk Title | Payroll | Current Risk Status | |
| Description of Risk | payment to non-existent employees | | Assigned To | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | Current Risk Matrix | | |
| Gross Risk Score | 2 | management checks establishment list budget monitoring segregation of duties data matching authorisation process | Current Risk Score | 3 | |
| Gross Severity | 2 | | Current Severity | 3 | |
| Gross Likelihood | 1 | | Current Likelihood | 1 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|----------------------------|---|---------|------------------------------|-------------|
| Risk Code | RR RDIAFC014 | Risk Title | Payroll | Current Risk Status | |
| Description of Risk | over claiming hours worked | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | | | Current Risk Score | 2 |
| Gross Severity | 2 | management checks budget monitoring authorisation process time records | | Current Severity | 1 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|-------------------------------|--|---------|------------------------------|-------------|
| Risk Code | RR RDIAFC015 | Risk Title | Payroll | Current Risk Status | |
| Description of Risk | manipulation of standing data | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | | | Current Risk Score | 2 |
| Gross Severity | 3 | system access controls system administrator segregation of duties management controls internal audit | | Current Severity | 2 |
| Gross Likelihood | 2 | | | Current Likelihood | 1 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |


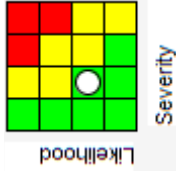

| | | | | | |
|-------------------------------|-------------------------|--|--------|------------------------------|-------------|
| Risk Code | RR RDIAFC016 | Risk Title | Assets | Current Risk Status | |
| Description of Risk | Theft of current assets | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | | | Current Risk Score | 4 |
| Gross Severity | 2 | stock checks restricted access | | Current Severity | 2 |
| Gross Likelihood | 3 | segregation of duties inventories | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |




| | | | | | |
|-------------------------------|----------------------------|--|--------|------------------------------|----------------------------|
| Risk Code | RR RDIAFC017 | Risk Title | Assets | Current Risk Status | |
| Description of Risk | Theft of fixed assets | | | Assigned To | |
| Gross Risk Matrix | Likelihood Severity | Risk Treatment Measures Implemented | | Current Risk Matrix | Likelihood Severity |
| Gross Risk Score | 9 | | | Current Risk Score | 4 |
| Gross Severity | 3 | restricted access asset tagging inventories staff awareness | | Current Severity | 2 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|--|---|------------------------------|----------------------------|--------------------|
| Risk Code | RR RDIAFC018 | Risk Title | Assets | Current Risk Status | |
| Description of Risk | Theft of Council information/intellectual property | | | | Assigned To |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 12 | encryption staff awareness passwords access controls restricted access to building security policy ISO27001 | | Current Risk Score | 8 |
| Gross Severity | 4 | | Current Severity | 4 | |
| Gross Likelihood | 3 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|---|------------------------------|----------------------------|--|
| Risk Code | RR RDIAFC019 | Risk Title | Assets | Current Risk Status | |
| Description of Risk | Inappropriate use fo Council assets for private use | | | | |
| Gross Risk Matrix | Likelihood Severity | Risk Treatment Measures Implemented | | | |
| Gross Risk Score | 8 | <ul style="list-style-type: none"> register of interests financial guidance management controls induction process security policy user reports eg internet, telephone | Current Risk Score | 6 | |
| Gross Severity | 2 | | Current Severity | 2 | |
| Gross Likelihood | 4 | | Current Likelihood | 3 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|--|---|------------------------------|----------------------------|--|
| Risk Code | RR RDIAFC020 | Risk Title | Petty cash/imprest accounts | Current Risk Status | |
| Description of Risk | Theft of takings disguised by manipulation of accounts | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | |
| Gross Risk Score | 2 | segregation of duties management checks reconciliations authorised signatories imprest values kept to a minimum annual certificate | Current Risk Score | 2 | |
| Gross Severity | 1 | | Current Severity | 1 | |
| Gross Likelihood | 2 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|---|-------------------|------------------------------|---|
| Risk Code | RR RDIAFC021 | Risk Title | Sheltered schemes | Current Risk Status |  |
| Description of Risk | Theft of customer monies | | | Assigned To | |
| Gross Risk Matrix |  | Risk Treatment Measures Implemented | | Current Risk Matrix |  |
| Gross Risk Score | 4 | | | Current Risk Score | 2 |
| Gross Severity | 2 | segregation of duties reconciliations restricted access CRB checks | | Current Severity | 2 |
| Gross Likelihood | 2 | | | Current Likelihood | 1 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|--|-----------------|------------------------------|---|
| Risk Code | RR RDIAFC022 | Risk Title | Expenses claims | Current Risk Status |  |
| Description of Risk | claiming expenses for journeys not undertaken claiming for more miles than actually travelled | | | Assigned To | |
| Gross Risk Matrix |  | Risk Treatment Measures Implemented | | Current Risk Matrix |  |
| Gross Risk Score | 6 | | | Current Risk Score | 4 |
| Gross Severity | 2 | management checks | | Current Severity | 2 |
| Gross Likelihood | 3 | authorisation procedures | | Current Likelihood | 2 |
| Gross Risk Review Date | | internal audit | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|--|------------|------------------------------|-------------|
| Risk Code | RR RDIAFC023 | Risk Title | Corruption | Current Risk Status | |
| Description of Risk | Contracts - tendering, awarding and payment | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 12 | management checks register of interests constitution procurement unit legislation tendering system standing orders/financial regulations | | Current Risk Score | 6 |
| Gross Severity | 4 | | | Current Severity | 3 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|--|--|------------|------------------------------|-------------|
| Risk Code | RR RDIAFC024 | Risk Title | Corruption | Current Risk Status | |
| Description of Risk | disposal of assets - land and property | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | | | Current Risk Score | 3 |
| Gross Severity | 3 | constitution asset management plan | | Current Severity | 3 |
| Gross Likelihood | 2 | asset disposal policy asset register segregation of duties | | Current Likelihood | 1 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|---|---|------------------------------|----------------------------|---|
| Risk Code | RR RDIAFC025 | Risk Title | Corruption | Current Risk Status | |
| Description of Risk | Award of planning consents and licences | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 9 | planning approval process segregation of duties delegated powers constitution legislation | | Current Risk Score | 3 |
| Gross Severity | 3 | | Current Severity | 3 | |
| Gross Likelihood | 3 | | Current Likelihood | 1 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |




| | | | | | |
|-------------------------------|--|--|------------|------------------------------|-------------|
| Risk Code | RR RDIAFC026 | Risk Title | Corruption | Current Risk Status | |
| Description of Risk | Acceptance of gifts, hospitality, secondary employment | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | | | Current Risk Score | 4 |
| Gross Severity | 2 | gifts and hospitality policy gifts and hospitality register | | Current Severity | 2 |
| Gross Likelihood | 3 | NFI constitution contract of employment | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

| | | | | | |
|-------------------------------|--|---|------------------------------|----------------------------|--|
| Risk Code | RR RDIAFC027 | Risk Title | Car parking | Current Risk Status | |
| Description of Risk | theft of takings disguised by manipulation of accounts theft of taking without disguise recycling of tickets | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | |
| Gross Risk Score | 9 | budget monitoring audit trail reconciliations | Current Risk Score | 6 | |
| Gross Severity | 3 | | Current Severity | 3 | |
| Gross Likelihood | 3 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

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|-------------------------------|---|--|------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC028 | Risk Title | Money laundering | Current Risk Status | |
| Description of Risk | Using the council to hide improper transactions | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Assigned To | |
| Gross Risk Score | 8 | | | Current Risk Score | 4 |
| Gross Severity | 4 | raised awareness | | Current Severity | 2 |
| Gross Likelihood | 2 | money laundering policy | | Current Likelihood | 2 |
| Gross Risk Review Date | | training of officers | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | upper limit for cash transactions | | | | |

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|-------------------------------|---------------------------------------|--|-------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC029 | Risk Title | ICT fraud & abuse | Current Risk Status | |
| Description of Risk | Improper use of council ICT equipment | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 12 | internet use policy surf control access controls management reports on internet usage software audit facility ISO27001 standard | | Current Risk Score | 9 |
| Gross Severity | 4 | | | Current Severity | 3 |
| Gross Likelihood | 3 | | | Current Likelihood | 3 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|--|---|--------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC030 | Risk Title | Employee - general | Current Risk Status | |
| Description of Risk | Abuse of flexi system falsification of car loans | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | flexible working policy management checks time recording systems flexi records car inspection reports independent valuations | | Current Risk Score | 4 |
| Gross Severity | 2 | | | Current Severity | 2 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|--|---|---------------------------------|------------------------------|---|
| Risk Code | RR RDIAFC031 | Risk Title | Payment of grants to the public | Current Risk Status |  |
| Description of Risk | claiming for properties which are not owned claimants understating income over claiming the value of the work done | | | Assigned To | |
| Gross Risk Matrix |  | Risk Treatment Measures Implemented | | Current Risk Matrix |  |
| Gross Risk Score | 12 | grant criteria grant assessments land registry checks quotes for work segregation of duties inspections management checks | | Current Risk Score | 6 |
| Gross Severity | 4 | | | Current Severity | 3 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|--|--|------------------|----------------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC032 | Risk Title | Insurance claims | Current Risk Status | | |
| Description of Risk | Claiming for non existent injuries Claiming at another establishment for the same injury overclaiming | | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | | |
| Gross Risk Score | 9 | | | | Current Risk Score | 4 |
| Gross Severity | 3 | Insurance brokers | | | Current Severity | 2 |
| Gross Likelihood | 3 | claim forms | | | Current Likelihood | 2 |
| Gross Risk Review Date | | NFI | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | | |

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|-------------------------------|--|--|---------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC033 | Risk Title | Loans & Investments | Current Risk Status | |
| Description of Risk | Misappropriation of funds Fraudulent payment or investment of funds | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 12 | Written procedures segregation of duties authorisation process counterparty listing reconciliations treasury management policy treasury management strategy access controls internal audit | | Current Risk Score | 4 |
| Gross Severity | 4 | | | Current Severity | 2 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|--|---|---------------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC034 | Risk Title | Council Tax & NNDR | Current Risk Status | |
| Description of Risk | <p>Fictitious refunds duplicate bank accounts intercepting income suppressing arrears exemptions/discounts awarded incorrectly claimed fraudulently 3rd party collections stolen/misappropriated</p> | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 9 | separation of duties management/supervisory checks access controls authorisation processes reconciliations review of suppressed recovery action interrogation reports void inspections discount/exemption reviews NFI | | Current Risk Score | 6 |
| Gross Severity | 3 | | Current Severity | 3 | |
| Gross Likelihood | 3 | | Current Likelihood | 2 | |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|---|--|-------------------------------------|----------------------------|-------------|
| Risk Code | RR RDIAFC035 | Risk Title | Regeneration development corruption | Current Risk Status | |
| Description of Risk | <p>Developer awarded contracts for financial incentive Inducements for the granting of planning consents Contract granted to developer at a reduced price in exchange for cash payments to officers and members Backhanders to reduce restraints on developer</p> | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | |
| Gross Risk Score | 12 | | | | |
| Gross Severity | 4 | | | | |
| Gross Likelihood | 3 | | | | |
| Gross Risk Review Date | | | | | |
| Risk Notes | <p>Business cases project teams declaration interests Officers present minutes of meetings</p> | | | | |
| Current Risk Score | | | | | 6 |
| Current Severity | | | | | 3 |
| Current Likelihood | | | | | 2 |
| Last Risk Review Date | | | | | 22-May-2013 |

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|-------------------------------|--|---|---------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC036 | Risk Title | Housing allocations | Current Risk Status | |
| Description of Risk | Housing allocated for financial reward fraudulent allocation of property | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 9 | | | Current Risk Score | 4 |
| Gross Severity | 3 | separation of duties housing register management checks declaration of interests | | Current Severity | 2 |
| Gross Likelihood | 3 | | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|--|---|-----------|----------------------------|---------------------------|---|
| Risk Code | RR RDIAFC037 | Risk Title | Elections | Current Risk Status | | |
| Description of Risk | Fraudulent voting Fraudulent acts by canvassers | | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | | | |
| Gross Risk Score | 12 | supervisory roles at counts postal votes counts supervised access controls ballot box controls ballot paper account insurance pre employment checks supervisory checks | | | Current Risk Score | 6 |
| Gross Severity | 4 | | | | Current Severity | 3 |
| Gross Likelihood | 3 | | | | Current Likelihood | 2 |
| Gross Risk Review Date | | Last Risk Review Date | | | 20-Feb-2013 | |
| Risk Notes | | | | | | |

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|-------------------------------|--|---|----------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC038 | Risk Title | financial statements | Current Risk Status | |
| Description of Risk | the financial statements may be materially mis-stated due to fraud | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 6 | | | Current Risk Score | 4 |
| Gross Severity | 3 | Internal Audit financial guidance segregation of duties | | Current Severity | 2 |
| Gross Likelihood | 2 | | | Current Likelihood | 2 |
| Gross Risk Review Date | 18-Jun-2010 | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|---|---|-------------------|------------------------------|-------------|
| Risk Code | RR RDIAFC039 | Risk Title | Creditor payments | Current Risk Status | |
| Description of Risk | Fraudulent requests for creditor payments to be paid to different bank accounts | | | | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 9 | | | Current Risk Score | 4 |
| Gross Severity | 3 | | | Current Severity | 2 |
| Gross Likelihood | 3 | Rigorous process to check authenticity of changes to creditor details | | Current Likelihood | 2 |
| Gross Risk Review Date | 30-Nov-2011 | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

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|-------------------------------|-------------------------------------|---|------------------------------|----------------------------|---|
| Risk Code | RR RDIAFC040 | Risk Title | External funding | Current Risk Status | |
| Description of Risk | Fraudulently using external funding | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 1 | Budget monitoring Management checks Financial regulations Independent verification Internal Audit | | Current Risk Score | 1 |
| Gross Severity | 1 | | Current Severity | 1 | |
| Gross Likelihood | 1 | | Current Likelihood | 1 | |
| Gross Risk Review Date | 12-Nov-2012 | | Last Risk Review Date | 22-May-2013 | |
| Risk Notes | | | | | |

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|-------------------------------|----------------------------|--|-------------|------------------------------|-------------|
| Risk Code | RR RDIAFC041 | Risk Title | New starter | Current Risk Status | |
| Description of Risk | Fraudulent job application | | | Assigned To | |
| Gross Risk Matrix | | Risk Treatment Measures Implemented | | Current Risk Matrix | |
| Gross Risk Score | 9 | | | Current Risk Score | 4 |
| Gross Severity | 3 | Evidence obtained of qualifications References taken up from past employers | | Current Severity | 2 |
| Gross Likelihood | 3 | Recruitment Policy and process Identity checks completed | | Current Likelihood | 2 |
| Gross Risk Review Date | | | | Last Risk Review Date | 22-May-2013 |
| Risk Notes | | | | | |

Audit & Governance Committee Self Assessment 2012/13

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| <p>Terms of Reference Have the Committee's terms of reference been approved by the full Council and do they follow the CIPFA model.</p> | <p>Yes</p> |
| <p>Internal Audit Process Does the Committee approve the strategic audit approach and the annual programme</p> <p>Is the work of Internal Audit reviewed regularly</p> <p>Are summaries of quality questionnaires from managers reviewed</p> <p>Is the annual report from the Head of Internal Audit presented to the Committee</p> <p>Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations</p> | <p>Yes</p> <p>Yes</p> <p>To be presented to the next meeting</p> <p>Yes</p> <p>Yes</p> |
| <p>External Audit Process Are reports on the work of External Audit and other inspection agencies presented to the committee</p> <p>Does the Committee input into the external audit programme</p> | <p>Yes</p> <p>Yes</p> |
| <p>Regulatory Framework</p> | |

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| <p>Does the Committee take a role in overseeing</p> <ul style="list-style-type: none"> • Risk management strategies • Annual Governance Statement • Anti-fraud arrangements • Confidential reporting policy • Financial regulations • Constitution • Complaints handling/ombudsman's report | <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> |
| <p>Accounts</p> <p>Does the Committee take a role in overseeing the annual statement of accounts</p> | <p>Yes</p> |
| <p>Membership</p> <p>Has the membership of the committee been formally agreed and a forum set</p> <p>Is the chair free from executive or scrutiny functions</p> <p>Are members sufficiently independent of the other key committees of the council</p> <p>Have all members' skills and experiences been assessed and training given for identifying gaps</p> <p>Can the committee access other committees as necessary</p> | <p>Yes</p> <p>Both the Chair and Vice Chair are ordinary members of a Scrutiny Committee</p> <p>Yes</p> <p>Yes – ongoing</p> <p>Yes</p> |

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| <p>Meetings</p> <p>Does the committee meet regularly</p> <p>Are separate, private meetings held with the external auditor and internal auditor</p> <p>Are meetings free and open without political influence being displayed</p> <p>Are decisions reached promptly</p> <p>Are agenda papers circulated in advance of meetings to allow adequate preparation by members</p> <p>Does the committee have the benefit of attendance of appropriate officers at its meetings</p> <p>Can special meetings be organised to allow a quick response to emergencies</p> <p>Does External Audit regularly attend meetings and update members on their progress/external audit issues</p> | <p>Yes</p> <p>Available on request</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> |
| <p>Training</p> <p>Is induction training provided to members</p> <p>Is more advanced training available as required</p> <p>Is the committee made of members with a different mix of skills and experience</p> | <p>Yes</p> <p>Yes</p> <p>Yes</p> |

| Administration | |
|---|-----|
| Does the authority's s151 officer or deputy attend meetings | Yes |
| Are key officers available to support the committee | Yes |
| Do reports to the Committee communicate relevant information at the right frequency and in a format that is effective | Yes |