



Borough of Tamworth

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## AUDIT AND GOVERNANCE COMMITTEE

19 June 2014

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 26th June, 2014 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

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

### A G E N D A

#### NON CONFIDENTIAL

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

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

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

- 6 Audit and Governance Committee Update** (Pages 5 - 20)  
(Report of Grant Thornton (External Auditor))
- 7 Fee Letter 2014/2015** (Pages 21 - 26)  
(Report of Grant Thornton (External Auditor))
- 8 Statement on the Roles of the Chief Finance Officer & The Head of Internal Audit Services** (Pages 27 - 66)  
(Report of the Executive Director – Corporate Services)
- 9 Draft Annual Statement of Accounts & Report 2013/14** (Pages 67 - 76)  
(Report of the Director of Finance)
- 10 Annual Governance Statement and Code of Corporate Governance** (Pages 77 - 138)  
(Report of the Head of Internal Audit Services)
- 11 Public Sector Internal Audit Standards and Quality Assurance & Improvement Programme** (Pages 139 - 186)  
(Report of the Head of Internal Audit Services)
- 12 Internal Audit Annual Report 2013/14** (Pages 187 - 228)  
(Report of the Head of Internal Audit Services)
- 13 Risk Management Update** (Pages 229 - 274)  
(Report of the Head of Internal Audit Services)
- 14 Financial Guidance** (Pages 275 - 360)  
(Report of the Head of Internal Audit Services)
- 15 Regulation of Investigatory Powers Act 2000** (Pages 361 - 362)  
(Report of the Solicitor to the Council and Monitoring Officer)

**16 Proposed Changes to Constitution and Scheme of Delegation** (Pages 363 - 364)

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

**17 Audit & Governance Committee Self Assessment 2013/14** (Pages 365 - 368)

(For 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](mailto:committees@tamworth.gov.uk) preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.*

To Councillors: J Chesworth, M Couchman, J Faulkner, M Gant, R Kingstone, J Oates and P Seekings.

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**MINUTES OF A MEETING OF THE  
AUDIT AND GOVERNANCE COMMITTEE  
HELD ON 27th MARCH 2014**

**PRESENT:** Councillor M Gant (Chair), Councillors M Thurgood, M Couchman, K Gant, S People and P Seekings

**Officers** John Wheatley (Executive Director Corporate Services), Jane Hackett (Solicitor to the Council and Monitoring Officer), Stefan Garner (Director of Finance) and Angela Struthers (Head of Internal Audit Services)

**Visitors** Joan Barnett (Grant Thornton)  
Neil Rudd (Grant Thornton)

**52 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor S Pritchard.

**53 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 30 January 2014 were approved and signed as a correct record.

*(Moved by Councillor M Thurgood and seconded by Councillor M Couchman)*

**54 DECLARATIONS OF INTEREST**

There were no declarations of Interest.

**55 FINAL ACCOUNTS 2013/14 - ACTION PLAN**

The Report of the Director of Finance providing an outline of the corporate requirements that will need to be achieved in order to produce the Council's annual Statement of Accounts for 2013/14 (including deadlines but not including detailed responsibilities) and to obtain corporate commitment to the action plan was considered.

**RESOLVED:** That:

- 1 The target of 16 June 2014 for closure of the final accounts and production of a draft statement for 2013/14 be approved;

- 2 Staffing resources be committed to the provision of appropriate information and support in order to meet the published timescales and the Committee receive progress updates (if required), and;
- 3 The statement be presented to the Audit and Governance Committee on 25 September 2014.  
*(Moved by Councillor S Peuple and seconded by Councillor M Thurgood)*

## **56 AUDIT & GOVERNANCE COMMITTEE SELF ASSESSMENT**

The Report of the Head of Internal Audit Services seeking to complete a self assessment of the effectiveness of the Audit and Governance Committee and produce an improvement action plan if required was considered.

**RESOLVED:** That members of the Committee completed the self assessment checklist at appendix A in order to formulate an improvement plan if required.

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

## **57 INTERNAL AUDIT CHARTER AND PLAN 2014-2015**

The Report of the Head of Internal Services advising Members of the proposed Internal Audit Charter and Plan for 2014-2015, and providing Members with assurance on the appropriate operation of Internal Audit was considered.

**RESOLVED:** That the Internal Audit Charter and Plan 2014-2015 be endorsed.

*(Moved by Councillor M Thurgood and seconded by Councillor S Peuple)*

## **58 RISK MANAGEMENT 2013-14**

The Report of the Head of Internal Audit Services reporting on the Risk Management process and progress to date for the current financial year was considered.

**RESOLVED:** That Members of the Committee endorse the Risk Management Process 2013/14 report.

*(Moved by Councillor K Gant and seconded by Councillor P Seekings)*

**59 REGULATION OF INVESTIGATORY POWERS ACT 2000**

The Report of the Solicitor to the Council and Monitoring Officer informing Members of the surveillance carried out under the Regulation of Investigatory Powers Act 2000 was considered.

**RESOLVED:** That the quarterly RIPA monitoring report be endorsed.

*(Moved by Councillor M Gant and seconded by Councillor S Peaple)*

**60 AUDIT PLAN - 2013-14**

The Report of Grant Thornton (External Auditor) was considered.

**RESOLVED:** That Members of the Committee endorse the Audit Plan for Tamworth Borough Council to year end 31 March 2014.

**61 GRANT CERTIFICATION WORK PLAN**

The Report of Grant Thornton (External Auditor) was considered.

**RESOLVED:** That Members of the Committee endorse the Grant Certification Work Plan for Tamworth Borough Council to year end 31 March 2014.

**62 AUDIT AND GOVERNANCE COMMITTEE UPDATE**

The Report of Grant Thornton (External Auditor) was considered.

**RESOLVED:** That Members of the Committee endorse the Audit and Governance Committee Update for Tamworth Borough Council to year end 31 March 2014.

**63 AUDITING STANDARDS - INFORMING THE AUDIT RISK ASSESSMENT**

The Report of Grant Thornton (External Auditor) was considered.

**RESOLVED:** That Members of the Committee endorse the Informing the Audit Risk Assessment for Tamworth Borough Council to year end 31 March 2014.

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Chair

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# Audit and Governance Committee Update for Tamworth Borough Council

Year ended 31 March 2014

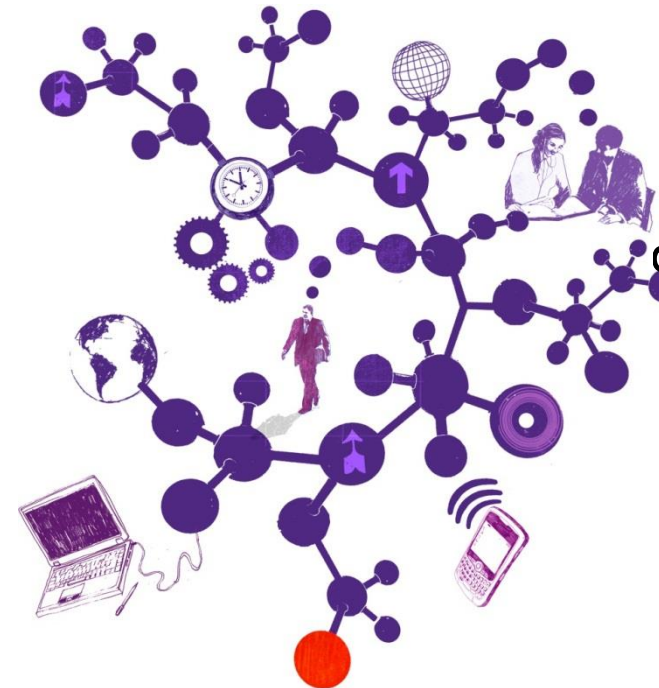
26 June 2014

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Agenda Item 6

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

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# Introduction

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

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

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

- Working in tandem, local government governance review 2014, our third annual review, assessing local authority governance, highlighting areas for improvement and posing questions to help assess the strength of current arrangements
- 2016 tipping point? Challenging the current, summary findings from our third year of financial health checks of English local authorities
- Local Government Pension Schemes Governance Review, a review of current practice, best case examples and useful questions to assess governance strengths

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

# Progress at 26 June 2014

Work	Planned date	Complete?	Comments
<p><b>2013-14 Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p>	27 March 2014	Yes	Presented at the meeting held on 27 March 2014
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	March 2014	Yes	No issues arose from our interim audit work.
<p><b>2013-14 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2013-14 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	Audit commences 7 July 2014. Opinion on the Council's accounts and Value for Money conclusion due to be issued by 30 September 2014	Not yet started	Regular planning meetings have been held with officers in advance of the final accounts audit.

# Progress at 26 June 2014

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b>            The scope of our work to inform the 2013/14 VfM conclusion comprises:</p> <ul style="list-style-type: none"> <li>• Key indicators of financial performance</li> <li>• Strategic financial planning</li> <li>• Financial governance</li> <li>• Financial control</li> <li>• Prioritising resources</li> <li>• Improving efficiency and productivity</li> <li>• Management of natural resources</li> </ul>	<p>On-going until the Value for money conclusion is given in September 2014</p>	<p>On-going</p>	
<p><b>Other areas of work</b>            We are required to certify claims and returns per the directions issued by the Audit Commission in conjunction with the central government organisations providing the funding.</p>	<p>In line with the deadlines agreed with the sponsoring bodies</p>	<p>Not yet started</p>	<p>We presented our work plan at the meeting held on 27 March 2014</p>
<p><b>Other activity undertaken</b>            We provided an overview to the Audit and Governance Committee meeting held on 30 January 2014 of the Governance workshop that was held for members on 15 January 2014.</p>		<p>Yes</p>	

# Understanding your accounts – member guidance

## Accounting and audit issues

### Guide to local authority accounts

Local authority audit committee members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. However, local authority financial statements are complex and can be difficult to understand. We have prepared a guide for members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position. We provided members of the Committee with a copy of the guide on 27 March 2014.

The guide considers the :

- explanatory foreword – which should include an explanation of key events and their effect on the financial statements
- annual governance statement – providing a clear sense of the risks facing the authority and the controls in place to manage them
- movement in reserves statement – showing the authority's net worth and spending power
- comprehensive income and expenditure statement – reporting on the year's financial performance and whether operations resulted in surplus or deficit
- balance sheet – a 'snapshot' of the authority's financial position at 31st March; and
- other statements and additional disclosures

Supporting this guide we have produced two further documents to support members in discharging their responsibilities

- helping local authorities prepare clear and concise financial statements
- approving the minimum revenue provision

Copies of these are available from your engagement lead and audit manager.

### Challenge question

Have members referred to this guidance?

# Accounts – our top issues

## Accounting and audit issues

### Top issues for the 2013/14 closedown

Based on the queries we have received from practitioners and auditors, here is a list of the top issues to consider for the 2013/14 closedown.

1. Do your accounts tell the overall story of your authority's financial performance and financial position? Are they clear, concise and easy to follow? Is detailed information on the most important information easy to find? Have duplicated text, non-material notes and zero entries been removed?
2. Are your accounts internally consistent? In particular, does the movement in reserves statement agree to the detailed notes?
3. Is your programme of revaluations is sufficiently up to date to ensure that the carrying value of property, plant and equipment does not differ materially from the fair value at 31 March 2014?
4. Have you accounted for provisions in accordance with IAS 37?
  - Have you considered provisions for business rates, equal pay and restoration and aftercare of landfill sites?
  - Are your provisions the best estimate of the liability (rather than a prudent estimate or an amount that is convenient for budget purposes)?
  - Is there a robust evidence based methodology to support the estimate?
  - Are there any instances in which a provision has not been made because a reliable estimate cannot be made? If so, Is their robust evidence to support the judgement that a reliable estimate is not possible? Has a contingent liability been disclosed?
5. Have you addressed the new accounting requirements in 2013/14 for the presentation of IAS 19 pension costs and a new service line for Public Health been addressed? Have comparatives been restated?
6. In the pension accounts, have the following disclosures required by the Code been included that are in addition to those set out in the CIPFA example pension fund accounts:
  - The relationship between net assets available for benefits and the present value of promised retirement benefits
  - An accounting policy for measurement of assets held at amortised cost.



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# Accounts – our top issues

## Accounting and audit issues

7. Have you agreed a detailed closedown plan with your auditors? Does this include:

- how to deal with known major issues?
- a protocol for dealing with new issues as they arise?
- a date for a post-implementation review?

### Challenge question

Have your Executive Director (Corporate Services) and Director of Finance addressed the closedown issues and assessed the potential impact for your financial statements?

# Accounts – CIPFA bulletin

## Accounting and audit issues

### LAAP Bulletin 98: Closure of the 2013/14 accounts and related matters

In March, CIPFA's Local Authority Accounting Panel issued [LAAP Bulletin 98](#). The bulletin provides further guidance and clarification to complement CIPFA's 2013/14 Guidance Notes for Practitioners and focuses on those areas that are expected to be significant for most authorities. Topics include:

- non-domestic rates – provision for appeals against the rateable value of business properties
- component accounting
- accounting for pension interest costs in relation to current service cost and pension administration costs

With regard to future accounting periods, the Bulletin also provides an update on issues affecting 2014/15 and on the measurement of transport infrastructure assets in 2016/17.

### Challenge question

Have your Executive Director (Corporate Services) and Director of Finance reviewed the guidance and assessed the potential impact for your financial statements?

# Not to be rubbished, £464 million potential savings

## Local government guidance

### Audit Commission VFM Profiles

Using data from the VFM Profile, <http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/> the Audit Commission issued a briefing on 27 March 2014, concluding that up to £464 million could be saved overall, if councils spending the most brought down their spending to the average for their authority type and waste responsibilities.

The Audit Commission Chairman, Jeremy Newman said: "It's good news that local authorities have reduced their spending on household waste by £46 million over the past four years and have reduced levels of waste sent to landfill. Councils have achieved these important improvements by working with local people and exercising choice about what works best in their own circumstances."

In the context of considering the hierarchy of waste management options - preventing the creation of waste, preparing waste for re-use, recycling, recovery and disposal to landfill - the Audit Commission Chairman also said

"in 2012/13 local authorities spent a fifth of their total expenditure on the most desirable option for household waste management: minimisation and recycling. They spent the other four-fifths on the collection and disposal of waste – the least desirable options. Councils have the power to influence and encourage residents to do the right thing and they control the levels of spending on the range of waste management options available to them. Their choices ultimately affect how well the environment is protected and the quality of waste services residents receive"

### Challenge questions

Has the Council used the Audit Commission briefing paper to consider how their:

- overall spending on household waste management has changed over time?
- spending is divided between waste minimisation, recycling or disposal of waste, and how this has changed over time?;
- spending on different components of waste management compares with authorities that have similar or better performance?

# Consultation – Local Government Pension Scheme future structure

## Local government guidance

### Local Government Pension Scheme (LGPS) reform

The DCLG (1 May 2014) published a summary of its 2013 call for evidence on the future structure of the local government pension scheme, along with its own conclusions and has launched a formal consultation on these. Consultation responses are required by 11 July 2014. <https://www.gov.uk/government/consultations/local-government-pension-scheme-opportunities-for-collaboration-cost-savings-and-efficiencies>

Having considered a cost/benefit analysis of mergers from actuarial firm Hymans Robertson, the DCLG said it would not force funds to merge, but is instead consulting on the following proposals:

- Establishing common investment vehicles to provide funds with a mechanism to access economies of scale, helping them to invest more efficiently in listed and alternative assets and to reduce investment costs.
- Significantly reducing investment fees and other costs of investment by using passive management for listed assets, since the aggregate fund performance has been shown to replicate the market.
- Keeping asset allocation with the local fund authorities, and making available more transparent and comparable data to help identify the true cost of investment and drive further efficiencies in the Scheme.
- A proposal not to pursue fund mergers at this time.

The potential proposed changes, whilst not as radical as the previously considered merger proposals, remain nonetheless significant for the management of pension funds. DCLG believe the implementation of the proposed changes would significantly reduce investment costs across the LGPS nationally.

### Challenge question

Have your Executive Director (Corporate Services) and Director of Finance briefed members on the potential implications of the government's proposed LGPS reform for the future management of the locally administered LGPS and is the fund preparing a consultation response?

# Assessing the costs and benefits of local partnerships

## Local government guidance

The government published its cost benefit analysis guidance for local partnerships on 2 April 2014.

Developed as part of the Greater Manchester 'whole place' Community Budget pilot, it was the first Treasury-approved assessment of the costs and benefits of joining-up and reforming public services in local areas.

The framework was developed by New Economy, the economic strategy unit of the Greater Manchester Combined Authority. John Holden, acting director of economic strategy at the agency, led the team that devised the methodology. He said

"this model provides a framework to start thinking about more holistic projects that deliver long-term outcomes but also produce short-term cashability [savings]"

The guidance sets out a standard process to determine the benefit of reforms, based on the unit cost of services, their impact and the savings that result. In providing Treasury backing for the cost benefit analysis framework – it has been included in Whitehall's Green Book for policy appraisal and evaluation – it has been added to the government's assessment process for the latest £320m round of the Transformation Challenge Award, which provides funding to councils to implement reforms.

### Challenge question

Has the authority considered the applicability of the government's cost benefit analysis guidance in considering the cost-benefits of local service delivery options?

# Working in tandem – Local Government Governance Review 2014

## Grant Thornton

### Local Government Governance Review

This report: <http://www.grant-thornton.co.uk/en/Publications/2014/Local-Government-Governance-Review-2014/> is our third annual review into local authority governance. It aims to assist managers and elected members of councils and fire and rescue authorities to assess the strength of their governance arrangements and to prepare for the challenges ahead.

Drawing on a detailed review of the 2012/13 annual governance statements and explanatory forewords of 150 English councils and fire and rescue authorities, as well as responses from 80 senior council officers and members, the report focuses on three particular aspects of governance:

- risk leadership: setting a tone from the top which encourages innovation as well as managing potential pitfalls
- partnerships and alternative delivery models: implementing governance arrangements for new service delivery models that achieve accountability without stifling innovation
- public communication: engaging with stakeholders to inform and assure them about service performance, financial affairs and governance arrangements.

Alongside the research findings, the report also highlights examples of good practice and poses a number of questions for management and members, to help them assess the strength of their current governance arrangements.

### Challenge questions

- Our report includes a number of case studies summarising good practice in risk leadership, partnerships and alternative delivery models and public communication. Has the Authority reviewed these case studies and assessed whether it is meeting good practice in these areas?
- Our report includes key questions for members to ask officers on risk management and alternative delivery models. Are these issues being considered and responded to by officers?

# Events

## Grant Thornton

### Events

We are involved in organising and supporting various events for our local government clients including the following.

- Following on from our recent national report on welfare reform Reaping the Benefits we are continuing to gather information and examples of good practice from local government and housing around the country. We are presenting our key findings updated information on good practice to CIPFA Benefits and Revenues Network and regional CIPFA events
- We are sponsoring the Centre for Public Scrutiny (CFPS) annual Scrutiny Camp Unconference in London on 11 June
- We are also sponsoring The Municipal Journal's annual Growth Agenda conference on 4 June where we will be launching our Where Growth Happens report
- For the third year running we are sponsoring the conference drinks reception at CIPFA's Annual Conference, taking place in London on 2 July
- Paul Grady, Grant Thornton's Head of Police, will be speaking at the third Annual National Conference on Police and Crime Commissioners on 10 July, in Nottingham
- We are hosting an Alternative Delivery Models seminar at our Birmingham office in 16 July where practitioners will share experiences of setting up and operating various alternative delivery models.



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## Grant Thornton

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10 April 2014

Dear Tony

### **Planned audit fee for 2014/15**

The Audit Commission has set its proposed work programme and scales of fees for 2014/15. 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.”

The Council's scale fee for 2014/15 has been set by the Audit Commission at £65,550, which is unchanged from the audit fee for 2013/14.

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/proposed-work-programme-and-scales-of-fees-201415](http://www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415)

The audit planning process for 2014/15, 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 £15,630.

### **Billing schedule**

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2014	16,387.50
December 2014	16,387.50
March 2015	16,387.50
June 2015	16,387.50
	<b>65,550.00</b>
<b>Grant Certification</b>	
December 2015	15,630
<b>Total</b>	<b>81,180</b>

### **Outline audit timetable**

We will undertake our audit planning and interim audit procedures during November 2014 to March 2015. 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 July to September 2015 and work on the whole of government accounts return in late September/early October 2015.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	Actual dates to be confirmed between November 2014 and March 2015	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	Actual dates to be confirmed between June to September 2015	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to September 2015	Audit Findings (Report to those charged with governance)	As above
Financial resilience	January to September 2015	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September or early October 2015	Opinion on the WGA return	This work will be completed alongside the accounts audit. (the submission deadline is to be confirmed by CLG)
Annual audit letter	October 2015	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	Actual dates to be confirmed between June and December 2015	Grant certification report	A report summarising the findings of our grant certification work

### **Our team**

The key members of the audit team for 2014/15 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	James Cook	0121 232 5343	james.a.cook@uk.gt.com
Engagement Manager	Joan Barnett	0121 232 5399	joan.m.barnett@uk.gt.com
Audit Executive	Neil Rudd	0121 232 5391	neil.rudd@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 [jon.roberts@uk.gt.com](mailto:jon.roberts@uk.gt.com) .

Yours sincerely

A handwritten signature in cursive script that reads "James Cook".

James Cook  
Director  
For Grant Thornton UK LLP



## AUDIT & GOVERNANCE COMMITTEE

26<sup>th</sup> JUNE 2014

### Report of the Executive Director – Corporate 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 the 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 CFO's 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 HIA's, 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 HIA's 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**

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## **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><b>Principle 1</b>  <b>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.</b></p>	
<p><b>Governance requirements</b></p>	
<p>1.1 Set out a clear statement of the respective roles and responsibilities of the leadership Team and its members individually.</p>	<p>Set out within Constitution, Scheme of Delegation and Job Description</p>
<p>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.</p>	<p>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.</p>
<p>1.3 If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.</p>	<p>N/A</p>
<p>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.</p>	<p>Scheme of Delegation in place – which is regularly reviewed and monitored by the Monitoring Officer</p>
<p>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.</p>	<p>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 &amp; 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. The ED-CS attends Audit &amp;</p>

	<p>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 &amp; 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 to Portfolio Holder for Corporate Governance. Recent training given includes understanding financial accounts &amp; Budget issues, Treasury Management Strategy,</p>
<p><b>Core CFO Responsibilities</b></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 &amp; Governance Committee. Members are regularly updated/ advised.</p>

<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 &amp; 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 incorporate liaison planning with partners, business community and relevant stakeholders on financial strategies</p>
<p><b>Personal Skills and Professional Standards</b></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>

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 an up to date knowledge and applies best practice in change management and leadership. Ongoing review of management structures.

<p>1.21 Balance conflicting pressures and needs, including short and longer term trade-offs.</p>	<p>The ED-CS is required to balance 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 &amp; 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 on 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 need 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 Institute's professional standards/proactive member of the Association of Chartered Certified Accountants. Impartiality is practiced as fundamental in dealing with all issues.</p>

<p>professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.</p>	
<p><b>Principle 2</b>  <b>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.</b></p>	
<p><b>Governance requirements</b></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"> <li>- a medium term financial strategy to ensure sustainable finances;</li> <li>- a robust annual budget process that ensures financial balance; and</li> <li>- a monitoring process that enables this to be delivered.</li> </ul>	<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 &amp; Priorities</p> <ul style="list-style-type: none"> <li>▪ Setting legal budget in compliance with Council Tax levels and maintaining required balances</li> <li>▪ A Medium Term Financial Strategy (4 years) is in place</li> <li>▪ Annual budgets set complying with legislative requirements and maintaining reserves/balances. Budgets are monitored monthly to CMT and quarterly to Cabinet.</li> </ul>
<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 Advise/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 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>All reports to members are issued in advance of the meeting and any implications – financial or other are identified Appropriate Financial Advise/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><b>Core CFO responsibilities</b></p>	
<p><b>Responsibility for financial strategy</b></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>

2.9	Leading on asset and balance sheet management.	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.
2.10	Co-ordinating the planning and budgeting process.	ED-CS role is corporate strategic head of budget setting process with BRG/Cabinet members.
<b>Influencing decision making</b>		
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.
<b>Financial Information for Decision Makers</b>		
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 monitored through performance system (reported to CMT & Cabinet)
<b>Personal skills and financial standards</b>	
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 Outsource 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 interpretation of complex situations.	The ED-CS provides impartial professional advice of complex financial situations – in line with 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 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 Assistant 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
<b>Principle 3</b> <b>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.</b>	
<b>Governance requirements</b>	
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.

<p>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 and monitor their continuing effectiveness in practice.</p>	<p>ED-CS has responsibility for making arrangements for the proper administration of their financial affairs and completes this through the internal audit function/financial guidance and management assurance statements/risk review</p>
<p>3.3 Address the organisation's arrangements for financial and internal control and for managing risk in Annual Governance Reports.</p>	<p>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</p>
<p>3.4 Publish annual accounts on a timely basis to communicate the organisation's activities and achievements, its financial position and performance.</p>	<p>Annual accounts published in accordance with timetable/delivery plan/ statutory timescales</p>
<p>3.5 Maintain and resource an effective Internal Audit function.</p>	<p>Internal Audit function maintained and effective – this is reviewed on a regular basis in line with resources needed/External Audit assurance requirements</p>
<p>3.6 Develop and maintain an effective Audit Committee.</p>	<p>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 &amp; Governance Committee supported by External Audit who are in regular attendance</p>
<p>3.7 Ensure that the organisation makes best use of resources and that taxpayers and /or service users receive value for money.</p>	<p>Support Services Review, Corporate Change Programme being completed. Benchmarking of key services and performance (e.g. Audit Commission data/case studies/efficiency savings). Business cases provided for decision making processes</p>

3.8 Embed financial competencies in person specifications and appraisals.	PDR's 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 their roles to be carried out effectively.	Financial management training delivered to managers. Training identified through PDR process together with requirement of CPD and recent legislation/interpretation i.e. Housing review etc. Financial management training identified as an area for e-learning
<b>Core CFO responsibilities</b>	
<b>Promotion of financial management</b>	
3.10 Assessing the organisation's 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
<b>Value for money</b>	
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
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. Continually reviewing better use of assets with partners e.g. Agile

	working, 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)
<b>Safeguarding public money</b>	
3.15 Applying strong internal controls in all areas of financial management, risk management and asset control.	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
3.16 Establishing budgets, financial targets and performance indicators to help assess delivery.	Part of the business planning, budget setting processes, and performance management systems. Report monthly to CMT and quarterly to cabinet/members
3.17 Implementing effective systems of internal control that include standing financial instructions, operating manuals and compliance with codes of practice to secure probity.	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
3.18 Ensuring that delegated financial authorities are respected.	Electronic financial authority set up on finance system – regularly reviewed and monitored
3.19 Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance.	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.
3.20 Overseeing of capital projects and post completion reviews.	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
3.21 Applying discipline in financial management, including managing cash and banking,	Appropriate segregation of duties in place and confirmed through internal audit of key controls within systems

treasury management , debt and cash flow, with appropriate segregation of duties.	
3.22 Implementing measures to prevent and detect fraud and corruption.	Counter fraud and corruption strategy and guidance notes and Whistleblowing policy in place, reviewed annually and available on 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
<b>Assurance and scrutiny</b>	
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, Greater Birmingham Local 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 meeting 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)
<b>Personal skills and professional standards</b>	
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 accountants and budget holders
3.30 Develop and sustain partnerships, and engage effectively in collaboration.	Develops network opportunities with other LA’s (through contacts/Staffs Treasurers Group/Society of District Treasurers). Review opportunities as they arise/needs 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 – set up value for money group. 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
<b>Principle 4</b>	
<b>The CFO in a public service organisation must lead and direct a finance function that is resourced to be fit for purpose.</b>	
<b>Governance requirements</b>	
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.

<b>Core CFO responsibilities</b>	
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.
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 holder 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.

<b>Personal skills and professional standards.</b>	
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).
4.12 Role model a customer focussed function within the finance function.	Monthly meetings 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 coupled 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 key deliverables and objectives identified
4.17 Role model effective staff performance management.	PDR’s 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 available within the finance function.	As identified above and as part of delivery of efficient and effective service delivery appropriate outside 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
<b>Principle 5</b> <b>The CFO in a public service organisation must be professionally qualified and suitably experienced.</b>	
<b>Governance requirements</b>	
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)
<b>Personal skills and professional standards.</b>	
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.
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 Undertake 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

<b>Principle 1.</b>	
<b>The Head of Internal Audit (HIA) 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.</b>	
<b>Governance requirements</b>	<b>How compliance is demonstrated</b>
1.1 Sets out the HIA's role in good governance and how this fits in with the role of others, in particular the Chief Finance Officer (Executive Director Corporate Services)(CFO), the Monitoring Officer and the Head of Paid Service.	Detailed within HIA's 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)
<b>Core HIA responsibilities</b>	<b>How compliance is demonstrated</b>
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

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
<b>Personal skills and professional standards</b>	<b>How compliance is demonstrated</b>
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



	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><b>Principle 2</b></p> <p><b>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.</b></p>	
<b>Governance requirements</b>	<b>How compliance is demonstrated</b>
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.

<p>2.5 Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns</p>	<p>Detailed within financial guidance and the Internal Audit Charter</p>
<p>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.</p>	<p>Detailed within financial guidance and the Internal Audit Charter which is approved by CMT and the Audit &amp; Governance Committee</p>
<p>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.</p>	<p>Detailed within the Internal Audit Charter</p>
<p>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.</p>	<p>HIAS lead on policies etc for counter fraud, risk management, whistle blowing</p>
<p>2.9 Ensure that the annual internal audit opinion and report are issued in the name of the HIA.</p>	<p>Annual audit opinion and report is issued in the name of the HIAS to the Audit and Governance Committee.</p>
<p>2.10 Include awareness of governance in the competencies required by members of the Leadership Team.</p>	<p>Awareness of governance is required for members of CMT</p>
<p>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.</p>	<p>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</p>

<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 (in compliance with the Public Sector Internal Audit Standards) is approved by CMT and the Audit &amp; Governance Committee</p>
<p><b>Core HIA responsibilities</b></p>	<p><b>How compliance is demonstrated</b></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 &amp; 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>

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
<b>Personal skills and professional standards</b>	<b>How compliance is demonstrated</b>
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

2.27 Demonstrate integrity to staff and others in the authority.	As expected – compliance with the Public Sector Internal Audit Standards
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.

<b>Principle 3</b>	
<b>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</b>	
<b>Governance requirements</b>	<b>How compliance is demonstrated</b>
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(HIAS)
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

<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 &amp; Governance Committee – no involvement in the appointment of the HIAS but chair of Audit &amp; 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"> <li>- to bring influence to bear on material decisions reflecting governance;</li> <li>- direct access to the Chief Executive, other Leadership Team members, the Audit Committee and External Audit; and</li> <li>- to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.</li> </ul>	<p>As expected – direct access to the Chief Executive, members of the Corporate Management Team and the Audit &amp; 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><b>Core HIA responsibilities</b></p>	<p><b>How compliance is demonstrated</b></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 as right of access to approach ED-CS, Monitoring Officer, Head of Paid Service, Audit &amp; Governance Committee, CMT and external audit to escalate any concerns</p>

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
<b>Personal skills and professional standards</b>	<b>How compliance is demonstrated</b>
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



<b>Principle 4</b>	
<b>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.</b>	
<b>Governance requirements</b>	<b>How compliance is demonstrated</b>
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 every five years. Self assessment completed annually against the Public Sector Internal Audit Standards on an annual basis.
4.4 Ensure that where the HIA is from another organisation that they do not also provide the external audit service.	N/A
<b>Core HIA responsibilities</b>	<b>How compliance is demonstrated</b>
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

<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 &amp; 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"> <li>- Ensuring that professional internal audit standards are complied with;</li> <li>- Reviewing the performance of internal audit and ensuring that the service provided is in line with the expectations and needs of its stakeholders;</li> <li>- 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.</li> <li>- Putting in place adequate</li> </ul>	<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 the Audit &amp; 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>

<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"> <li>- Ensuring that any internal auditors declare any interests that they have.</li> <li>- Seeking continuous improvement in the internal audit service.</li> </ul>	<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 HIA's 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>Gives managers assurance on systems working effectively. Report identifies potential efficiencies.</p>
<p><b>Personal skills and professional standards</b></p>	<p><b>How compliance is demonstrated</b></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 &amp; 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>

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

<b>Principle 5</b>	
<b>The Head of Internal Audit in a public service organisation must be professionally qualified and suitably experienced</b>	
<b>Governance requirements</b>	<b>How compliance is demonstrated</b>
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 – Member of the Chartered 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.
<b>Personal skills and professional standards</b>	<b>How compliance is demonstrated</b>
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

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

26<sup>th</sup> June 2014

### Report of the Director of Finance

#### DRAFT ANNUAL STATEMENT OF ACCOUNTS & REPORT 2013/14

#### EXEMPT INFORMATION

None

#### PURPOSE

To receive the Draft Statement of Accounts (the Statement) for the financial year ended 31<sup>st</sup> March 2014.

#### RECOMMENDATION

**That Members receive for review the Annual Statement of Accounts 2013/14.**

#### EXECUTIVE SUMMARY

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires the Council to prepare a Draft Statement of Accounts by 30<sup>th</sup> 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 30<sup>th</sup> September and for the Council to publish the Statement together with the Auditors' opinion by 30<sup>th</sup> September.

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

Although there is 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 2013/14 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 30<sup>th</sup> September 2014, following the receipt of the External Auditors' 'The Audit Findings' report on the accounts.

Key issues affecting the 2013/14 accounts and the accounting process are detailed within the report.

## **RESOURCE IMPLICATIONS**

For 2013/14, a revenue budget underspend for the General Fund of £0.706m is reported with a reduction in General Fund closing balances of £0.049m. The Housing Revenue Account reports an underspend of £0.812m with an increase in Housing Revenue Account closing balances of £0.214m.

It should be noted that the Medium Term Financial Strategy identified required balances of £4.427m (at 1<sup>st</sup> April 2014) compared to the draft actual closing balances of £4.570m - additional balances of £0.143m. For the HRA balances of £5.300m were forecast at 1<sup>st</sup> April 2014 compared to the actual balances of £5.481m - additional balances of £0.181m. Balances above the minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

The outturn for the 2013/14 capital programme identifies an underspend of £3.827m against the approved budget of £12.757m (actual spend £8.941m - £11k change since Provisional Outturn). However, it has been requested that £2.848m of scheme spend be re-profiled into 2014/15. This will result in an overall underspend of £0.979m for the 2013/14 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 30<sup>th</sup> September 2014 and for the Council to publish the Statement together with the Auditors' opinion by 30<sup>th</sup> September 2014.

## **REPORT AUTHOR**

Stefan Garner, Director of Finance

## **LIST OF BACKGROUND PAPERS**

Capital Outturn Report 2013/14 - Cabinet, 19<sup>th</sup> June 2014  
Performance Healthcheck (including Provisional Outturn Report 2013/14) - Cabinet, 19<sup>th</sup> June 2014

## **BACKGROUND INFORMATION**

The Annual Statement of Accounts for the year ended 31<sup>st</sup> March 2014 has been prepared in accordance with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom.

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 (IAS) 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 (2013/14) applies for accounting periods commencing on or after 1<sup>st</sup> April 2013. It supersedes the 2012/13 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 2013/14 Code has introduced some changes in accounting practice for defined benefit pensions, the introduction of the Business Rates Retention Scheme from 1<sup>st</sup> April 2013 and to the valuation of Property, Plant and Equipment (PPE).

### **IAS19 Employee Benefits**

There have been several significant changes in relation to the international accounting standard IAS19 Employee Benefits which will require a change of accounting policy and a restatement of the 2012/13 accounts. However, these changes will not alter the usable reserves. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013.

The main changes are as follows:

#### **Expected Return on Assets**

This is in relation to the return on Pension Scheme assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19.

This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).

#### **Asset Disclosures**

IAS19 requires a much more detailed breakdown of the pension fund assets. The values of the assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those which do not. The disclosure included in the Council's 2012/13 published financial statements only showed the main categories of equities, bonds, property and cash as required. As a result of the change some of these categories are split further.

#### **Disclosure Presentation**

In order to be consistent with the new requirements of IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand.

## **Business Rates**

Following the introduction of the Business Rates Retention Scheme, billing authorities need to operate a Collection Fund to account for business rates in a similar way that council tax is accounted for, subject to ongoing government guidance and legislation. The Accounting Policies have been amended to reflect this.

From 1/4/2013, the Council has been retaining a share of the business rates it collects and has paid shares out to Central Government and the County Council (and Fire Service). This is different to the arrangement that was in place up to 2012/13 as the NDR account may now have a surplus or deficit in year, which is to be recognised in the Comprehensive Income and Expenditure account on an accruals basis, similar to the arrangements for Council Tax. Also similar to Council Tax, there is a statutory over-ride to reverse out the surplus or deficit in year so that only the budgeted amount of income is credited to the General Fund. Although this is a major change to the accounting for NDR, it does not require a change to the accounting policies which already contain relevant articles for revenue recognition and the primacy of legislative requirements

### **IAS 16: Property, Plant & Equipment (PPE)**

IAS 16: Property, Plant & Equipment (PPE) – IFRS post-implementation review. The code has been expanded to provide some clarity over frequency of revaluation of PPE assets, although this clarity is still open to interpretation. The accounting policy has been expanded to incorporate an evidenced, ‘whole-category’ review annually as well as the cyclical revaluations to ensure that the carrying value does not differ materially from fair value at the year end.

The Code now explicitly requires all of a class of assets to be revalued within a short period. The Council uses a five year rolling programme of valuation within the asset class of other land and buildings; this does not strictly meet the Code requirements. The rolling valuation programme is supplemented with reviews of, for example, impairment, enhancement and material change in market conditions by the Council’s professional valuers. Although not strictly adhering to the specific provisions of the Code, this will satisfy the general provision of the Code in providing adequate assurance that the balance sheet is fairly stated. This is a national issue with many Councils being in the same position. Discussions have already been held with the Council’s external auditors regarding the approach for future years.

### **CHANGES IN ACCOUNTING POLICY FOR 2013/14**

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 2013/14 therefore arise from an updated IFRS based *Code of Practice on Local Authority Accounting* issued by CIPFA in April 2013.

Many of the changes reflected in the 2013/14 code 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.

There is only one change to the accounting policies for 2013/14 compared to 2012/13, this is described below.

The 2013/14 Code follows amendments to International Accounting Standard 19 – Employee Benefits (IAS19) and changes the accounting requirements for defined benefit pension liabilities. In June 2011 the International Accounting Standards Board (IASB) issued a new version of IAS19. This applies to financial years starting on or after 1 January 2013.

The main changes are a reallocation of amounts charged in the comprehensive income and expenditure statement (CIES) and additional disclosures, although these changes have no overall impact on the Council's General Fund and the amount payable by local tax payers.

This change in policy will be applied retrospectively and will therefore amend 2012/13 comparatives to the financial statements (as well as the supporting notes) as detailed below:

	2012/13	Change	2012/13 Restated
	£000	£000	£000
<b>Comprehensive Income &amp; Expenditure Statement</b>			
<b>Cost of Services</b>	<b>5,124</b>	0	<b>5,124</b>
Other Operating Expenditure	310	0	<b>310</b>
Financing & Investment Income & Expenditure (FIIIE)	234	467	<b>701</b>
Taxation & Non Specific Grant Income	(9,774)	0	(9,774)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(4,106)</b>	<b>467</b>	<b>(3,639)</b>
Surplus or Deficit on Revaluation of Property, Plant & Equipment Assets	(1,960)	0	<b>(1,960)</b>
Actuarial Gains / Losses on Pension Assets / Liabilities	5,514	(467)	<b>5,047</b>
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>3,554</b>	<b>(467)</b>	<b>3,087</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(552)</b>	<b>0</b>	<b>(552)</b>

<b>Movement in Reserves Statement 2012/13</b>	<b>General Fund Balance</b>	<b>Change</b>	<b>General Fund Balance</b>	<b>Housing Revenue Account</b>	<b>Change</b>	<b>Housing Revenue Account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
			<b>Restated</b>			<b>Restated</b>
<b>Balance as at 01 April 2012</b>	4,721	-	4,721	4,487	-	4,487
<b>Movement in reserves during 2012/13</b>						
(Surplus) or deficit on the provision of services	(2,097)	(370)	(2,467)	6,203	(97)	6,106
Other Comprehensive Income & Expenditure	-	-	-	-	-	-
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(2,097)</b>	<b>(370)</b>	<b>(2,467)</b>	<b>6,203</b>	<b>(97)</b>	<b>6,106</b>
Adjustments between accounting basis & funding basis under regulations (Note 7)	1,695	370	2,065	(2,329)	97	(2,232)
<b>Net (Increase) / Decrease before transfers to Earmarked Reserves</b>	<b>(402)</b>	<b>-</b>	<b>(402)</b>	<b>3,874</b>	<b>-</b>	<b>3,874</b>
Transfers to/(from) Earmarked Reserves (Note 8)	300	-	300	(3,094)	-	(3,094)
<b>Increase / (Decrease) in 2012/13</b>	<b>(102)</b>	<b>-</b>	<b>(102)</b>	<b>780</b>	<b>-</b>	<b>780</b>
<b>Balance as at 31 March 2013</b>	<b>4,619</b>	<b>-</b>	<b>4,619</b>	<b>5,267</b>	<b>-</b>	<b>5,267</b>

The key change is that the interest cost and expected return on assets components of profit are now combined into a net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. An employer can therefore no longer show higher profits where a scheme invests in assets expected to generate higher returns (or lower profits where it invests in assets expected to generate lower returns).

Whilst some disclosure requirements have been removed new requirements have been added. The additions include:

- Enhanced descriptions of the nature of the scheme, the regulatory regime under which it operates, third parties responsible for scheme governance, and the risks posed to the employer.
- Figures illustrating the sensitivity of the scheme's pension liabilities to changes in actuarial assumptions.
- Information about the profile of the scheme's liabilities, including the weighted average duration of the pension obligation.
- Details of a scheme's funding policy, including the expected contributions to the scheme for the next year.
- A more detailed breakdown of scheme assets. The aim of this change is to split assets into classes that distinguish the nature and risk of those assets and to provide a detailed breakdown showing those with a quoted price in an active market and those that do not.

The pension fund deficit has increased in the year to £39.769m (2012/13 £34.415m) as financial assumptions are less favourable at 31<sup>st</sup> March 2014 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 real bond yields which was partially offset by strong 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 2013/14 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.

The local government finance system has been revised from 2013/14 with the introduction of the business rates retention scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base. The scheme allows the Council to retain a proportion of the total NNDR received. The local share retained by the Council is 40% (less a tariff payment) with the remainder paid to precepting bodies - Central Government (50% share), Staffordshire County Council (9%) and the Fire & Rescue Authority (1% share).

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 OUTTURN

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 £706k is reported, £70k more than reported in the provisional outturn report. Closing General Fund balances as at 31<sup>st</sup> March 2014 were £4.570m:

<b>General Fund Balances Movement 2013/14</b>	<b>Final Outturn £'000</b>	<b>Projected Outturn £'000</b>
Balances B/fwd.	4,619	4,619
Approved Budget transfer To / (From) balances	(755)	(755)
Approved Budget Changes during year	-	-
Outturn variance - Surplus	706	636
<b>Balance C/fwd.</b>	<b>4,570</b>	<b>4,500</b>

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

- Lower income from Marmion House rental than expected, £21k;
- Reversal of the capitalization due to reduced impairment of Icelandic deposits following an improvement in the financial position and additional receipts from Heritable Bank, £110k; offset by
- A net reduction in the Business Rates levy (£194k) / increased reserve contribution (£88k) provided in the provisional outturn, £106k;
- A net increase in recharges to the Housing Revenue Account following finalisation of year end costs, £106k;

In addition to these, the remainder of the favourable outturn variance of £0.706m is mainly attributable to savings made in the following areas:

- planned 'quick win' savings identified of £173k;
- savings in joint waste arrangement costs, £155k;
- planned unspent contingency of £150k;
- Additional Planning applications income of £101k;
- Additional Council tax court costs of £94k;
- Salary savings from posts held vacant of £85k;
- Write back of unused reserves, £56k;
- increased car park income of £49k;
- Legal fees from increased conveyancing & right to buy sales of £40k;
- Commercial property rents of £39k (backdated rent due); and
- Civil parking enforcement - £28k; offset by
- Cost of the levy payment of £355k under the new Business Rates Retention scheme.

It should be noted that the Medium Term Financial Strategy identified required balances of £4.427m (at 1<sup>st</sup> April 2014) compared to the draft actual closing balances of £4.570m – the additional balances of £143k 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 £0.812m, £82k less than reported in the provisional outturn report. The Housing Revenue Account balances as at 31<sup>st</sup> March 2014 were £5.481m.

HRA Balances Movement 2013/14	Final Outturn £'000	Projected Outturn £'000
Balances B/fwd.	5,267	5,267
Approved Budget	(598)	(598)
Approved Budget Changes during year	0	0
Outturn variance - Surplus	812	894
<b>Balance C/fwd.</b>	<b>5,481</b>	<b>5,563</b>

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, £106k; offset by
- Increased interest on higher than expected balances, £16k.

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

- additional interest on balances, £45k;
- Council House Rents income higher than budget due to a quicker turnaround of void properties reducing overall void levels, £35k;
- Savings in Repairs & Maintenance costs across multiple contracts, £0.5m;
- Unspent contingency budget, £100k; and
- Lower than planned welfare reform costs, £50k.

It should be noted that the Medium Term Financial Strategy identified balances of £5.300m (at 1<sup>st</sup> April 2014) compared to the draft actual closing balances of £5.481m, which means additional balances of £181k.

## CAPITAL OUTTURN

The outturn for the 2013/14 capital programme identifies an underspend of £3.827m against the approved budget of £12.757m (actual spend £8.930m - £11k change since Provisional Outturn). However, it has been requested that £2.848m of scheme spend be re-profiled into 2014/15. This will result in an overall underspend of £0.979m for the 2013/14 capital programme. Full details are contained within the Capital Outturn Report reported to Cabinet on 19<sup>th</sup> June 2014.

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## AUDIT & GOVERNANCE COMMITTEE

26<sup>TH</sup> JUNE 2014

### 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 2013/14 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:

No	Issue	Action
1	<p><b>Medium Term Financial Strategy (MTFS)</b></p> <p>Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority.</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><b>Town Centre Redevelopment</b></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 in accordance with the MTFS.</p>
3	<p><b>Housing Regeneration</b></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>The regeneration of Tinkers Green and Kerria areas are progressing well with Development Consultants appointed and currently developing master planning proposals. These will be submitted for approval by the Council's Planning Committee later this year. It is anticipated that the project will move to detailed design stages during 2015 and a developer procured during this period.</p>
4	<p><b><u>Peer Challenge High Level Action Plan</u></b></p> <p>The peer Challenge confirmed the need for a more proactive approach to member training with clear rules on compliance and sanctions and with particular regard to the Scrutiny function.</p>	<p>Completion of a more proactive approach to member training in accordance with the details in the Peer Challenge High Level Action Plan</p>
5	<p><b><u>Golf Course redevelopment</u></b></p> <p>Following Cabinet approval a project has been established to investigate and implement the redevelopment of the site for housing including the provision of significant open space. A project team has been established and external support procured to instigate the site constraints and prepare for an outline planning application prior to a sale of the site. Note some land will be withheld by the Council for public open space.</p>	<p>Deliver the high level project plan as approved by Cabinet.</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 2012/13 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 2014/15 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, Head of Internal Audit Services

#### **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 2013/14

Appendix 2 Code of Corporate Governance 2014/15

Appendix 3 Action plan arising from the AGS 13/14 assurance process

Appendix 4 Action plan arising from the AGS 12/13 assurance process – update  
June 2014

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## Annual Governance Statement 2013/14

### 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

[http://www.tamworth.gov.uk/council\\_and\\_democracy/governance.aspx](http://www.tamworth.gov.uk/council_and_democracy/governance.aspx).

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 2014 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.

The 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:

- 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.

These principles have supporting principles identified in the Code. The Code also identifies what assurance we want and what assurance we get to ensure that these principles are in place. Links to the various supporting assurance documents are included in the Code.

## 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. In August 2013, Cabinet endorsed “Planning for a Sustainable Future” as the overarching strategy for meeting the challenges forecast for the Council’s Medium Term Financial Strategy and a series of workstreams designed to deliver savings & efficiencies to mitigate grant & income reductions in the coming years. 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.

During 2013/14 Tamworth Listens initiative was a question time event held at the Assembly Rooms on the evening of 16<sup>th</sup> October 2013. This gave residents of Tamworth the opportunity to ask a panel of public sector representatives questions about Tamworth. The event was split into 2 themes; Future plans for the Town Centre, Safer Tamworth and a section for general questions. The event was well attended. Due to time constraints, not all questions were able to be answered; and those not answered at the event were given a written response following the meeting.

The Authority has adopted a Statement of Community Involvement which sets out the Vision & Strategy for community involvement in planning. It is the Council's code of practice on how people can be expected to be involved in the planning process. It covers the production of different types of planning policy documents, and the different stages for each one.

There is a "Tell Us Scheme" in place which captures comments, compliments and complaints. The "Tell Us Scheme" is due for review in 2014/15.

The Authority has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services. We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:

- Having a Child & Adult Protection Policy and procedures in place;
- Having child & adult protection processes which give clear, step-by-step guidance if abuse is identified;
- Safeguarding training programme in place for staff and members;
- Carrying out the appropriate level of DBS checks on staff and volunteers;
- Working closely with Staffordshire Safeguarding Children Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership.

## **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 2013/14 include, improvements to be made to the Tamworth Castle which successfully gained Heritage Lottery Funding; progression of the Gateway Projects with the County Council; development of the Creative Quarter, and influencing both the Greater Birmingham

and Solihull Local Enterprise Partnership (GBSLEP), and the Staffordshire and Stoke-on-Trent Local Enterprise Partnership, with successful outcomes for Tamworth.

Following the successful implementation of Council House Finance Reform the 30 year business plan was refreshed during 2013/14.

The Tamworth Growth & Regeneration Plan has been adopted and sets out the economic context we are operating in, identifies the Council's strategic approach to growth & regeneration and brings together a range of key strands – connecting together the varied work streams that are being delivered internally and in some cases externally.

## **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. The delivery of a balanced Medium Term Financial Strategy (three years for the General Fund and five years for the Housing Revenue Account (HRA) is a major achievement for the Council in light of the adverse economic conditions and increased financial demands from central government for service improvements in areas such as local democracy and transparency – as well as substantial reductions in Government grant support in the future.

During 2013/14, a Peer Assessment was completed and the Peer team feedback and final report were extremely complimentary about the political and managerial leadership and its ability to lead, plan and deliver against a clear Vision. The Peer Assessment Team assessed and reviewed five core components:

- Understanding of local context and priority setting;
- Financial planning and viability;
- Political and management leadership;
- Organisational capacity.

The Authority also identified two other areas for the assessment to focus on:

- Community development;
- Partnerships and commissioning.

The Peer Assessment highlighted that the Authority has a clear vision, a sound understanding of the economic drivers impacting on the borough, good working relationships between senior political and managerial leadership, a willingness to stand by tough decisions, staff that have a clear passion and pride and commitment and a Medium Term Financial Strategy based on prudent assumptions. The Assessment also highlighted some suggestions for consideration which has resulted in a high level improvement plan for local context and priority setting, financial

planning and viability, political and managerial leadership, governance and decision making and organisational capacity.

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 included in the revised Constitution. 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. Operational risk registers are also identified and managed.

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. The corporate approach to project management has been strengthened by the strategic overview provided by a Corporate Change Board – set up in 2012/13. Given the nature and overarching significance of the "Planning for a Sustainable Future" initiative, the Corporate Change Board provide the project management and governance arrangements to ensure the effective and timely delivery of the wide ranging actions and associated outcomes and that all necessary authorities and approvals are in place.

A Service Review Policy and Procedure has been developed and further governance arrangements to support this have been identified.

In accordance with Section 38 of the Localism Act 2011, the Authority has updated and published a Pay Policy Statement setting out the Authority's approach to pay for all its officers.

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). The Chief Finance Officer 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 and 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.

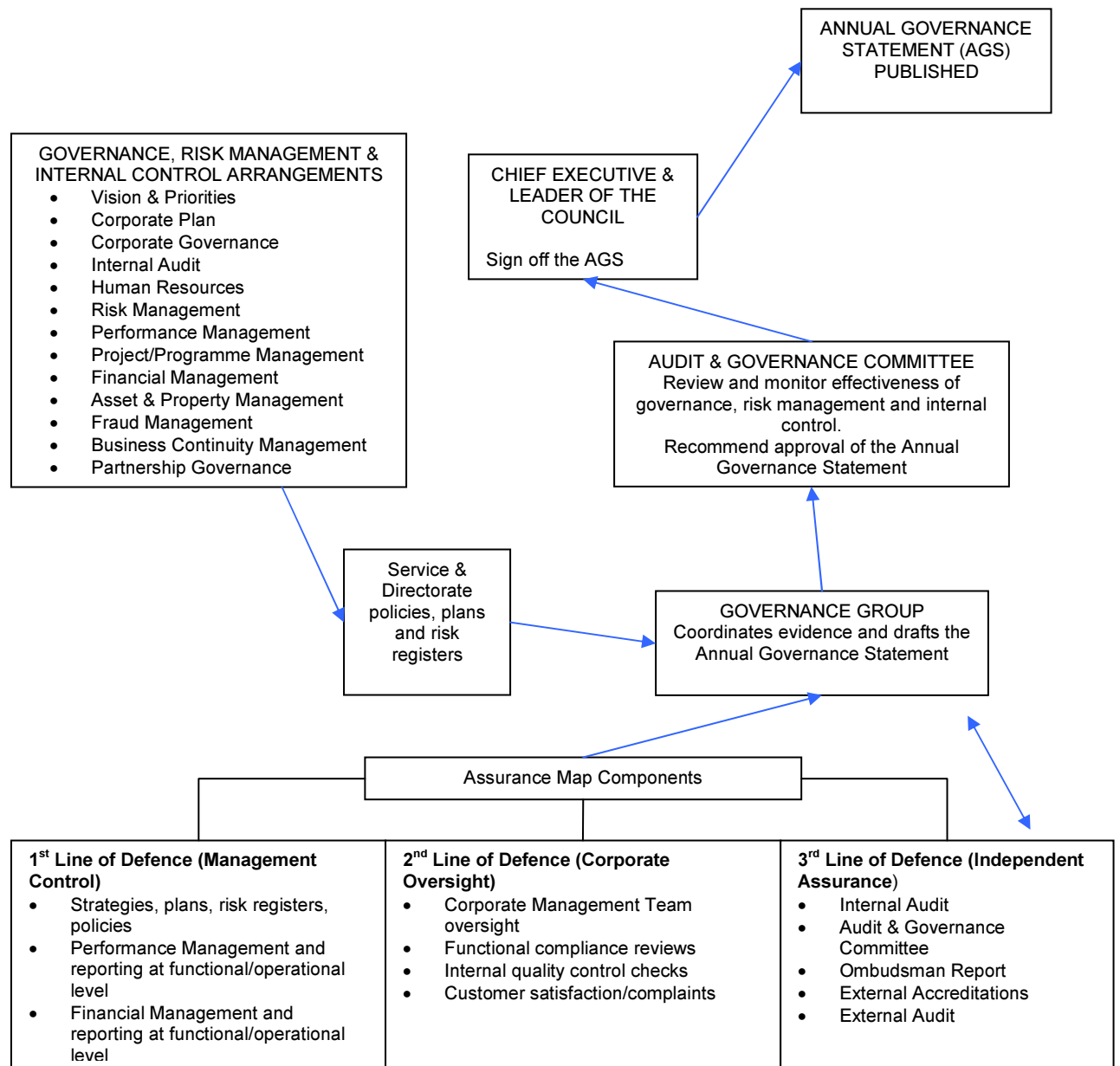
The Audit & Governance Committee has been in place since 2006 and its role and function are laid down in the Constitution. The core functions are as identified in *CIPFA's Audit Committees: Practical Guidance for Local Authorities*. Each year, the Committee completes a self assessment against CIPFA guidance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

Training in specialised areas is provided to members and during 2013/14 the following training was provided to members: Constitution Workshop, Chairing Scrutiny workshop for the Chairs of Scrutiny, Governance Seminar, Protocols & Practice for Council Meetings, and Finance & Treasury Management Seminars. Workshops, seminars and briefings in other areas were also completed.

An Independent Remuneration Panel was established to review Member Allowances.

## The Assurance Framework

The diagram below shows how the Assurance Framework is made up.






## 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.

- During 2013/14, the Governance Group has reviewed and updated against the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*;
- Both the CIPFA Statement on the Role of the Chief Finance Officer and the CIPFA Statement on the Role of the Head of Internal Audit were reviewed and updated.
- 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 2013/14 financial year and 2014/15 to date, the Head of Internal Audit Services' overall opinion of the control environment at this time is that "reasonable assurance" can be given;
- From the 1<sup>st</sup> April 2013, Internal Audit are required to comply with the Public Sector Internal Audit Standards. As part of the requirement of compliance, Internal Audit are required to complete an annual self assessment against the Standards and produced a Quality Assurance & Improvement Programme which identifies areas for improvement both to ensure compliance with the Standards and other quality areas.
- Our External Auditors report to each Audit & Governance Committee. In their Annual Audit Letter, they gave an unqualified opinion on the Statement of Account, an unqualified conclusion in respect of the Authority securing economy, efficiency and effectiveness, and an unqualified opinion on the production of the Whole of Government Accounts;
- The Ombudsman reported in September 2013 on the enquiries and complaints they received in 2012/13. In total, they received 11 enquiries/complaints of which 7 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 Corporate Risk register is owned and reviewed on a quarterly basis by the Corporate Management Team;

- 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.
- During 2013/14, the Authority commissioned a Peer Challenge to be completed by the Local Government Association. This identified that the Authority had a clear vision, a sound understanding of the economic drivers affecting the Authority, there were good working relationships between senior managers and politicians, staff worked with passion, pride and commitment and the Medium Term Financial Strategy was based on prudent assumptions. The Peer Challenge did identify areas for improvement and these have been formulated into a high level improvement plan;
- The Authority has successfully retained the BSI Accreditations for Information Security and Information Technology - Service Management;
- The Authority retained The Code of Connection Certificate after completing an annual assessment against the Code which included assessments against governance, service management and information assurance conditions. Compliance with the Code of Connection ensures access to the Public Services Network.

The Assurance Map identifies all sources of assurance received.

Tamworth Borough Council Assurance Map					
1 <sup>st</sup> line of Defence		2 <sup>nd</sup> line of Defence		3 <sup>rd</sup> line of defence	
Business Plans		Corporate Management Team		Head of Internal Audit Opinion	
Operational Risk Registers		Statutory Officers		External Audit Reports	
Policies & Procedures		Tell Us Scheme		Audit & Governance Committee	
Management/team meetings		Management Controls		Ombudsman Report	
Managers Assurance Statements		Corporate Change Board		Peer Challenge	
Budget Monitoring & Reporting		Corporate Risk Register		ISO accreditation – Information Security	
		Performance Management Framework		ISO accreditation – Information Technology Service Management	
		Governance group		Code of Connection Certificate	
				QAS accreditation – Sheltered Housing	

## 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

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

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



### Significant Governance Issues raised 2012/13 and action completed

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

No	Issue	Action	Update
1	<p><b>Medium Term Financial Strategy (MTFS)</b></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>The Council holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting, and Cabinet, on 22<sup>nd</sup> August 2013, endorsed the document 'Planning for a Sustainable Future' as the overarching strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) and a series of workstreams designed to deliver savings and efficiencies designed to tackle the forecast deficit long before it becomes a reality. This includes exploring new and innovative ideas and to be more commercial in our approach to business, including making better use of our assets.</p> <p>Council, on 25<sup>th</sup> February 2014, approved a 3 year Medium Term Financial Strategy for the General Fund with Council Tax increases lower than the Government referendum limits – in order to continue to deliver those services essential to the Local Community. However, in the longer term, the Council faces on-going grant reductions and income uncertainties which mean that substantial savings will need to be made from 2017/18 onwards to deliver a balanced budget.</p> <p>The Local Plan has identified the need for increased housing provision within the Borough and associated service demand. In the future, under the current funding arrangements, financial resilience is strongly linked to future growth in council tax and business rates income. Opportunities for identifying, promoting</p>

			<p>and supporting economic growth are actively being pursued.</p> <p>Capital spending for the General Fund is extremely limited by resource constraints – each project is robustly challenged through a business case, return on investment assessment.</p> <p>With regard to the Housing Revenue Account, a 5 year MTFS was approved by Council, including significant investment in Regeneration projects to meet future housing needs and sustain the HRA in the longer term. Following HRA self financing, the majority of the capital funding is made through revenue contributions. A recent update to the 30 year HRA Business plan has recently been finalised and shows that the HRA is financially sound for the future.</p> <p>In addition a model has been developed to monitor delivery of the savings included within the MTFS (for the General Fund &amp; HRA) – and to identify the savings target for the next 3/5 Medium Term Planning Period. The development of which also meets the action arising from the Peer Challenge process recommendations / improvement plan.</p> <p>This includes updated forecasts for new homes bonus / council tax income arising from expected housing developments together with revised business rates income forecasts following completion of NNDR1. These will be monitored / updated regularly on a monthly / quarterly basis. Regular monitoring meetings with planning, economic development and strategic housing as well as the Valuation Office have been put in place – as a proactive measure to facilitate maximisation of income. The model also includes stress testing of the forecast to give a range over best, central and worse case scenarios and will be used in the strategic monitoring of the progress made in delivering the workstream savings against the MTFS targets – and the longer term savings which will be required to ensure the ongoing sustainability of the Council.</p>
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No	Issue	Action	Update
2	<p><b>Town Centre Redevelopment</b></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>	<p>The Authority has worked in partnership with the public and private sector to support economic growth and regeneration in the town centre. Regeneration proposals are considered against their direct and indirect financial impact on the authority and economy.</p>
3	<p><b>Housing Regeneration</b></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. The Authority will invest around £21.5 million over the next six years in the redevelopment of the two estates.</p>	<p>The regeneration of Tinkers Green and Kerria areas are progressing well with Development Consultants appointed and currently developing master planning proposals. These will be submitted for approval by the Council's Planning Committee later this year. It is anticipated that the project will move to detailed design stages during 2015 and a developer procured during this period.</p>

4	<b>Golf Course</b>  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.	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.	The Authority has completed its future options appraisal for the Golf Course and Cabinet has chosen to close the course in March 2015. A project to prepare the site for sale and redevelopment part of it for housing is being progressed. In the meantime the Authority continues to run the Golf Course in house until March 2015.
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## Significant Governance Issues 2013/14

The significant governance issues identified in relation to the Authority achieving its vision in 2013/14 are:

No	Issue	Action
1	<p><b>Medium Term Financial Strategy (MTFS)</b></p> <p>Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority.</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><b>Town Centre Redevelopment</b></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 in accordance with the MTFS.</p>
3	<p><b>Housing Regeneration</b></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>The regeneration of Tinkers Green and Kerria areas are progressing well with Development Consultants appointed and currently developing master planning proposals. These will be submitted for approval by the Council's Planning Committee later this year. It is anticipated that the project will move to detailed design stages during 2015 and a developer procured during this period.</p>

4	<p><b><u>Peer Challenge High Level Action Plan</u></b></p> <p>The peer Challenge confirmed the need for a more proactive approach to member training with clear rules on compliance and sanctions and with particular regard to the Scrutiny function.</p>	<p>Completion of a more proactive approach to member training in accordance with the details in the Peer Challenge High Level Action Plan</p>
5	<p><b><u>Golf Course redevelopment</u></b></p> <p>Following Cabinet approval a project has been established to investigate and implement the redevelopment of the site for housing including the provision of significant open space. A project team has been established and external support procured to instigate the site constraints and prepare for an outline planning application prior to a sale of the site. Note some land will be withheld by the Council for public open space.</p>	<p>Deliver the high level project plan as approved by Cabinet.</p>

## TAMWORTH BOROUGH COUNCIL

### CODE OF CORPORATE GOVERNANCE 2014/15

#### Introduction

Good Governance is about how the Authority 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 account to, engage with and, where appropriate, lead their communities.

#### Our Commitment

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

Good governance flows from shared values, culture and behaviour and from sound systems and structures. This Code of Corporate Governance is a public statement which sets out the framework through which the Council meets its commitment to good corporate governance and is based on the following principles 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	What Assurance Do We Want	What Assurance Do We Get
<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 "<a href="#">One Tamworth, Perfectly Placed</a>" 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 <a href="#">consultation</a> with local people on a wide range of issues. The consultations undertaken during 2013/14 included budget consultation .</p> <p>"<a href="#">Tamworth Listens</a>" is another consultation exercise of which the results feed into the "<a href="#">State of Tamworth Debate</a>". Plans are in place to further develop the consultation process for the 2014/15 budget process to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the "Vision" considering areas of spending or where savings could be potentially be made. As part of this consultation exercise, a question time event was held for residents to attend and ask questions.</p> <p>Other surveys completed include the Waste Collection &amp; Recycling Service Satisfaction Survey, Joint Waste Strategy Consultation and Tenant Involvement &amp; Consultation Strategy. Consultation also took place with key stakeholders on the future options appraisal for the golf course Survey and consultation</p>



Supporting Principles	What Assurance Do We Want	What Assurance Do We Get
		<p>results are made available on the website. Communication and feedback is also completed through several publications which include "<a href="#">Talkback</a>" which was produced during the year and distributed to all households in the borough, "<a href="#">Open House</a>" which is produced quarterly and distributed to all council tenants, and "<a href="#">Tamworth &amp; Lichfield Business E-Brief</a>" which is produced quarterly and made available on the website.</p> <p>For 2014/15, the hard copy of Talkback is being replaced by an "e" newsletter.</p> <p>A Tenants Conference also took place in March 2014. As part of the Tenant participation, there are formal groups for Tenant Consultation and Tenant Involvement and several informal groups in place.</p> <p>The Vision is used as a basis for the <a href="#">Corporate Plan</a> 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 in order to be better informed regarding their needs and aspirations.</p> <p>The <a href="#">Tamworth Strategic Partnership</a> (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</p>

Supporting Principles	What Assurance Do We Want	What Assurance Do We Get
		<p>commissioning framework. Agenda and minutes are made available on the Authority's website.</p> <p>The Authority produces an <a href="#">Annual Review and Corporate Plan</a>. Performance against the Corporate Plan is reported on a quarterly basis. During 2013/14, this included reporting upon the impact of Welfare Benefit Reform. Going forward, we will reporting on Sustainability Strategy and the LGA Peer Challenge High Level Action Plan. The <a href="#">Statement of Accounts</a> and the <a href="#">Annual Audit Letter</a> are made available on the website.</p> <p>The <a href="#">Medium Term Financial Strategy</a> outlines how finances will be used over the coming three years. It has been recognised that there is a need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited following significant constraints in public spending (post grant reductions and the Comprehensive Spending Review) and the uncertainty arising from the Business rate retention, changes in Support for Council Tax and technical reforms to Council Tax and other changes arising from the Government's Welfare Reform agenda. In August 2013, Cabinet endorsed "Planning for a Sustainable Future" as the overarching strategy for meeting the challenges forecast for the Council's <a href="#">Medium Term Financial Strategy</a> and a series of workstreams designed to deliver savings &amp; efficiencies to mitigate grant &amp; income reductions in the coming years. This includes exploring new and innovative ideas and to be more commercial in our</p>

Supporting Principles	What Assurance Do We Want	What Assurance Do We Get
		<p>approach to business.</p> <p>By following a robust recovery process, the Council has recovered 94% of the money invested in the Icelandic Banks.</p> <p>A <a href="#">quarterly performance report</a> is presented to Cabinet which provides information on:</p> <ul style="list-style-type: none"> <li>• Corporate Plan scorecard of performance indicators</li> <li>• High level corporate plan actions</li> <li>• Performance Management Framework</li> <li>• Corporate risks</li> <li>• Financial matters.</li> </ul>
<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</p>	<p><a href="#">Corporate plan actions and performance indicators</a> 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 <a href="#">Tell Us Scheme</a> which provides an</p>

Supporting Principles	What Assurance Do We Want	What Assurance Do We Get
	deal with failure in service delivery.	avenue for services users to provide feedback on the 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. The Tell Us Scheme is being reviewed and revised during 2014/15.
1.3 Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money.	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.  Measure the environmental impact of policies, plans and decisions.	The Authority has approved a Procurement Strategy for 2013/14 to 2015/16 which is supported by an improvement and action plan. Various departments within the Authority complete benchmarking exercises.  The Authority has been undertaking a change management programme over the last two years. The corporate approach to project management has been strengthened by the strategic overview provided by a Corporate Change Board – set up in 2012/13. Given the nature and overarching significance of the “Planning for a Sustainable Future” initiative, the Corporate Change Board provide the project management and governance arrangements to ensure the effective and timely delivery of the wide ranging actions and associated outcomes and that all

Supporting Principles	What Assurance Do We Want	What Assurance Do We Get
		<p>necessary authorities and approvals are in place.</p> <ul style="list-style-type: none"> <li>• The replacement Customer Relationship Management system (CRM) is now live 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. A further development plan is now in situ and monitored by the Corporate Change Board.</li> <li>• The Electronic Document &amp; Records Management System (EDRMS) is well underway to becoming a corporate tool rather than being aimed at specific pockets of the organisation. An implementation plan is now in place for the roll out of the EDRMS corporately.</li> <li>• Progress has been made on specifying telephony, technology and website requirements to enable a more flexible workforce and a more robust infrastructure. A new telephony system was purchased during 2013/14 to support Agile Working.</li> <li>• Service reviews continue within the organisation and processes have been developed in Creditors, Anti Social Behaviour, Environmental Services and Support Services.</li> </ul>

Supporting Principles	What Assurance Do We Want	What Assurance Do We Get
		<p>These end to end processes are more streamlined and again, offer an improvement to the overall customer experience.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• All of the work so far has made significant progress to enable a corporate approach to agile working. A significant part of the organisation are now working in an Agile environment. A post implementation review is due to commence in 2014/15 prior to phase 2 of the project being implemented.</li> </ul> <p>All implications relating to the decisions to be made are identified in the 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

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
<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 <a href="#">Constitution</a> 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 Officer and Monitoring Officer. All Statutory officers are members of the Corporate Management Team.</p> <p>The <a href="#">Forward Plan</a> is produced monthly and contains details of all reports going to Cabinet that are key decisions of the Authority.</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>The <a href="#">Scheme of Delegation</a> 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. The last review was approved by the Audit &amp; Governance Committee on the 30<sup>th</sup> January 2014.</p> <p>The functions of the Chief Executive are detailed within the Constitution. The Chief Executive has a Performance Development Review with Cabinet.</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
	<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>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</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 with 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. Internal Audit comply with the Public Sector Internal Audit Standards (PSIAS) and complete an annual Quality Assurance and Improvement Programme (QAIP)</p> <p>The Solicitor to the Council fulfils the role of the Monitoring</p>



Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
	ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	Officer. The functions of the Monitoring Officer are detailed in the Constitution and include the responsibility 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</p>	<p>The Protocol on Members/Officers Relations is detailed within the <a href="#">Constitution</a> which is reviewed and approved annually. Members are required to abide by the Code of Conduct which is laid down in the Constitution and to abide by the Principles of Public Life.</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 2013.</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 "<a href="#">One Tamworth, Perfectly Placed</a>" 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</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
	<p>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 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>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 <a href="#">consultation</a> with local people on a wide range of issues. The consultation undertaken during 2013/14 included budget consultation, Waste Collection &amp; Recycling Service Satisfaction Survey, Joint Waste Strategy Consultation and Tenant Involvement &amp; Consultation Strategy. Consultation also took place with key stakeholders on the future options appraisal for the golf course.</p> <p><a href="#">“Tamworth Listens”</a> is another consultation exercise of which the results feed into the <a href="#">“State of Tamworth Debate”</a>.</p> <p>Communication and feedback is also completed through several publications which include <a href="#">“Talkback”</a> which was produced during the year and was distributed to all households in the Borough, <a href="#">“Open House”</a> which is produced quarterly and distributed to all council tenants and <a href="#">“Tamworth &amp; Lichfield Business E-Brief”</a> which is produced quarterly and made available on the website.</p> <p>The <a href="#">Vision</a> is used as a basis for the <a href="#">Corporate Plan</a> 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 <a href="#">Tamworth Strategic Partnership</a>(TSP) is an umbrella</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<p>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 Greater <a href="#">Birmingham and Solihull Local Enterprise Partnership</a> has governance arrangements in place in relation to the management of the Single Local Growth Fund.</p> <p>The Authority has in place a Partnership Guidance Policy and Toolkit which is designed to help the Council work with its partners to ensure that all partnerships have good systems of governance. This toolkit ensures that:</p> <ul style="list-style-type: none"> <li>• The Council is clear about its purpose and can clearly define its expected outcomes for the people of Tamworth when entering into partnerships;</li> <li>• The Council's own agreed priorities and objectives are being met;</li> <li>• There is clarity about accountability and responsibility for outcomes;</li> <li>• Partnership activity and outcomes are monitored, reviewed and evaluated;</li> <li>• Risks for the Council and for the Partnership are assessed and agreed;</li> <li>• Each Partnership has a clear focus during its lifetime and has in place an effective exit strategy;</li> </ul>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<ul style="list-style-type: none"> <li>• Partnerships are empowered and their legal status understood;</li> <li>• Reviews are undertaken to evaluate success and promote progression and improved effectiveness.</li> </ul> <p>A Memorandum of Understanding relating to potential shared services with Lichfield District Council has been endorsed to replace the existing, informal arrangement and shows commitment onto a more secure footing and thus provides each Authority with the initial option of pursuing a shared service arrangement with the other. This is neither a contractual agreement nor a legally binding arrangement but is viewed as a clear demonstration of trust and confidence and a commitment to build upon existing successes.</p> <p>In producing the Draft Local Plan, we have worked in partnership with neighbouring authorities to discharge the duty to co-operate resulting in cross boundary issues to be addressed.</p>

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

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
<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 detailed in the revised <a href="#">Constitution</a> which was approved by Council on the 10<sup>th</sup> September 2013. . The Constitution details Rules of Procedures for Committee meetings. Codes and protocols also include Gifts &amp; 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 &amp; Governance Committee.</p> <p>There is a complaints procedure in place (the “<a href="#">Tell Us</a>” Scheme) for comments, complaints and complements on service delivery.</p> <p>Personal Development Reviews are completed annually for staff.</p> <p>The <a href="#">Counter Fraud &amp; Corruption Policy Statement, Strategy &amp; Guidance Notes and the Whistleblowing Policy</a> are reviewed and updated on a regular basis. The last review was completed during 2013/14 and both were approved by the Audit &amp;</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<p>Governance Committee on the 31<sup>st</sup> October 2013 and by Full Council on the 17<sup>th</sup> December 2013. 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 2014/15. The Counter Fraud and Corruption Policy Statement &amp; Strategy will be reissued to staff via the NetConsent Policy Management system as the E Learning is rolled out.. 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 2013/14 the following training was provided to members: Constitution Workshop, Charing Scrutiny workshop for the Chairs of Scrutiny, Governance Seminar, Protocols &amp; Practice for Council Meetings, and Finance &amp; Treasury management Seminars. Workshops, seminars and briefings in other areas were also completed.</p> <p>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.</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<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 &amp; Hospitality.</p> <p>All children and vulnerable adults have the right to live their lives to the fullest potential, to be protected, to have the opportunity to participate in and enjoy any activity, and to be treated with dignity and respect.</p> <p>The Authority has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services. We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:</p> <ul style="list-style-type: none"> <li>Having a Child &amp; Adult Protection Policy and procedures in place;</li> <li>Having child &amp; adult protection processes which give clear, step-by-step guidance if abuse is identified;</li> <li>Safeguarding training programme in place for staff and members;</li> <li>Carrying out the appropriate level of DBS checks on staff and volunteers;</li> <li>Working closely with Staffordshire Safeguarding Children Board</li> </ul>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<p>&amp; Staffordshire &amp; Stoke-on-Trent Adult Safeguarding Partnership.</p> <p>During 2013/14, we reviewed and updated our Harassment, Assault &amp; Threats Procedure.</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</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 was approved by the Appointments &amp; Staffing Committee in May 2013 and issued to each member of staff through the NetConsent system for their acceptance.</p> <p>The Seven Principles of Public Life are detailed within the <a href="#">Counter Fraud &amp; Corruption Policy Statement, Strategy &amp; Guidance Notes</a> 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 &amp; Governance Committee.</p> <p>The <a href="#">Whistleblowing Policy</a> is available on the Intranet and Website.</p>



Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
	<p>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>The Chair of the Audit &amp; Governance Committee reports to Full Council on an annual basis.</p> <p>The <a href="#">Annual Review &amp; Corporate Plan</a> details the Vision and Corporate Priorities. It details achievements and plans for the current financial year and looks back at the achievements of the previous year's plan. Performance against the Corporate Plan is reported on a quarterly basis. During 2013/14, this included reporting upon the impact of Welfare Benefit Reform. Going forward, we will be reporting on Sustainability Strategy and the LGA Peer Challenge High Level Action Plan.</p> <p>Partnership Governance guidance is in place.</p>

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

Supporting Principle	What Assurance Do We Want:	What Assurance Do We Get
<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</p>	<p>The Council has in place two <a href="#">Scrutiny Committees</a> – 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. Each Chair of the Scrutiny Committees reports annually to Full Council.</p> <p>An effective Internal Audit function is resourced and maintained with performance reported to the <a href="#">Audit &amp; Governance Committee</a>. Internal Audit work in accordance to the Public Sector Internal Audit Standards (PSIAS) and complete an annual Quality Assurance &amp; Improvement Programme (QAIP).</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> <p>There is an Audit &amp; Governance Committee in place for which</p>

Supporting Principle	What Assurance Do We Want:	What Assurance Do We Get
	<p>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 terms of reference and membership are detailed in the Constitution. Training is provided to the members of the Committee. During 2013/14, the external auditors, Grant Thornton provided training on the Role of the Audit Committee.</p> <p>The Council's complaints system is the "<a href="#">Tell Us</a>" scheme. Complaints are investigated internally. If the complainant is still not satisfied they can go to the Ombudsman. Details of this complaints procedure are contained on the website.</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>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</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 <a href="#">Forward Plan</a> is published monthly and details the key decisions to be made over the next 4 months.</p>

Supporting Principle	What Assurance Do We Want:	What Assurance Do We Get
	and used appropriately.	<p>The Authority complies with the <i>CIPFA Statement on the Role of the Chief Financial Officer in Local Government</i> and this is reported in the Annual Governance Statement.</p> <p>Professional guidance is sourced through appropriate channels to support gaps in skills/resources.</p>
4.3 Ensuring that an effective risk management system is in place.	<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 &amp; Strategy. Regular reviews and updates are completed, with the last review approved by the <a href="#">Audit &amp; Governance Committee</a> in October 2012. Quarterly risk management reports are presented to the Audit &amp; Governance Committee. 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>The Authority retained The Code of Connection Certificate after completing an annual assessment against the Code which included assessments against governance, service management and information assurance conditions.</p>

Supporting Principle	What Assurance Do We Want:	What Assurance Do We Get
		<p>Compliance with the Code of Connection ensures access to the Public Services Network.</p> <p>Contract standing orders, financial regulations and financial guidance are in place and reviewed and updated on a regular basis. Counter fraud arrangements are in place and reviewed and updated on a regular basis. <a href="#">Counter fraud documents (including the Whistleblowing Policy)</a> are made available to members of the public through the Authority's website.</p>
<p>4.4 Using their legal powers to the full benefit of the citizens and communities in their area</p>	<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</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 are included within the Constitution.</p>

<b>Supporting Principle</b>	<b>What Assurance Do We Want:</b>	<b>What Assurance Do We Get</b>
	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.	

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

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
<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, 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>Job descriptions for members are included in the recently revised Constitution. They detail the purpose, duties &amp; responsibilities and skills required for all Councillors, Leader &amp; Deputy Leader, Members of the executive, Chairs of Committees and the Leader and Deputy Leader of the Opposition.</p>
<p>5.2 Developing the capability of people with governance responsibilities and</p>	<p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to</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>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
evaluating their performance, as individuals and as a group	<p>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>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>	Regular training is provided for the Regulatory Committees.
5.3 Encouraging new talent for membership of the Authority so that best use can be made of individual skills and resources in balancing	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>The shared vision “<a href="#">One Tamworth, Perfectly Placed</a>” 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</p>



Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
continuity and renewal	Ensure that career structures are in place for members and officers to encourage participation and development.	<p>wide range of issues. The consultation undertaken during 2013/14 included budget consultation.</p> <p><a href="#">"Tamworth Listens"</a> is another consultation exercise of which the results feed into the "State of Tamworth Debate". As part of this consultation exercise, a question time event was held for residents to attend and ask questions.</p> <p>Other surveys completed include, Waste Collection &amp; Recycling Service Satisfaction Survey, Joint Waste Strategy Consultation and Tenant Involvement &amp; Consultation Strategy. Consultation also took place with key stakeholders on the future options appraisal for the golf course.</p> <p><a href="#">"Talkback"</a> which was produced during the year and distributed to all households in the Borough, <a href="#">"Open House"</a> which is produced quarterly and distributed to all council tenants and <a href="#">"Tamworth &amp; Lichfield Business E-Brief"</a> 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 <a href="#">Tamworth Strategic Partnership</a> (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. Agendas and</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<p>minutes are made available on the 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

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
<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 <a href="#">Tamworth Strategic Partnership</a> 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 encourage to become members of various consultation groups. Consultation feedback is made available on the website.</p> <p>The Authority has <a href="#">two Scrutiny Committees</a> – 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 for profit institutions, who provide or facilitate the provision of public services within the Borough</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		An annual report on the work completed by the Scrutiny Committees is reported to Full Council.
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>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</p>	<p>The shared vision "<a href="#">One Tamworth, Perfectly Placed</a>" 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 2013/14 included budget consultation.</p> <p>"<a href="#">Tamworth Listens</a>" is another consultation exercise of which the results feed into the "State of Tamworth Debate". Communication and feedback is also completed through several publications which include "<a href="#">Talkback</a>" which was produced during the year and distributed to all households in the Borough, "<a href="#">Open House</a>" which is produced quarterly and distributed to all council tenants and "Tamworth &amp; 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</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
	<p>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 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>about their needs and aspirations.</p> <p>Social media channels are being used to encourage more participation.</p> <p>A record of public <a href="#">consultations</a> and their outcomes are recorded on the Authority's website.</p> <p>The <a href="#">Tamworth Strategic Partnership</a> (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. Agendas and minutes are made available on the Authority's website.</p> <p><a href="#">The Annual Review &amp; Corporate Plan</a> is produced and made available on the website. This gives details on the Authority's Vision, Strategy and Plans and the financial statements. It gives details of outcomes and achievements. It 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. Performance against the Corporate Plan is reported on a quarterly basis. During 2013/14, this included reporting upon the impact of Welfare Benefit Reform. Going forward, we will be reporting on Sustainability Strategy and the LGA Peer Challenge High Level Action Plan.</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		<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 <a href="#">Freedom of Information Act publication scheme</a> is made available on the Authority's website, along with the <a href="#">council tax leaflet</a>.</p> <p>A <a href="#">Disclosure Log</a> is in place on the website. This details frequently asked Freedom of Information Requests.</p>
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.	<p>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 operational and strategic issues and both sides are encouraged to raise issues they feel necessary. The Chief Executive, 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.</p> <p>An Organisational Development Strategy has been implemented</p>

Supporting Principle	What Assurance Do We Want	What Assurance Do We Get
		with a supporting action plan.

## 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 13/14 assurance process

**Report Type:** Actions Report

**Report Author:** Angela Struthers

**Generated on:** 11 June 2014

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1314 1	Peer Challenge Action Plan	2		<input type="text" value="0%"/>	31-Mar-2015		Corporate Management Team
<b>Description</b>	A high level action plan following the Peer Challenge has been endorsed by Cabinet for completion. The additional actions not classed as significant governance issues do not warrant being identified as significant governance issues. As the issues raised are being monitored and reported on through the Performance Management process, they will not be replicated here.						
<b>Desired Outcome</b>	CMT to monitor the progress against the plan as part of the Performance Management process.						
<b>All Notes</b>							

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1314 2	Information Classification	2		<input type="text" value="0%"/>	31-Mar-2015		Nicki Burton
<b>Description</b>	Information is not classified in accordance with the Government Protective Scheme that came into force in April 2014. Protectively marking emails will be a requirement for the next PSN submission.						
<b>Desired Outcome</b>	Management ensure that information is classified in accordance with the Government Protective Marking Scheme						
<b>All Notes</b>							

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1314 3	Satisfaction Survey	3		<input type="text" value="25%"/>	31-Mar-2015		Jane Hackett
<b>Description</b>	Satisfaction surveys are not issued to service users of Member Services and legal Services						
<b>Desired Outcome</b>	A satisfaction survey to be completed for users of Member and legal Services						
<b>All Notes</b>	Angela Struthers 11-Jun-2014 Action bought forward from 2012/13 - until March 2014 Legal Services was operating with only one solicitor who had numerous corporate duties to perform in addition to legal role. As the vacant post has now been filled the survey can begin and will commence shortly						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
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AGS1314 4	Community Engagement	<b>Priority</b>	2		<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #add8e6; display: flex; align-items: center; justify-content: center;">60%</div>	31-Mar-2015		John Day
<b>Description</b>	Improve insight about customer/residents needs by developing solutions with partners/neighbouring authorities.							
<b>Desired Outcome</b>	Council Insight Strategy to be developed.							
<b>All Notes</b>	Angela Struthers 11-Jun-2014 Action bought forward from 2012/13. Latest comment - discussions with Staffs Connects on 5 June 2014 have resulted in them carrying out a review of the provision of customer insight data.							

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1314 5	Succession Planning	<b>Priority</b>	2		<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #add8e6; display: flex; align-items: center; justify-content: center;">70%</div>	31-Mar-2015	Anica Goodwin; Christie Tims
<b>Description</b>	Career structures are not in place for officers and members to encourage participation and development.						
<b>Desired Outcome</b>	Succession planning to be discussed with the Head of Organisational Development.						
<b>All Notes</b>	Angela Struthers 11-Jun-2014 Action bought forward from 2012/13 - latest update - a learning and development module to be built on ITrent. Trial with ICT to be launched which identifies business critical posts. Will be managed via Covalent risk log - Head of Organisational Development to action						

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1314 6	Customer Satisfaction	<b>Priority</b>	3		<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #add8e6; display: flex; align-items: center; justify-content: center;">50%</div>	31-Mar-2015	Jane Eason
<b>Description</b>	Satisfaction surveys are not issued to service users of Public Relations						
<b>Desired Outcome</b>	Customer satisfaction monitoring mechanism with PR service to be implemented.						
<b>All Notes</b>	Angela Struthers 11-Jun-2014 Bought forward from 2012/13 - latest update - the satisfaction survey has been drafted and will be issued shortly.						


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





# Action Plan Arising from the AGS 12/13 Assurance Process


**Report Type:** Actions Report  
**Report Author:** Angela Struthers  
**Generated on:** 11 June 2014

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
<b>Description</b>	Satisfaction surveys are not issued to service users of Member Services and Legal Services						
<b>Desired Outcome</b>	A satisfaction survey to be completed for users of Member and Legal Services						
<b>All Notes</b>	<p>Jane Hackett 07-Apr-2014 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</p> <p>Until March 2014 Legal services operating with only one solicitor who had numerous corporate duties to perform in addition to legal role</p> <p>As vacant post now filled the survey can begin and will commence shortly</p>						
AGS1213 2	Community Engagement	2		<div style="width: 60%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 60%	31-Mar-2014		John Day
<b>Description</b>	Improve insight about customer/residents needs by developing solutions with partners/neighbouring authorities						
<b>Desired Outcome</b>	Council Insight strategy to be developed.						
<b>All Notes</b>	<p>Anica Goodwin 09-Jun-2014 discussions with Staffs Connects on 5 June 14 have resulted in them carrying out a review of the provision of customer insight data.</p> <p>John Day 08-Apr-2014 The Customer Insight Strategy is under development and will link into the Customer Services Strategy. 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.</p> <p>John Day 01-Oct-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 inform projects.</p> <p>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</p>						
Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To

AGS1213 3	Succession Planning	<b>Priority</b> 2		<div style="border: 1px solid black; width: 60px; height: 15px; background-color: #add8e6; text-align: center;">70%</div>	31-Mar-2014		Anica Goodwin
<b>Description</b>	Career structures are not in place for officers and members to encourage participation and development						
<b>Desired Outcome</b>	Succession planning to be discussed with the Head of Organisational Development						
<b>All Notes</b>	Anica Goodwin 10-Jun-2014 learning and development module to be built on iTrent. Trial with ICT to be launched which identifies business critical posts. will be managed via covalent risk log. CT to action						
	Anica Goodwin 01-Oct-2013 CT has seen almost all heads of service and directors. report to be finalised by end of October 2013						
	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		<div style="border: 1px solid black; width: 60px; height: 15px; background-color: #add8e6; text-align: center;">50%</div>	31-Dec-2013		Jane Eason
<b>Description</b>	Satisfaction surveys are not issued to service users of Public Relations						
<b>Desired Outcome</b>	Customer satisfaction monitoring mechanism with PR service to be implemented.						
<b>All Notes</b>	Angela Struthers 10-Jun-2014 The satisfaction survey has been drafted and will issued shortly						
	Anica Goodwin 01-Oct-2013 new web site in test. launch Nov 13						
	Angela Struthers 18-Jun-2013 Bought forward from 11/12. 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		<div style="border: 1px solid black; width: 60px; height: 15px; background-color: #add8e6; text-align: center;">85%</div>	31-Mar-2014		Anica Goodwin
<b>Description</b>	The timescale for the implementation of audit recommendations has slipped due to other work demands.						
<b>Desired Outcome</b>	Management ensure that audit recommendations are implemented in a timely manner						
<b>All Notes</b>	Anica Goodwin 09-Jun-2014 dates have slipped again for some audits but those deemed to be high risk are being or have been actioned. new timescales have been established where applicable						
	Anica Goodwin 01-Oct-2013 Covalent updated and audit recs to be discussed at all 121s						



Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1213 6	Business Continuity	2		<div style="border: 1px solid black; width: 60px; height: 15px; background-color: #add8e6; text-align: center;">100%</div>	31-Mar-2014	10-Jun-2014	Anica Goodwin
<b>Description</b>	Business Continuity Plans are not tested on a regular basis						
<b>Desired Outcome</b>	All Business Continuity Plans to be tested on an annual basis						

<b>All Notes</b>	Anica Goodwin 10-Jun-2014 All business continuity plans are now updated and have been tested in line with policy. confirmation from all HoS received
	Anica Goodwin 01-Oct-2013 Latest test of IT retrieval 2009. Backup on USB and S drive. IT currently in process of updating IT back up plan which has direct impact on payroll
	Anica Goodwin 01-Oct-2013 Performance BCP recently tested. SCC customer insight team being used to provide continuity for consultation. LDC provide covalent support.
	Anica Goodwin 01-Oct-2013 HR business continuity plan reliant on BYoD. Updated and tested in May 13. Info stored at CCTV and on memory stick.
	Anica Goodwin 01-Oct-2013 PR comms business plan reviewed to be tested following launch of new web site

Action Code	Action Title	Priorit y	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1213 7	Audit Recommendations	2		<div style="width: 91%; background-color: #4f81bd; color: white; text-align: center;">91%</div>	30-Sep-2013		Nicki Burton
<b>Description</b>	There are a number of audit recommendations outstanding which are dependent on key policies and procedures being compiled/reviewed.						
<b>Desired Outcome</b>	Audit recommendations prioritised and assigned to managers for completion.						
<b>All Notes</b>	Angela Struthers 10-Jun-2014 The records management Suite of Documents will be presented to Cabinet by the end of June 2014.						
	Angela Struthers 22-Oct-2013 The Records Management Suite of Documentation is currently in draft having been through ICT Management Team. This will be distributed to the Security Management Group for discussion / endorsement at their next meeting scheduled for January. The data Quality Policy has now been reviewed The Business Continuity Suite of Documentation is in draft and will be discussed at the Civil Contingencies meeting scheduled w/c 28th Oct						

Action Code	Action Title	Priorit y	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
AGS1213 8	Documented Procedures	2		<div style="width: 90%; background-color: #4f81bd; color: white; text-align: center;">90%</div>	31-Mar-2014		Paul Weston
<b>Description</b>	Documented procedures are out of date due to the use of the orchard system for recording data						
<b>Desired Outcome</b>	Documented procedures are updated to reflect new working practices.						
<b>All Notes</b>	Angela Struthers 10-Jun-2014 Flowcharts have been produced and Orchard procedures are in place.						

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress

	Not Started; In Progress; Assigned
	Completed

## AUDIT & GOVERNANCE COMMITTEE

26<sup>TH</sup> June 2014

### Report of the Head of Internal Audit Services

#### **PUBLIC SECTOR INTERNAL AUDIT STANDARDS & QUALITY ASSURANCE & IMPROVEMENT PROGRAMME**

##### **EXEMPT INFORMATION**

None

##### **PURPOSE**

To report on the Internal Assessment against the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance & Improvement Programme.

To establish the frequency of the external assessment of compliance to the Public Sector Internal Audit Standards.

##### **RECOMMENDATIONS**

That the Committee endorses

1. the record of compliance against the Public Sector Internal Audit Standards and Quality Assurance & Improvement Programme.
2. the completion of an external assessment against the Public Sector Internal Audit Standards every five years to comply with the Standards.

##### **EXECUTIVE SUMMARY**

The Public Sector Internal Audit Standards (PSIAS) came into force on the 1<sup>st</sup> April 2013. The PSAIS replace the CIPFA Code of Practice for Internal Audit which had been in place since 2006. Both the standards/codes require that Internal Audit comply with professional best practice and assess themselves against the requirements.

As part of the requirement, the Head of Internal Audit Services is required to develop a Quality Assurance & Improvement Programme (QAIP) that includes both internal and external assessments. The requirement is that the external assessment should be completed at least every five years. In deciding the frequency of the external assessment, it is a requirement that the Head of Internal Audit Services consults with the Audit & Governance Committee. The qualifications and independence of the external reviewer or review team must be decided upon as well. An external assessment every five years would be deemed appropriate. This will give time for the most advantageous external assessment – in terms of value for money – to be investigated.

Under the QAIP, quality should be assessed at both an individual audit engagement level as well as at the broader internal audit activity level. A well developed QAIP will ensure that quality is built in to, rather than on to, the way the Internal Audit activity operates. In essence, Internal Audit should not need to assess whether each individual engagement conforms to the Standards, but that engagements should be undertaken in accordance with an established methodology that promotes quality and, by default, conforms with the Standards.

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

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

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

1. Internal Audit Engagement Level – self assessment at the audit engagement or operational level.

2. Internal Audit Activity Level – self assessment at the Internal Audit activity or organisational level.

- 3 External Perspective – independent external assessment of the entire Internal Audit activity including individual engagements.

Attached as **Appendix 1** is the Quality Assurance & Improvement Programme for the Authority's Internal Audit Service. This gives an overview of the QAIP in place. Attached at **Appendix 2** are the actions arising from the initial assessment as at the 1st April 2013 and actions to date. **Appendix 3** provides the comprehensive assessment against the PSIAS.



## **RESOURCE IMPLICATIONS**

None

## **LEGAL/RISK IMPLICATIONS**

There is a risk that non compliance with the PSIAS will lead to non compliance with the statutory requirements of the Accounts and Audit Regulations 2011

## **SUSTAINABILITY IMPLICATIONS**

None

## **BACKGROUND INFORMATION**

None

## **REPORT AUTHOR**

Angela Struthers, Head of Internal Audit Services

## **LIST OF BACKGROUND PAPERS**

Link to Internal Audit Charter

<http://80.1.64.70:9070/documents/s8373/Enc.%201%20for%20Internal%20Audit%20Charter%20and%20Plan%202014-2015.pdf>

Link to Audit Manual

<S:\Councillors\Audit and Governance committee\Audit manual>

## **APPENDICES**

Appendix 1 Quality Assurance & Improvement Programme (QAIP)

Appendix 2 Quality Assurance & Improvement Programme Action Plan

Appendix 3 Public Sector Internal Audit Standards Assessment

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## Tamworth Borough Council Internal Audit Services Quality Assurance & Improvement Programme

### 1 Background

Quality in Internal Audit begins with the structure and organisation of the audit activity. Quality is built in to, and not on to, the way Internal Audit Services conducts its business.

Public Sector Internal Audit Standards (PSIAS) 1300 through to 1312 specifically require that the Head of Internal Audit Services develops a Quality Assurance & Improvement Programme (QAIP) incorporating both internal (self) assessments and external assessments. However, beyond these specific standards, Internal Audit as a profession, should maintain a formal, structured approach to quality to include undertaking continuous professional development, and conforming to a set of recognised standards.

Under the International Professional Practices Framework (IPPF), the Head of Internal Audit Services may state that the internal audit activity conforms with the PSIAS only if the results of the QAIP support the statement. When there is non conformance with the Standards which impacts the overall scope or operation of the internal audit activity, the Head of Internal Audit Services must disclose the non conformance and the impact to senior management and the board.



The Institute of Internal Auditors (IIA) states under its guidance that conformance with standards is a technical term borrowed from the quality management discipline. It is not about complying with the letter of the standard. Someone who is in conformance with the standard is expected to achieve the spirit of the standard.

Ultimately the QAIP should measure whether internal audit is meeting its own objectives, as well as those of the organisation.

## **2 Overview of a Quality Assurance and Improvement Programme (QAIP)**

The QAIP should conclude on the quality of the internal audit activity and lead to recommendations for appropriate improvement to enable the evaluation of:

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

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

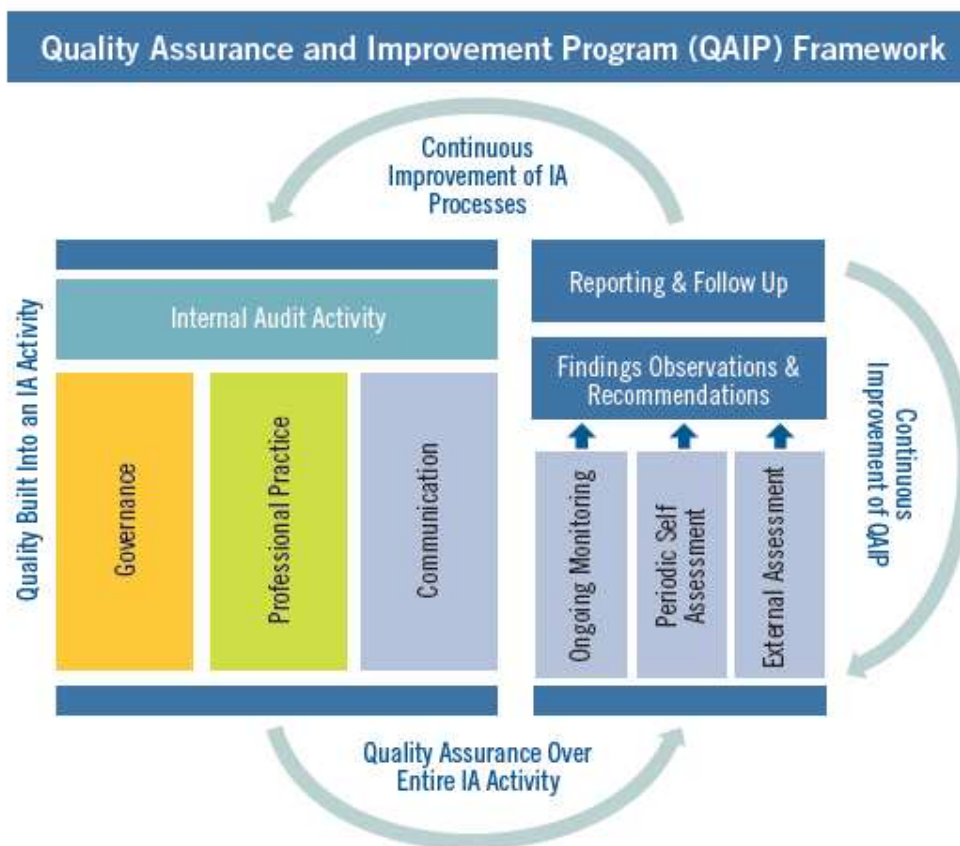
- **Internal Audit Engagement Level**
  - Appropriate processes have been used to translate audit plans into specific, appropriately resourced audit engagements;
  - Planning, fieldwork conduct, and reporting/communicating results conform to the Definition of Internal Auditing, the Code of Ethics, and the Standards;
  - Appropriate mechanisms are established and used to follow up management actions in response to audit recommendations; Post engagement client surveys, lessons learned, self-assessments, and other mechanisms to support continuous improvement are completed.
- **Internal Audit Activity Level**
  - Written policies and procedures, covering both technical and administrative matters, are formally documented to guide audit staff in consistent conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards;
  - Audit work conforms to written policies and procedures;
  - Audit work achieves the general purposes and responsibilities

described in the internal audit charter;

- Audit work conforms to the definition of Internal Auditing, the Code of Ethics and the Standards;
- Internal audit work meets stakeholders expectations;
- The internal audit activity adds value and improves the organisation's operations;
- Resources for the internal audit activity are efficiently and effectively utilized.

- **External Perspective**

- The internal audit activity undergoes an external assessment at least once every five years by an independent assessor or assessment team from outside the organisation that is qualified in the practice of internal auditing as well as the quality assessment process.
- External assessors express an opinion on the entire spectrum of assurance and consulting work performed by the internal audit activity, including its conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. Assessors also conclude on the efficiency and effectiveness of the internal audit activity in carrying out its charter and meeting the expectations of stakeholders.



Common elements of the QAIP are that they:

- Cover all aspects of the internal audit activity;
- Enable an evaluation of conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards;
- Assess the efficiency and effectiveness of the internal audit activity;
- Identify opportunities for improvement.

### 3 Internal Audit Engagement Level

#### Internal Audit Planning

Each year, the Head of Internal Audit Services completes an audit risk assessment of the audit universe. The risk assessment model used is made up of several elements which ensures that the approach is systematic and once scored, indicates the areas to be audited from an Internal Audit risk perspective. Corporate Management Team are consulted on the contents of the plan prior to the start of the financial year. This enables Internal Audit to better understand their requirements and provide them with an opportunity to identify any concerns they may have about the organisations control environment or the risks it faces. Consideration is given at this stage as to whether the assignment will be completed using a risk based or systems based approach. We also take into account key governance factors – risk registers, new and emerging risks, which are assessed in the audit risk assessment.

Audit Risk Model used at Tamworth Borough Council

<p><b>Size</b></p> <p>Parameters relating the size of the exposure or risk</p>	<p>The value of income, expenditure or size of budget            Number of employees involved            Impact per the risk matrix            Volume of transactions</p>
<p><b>Control</b></p> <p>Parameters relating to the effectiveness of the internal controls</p>	<p>Impact of management and staff            Third party sensitivity            Standard of Internal Control            Likelihood of occurrence as per Risk Matrix</p>
<p><b>Likelihood of Detection</b></p> <p>Parameters relating to the probability of unwanted consequences being detected if they do materialise</p>	<p>Likely effectiveness of internal audit            Duration of the audit            Length of time since the last audit            Effectiveness of other assurance providers</p>

#### Engagement Planning

Auditors are allocated assignments from the audit plan. They develop the objectives of the assignment in consultation with the Head of Internal Audit Services.

A preliminary audit assessment is sent to the relevant manager to complete. This identifies the activities contribution to the vision/priorities/statements of intent, any significant risks to the activity, whether there are adequate governance arrangements in place and any opportunities for improvement, and assurance being provided to others on the area of activity.

Once the objectives of the assignment have been drafted, a pre meeting is held with the relevant manager to discuss the scope and objectives of the audit which takes into account the areas identified in the preliminary audit assessment.

The objectives and scope are recorded on the electronic working paper system on Covalent. This prompts the Head of Internal Audit Services to sign off the scope and objectives.

### **Conduct of the Audit**

All working papers are completed electronically using the Covalent system. The use of the system ensures uniformity in the standard of work completed.

Each assignment is allocated a reference number, the type of audit to be completed and the allocation of expected days to complete the assignment.

Testing against each area identified is recorded on the system and supporting working papers are attached electronically. Recommendations for improvement are recorded against the specific area.

At the conclusion of the assignment, the supervising officer reviews the electronic file and draft audit report. The sign off is recorded on the system with any comments/areas to clarify etc.

The auditor arranges an exit meeting with the relevant manager(s) where the findings of the audit and recommendations are discussed. Verbal responses from the managers are noted and the electronic file is updated with these.

The draft report is then generated from the working papers including the responses to the recommendations and issued to the relevant manager. The system is updated with the issue date and the required management response date. Once the management response date becomes overdue, the system prompts the auditor to request the management responses.

Once the draft report is agreed, the final report is issued in accordance with the internal audit protocol.

### **Implementation Reviews of Recommendations Made**

Implementation reviews are completed 6 months after the finalisation of the audit report.



Recommendations are assigned to the relevant officer and the system auto generates emails to the owners to tell them that the recommendations are due. The officer has the ability to update the recommendation with the current status and attach relevant supporting documentation if applicable.

Details of the officer updates are reviewed and an implementation review completed in accordance with the internal audit protocol.

#### **4 Internal Audit Activity Level**

##### **Internal Audit Charter**

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Internal Audit Charter has been developed and in place since 1<sup>st</sup> April 2013. The Charter is reviewed annually and approved by the Corporate Management Team and the Audit & Governance Committee. The Charter details the Definition of Internal Audit, Code of Ethics and assures compliance with the PSIAS.

##### **Internal Audit Manual**

The Head of Internal Audit Services has developed an audit manual based on the new PSIAS. It also details documented procedures for day to day work.

##### **Management Review Process**

At the completion of an audit, each file is reviewed by a supervising officer to ensure that the audit fulfils its objectives and that the recommendations made are reasonable. The review also ensures that the audit is completed in accordance with the Standards. Once the audit file and report are checked, the report is issued in draft to the auditee.

##### **Management Reporting**

Each month, a system generated report is issued to each member of the Corporate Management Team detailing the management actions they manage that have not been completed. This includes overdue and not yet due items. It also gives an overview of the total number of management actions completed. This figure is based on the whole amount of management actions recorded on the system. During 2014/15, Internal Audit will be looking at ways to archive completed management actions, and reporting on current year and past years separately.

##### **Audit & Governance Committee Reporting**

At the end of each quarter, progress against the plan is reported to the Audit & Governance Committee. Management actions implemented are also reported. Internal Audit performance indicators are included in the report.

## **Continuous Improvement**

At the end of each audit, feedback from officers is gathered through the use of a short electronic questionnaire issued through the NetConsent system. This enables the Head of Internal Audit Services to generate a report from the system showing the overall satisfaction status. This is to ensure that stakeholders' expectations are met.

In addition, on an annual basis, the Head of Internal Audit Services issues a questionnaire around the Internal Audit Service in general to Corporate Management Team. The result of the survey and any action plan arising from the feedback is reported to the Audit & Governance Committee.

In addition to the continuous improvement made through regular reviews and receiving feedback, internal audit also identify any added value areas with the audit itself. These are reported in the Executive brief report.

## **Staff Development**

Tamworth Borough Council endeavours to develop and maintain an internal audit team which has the necessary capacity, skills and knowledge to successfully deliver the audit plan.

The current team is made up of three members of staff – the Head of Internal Audit Services who is CMIIA qualified, the Principal Auditor who is ACCA qualified and the Audit Assistant who is currently completing the AAT qualification.

Each year, staff have a Personal Development Review (PDR) which is completed with their line manager. This identifies the progress on the achievement of the prior year objectives, personal objectives in line with the corporate priorities and development objectives. This PDR review is completed in tandem with a review against the CIIA's competency framework which aid internal auditors in planning their professional development.

Attendance at seminars etc is completed to ensure that staff are up to date with current developments. Feedback on the learning achieved to the other members of staff ensures that all staff are aware of current developments.

## **Self Assessment against the Public Sector Internal Audit Standards**

The Public Sector Internal Audit Standards (PSIAS) came into force on the 1<sup>st</sup> April 2013 to create a consistent standard for the practice of internal audit across the public sector and establish a basis for quality assurance. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

The Local Government Application Note has been developed as the sector specific requirements for local government. A checklist has been developed

by CIPFA to satisfy the requirements set out in the PSIAS for periodic self assessment and externally validated self-assessments as part of the Quality Assurance and Improvement Plan. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents. The Head of Internal Audit Services has completed an initial assessment as at the 1<sup>st</sup> April 2013 and a QAIP was developed. A further assessment as at the 1<sup>st</sup> April 2014 has been completed and the initial QAIP updated with the current status.

### **Continuous Improvement**

Internal Audit are continually improving their working practices. Where such improvements are made, these will be captured and recorded on the QAIP action plan. Any customer feedback which identifies areas for improvement will also be recorded on the QAIP action plan.

## **5 External perspective**

An external assessment will be conducted once every five years. This will be completed by a qualified independent person(s) and will check that the internal assessments have been completed. It will check conformance to the PSIAS and that a QAIP has been completed.

There are two approaches to the conduct of external assessments:

- A full external assessment involves the use of a qualified, independent assessor or assessment team to conduct the full assessment.
- A self-assessment with independent (external) validation involves the use of qualified, independent assessor or assessment team to conduct an independent validation of the self-assessment completed by the internal audit activity.

### **Peer Review**

Peer reviews provide a cost effective approach to meeting the requirements of Standard 1312, particularly for small internal audit activities. Peer reviewers are required to meet the independence and qualifications criteria specified in the Standard. All members of the assessment team who perform the external assessment are to be independent of that organisation and its internal audit activity personnel. Two organisations must not review each other mutually but reciprocal external assessment teaming arrangements between three or more organisations may be structured in a manner that achieves the independence objectives.

## Tamworth Borough Council's approach to External Assessment

Subject to agreement between other authorities, the preferred option of External Assessment at Tamworth Borough Council is that of a Peer Review. This will provide the independence required and be cost effective.

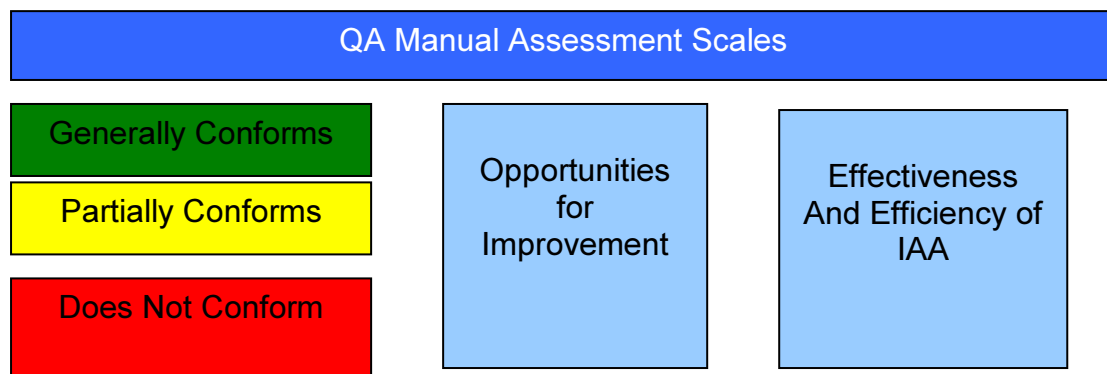
### Linkage to the QAIP

A fully functioning QAIP includes ongoing monitoring to ensure quality on an audit by audit basis, and periodic self assessment to ensure conformance to the Standards and other rules and regulations. With such a process in place, the external assessment is an effective opportunity to obtain new ideas from the assessor or assessment team on ways to improve overall internal audit quality, efficiency and effectiveness.

### Assessment Scale

A QAIP should include a rating scale to assess the level of conformance of the internal audit activity with the Standards. Different options are available when deciding which assessment scale better suits particular needs.

The assessment scale used at Tamworth Borough Council is the Chartered Institute of Internal Auditors Quality Assessment Manual Scale as detailed below.



# Quality Assurance & Improvement Programme

**Report Type:** Actions Report


**Report Author:** Angela Struthers


**Generated on:** 28 May 2014





Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS1	Definition of Internal Auditing	Definition of Internal Auditing is as PSIAS	All reference documents updated with new definition as per PSIAS	1	Angela Struthers 25-Oct-2013 Intranet, financial guidance and IA manual updated with the new definition of internal audit		Angela Struthers	31-Mar-2014
PSIAS10	Improvements	Capture of improvement actions completed		1	Angela Struthers 25-Apr-2014 to be captured on this plan			31-Mar-2014
PSIAS10	Statement on compliance with standard	Ability to state that Internal Audit comply with the PSIAS	Ability to state that Internal Audit comply with the PSIAS at year end reporting and on each audit report	1	Angela Struthers 16-Dec-2013 to be completed at year end for year end reporting. To be included within audit reports once fully compliant		Angela Struthers	31-Mar-2014
PSIAS11	Annual internal audit opinion	-- enter action details here --	The annual audit opinion should be completed in compliance with the standard	1	Angela Struthers 19-Sep-2013 to be completed at year end		Angela Struthers	31-Mar-2014
PSIAS2	PSIAS training plan	Develop training plan for staff to ensure compliance with		1	Angela Struthers 25-Apr-2014 PDR's delayed. to be completed May 2014		Angela Struthers	31-Oct-2013

		PSIAS			Angela Struthers 25-Oct-2013 IIA competency framework used as basis for training plan. Staff to self assess against the framework for PDR. PDR set for 28 Nov 13			
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Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS3	PSIAS training plan	Completion of training plan		1	Angela Struthers 08-May-2014 <i>**enter note here**</i> Angela Struthers 08-May-2014 19/5/14 Angela Struthers Quality Assuring the Internal Audit Function 1 day Angela Struthers 08-May-2014 1/5/14 Zara Martin Local Government Tax Forum 1/2 day		Angela Struthers	31-Dec-2013


Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS4	Internal Audit Manual	review and update internal audit manual	up to date internal audit manual which reflects PSIAS	1	Angela Struthers 19-Sep-2013 Manual updated . Procedure notes to be reviewed to take into account changes in Covalent		Angela Struthers	31-Jan-2014


Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS5	External assessment	frequency of external assessment	Frequency of external assessment to be determined by the Audit & Governance Committee	1			Angela Struthers	31-Mar-2014

Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS6	ISO Quality Standard	Assessment against the ISO Quality Standard	Conformance with the ISO Quality Standard	1	Angela Struthers 19-Sep-2013 Initial review shows conformance. Felt that no further requirement to pursue		Angela Struthers	31-Jan-2014






Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date

PSIAS7	QAIP	Quality Assurance & Improvement Programme	QAIP to be reported to the Audit & Governance Committee	1	Angela Struthers 19-Sep-2013 to be completed at year end		Angela Struthers	31-Mar-2014
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Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS8	Conformance with the IPPF	Conformance with the IPPF	The wording that is used to report conformance with the IPPF is consistent with the results of the quality assessment.	1	Angela Struthers 19-Sep-2013 to be completed at year end		Angela Struthers	31-Mar-2014

Ref. No.	Risk	Observation	Recommended Action	Priority	Management Response	Status Icon	Assigned To	Implementation Date
PSIAS9	Assurance Mapping	Assurance mapping	Identify other areas of assurance and map them using the Covalent Audit Hub	1	Angela Struthers 28-May-2014 Completed as part of the Annual Governance Statement Angela Struthers 19-Sep-2013 Assurance form others identified through Managers Assurance Statements and Covalent updated. Other assurance sources need to be identified		Angela Struthers	30-Nov-2013

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

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# Public Sector Internal Audit Standards

**Report Type:** Scorecard Report  
**Report Author:** Angela Struthers  
**Generated on:** 28 May 2014




**Public Sector Internal Audit Standards**


**Definition of Internal Auditing and Code of Ethics**

PSIAS 0	Definition of Internal Auditing							
<b>Assigned To</b>		<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>There are key areas within the International Standards that will help to decide whether or not internal audit meets the definition of internal auditing. These are:                      Attribute Standards 1010, 1100, 1110 and 1130                      Performance Standards 2010 and the 2100 series.                      However, an important aspect is the extent to which internal audit helps the organisation to achieve its objective and improve:                      · The Internal Audit Plan and the work of Internal Audit must focus on the things that matter to the organisation. The opinions and recommendations that internal audit provide must help the organisation and be valued by stakeholders.</p>							
<b>Actual Evidence</b>	Definition included in charter Intranet updated to include new definition							
<b>Latest Note</b>								


PSIAS_1	Integrity							
<b>Assigned To</b>		<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	Internal Audit has:							

	<ul style="list-style-type: none"> <li>· A high profile within the organisation.</li> <li>· A reputation for honesty, fair dealing and truthfulness – behaves with integrity.</li> <li>· Resilience and determination – is persistent when required.</li> <li>· High standards for doing their job and maintains these in practice. Involvement in reviewing and developing ethical behaviour in the organisation.</li> </ul> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors: Perform their work with honesty, diligence and responsibility? Observe the law and make disclosures expected by the law and the profession? Not knowingly partake in any illegal nor engage in acts that are discreditable to the profession of internal auditing to the organisation? Respect and contribute to the legitimate and ethical objectives of the organisation?</p>
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services reports directly to the S151 Officer(Executive Director Corporate Services).</p> <p>All staff within the Service are honest, truthful and behave with integrity and abide by the PSIAS and code of ethics as well as those laid down by their own professional bodies</p> <p>All staff are persistent in the completion of their duties whilst maintaining a high standard of work. Internal Audit lead for counter fraud documents. Also consulted on ethical policies and audit of ethical areas</p>
<b>Latest Note</b>	

PSIAS_2	Objectivity		
<b>Assigned To</b>		<b>Value</b>	<b>Status</b>
	2013/14	Yes	
<b>Examples of Evidence</b>	Individual objectivity, which includes an interpretation of 'conflict of interest', is set out within Attribute Standards 1120 and 1130. Compliance with these Attribute Standards will generally result in compliance with the Rules of Conduct. Internal audit is free from any bias or conflict of interest that would undermine or question their judgement – either in reality or perception.		
<b>Actual Evidence</b>	<p>Internal Audit is responsible for Risk Management but with the strong links between Internal Audit and Risk Management and the size of the authority, this is deemed acceptable. Internal Audit complete risk based audits in areas where risk registers are adequate and work with services to develop risk registers to an acceptable standard.</p> <p>Staff are free from any bias or conflict of interest that would undermine their judgement</p>		
<b>Latest Note</b>			

PSIAS_3	Confidentiality		
<b>Assigned To</b>		<b>Value</b>	<b>Status</b>
	2013/14	Yes	


<b>Examples of Evidence</b>	Confidentiality relating to Internal Audit work is set out within Performance Standard 2330 and compliance with this will generally result in compliance with the Rules of Conduct. Security and protection of information should be subject to daily routine and safeguards. Potential and actual breaches in confidentiality should be taken seriously and acted upon accordingly.
<b>Actual Evidence</b>	All information is treated confidentially. Reports are issued to specific managers. All information is secured on a daily basis with a clear desk policy in place. All auditors abide by the Code of Ethics of the IIA and their own professional bodies
<b>Latest Note</b>	

PSIAS_4	Competency			
<b>Assigned To</b>			<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Competency is covered by the 1200 series of the Attribute Standards and compliance with these will generally result in compliance with the Rules of Conduct. Overall there should be a culture of continuous improvement, a commitment to staff retention and development, an appreciation of the IPPF among staff and assignment of work based on competency			
<b>Actual Evidence</b>	Continuous improvement is constantly being completed through team meetings and the PDR process. The PDR process identifies development areas for staff. Junior staff are mentored and trained by more senior experienced staff.			
<b>Latest Note</b>				


**Performance Standards**

**1000 - 1322 Attribute Standards**

**1000 - 1110 Purpose, Authority and responsibility**




PSIAS_1110	Organisational Independence			
<b>Assigned To</b>			<b>Value</b>	<b>Status</b>
	Angela Struthers	2013/14	Yes	
<b>Examples of Evidence</b>	The Chief Audit Executive reports to a level in the organisation that is adequate to discharge his or her responsibilities – to the board functionally and the CEO administratively.			




	<p>To apply functional reporting the board typically:</p> <ul style="list-style-type: none"> <li>· Approves the IA Charter, IA risk assessment and related IA plan.</li> <li>· Receives the results of IA activities, performance and other matters that the CAE determines are necessary,</li> <li>· Hold private meetings with the CAE.</li> <li>· Receives annual confirmation of IA's organisational independence.</li> <li>· Approves decisions regarding the performance evaluation, appointment, or removal of the CAE.</li> <li>· Approve the annual compensation and any salary adjustment of the CAE.</li> <li>· Makes appropriate inquiries of senior management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the IA activity to execute its responsibilities.</li> </ul> <p>To apply administrative reporting the CEO ensures:</p> <ul style="list-style-type: none"> <li>· The preparation on an annual budget and appropriate budgetary control.</li> <li>· Human resource administration, including personnel evaluations and compensation. Internal communications and information flows.</li> </ul>
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services has unrestricted access to senior management and the Board which includes unfettered access to the Chief Executive and the Chair of the Committee. Threats to objectivity are managed at all levels. The Head of Internal Audit Services reports directly to the Executive Director Corporate Services which provides the HIAS with sufficient status within the authority.</p> <p>The independence of the HIAS is confirmed through the Audit &amp; Governance Committee approving the Internal Audit Charter, the risk based plan (including resources), receiving reports on Internal Audit activity and seeking reassurance regarding scope and resource limitations.</p> <p>The Chief Executive countersigns and comments on the HIAS's PDR. Feedback for the Chair of the Committee will be incorporated into the PDR process.</p> <p>The HIAS reports directly to the Committee.</p> <p>Internal Audit do not manage operations within the authority. The only area which Internal Audit is responsible for is Risk Management which is closely connected to Internal Audit and is detailed within the Charter.</p> <p>Internal Auditors in post have not had any operational responsibility for activities within the authority. Assignments are rotated within the team as much as is practical taking into account the size and experience of the team. They are required to disclose all material facts known to them. They are required to comply with the Bribery Act 2010.</p> <p>All members of staff are required to declare interests, gifts &amp; hospitality in accordance with the Authority's policies.</p> <p>Any significant additional consulting services agreed during the year will require approval from the Committee.</p>
<b>Latest Note</b>	




PSIAS_1000	Purpose, Authority, and Responsibility			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	



<b>Examples of Evidence</b>	<p>The internal audit (IA) activity has a formal definition of its purpose, authority and responsibility, which recognises the IIA definition of IA. Whatever document provides the formal definition will be the "internal audit charter" for the purposes of the standards - no matter what the document is actually called. The charter:</p> <ul style="list-style-type: none"> <li>· Establishes the position and reporting lines of IA within the organisation - both functional and administrative reporting lines.</li> <li>· Provides IA with unrestricted access to records, personnel, and physical properties relevant to the performance of engagements.</li> <li>· Sets the tone for IA activities and interaction with the board.</li> <li>· Defines the nature and scope of activities to be performed by IA – assurance, and consultancy engagements.</li> <li>· Sets out the nature and scope of IA assurance provided to parties outside the organisation.</li> <li>· Is approved by the board.</li> </ul> <p>The charter is kept up to date by:</p> <ul style="list-style-type: none"> <li>· Periodic review, which involves consultation with the senior management and the board. Incorporating changes in the International Professional Practice Framework (IPPF) as and when they occur.</li> </ul>
<b>Actual Evidence</b>	<p>There is an Internal Charter in place which has been approved by the Audit &amp; Governance Committee. The Charter defines the terms "board", "senior management" and " Chief Audit Executive". The Charter establishes position within the authority and reporting lines (the HIAS reports directly to the Executive Director Corporate Services who is a member of the Corporate Management team and the s151 Officer). The Charter and Financial Guidance give Internal Audit unrestricted access to records, personnel and physical properties in order to perform engagements. The Charter sets the tone for Internal Audit activities and interaction with the Audit &amp; Governance Committee. The Charter defines the nature and scope of activities for both assurance and consultancy engagements. The Charter will be approved annually by the Audit &amp; Governance Committee and will be updated to include changes to the IPPF. the HIAS attends and presents reports to the meetings of the Audit &amp; Governance Committee</p>
<b>Latest Note</b>	

**1110 - 1130 Independence and Objectivity**

PSIAS_1110	Organisational Independence												
<b>Assigned To</b>	<table border="1"> <tr> <td>Angela Struthers</td> <td style="background-color: #cccccc;"></td> <td style="background-color: #cccccc;">Value</td> <td style="background-color: #cccccc;">Status</td> </tr> <tr> <td></td> <td>2013/14</td> <td>Yes</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Angela Struthers		Value	Status		2013/14	Yes					
Angela Struthers		Value	Status										
	2013/14	Yes											
<b>Examples of Evidence</b>	<p>The chief audit executive reports to a level in the organisation that is adequate to discharge his or her responsibilities – to the board functionally and the CEO administratively.</p> <p>To apply functional reporting the board typically:</p> <ul style="list-style-type: none"> <li>· Approves the IA Charter, IA risk assessment and related IA plan.</li> <li>· Receives the results of IA activities, performance and other matters that the CAE determines are necessary,</li> <li>· Hold private meetings with the CAE.</li> <li>· Receives annual confirmation of IA's organisational independence.</li> <li>· Approves decisions regarding the performance evaluation, appointment, or removal of the CAE.</li> </ul>												

	<ul style="list-style-type: none"> <li>· Approve the annual compensation and any salary adjustment of the CAE.</li> <li>· Makes appropriate inquiries of senior management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the IA activity to execute its responsibilities.</li> </ul> <p>To apply administrative reporting the CEO ensures:</p> <ul style="list-style-type: none"> <li>· The preparation on an annual budget and appropriate budgetary control.</li> <li>· Human resource administration, including personnel evaluations and compensation. Internal communications and information flows.</li> </ul>							
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services has unrestricted access to senior management and the Board which includes unfettered access to the Chief Executive and the Chair of the Committee. Threats to objectivity are managed at all levels. The Head of Internal Audit Services reports directly to the Executive Director Corporate Services which provides the HIAS with sufficient status within the authority.</p> <p>The independence of the HIAS is confirmed through the Audit &amp; Governance Committee approving the Internal Audit Charter, the risk based plan (including resources), receiving reports on Internal Audit activity and seeking reassurance regarding scope and resource limitations.</p> <p>The Chief Executive countersigns and comments on the HIAS's PDR. Feedback for the Chair of the Committee will be incorporated into the PDR process.</p> <p>The HIAS reports directly to the Committee.</p> <p>Internal Audit do not manage operations within the authority. The only area which Internal Audit is responsible for is Risk Management which is closely connected to Internal Audit and is detailed within the Charter.</p> <p>Internal Auditors in post have not had any operational responsibility for activities within the authority. Assignments are rotated within the team as much as is practical taking into account the size and experience of the team. They are required to disclose all material facts known to them. They are required to comply with the Bribery Act 2010.</p> <p>All members of staff are required to declare interests, gifts &amp; hospitality in accordance with the Authority's policies.</p> <p>Any significant additional consulting services agreed during the year will require approval from the Committee.</p>							
<b>Latest Note</b>								
PSIAS_1100	Independence and Objectivity							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>The board review and approve the:</p> <ul style="list-style-type: none"> <li>· Internal audit charter</li> <li>· Risk based internal audit plan</li> <li>· Performance against the plan</li> </ul>							


	<ul style="list-style-type: none"> <li>· The appointment and removal of CAE</li> <li>· Any restrictions on scope and or resources</li> </ul> <p>The Internal Audit Charter and Planning Documents – such as IA Strategy, Annual IA Plan and Business Plans- do not contain major restrictions upon IA activity.          IA plans are consistent with the scope, authority and responsibility of the IA activity set out in the Internal Audit Charter.          IA plans account for all of the resources and time available to IA.          IA does not have responsibility for the management of operations within the organisation.          IA role and relationship with regard to other assurance providers, inside and outside the organisation is established and documented.          The justification for the use of internal audit contingency time is recorded and reported to the board.</p>							
<b>Actual Evidence</b>	<p>The HIAS has unrestricted access to CMT which includes the Chief Executive, and the Audit &amp; Governance Committee.          Threats to objectivity are managed at all levels. All internal auditors comply with the independence and objectivity standard and all work is reviewed to ensure that is unbiased.          The HIAS is a Head of Service and reports directly to the Executive Director Corporate Services but has direct to the Chief Executive.          Confirmation of the Internal Audit activity organisational independence is reported on a quarterly basis to the Audit &amp; Governance Committee.          The Audit &amp; Governance Committee approves the Internal Audit Charter, approves the risk based plan and receives quarterly performance reports on progress against the plan.          There is a PDR process in place - the Executive Director Corporate Services completes the PDR for the HIAS and this is reviewed and additional feedback received from the Chief Executive.</p>							
<b>Latest Note</b>								
PSIAS_1111	Direct Interaction with the Board							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>CAE regularly attends board meetings, reporting upon IA plans and activities.          CAE is given the opportunity to understand the way the board conducts its oversight of governance, risk management and control.          One to one sessions between the CAE and the board are planned into the annual timetable, either as part of the annual schedule of meetings or through the agreed working relationship between CAE and chair of the board. This occurs at least annually.</p>							
<b>Actual Evidence</b>	<p>The HIAS reports directly to the Committee on performance of Internal Audit plans and activities on a quarterly basis. The terms of reference for the Audit &amp; Governance Committee are detailed within the Constitution          The Head of Internal Audit Services can as and if required, arrange one to one meetings with the Chair of the Audit &amp; Governance Committee</p>							
<b>Latest Note</b>								



PSIAS_1120	Individual Objectivity			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	Information relating to internal auditors includes responsibilities held prior to appointment. The organisational chart and IA plans showing placement of internal auditors is compared to the information on the previous positions and responsibilities of internal auditors to ensure individual independence and objectivity. There is regular review of the placement/location of IA Team members to ensure independence. This takes into account the consultancy work individual internal auditors have performed when assigning assurance engagement. Internal auditors do not provide assurance in areas where they have been involved in advising management.			
<b>Actual Evidence</b>	Internal Auditors have an impartial, unbiased attitude. They have not worked within other services in the authority. Where consultancy work is completed, the auditor will not be involved in the audit of that area			
<b>Latest Note</b>				
PSIAS_1130	Impairment to Independence or Objectivity			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	CAE has established rules of conduct that clearly set out expected behaviour and defines the nature of conflict of interest and impairment of objectivity. This may include recognition or adoption of the organisation's Code of Practice provided this contains sufficient detail – including the acceptance of gift and hospitality. Where these do not exist or they lack clarity IA should formulate separate policies. Internal auditors are required to register hospitality and gifts, which is reviewed on a regular basis. Policies make auditors aware they must report any real or perceived conflict of interest as soon as such conflict arises. Procedures exist to support the policy and there is information to illustrate application – conflict of interest statements. Policy exists to ensure that assurance engagements of areas that are under the control or direct influence of the CAE are overseen by a party external to the CAE. IA engagements are rotated ensuring that activities and entities are not audited by the same auditor. The assignment of internal engagements are rotated to ensure that internal auditors involved in the development of systems and procedures do not review the management of risks and application of risk responses in these areas.			
<b>Actual Evidence</b>	Staff are required to complete a specific declaration of interest for Internal Audit. Where other employment/voluntary work is completed, this is declared and recorded corporately. There is a Corporate Gift and Hospitality Policy in place. Internal Auditors are required to declare all gifts and hospitality. The HIAS has responsibility for Risk Management. Arrangements will be made to ensure that the audit of Risk Management is completed			



	independently of the audit service.
<b>Latest Note</b>	


**1210 - 1230 Proficiency and Due Professional Care**



PSIAS_1210	Proficiency			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is a job description or person specification for each post with the IA organisation structure that defines appropriate knowledge, skills and experience.  The job descriptions/person specifications are reviewed periodically or when positions become available.  The knowledge, skills and competencies referred to might include:</p> <ul style="list-style-type: none"> <li>· Applying internal audit standards, procedures, and techniques in performing engagements.</li> <li>· Accounting principles and techniques if Internal Auditors work extensively with financial records and reports.</li> <li>· Knowledge to identify the indicators of fraud.</li> <li>· Knowledge of key information technology risks and controls and available technology-based audit techniques.</li> <li>· Communication and networking skills.</li> <li>· Managing people.</li> </ul> <p>A process exists that identifies individual internal auditor training and development needs with support for qualification programmes and other training and development activities.  Internal Auditor performance is reviewed on a regular basis, the results of which feed back into the needs assessment and CPD process.  Internal Auditors who perform specialised audit and consulting work such as information technology, tax, actuarial, or systems design undertake specific training and development.  The CAE identifies gaps in knowledge and skills in the formulation of internal audit plans and engages capable assistance with approval of senior management and the audit committee.  Capable assistance includes co-sourcing arrangements, use of internal experts and other assurance providers and specialist service providers external to the organisation. The CAE assesses the competency and objectivity of external service providers prior to their appointment.</p>			
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services holds a professional qualification - CMIIA and has over 20 years Internal Audit experience. The Head of Internal Audit Services is responsible for the recruitment of staff in accordance with the authority's recruitment processes.  Job descriptions and person specifications are up to date and reflect the roles undertaken and also define qualifications and experience required for the role. the Principal Auditor is professionally qualified - ACCA, and the Audit Assistant is actively studying for AAT  Internal Audit have sufficient knowledge to evaluate the key information technology risks, risk of fraud and anti-fraud arrangements within the Authority.  Specialist IT Audit brought in where budget allows. Shadowing of contractor completed to enable development of staff.</p>			
<b>Latest Note</b>				



PSIAS_1220	Due Professional Care			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The IA activity formally defines how it operates in a series of policies and procedures. For some the collection of documents may take the form of an Internal Audit Manual. The policies and procedures specify the way audit files and working papers need to be kept to record the information gathered and analysis performed during the audit engagement.</p> <p>Policies and procedure recognise the elements and requirements of the IPPF.</p> <p>Internal auditors research and gather background information to help them prioritise objectives and set boundaries for each audit engagement – assurance and consulting.</p> <p>The objectives and priorities for audit engagements are discussed with senior management and stakeholders where appropriate. Audit engagements focus upon management’s assessment of risk responses. Taking into consideration residual risk and management assurance upon the effectiveness of the risk response. Where this is not available internal auditors perform their own assessment of risks. Where appropriate audit engagements are supported by appropriate tools, including reporting within information systems, interrogation techniques and other CAATTs.</p> <p>The communication of conclusions and audit opinions are based on appropriate information such as observations, tests, analyses and other documentation. This is indexed and classified in working papers linked to the engagement work programme, schedule of testing and audit objectives.</p>			
<b>Actual Evidence</b>	<p>The Internal Audit Manual is in the process of being reviewed following the implementation of the Covalent Audit Hub. Research and background reviews are completed for all audit assignments.</p> <p>Objectives and priorities of the audit are discussed at the pre-meet stage and management concerns are identified.</p> <p>Risk registers for the service area are taken into account for risk based reviews and system based reviews. Where risk registers are not of a sufficient standard, Internal Audit work with management to produce a sufficiently robust risk register.</p> <p>System generated reports are used where possible. no CAATTs specific software is used due to the cost involved.</p> <p>Observations testing and analysis used and indexed within the covalent system</p>			
<b>Latest Note</b>				
04-Nov-2013	The Internal Audit Manual has been reviewed and updated. Documented procedures are drafted ready for review to be included in the manual.			
03-Feb-2014	The Audit Manual has been reviewed and updated and documented procedures relating to the use of the Covalent System have been linked to the Audit Manual			
PSIAS_1230	Continuing Professional Development			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	

<b>Examples of Evidence</b>	There is a process to assess the training and development needs of internal auditors that provides input to the continuous professional development (CPD) programme required by the Institute. The process may be based upon the organisation's staff appraisal procedure but centres upon the development of professional proficiency and the changing demands upon the profession.	
<b>Actual Evidence</b>	Job descriptions and person specifications identify the skills and competencies required for each level of auditor. Personal Development Reviews are completed annually. The IIA Competency Framework is also used in the PDR process Continued Professional Development is completed by all auditors and in line with their professional bodies recorded as required	
<b>Latest Note</b>		


**1300 - 1322 Quality Assurance and Improvement Programme (QAIP)**

PSIAS_1300	Quality Assurance and Improvement Programme (QAIP)		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>
		2013/14	Yes 
<b>Examples of Evidence</b>	The QAIP is about establishing a culture of continuous improvement to prevent problems and to underpin day-to-day delivery of a reliable assurance and consulting service. This is lead by the CAE who sets a vision, a strategy and service expectations through policies, procedures and review arrangements based upon stakeholder requirements and consultation with the internal audit team. Stakeholder expectations and the results of consultations with staff are documented. The establishment of QAIP and its purpose is reflected in the internal audit charter. This refers to the arrangements for supervision and review of the work that staff do.		
<b>Actual Evidence</b>	Quality assurance and improvement programme covers all aspects of the internal activity and conformance with PSIAS. Any non conformance with the PSIAS identified and improvement plan put in place. The QAIP is maintained by the HIAS. The review of the effectiveness (compliance with the PSIAS and whether Internal Auditors apply the Code of Ethics) of Internal Audit is completed annually and reported the Audit & Governance Committee.		
<b>Latest Note</b>			
PSIAS_1310	Requirements of the Quality Assurance and Improvement Programme		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>

		2013/14	Yes	
<b>Examples of Evidence</b>	There is a plan or schedule agreed with senior management and the board that sets out the type, nature and timing of future assessments – both internal and external.			
<b>Actual Evidence</b>	Annual internal assessment. External assessment to be agreed with the Audit & Governance Committee			
<b>Latest Note</b>				
03-Feb-2014	An annual assessment has been completed and will be reported to the Audit & Governance Committee 27th March 2014			
PSIAS_1311	Internal Assessments			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is evidence of ongoing internal reviews of the performance of the internal audit activity. There are a variety of options for this depending on the size and structure of the service including self assessment by the internal audit activity, peer reviews, benchmarking exercises, post audit and/or annual client questionnaires, monitoring by the audit committee and other reviews initiated internally by the organisation.</p> <p>The ISO quality standard, EFQM and other models can be used to establish and maintain the QAIP. The precise nature and mix of the internal assessments will be decided by the organisation to best suit circumstances but all should evaluate internal audit activity in accordance with:</p> <ul style="list-style-type: none"> <li>· The professional requirements in the IPPF.</li> <li>· The vision and policies set by the CAE.</li> <li>· The Internal Audit Charter.</li> <li>· Internal audit procedures that set out to achieve quality on a daily basis – including the recognition and prevention of 'defects'.</li> </ul>			
<b>Actual Evidence</b>	Self assessment against the PSIAS completed. Benchmarking exercises are completed on an ad hoc basis as required and when they are seen to be cost effective - CIPFA charge to take part in the benchmarking exercise and sometimes the number of participants is low so a true comparison cannot be made. Additional benchmarking is completed within Staffordshire which again is difficult to benchmark as organisations are getting smaller and internal audit are changing roles. Annual questionnaire are sent to members of the corporate management team. Quarterly reports are sent to the Audit & Governance Committee. Internal Audit will look at the ISO Quality Standard and ensure that they conform with the standard but the cost of accreditation is too expensive. An Internal Audit Charter is in place.			
<b>Latest Note</b>				
PSIAS_1312	External Assessments			


<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The CAE consults with the board when deciding the frequency of the external assessment and the qualifications and independence of the external reviewer or review team.</p> <p>The reviewer or review team is from outside the organisation and is free from any obligations to or interests in the organisation – in particular consulting services.</p> <p>Reviewers are qualified, with appropriate competence and experience of IA – at least three years at manager level - and knowledge of leading practices in IA, as well as current, in-depth knowledge of the IPPF.</p> <p>There is evidence of comprehensive external reviews at least every 5 years (This includes peer review where there is an element of independence in the process).</p> <p>For some organisations external quality reviews may be carried out more regularly based upon regulatory or funding requirements – particularly the public sector.</p> <p>External audit reviews may also be appropriate where significant change has occurred within the organisation of internal audit activity.</p>			
<b>Actual Evidence</b>	To be advised by the Audit & Governance Committee			
<b>Latest Note</b>				
07-Mar-2014	To be decided at the Audit & Governance Committee 27 March 2014			
PSIAS_1320	Reporting on the Quality Assurance and Improvement Programme			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The results of the QAIP are reported to the stakeholders of IA.</p> <p>Where the IA activity cannot conform with one aspect or other of the IPPF the details of the non-conformance and its implications are reported to the board.</p> <p>All aspects of the QAIP generate improvements in what is done and in how it is done. This is done using agreed and assigned action plans with target dates</p> <p>Follow-up and reporting of the implementation of actions to Senior Management and the Board.</p>			
<b>Actual Evidence</b>	This will be reported to the Audit & Governance Committee			
<b>Latest Note</b>				
03-Feb-2014	Will reported to the Audit & Governance Committee 27/3/14			
PSIAS_1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing			


<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	The wording that the IA activity uses in reports regarding conformance with the IPPF is consistent with the results of the quality assessments – internal and external. The IA activity conforms to the IPPF when it achieves the outcomes described in the Definition of Internal Auditing, Code of Ethics and International Standards.			
<b>Actual Evidence</b>	Not yet reported			
<b>Latest Note</b>				
07-Mar-2014	To be reported to the Audit & Governance Committee 27th March 2014			



PSIAS_1322	Disclosure of Non-conformance			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	There is evidence of appropriate disclosure linked to 1321.			
<b>Actual Evidence</b>	see 1321			
<b>Latest Note</b>				

## 2000 - 2600 Performance Standards



### 2000 - 2060 Managing the Internal Audit Activity


PSIAS_2000	Managing the Internal Audit Activity			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	The internal audit activity adds value to the organisation (and its stakeholders) when it provides: · Objective and relevant assurance, and Contributes to the effectiveness and efficiency of governance, risk management and control processes. Delivery of the internal audit			

	service to the organisation involves planning, communication and approval, resource management, policies and procedures, coordination and reporting to senior management and the board. As well as functional management the CAE may be required to comply with organisational administrative and personnel management requirements. This might include: business planning, budget forecasting and management, staff appraisal, succession planning etc.			
<b>Actual Evidence</b>	Objective and relevant assurance is provided annual in the annual audit opinion. Internal Audit report quarterly to the Audit & Governance Committee. It contributes to the effectiveness and efficiency of governance, risk management and control processes. The Head of Internal Audit Services is responsible business planning, budget monitoring, staff appraisal			
<b>Latest Note</b>				
PSIAS_2010	Planning			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The CAE has established risk-based internal audit plans (RBIA) in consultation with the board and senior management that identifies where assurance and consultancy is required on risk management processes, management assurances and risk responses. The audit plan establishes a link between the proposed audit topics and the priorities and risks of the organisation taking into account:</p> <ul style="list-style-type: none"> <li>· Stakeholder expectations, and feedback from senior and operational managers.</li> <li>· Objectives set in the strategic plan and business plans, including major projects and financial forecasts.</li> <li>· Risk maturity in the organisation to provide an indication of the reliability of risk registers.</li> <li>· Management’s identification and response to risk, including risk mitigation strategies and levels of residual risk.</li> <li>· Legal and regulatory requirements.</li> <li>· The audit universe – all the audits that could be performed within the scope of the IA Charter.</li> <li>· Previous IA Plans and the results of audit engagements.</li> </ul>			
	<p>The CAE determines stakeholder expectations for IA opinions including the levels of assurance required, scope and the way assurance is given such as narrative or rating by discussion with senior management and the board. Where the organisation’s risk maturity is at formative level – defined as ‘naïve’ or ‘aware’ - IA may perform consulting engagements to support the improvement of risk management. In this situation IA performs its own risk assessment in formulating risk based IA Plans. There is a degree of flexibility and contingency within IA Plans to cater for the changing risk environment. There is formal approval of the plan by the board – in some cases internal audit is required to formulate a plan for approval that enables them to provide an annual opinion. This is understood and reflected in discussions and approval of the plan with Senior Management and the Board.</p>			
<b>Actual Evidence</b>	<p>The Audit Risk Assessment identifies the whole of the audit universe. IA risk assess each area and identify those audits that are high on the risk assessment for audit in the following financial year. These areas are discussed with members of CMT who have input into the audit plan by identifying areas they see as a risk/require audit input. Both the strategic risk register and operational risk registers are taken into account when identifying the planned audits and the approach to be taken.</p>			
	<p>Where risk registers are not of the required standards, Internal Audit work with the relevant managers to improve the risk registers which are then used to test the controls in place to control those risks.</p>			


	The audit plan has contingency days in place for unplanned work and the changing risk environment			
<b>Latest Note</b>				
PSIAS_2020	Communication and Approval			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	The CAE communicates progress against the annual plan, including significant changes, to senior management and the board. The board monitor progress against plans. IA explain and justify deviations from the plan and the use of contingency time.			
<b>Actual Evidence</b>	The Internal Audit is approved by the Corporate Management Team and the Audit & Governance Committee. Significant changes to the audit plan, resource requirements and the resource limitations will be reported to the Audit & Governance Committee. The impact of resource limitations will be reported to CMT and the Audit & Governance Committee.			
<b>Latest Note</b>				
PSIAS_2030	Resource Management			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	The level of resources included in the plan is determined by the management assurances and risks on which the board require objective assurance and consultancy – a needs assessment. The CAE has communicated to senior management and the board the impact of resource limitations. Staffing plans and financial budgets are determined from annual IA plans and activities. The CAE allocates internal engagements according to the competency levels and training plans of staff – refer back to the section of proficiency			
<b>Actual Evidence</b>	The resources in place take into account the audit days available. The timings of the audits are discussed with management at the audit plan planning stage. Should the resource levels reduce on a temporary basis due to sickness etc. the business continuity plan allows for additional resources to be purchased as required. Staff are allocated audits according to competency. Shadowing and training on audits is also completed.			
<b>Latest Note</b>				




PSIAS_2040	Policies and Procedures			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	There are appropriate policies and procedures, which are communicated to and understood by the staff of the internal audit activity. Internal auditors understand what is expected of them and the procedures recognise and apply the requirements of the IPPF Managers and the QAIP examine the application of policies and procedures – there is evidence to support supervision and quality management. Internal auditors meet to discuss the application of policies and procedures – with agreed actions.			
<b>Actual Evidence</b>	There is an Audit Manual in place which has been reviewed and updated to reflect the PSIAS. Documented procedures for the use of the covalent system have been drafted and will be reviewed and attached to the audit manual. The audit manual and procedures will be updated on at least an annual basis.			
<b>Latest Note</b>				
03-Feb-2014	Audit manual in place			
PSIAS_2050	Coordination			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	IA work is coordinated with that of the external auditors and with other internal providers of assurance and consulting services. This might include regular meetings, documented agreements, coordinated plans, sharing resources, training arrangements. In some cases IA may be required to assess the reliability of the work of other assurance providers. This is established in the Internal Audit Charter and factored into the IA Plans.			
<b>Actual Evidence</b>	Internal Audit meet with the External Auditors on a quarterly basis in accordance with the internal audit - external audit protocol. Other assurance sources are identified and will be recorded on the audit hub. The assurance mapping exercise will take into account the risk registers in place and the gross and net risks. If any other providers of assurance and consulting services are identified, internal audit will share information and coordinate activities.			
<b>Latest Note</b>				
PSIAS_2060	Reporting to Senior Management and the Board			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>


		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is evidence that the CAE reports appropriately to the Board and Senior Management on Internal Audit activities and performance. This might include:</p> <ul style="list-style-type: none"> <li>· Board minutes.</li> <li>· CAE presentation to board.</li> <li>· Activity reports.</li> <li>· Interviews, management reports, reports on meetings.</li> <li>· Senior management's responses to internal audit reports.</li> <li>· Tangible evidence (e-mail records, internal memos, reports on meetings, etc.) demonstrating that the board had been informed. Status of action plans.</li> </ul>			
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services reports quarterly to the Audit &amp; Governance Committee regarding progress against the plan. KPI's are also reported quarterly to the Committee.</p> <p>The Head of Internal Audit meets on a regular basis with the s151 Officer. The HIAS also meets with the Chief Executive.</p> <p>The fraud risk register is updated quarterly and reported to the Committee. The corporate risk register is updated on a quarterly basis and reported to the Audit &amp; Governance Committee.</p> <p>Where audit issues identified are of a corporate nature, these are reported to CMT. For each finalised audit report, the Chief Executive, s151 Officer and the Monitoring Officer each receive a copy of the executive summary and the detailed findings if required.</p>			
<b>Latest Note</b>				



**2070 External Service Provider and Organisational Responsibility for Internal Audit**


PSIAS_2070	External Service Provider and Organisational Responsibility for Internal Audit			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>While IA may be outsourced to a provider of internal audit the organisation retains responsibility for its effectiveness. Responsibility for IA will be assigned to a suitably experience manager who takes ownership for the performance and effectiveness of IA. Quality control will be demonstrated through the QA&amp;IP with both internal and external assessments.</p>			
<b>Actual Evidence</b>	Provided internally			
<b>Latest Note</b>				

**2100 - 2130 Nature of Work**


PSIAS_2100	Nature of Work			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Sum of <i>Standards</i> 2110 – 2130 A significant part of internal audit’s assurance role in relation to governance relates to the effectiveness of risk management – refer to the next section 2120			
<b>Actual Evidence</b>				
<b>Latest Note</b>				

PSIAS_2110	Governance			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>IA reviews the activities in place that manage and monitor the effective implementation of the organisation’s;</p> <ul style="list-style-type: none"> <li>· Ethics and values.</li> <li>· Codes of conduct.</li> <li>· Levels of authority and responsibility.</li> <li>· Strategic objectives.</li> <li>· Compliance with laws and regulations.</li> <li>· Communication with stakeholders.</li> <li>· Social and ethical objectives, including validation of reported results.</li> <li>· IT governance, including information security.</li> </ul> <p>Internal audit’s consultancy engagements support the improvement of the organisations governance framework, including the boards self assessment of performance, benchmarking and development of best practice based upon published reports such as the Combined Code.</p>			
<b>Actual Evidence</b>	<p>Internal Audit promote counter fraud, whistleblowing and risk management and any other areas around ethics and values they come across. Performance management and accountability is also promoted. Where other audit/inspection is completed, this is noted to avoid duplication . Where weaknesses are identified, recommendations for improvement are made.</p> <p>the Internal Audit plan is risk based, and as such takes into account the corporate risk to the authority as well as the corporate objectives. Areas identified for review in the audit planning process include ethical, performance management and accountability areas. In addition, where risk and control issues are identified and they apply to other areas of the authority, this will be communicated across the relevant/all areas.</p>			




<b>Latest Note</b>					
PSIAS_2120	Risk Management				
<b>Assigned To</b>	Angela Struthers				
		2013/14	<table border="1"> <thead> <tr> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td></td> </tr> </tbody> </table>	Value	Status
Value	Status				
Yes					
<b>Examples of Evidence</b>	<p>Internal Audit's Role with regard to risk management is set out in the Internal Audit Charter. IA's role with regard to risk management will vary according to the level of risk maturity within the organisation. Where risk management is well established (risk managed or risk enabled) IA provide assurance upon:</p> <ul style="list-style-type: none"> <li>· The effective implementation of risk management processes in relation to strategic and operational objectives.</li> <li>· Reliable identification and assessment of risks with appropriate response.</li> <li>· The reporting of risk and control status by management.</li> <li>· The level of residual risk in relation to the organisations' risk appetite.</li> <li>· The effectiveness of the controls and other responses to risks.</li> </ul> <p>The IA activity gathers the information to support an assessment of risk management during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organisation's risk management and its effectiveness. Alternatively, IA may assess risk management processes as one single engagement. Where risk management is less developed (risk naive, aware or defined) internal audit operate in a more advisory capacity to:</p> <ul style="list-style-type: none"> <li>· Report upon the level of risk maturity and scope for improvement.</li> <li>· Support development of risk management framework.</li> <li>· Facilitate identification and assessment of risks.</li> <li>· Coach management in responding to risks.</li> </ul> <p>Coordinate and consolidate reporting.          IA refrains from taking full responsibility for risk management, including risk responses.          IA carry out individual risk based engagements to provide assurance on part of the risk management framework, including on the mitigation of individual or groups of risks.          IA evaluate the potential occurrence for fraud as part of audit engagements – included within objectives and referred to in communications at the end of the audit engagement.</p>				
<b>Actual Evidence</b>	<p>Internal Audit's role with regard to Risk Management is set out in the Internal Audit Charter. Internal Audit have responsibility for risk management - due to the size of the authority and the close links with internal audit. A corporate risk register is in place which is owned by CMT and reviewed at least quarterly. Fraud risks are identified on a fraud risk register and reported quarterly to the Audit &amp; Governance Committee. Where possible, audits are centred around the risks identified by management and the controls they have in place to mitigate those risks. At the start of the audit process, a meeting with management is held to identify any significant risks</p>				
<b>Latest Note</b>					
PSIAS_2130	Control				




<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>IA engagements consider the efficiency of controls used to mitigate risks - whether there are too many or too few controls, which evaluates the cost of control in relation to the impact and likelihood of the risk.</p> <p>IA work programmes focus on high priority risks and adequately tests controls to ensure their effectiveness – there is a recognised approach to ensure sufficient sample sizes are taken and tested.</p> <p>IA verify, where appropriate:</p> <ul style="list-style-type: none"> <li>· The application and effectiveness of risk management procedures.</li> <li>· Management assurances on controls, including the results of self assessments.</li> <li>· KPIs are accurate, timely, relevant and reliable.</li> </ul> <p>Reporting requirement are operating as planned Internal auditors support management upon the design of controls at appropriate points in the development of major change programmes – examples would include implementation of new computer systems, building and supply contracts.</p>			
<b>Actual Evidence</b>	<p>The corporate risk register reflects the risks associated with achieving the Authority's vision and priorities. The main financial systems are audited on an annual basis - a full audit is completed every 3 years and the key controls are audited annually.</p> <p>Internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes.</p>			
<b>Latest Note</b>				







**2200 - 2240 Engagement Planning**

PSIAS_2201	Planning Considerations			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>Procedure exists within the IA activity that requires internal auditors to research, scope and plan internal audit engagements – assurance and consultancy.</p> <p>Internal auditors document the following as part of their research and discussions with managers</p> <ul style="list-style-type: none"> <li>· The nature of the area under review and key areas of change and development</li> <li>· The activities that occur and the way performance is monitored.</li> <li>· Strategic objectives and the way the area contributes to the organisation’s strategy or purpose.</li> <li>· The risks involved and the organisation’s chosen responses to those risks.</li> <li>· How managers know the responses are effective.</li> <li>· Assurances managers give to whom and how often.</li> </ul>			

	The preparation for audit engagements leads to the documentation of objectives that are agreed with senior management and where appropriate clients outside the organisation. Options include: <ul style="list-style-type: none"> <li>· Assurance that management assurance is effective and, therefore, reliable.</li> <li>· Assurance that specific responses, including controls, are effective in managing given risks. Consultancy to help managers improve the design or implementation of governance processes, risk processes and risk responses, including controls. Documentation of the objectives and scope of consultancy engagements. This could include engagement letters, terms of reference and any other form of agreement that documents the responsibilities of the internal audit activity in a consultancy engagement.</li> </ul>
<b>Actual Evidence</b>	Details of the scope and its limitations are discussed with management at the pre-meeting. A pre audit brief is prepared prior to the meeting detailing scope and objectives. Timing of the audit is discussed with management. Audit days are recorded on the audit file as detailed within the audit plan. A pre-meeting questionnaire has been devised to take into account the areas to be considered prior to setting the audit objectives. this is to be issued to management before the pre-meeting in order to inform the audit
<b>Latest Note</b>	


PSIAS_2210	Engagement Objectives							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>In establishing objectives for assurance engagements the internal auditor considers:</p> <ul style="list-style-type: none"> <li>· The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.</li> <li>· The adequacy and effectiveness of the activity's risk management and control systems compared to a relevant control framework or model.</li> <li>· The opportunities for making significant improvements to the activity's risk management and control systems. For consultancy engagements the objectives reflect the expectation of managers and relate to aspects of governance, risk management and control</li> </ul>							
<b>Actual Evidence</b>	See 2201 - as part of the scoping exercise							
<b>Latest Note</b>								


PSIAS_2220	Engagement Scope							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	The engagement scope is consistent with the audit objectives. In practice this means agreeing and documenting:							

	<ul style="list-style-type: none"> <li>· The extent of the audit - understanding what will and won't be looked at.</li> <li>· The nature of assurance to be provided or focus of the consulting work to be done, including timing and key stages.</li> <li>· Defining the people, systems, procedures, files and records that will form the audit engagement.</li> <li>· Defining the depth of the review, such as the period under review or any special conditions. The scope of consultancy engagements has reference to aspects of governance, risk management and control as per the definition of IA.</li> </ul>							
<b>Actual Evidence</b>	The extent of the audit is agreed at the pre meet prior to the commencement of the audit. Where a significant consultancy exercise is to be completed which has arisen during the audit, the consultancy exercise will be treated as a separate piece of work with its own scope and objectives.							
<b>Latest Note</b>								
PSIAS_2230	Engagement Resource Allocation							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	Evidence of appropriate evaluation of how audit engagements are resourced based on the nature and complexity of the engagement, time constraints, and available resources. This would include the rational for using resources outside the IA activity based on the levels of competency required.							
<b>Actual Evidence</b>	The resources are allocated at the audit planning stage. External resources are used to deliver IT audits in areas where specialist knowledge is required.							
<b>Latest Note</b>								
PSIAS_2240	Engagement Work Programme							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>The internal auditor has developed a programme of work outlining the resources and procedures needed to achieve the audit objectives. This might include:</p> <ul style="list-style-type: none"> <li>· Timetables and project plans.</li> <li>· Preparation of audit programmes and checklists.</li> <li>· Interview and testing schedules.</li> </ul> <p>For consultation work the planning and, documentation of activities is tailored according to the nature of the engagement. The one-off nature of such engagement may require detailed project plans and timetables. The engagement programme of work and any subsequent</p>							



	programme adjustments are approved by the CAE or designee.
<b>Actual Evidence</b>	The scope and objectives are documented on the pre audit brief. Work programmes are noted on the detailed working papers which describe clearly how and why samples were selected for testing.
<b>Latest Note</b>	


**2300 - 2340 Performing the Engagement**

PSIAS_2300	Performing the Engagement			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Information can be data or documents that internal auditors use, document or create to support and fulfil their audit engagements. Information is retained in some form of filing or storage system to support conclusions and opinions – hardcopy or electronic versions are acceptable.			
<b>Actual Evidence</b>	Electronic working papers are completed and evidence to support the findings is electronically attached to the file.			
<b>Latest Note</b>				


PSIAS_2310	Identifying Information			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	The internal auditor plans what information they may need, where that information could be obtained from and whether that information is sufficient, reliable, relevant, and timely. The working files/papers for the audit engagement contain information that shows how activities and processes are designed and how they are meant to work. Information is obtained from information systems about the way processing operates – options include reporting tools, exception reports and CAATTs. Information also includes observations, interviews and results of audit testing.			
<b>Actual Evidence</b>	Working papers contain sufficient, relevant and reliable information to inform the conclusion of the testing. the narrative of the system is contained within the individual working papers			




<b>Latest Note</b>			
PSIAS_2320	Analysis and Evaluation		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>
		2013/14	Yes 
<b>Examples of Evidence</b>	Audit conclusions and engagement results are based on the information that has been gathered during the audit engagement. There is evidence that the information has been analysed and evaluations discussed with managers. .		
<b>Actual Evidence</b>	Conclusions are based on the evidence gathered and testing of transactions etc. Any value for money issues are highlighted and reported in the executive briefing		
<b>Latest Note</b>			
PSIAS_2330	Documenting Information		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>
		2013/14	Yes 
<b>Examples of Evidence</b>	Sufficient information is documented to support the conclusions and audit opinions. Work files/papers have controlled access according to the policy of the organisation. A policy and procedure exists relating to information archiving and retrieval. There is evidence that CAE obtains appropriate approvals prior to releasing records.		
<b>Actual Evidence</b>	Working papers contain sufficient and relevant information to support the conclusions made. All working papers are sufficiently complete. All records relating to the audit are stored electronically on the Covalent audit hub. Some documents may be stored on the s drive. Documents are retained for the at least the last audit. Access to the audit hub is restricted via access controls. Documents stored on the "s drive" have restricted access to Internal Audit. Records will only be released to external parties with the approval of Senior Management.		
<b>Latest Note</b>			
PSIAS_2340	Engagement Supervision		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>


		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is an organisational and reporting structure within the internal audit activity that provides the basis for supervision. Job descriptions document supervisory requirements. Policies and procedures describe how supervision is supposed to be applied – this incorporates review of work in progress, amendment or corrective actions, follow-up and approval. IA files/working papers and reports illustrate how supervision works in practice. The results of supervision are incorporated into the QAIP and staff appraisal assessments – and where appropriate training and development plans.</p>			
<b>Actual Evidence</b>	All audits are supervised and all working papers and reports are checked by a senior member of staff and noted and the audit file			
<b>Latest Note</b>				










**2400 - 2440 Communicating Results**

PSIAS_2410	Criteria for Communicating			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is evidence of appropriate, timely communication with management throughout the audit engagement. This begins with discussions to research and scope an audit, leading to agreement upon objectives. Communication with managers also occurs as the audit engagement proceeds - discussing and analysing information. Close –out meetings that provide the basis for exchange views about conclusions, opinions and possible recommendations for improvement. An overall opinion or conclusion is included within audit communications in line with the stakeholder expectations and the original objectives of the audit engagement. Opinions are given according to the level, scope and detail agreed with senior management and the audit committee. Opinions at the engagement level may be ratings, conclusions or other descriptions of the results. Satisfactory performance is acknowledged in engagement communications. Communications outside the organisation are limited in distribution and use of results. There is evidence of progress and results on consulting engagements that is reasonable to the engagement.</p>			
<b>Actual Evidence</b>	<p>A Prelim Audit Assessment is sent to the relevant officer prior to the pre-meeting. This is so the officer can identify the contribution the audited area makes to the vision and priorities of the authority, the number of staff involved in the activity, significant risks, risk treatment measures in place, identified opportunities to improve governance in the area under review and any assurance provided to others on the area. This is used to inform the discussions at the pre audit meeting where the scope and objectives of the audit are agreed. Prior to the issue of the draft report, issues identified and agreed management actions are discussed at the debrief meeting. The results of the engagement are communicated through the issue of a report. This details the overall opinion on the system, the scope and objectives, findings, recommendations and managements responses the recommendations made with implementation dates. This is</p>			

	issued to the relevant manager for agreement and then issued to the relevant director for agreement. The finalised executive brief report is issued to the S151 Officer, the Chief Executive and the Monitoring Officer. Recommendations are categorised according to priority. Recommendations not agreed are recorded in the audit report with the priority highlighted. All material factors are contained in the audit report. Results of all audits feed into the overall annual opinion. The Executive Brief Report contains the overall assurance placed on the system and is issued even where no recommendations are made.
<b>Latest Note</b>	



PSIAS_2420	Qualities of Communications			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is a record of the timeline for the communication of results that spans the completion of the audit engagement through to communication with the board.</p> <p>There is a procedure that ensures discussions with managers between the close of the audit engagement and the delivery of communications are performed promptly.</p> <p>There is evidence to show IA communications are delivered in a timely manner and within the timeframe and level of resource set at the start of the audit engagement.</p> <p>Communications cover the full scope of the audit engagement.</p> <p>The form and style of communications has been discussed and agreed with senior management and the board including the method of communications, format, and any grading of opinions and recommendations.</p> <p>There is evidence of review and approval of communications prior to their release to ensure accuracy and objectivity.</p> <p>Communications are clear and concise.</p>			
<b>Actual Evidence</b>	Reporting timescales are agreed at the start of the audit. Auditors complete the debrief meeting and update the system with the responses and agreed management actions. The report is issued the same day or the next working day. The grade of recommendations has been agreed and is communicated with management at the start of the audit as it forms part of the pre audit brief. Details of the reporting timeline are recorded on the audit file			
<b>Latest Note</b>				

PSIAS_2421	Errors and Omissions			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Where appropriate, there is communication of corrected information to all parties.			



<b>Actual Evidence</b>	Any corrected information is communicated to all parties							
<b>Latest Note</b>								
PSIAS_2430	Use of "Conducted in Conformance with the ISPPIA"							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	Internal and external assessments support any statements that are made inside and outside the organisation. Senior management and the board are aware of and agree such statements. .							
<b>Actual Evidence</b>	Will only state conform with standards whens standards are fully met.							
<b>Latest Note</b>								
07-Mar-2014	Now fully compliant - this statement will be used							
PSIAS_2431	Engagement Disclosure of Non-conformance							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	Where appropriate, communication of results discloses non-conformance with the IPPF. The nature of the non-conformance is discussed and reviewed with senior management and the board with a record of any agreed action.							
<b>Actual Evidence</b>	Any non conformance will be identified and an agreed action plan put in place							
<b>Latest Note</b>								
PSIAS_2440	Disseminating Results							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	All audit communications are reviewed and approved by the CAE.							

	<p>Audit communications are provided to an appropriate level of senior management and distributed according to the agreed protocol of the organisation.</p> <p>When an overall opinion is issued (perhaps in support of a statement on internal control), it covers an appropriate time period and addresses the expectations as agreed with the board, senior management and other stakeholders.</p> <p>The opinion is supported by sufficient, reliable, relevant and accurate information.</p> <p>If applicable, the CAE is properly consulted and has considered the risks of disclosure outside the organisation. Consulting engagement reports are distributed appropriately, as established at the start of the audit engagement.</p>
<b>Actual Evidence</b>	<p>The circulation of reports has been determined and is notified at the pre audit brief. Copies of executive brief reports are circulated to the Chief Executive, s151 Officer and the Monitoring Officer. Internal audit reports are not released outside of the organisation unless a freedom of information request is received. Steps are taken to ensure that only relevant information is released via the Information Security Manager.</p> <p>Any issues discovered during consultancy engagements are reported in the same manner as those discovered through an audit</p>
<b>Latest Note</b>	

**2450 Overall Opinions**


PSIAS_2450	Overall Opinions						
<b>Assigned To</b>	Angela Struthers						
		2013/14	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td></td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	
	Value	Status					
	Yes						
<b>Examples of Evidence</b>	<p>The annual opinion is delivered on time and in accordance with the expectations of senior management and the audit committee. The work completed in the annual internal audit plan is consistent with the opinion requirements.</p> <p>The opinion where appropriate takes into account the reliability of other assurance providers. There is a methodology and process in place to evaluate the cumulative results of audit assignments and audit findings to express such an opinion.</p>						
<b>Actual Evidence</b>	will comply when annual opinion given						
<b>Latest Note</b>							
07-Mar-2014	Annual opinion will be reported to the June 2014 Committee meeting						

**2500 Monitoirng Progress**

PSIAS_2500	Monitoring Progress						
<b>Assigned To</b>	Angela Struthers						
		2013/14	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td></td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	
	Value	Status					
	Yes						

<b>Examples of Evidence</b>	The CAE has established a follow-up process to monitor and ensure that management actions have been effectively implemented or risk accepted. Records of follow-up meeting and discussions. There is a process that require internal audit to confirm the implementation of actions by management in relation to high priority, high importance areas.	
<b>Actual Evidence</b>	A follow up process is completed 6 months after the issue of the final report. Progress on the implementation of audit recommendations is reported to management and the Audit & Governance Committee. A revised opinion is given at implementation review. Each month, Directors are sent a report of outstanding recommendations that are overdue. The overall opinion informs the risk based audit planning process. Recommendations arising from consultancy work are followed up in the same way.	
<b>Latest Note</b>		

**2600 Resolution of Senior management's Acceptance of Risks**

PSIAS_2600	Resolution of Senior Managements Acceptance of Risk		
<b>Assigned To</b>	Angela Struthers		
		2013/14	Yes 
<b>Examples of Evidence</b>	Decisions regarding residual risk that are not resolved are reported by the CAE to the board for resolution. The subsequent resolution/disposition of such residual risk issues is appropriately documented.		
<b>Actual Evidence</b>	The Head of Internal Audit will escalate the issue with senior management and then if not resolved, with the Audit & Governance Committee.		
<b>Latest Note</b>			

## AUDIT & GOVERNANCE COMMITTEE

26<sup>TH</sup> June 2014

### Report of the Head of Internal Audit Services

#### INTERNAL AUDIT ANNUAL REPORT/QUARTERLY REPORT 2013/14 QUARTER 4

#### 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 4<sup>th</sup> quarter of 2013/14 – to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

#### RECOMMENDATION

That the Committee considers the attached quarterly report and raises any issue 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. Professional good practice recommends that this opinion be given periodically throughout the year to inform the Annual Governance Statement. This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Internal Audit Services' quarterly opinion statement for Jan – Mar 2014 (Qtr 4) is set out in the attached document, and the opinion is summarised below.

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 for this quarter is that "reasonable assurance" can be given. My

overall opinion of the control environment for the 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.

Internal Audit complies with the Public Sector Internal Audit Standards(PSIAS) and the International Professional Practice Framework (IPPF).

#### Specific Issues

No specific issues have been highlighted through the work undertaken by Internal Audit during 2013/14.

#### **RESOURCE IMPLICATIONS**

None

#### **LEGAL/RISK IMPLICATIONS**

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

#### **SUSTAINABILITY IMPLICATIONS**

None

#### **BACKGROUND INFORMATION**

None

#### **REPORT AUTHOR**

Angela Struthers, Head of Internal Audit Services

#### **LIST OF BACKGROUND PAPERS**

None

#### **APPENDICES**

- Appendix 1 Internal Audit Performance Report 2013/14 Quarter 4
- Appendix 2 Percentage of Management Actions Agreed 2013/14 Quarter 4
- Appendix 3 Implementation of Agreed Management Actions 2013/14



## **INTERNAL AUDIT ANNUAL REPORT/QUARTERLY REPORT – Q4 - 2013/14**

### **1. INTRODUCTION**

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Public Sector Internal Audit Standards)

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

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

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

### **2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN**

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. **Appendix 1** shows the progress at the end of quarter 4 of the work completed against the plan and highlights the work completed in the fourth quarter. The original audit plan identified 71 (originally 72 but 2 audits were merged together) areas of work (including implementation reviews). At the end of quarter 4, additional work completed includes an additional 24 implementation reviews and 7 audits for the current financial year. In addition, 5 implementation reviews identified at the beginning of the financial year have been cancelled. The report has been split to distinguish between audits and implementation reviews. In total, Internal Audit have completed 97% of the revised total jobs.

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

### **3. AUDIT REVIEWS COMPLETED QUARTER 4 2013/14**

The audits finalised in the 4<sup>th</sup> quarter of 2013/14 are shown in **Appendix 2** and this identifies the number of recommendations made. A total of 41 recommendations

were made in the fourth quarter with all of the recommendations being accepted by management.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Ten Implementation reviews were completed during the 4th quarter of 2013/14. **Appendix 3** details the implementation progress to date for 2013/14. Internal Audit is fairly satisfied with the progress made by management to reduce the level of risk and its commitment to progress the outstanding issues. As there are still a number of high priority actions still requiring to be completed, additional implementation reviews will be carried out to ensure the implementation of the actions is completed.

#### **4. INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY**

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

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

Internal Audit complies with the Public Sector Internal Audit Standards (PSIAS) and the International Professional Practice Framework (IPPF).

#### **5. OVERALL CURRENT INTERNAL AUDIT OPINION**

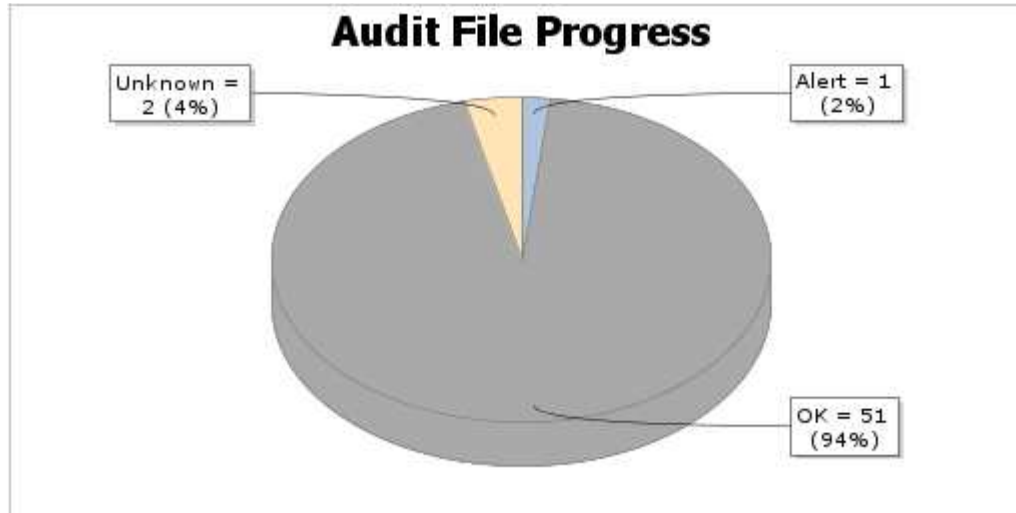
Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that “reasonable assurance” can be given. Where significant deficiencies in internal control have been formally identified 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 2013/14 financial year








Angela Struthers,  
Head of Internal Audit Services









Internal Audit Performance Report 2013/14 quarter 4
















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Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.TechCP09 ISO20000	✔	Information Technology	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		⚠

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.TechCP06 Printing		System based review	It is with some concern that Audit has to report no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing.		
1314.AE04 Disabled Facilities Grants		Risk Workshop	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
1314.AE14 Property Contracts		Main financial system – full			
1314.HH02 Housing Repairs		Main financial system – full			
1314.FIN07 Bank Rec & Cash		Main financial system – interim			





Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.STTC02 Legal Compliance		Risk based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
1314.FIN10 Procurement		System based review			
1314.AE05 Licences		Risk Workshop			
1314.TechCP05 BACS		Information Technology			
1314.STTC04 Gifts & Hospitality		System based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
1314.TCP01 Payroll		Main financial system – full			





Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.FIN02.3 Treasury Management Qtr 3		Main financial system – interim	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.		
1314.FIN01 Main Accounting & Budgetary Control		Main financial system – interim	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.		
1314.STTC03 Scheme of Delegation			It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		







Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.FIN11 Income Management		System based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
1314.HH03 Sheltered Housing		Risk Workshop	A focus workshop type session has been carried out for Sheltered Housing to identify potential risks and the measures in place/ to be put in place to mitigate against risks within the area.		
1314.TechCP01 Orchard Application review		System based review			
1314.STTC05 Committee Decisions & Reporting		System based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		










Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.AE02 Corporate Property Management		Risk based review	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
4.AE01 Cemeteries		Risk Workshop	A focus workshop type session has been carried out for the Cemeteries section to identify potential risks and the measures in place/ to be put in place to mitigate against risks within the area.		
1314.AE03 Commercial/Industrial Properties		System based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
























Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.TechCPIR09 ISO 20000 Implementation Review		Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
1314.TCP09 Petty Cash		Additional Consultancy	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		








Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.FIN04 Debtors		Main financial system – interim	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
14.STTC06 RIPA		System based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		


Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.STTC01 Standards and Declarations		System based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
1314.FIN08 Housing & Council Tax Benefits		Main financial system – interim	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.		
1314.FIN02.2 Treasury Management Qtr 2		Main financial system – interim	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.		

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.FIN05 Council Tax		Main financial system – full	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
1314.FIN03 Creditors		Main financial system – full	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
1314.TechCP02 I Trent Application Review /PIR		Information Technology			
1314.TechCP04 CRM PIR		Information Technology			
1314.TCP02 Organisational Development		Risk based review			

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.TechCPIR06 Printing Implementation Review		Implementation Review	The initial audit opinion was that no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing.		
1314.FIN09 Capital Strategy & Programme Management		Main financial system – interim	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
1314.AE07 Street Wardens		Risk based review	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.CPP01 Section 106 Agreements		System based review			
1314.TechCP08 Software Asset Management		Information Technology			
1314.FIN06 NNDR		Main financial system – full			
1314.TechCP16 ISO27001		Information Technology			
1314.CPP02 Golf Course		System based review			
1314.COR01 Corporate Policy Management		System based review			
1314.FIN02.4 Treasury Management Qtr 4 1213		Main financial system – interim	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.		 
1314.HH07 Regeneration & Affordable Housing		Additional Risk Based Review			
1314.HH07 Housing Advice		Additional Risk Based Review			
1314.HH08 Housing Strategy		Additional Risk Based Review			
1314.HH09 Energy Efficiency		Additional Risk Based Review			

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.HH10 Housing Enforcement		Additional Risk Based Review			
1314.FIN13 SCC Pension Contributions		Transactional			
1314.HH01 Housing Rents		Main financial system – full	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
1314.FIN02.1 Treasury Management Qtr 1		Main financial system – interim	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.		
1314.COR02 Corporate Change Programme		System based review			

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
1314.TechCP03 Exchange/Email Application Review		Information Technology			

















# IA Performance quarter 4 implementation reviews









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Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
Academy Application review 1314.TechCP11IR	✔	Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	The revised audit opinion is that substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	✔ ⇒ ✔✔

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
Asbestos & Legionella Further Implementation Review 1314.AE13FIR		Additional Implementation Review	The initial audit opinion was that no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing.	<p>The revised audit opinion, following the initial implementation review was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> <p>Following on from the further implementation review the audit opinion has not changed due to the number and priority of the partially implemented and outstanding recommendations.</p>	 ⇒ 
Asbestos & Legionella1314.AE09IR		Implementation Review	The initial audit opinion was that no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing.	The revised audit opinion is that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	 ⇒ 

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
Building Security 1314.TCP05IR		Risk based review	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
Building Security Implementation Review 1314.TCP05IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	 ⇒ 
Car Park Income 1314.AE08IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control	.The overall assurance originally reported remains.  Full details of the status of all recommendations are detailed on Covalent.	 ⇒ 









Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			weaknesses but most key controls are in place and operating effectively.		
Castle 1314.CPP.04IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	 ⇒ 
TV 1314.AE06IR		Risk based review	Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.		
Committee Decisions & Reporting 1314.STTC05IR		Implementation Review	The initial audit opinion was that limited assurance can be given that the system, process or activity will	The revised audit opinion is that reasonable assurance can be given that the system, process or activity	 ⇒ 

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	
Community Development 1314.CPP06IR		Implementation Review	The initial opinion was that substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	The overall assurance originally reported, remains.  Full details of the status of all recommendations are detailed on Covalent.	
Community Leisure 1314.CPP05IR		Risk based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
Community Safety Hub 1314.CPP03IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity	The overall assurance originally reported remains.  Full details of the status of	










Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	all recommendations are detailed on Covalent.	
Corporate Business Continuity 1314.COR04IR		Implementation Review			
Data Quality & Records Management 14.TechCP07IR		Additional Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	The revised audit opinion is that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	 ⇒ 
Health & Safety 1314.TCP07IR		Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	Due to the nature of the outstanding recommendations, the previous audit opinion remains – that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly,	 ⇒ 

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Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
				or controls in place are inadequate.	
Homelessness 1314.HH.06IR		Risk based review			Audit cancelled
Housing Allocations 1314.HH04IR		Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively	⇒
Home Management Implementation Review 1314.FIN11IR		Implementation Review	The initial audit opinion was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	The revised audit opinion is that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	⇒
Insurance 1314.FIN12IR		Implementation Review			
Interfaces 1314.TechCP14IR		Implementation Review			
IT Physical & Environmental Controls 1314.TechCP10IR		Implementation Review	The initial audit opinion was that only limited assurance	The revised audit opinion is that reasonable assurance	⇒











Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	
Land Charges 1314.STTC071R		Implementation Review	The original audit opinion was that limited assurance was given.	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	 ⇒ 
Localism 1314.STTC091R		Audit Cancelled			
Members Allowances 1314.STTC101R		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control	 ⇒ 



















Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			weaknesses but most key controls are in place and operating effectively.	weaknesses but most key controls are in place and operating effectively.	
Mobile devices 1314.TechCP15IR		Implementation Review	The initial audit opinion was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	The revised audit opinion is that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	 ⇒ 
Mobile Devices Further Implementation Review 1314.TechCP15FIR		Additional Implementation Review	The initial audit opinion and the opinion at the first implementation review was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	Due to the minimal amount of progress with the implementation of the recommendations there has still been no change in the assurance level given.	 ⇒ 
Mobile Telephony 1314.TechCP13IR		Implementation Review			
Ombudsmen Process 1314.STTC11IR		Audit Cancelled			

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Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
Operational Services Financial Controls1314.AE.12FIR		Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate	Due to the nature of the recommendations not implemented or partially implemented the revised audit opinion is that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	 ⇒ 
Outdoor Events 4.CPP07IR		Implementation Review	The initial audit opinion was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	 ⇒ 
Performance Management 1314.TCP07IR		Audit Cancelled			
PR & Communications 1314.TCP03IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the	The overall assurance originally reported, remains.	 ⇒ 







Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	Full details of the status of all recommendations are detailed on Covalent.	
Private Sector Empty Homes 1314.HH05IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	The overall assurance can now be reported as substantial.  Full details of the status of all recommendations are detailed on Covalent.	 ⇒  
Project/Programme Management 1314.COR03IR		Audit Cancelled			
Public Protection – Food Safety 1314.AE.10IR		Implementation Review			
RIPA 1314.STTC06IR		Implementation Review	The initial audit opinion was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls	Due to the lack of implementation of the recommendations and the priority assigned to them the revised audit opinion is that limited assurance can	 ⇒ 




Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			are in place but operating poorly, or controls in place are inadequate.	be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	
Safeguarding Children & Vulnerable Adults 1314.STTC08IR		Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	Due to the number of outstanding high priority recommendations the revised audit opinion is that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	 ⇒ 
Safeguarding Children & Vulnerable Adults Further Implementation Review 1314.STTC08FIR		Additional Implementation Review	The initial audit opinion was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	Due to the priority of the outstanding recommendations the revised audit opinion is that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating	 ⇒ 

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
				poorly, or controls in place are inadequate.	
Standards & Declarations Further Implementation Review 1314.STTC01FIR		Additional Implementation Review	The initial audit opinion and the opinion at the first implementation review was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	 ⇒ 
Standards and Declarations 14.STTC01IR		Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	Due to the nature of the outstanding recommendations, one being a legislative requirement, there has been no change to the audit opinion – only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	 ⇒ 
Street Scene1314.AE.11IR		Implementation Review	The initial audit opinion was	The revised audit opinion is	 ⇒  

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Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
			that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.	that substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	
Tourism & Town Centre 4.CPP04IR		Risk based review	It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.		
Tourist Information Centre 1314.TCP04IR		Implementation Review	The initial audit opinion was that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and	Due to the implementation of the recommendations, the audit opinion is now that substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating	   

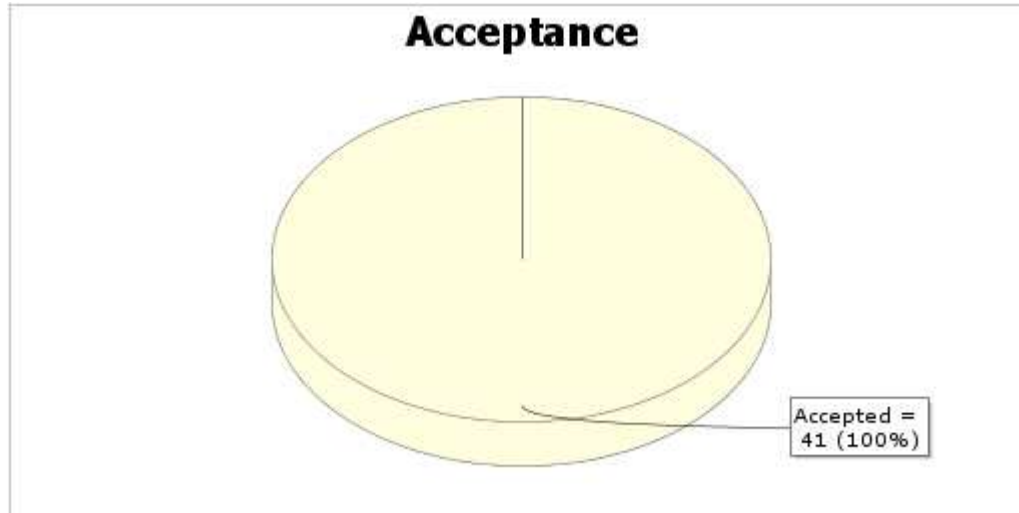
Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
Travel & Subsistence 1314.TCP06IR		Implementation Review	operating effectively.	satisfactorily.	 ⇒ 
Travel & Subsistence Further Implementation Review 1314.TCP06FIR		Additional Implementation Review	The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.	Due to there being no changes in the implementation of the recommendations since the previous implementation review, the revised audit opinion is that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are	 ⇒ 

Audit File	Audit File Progress Icon	Audit Assurance Type	Audit File Overall Opinion	Revised Audit Opinion	Audit Assurance Level
Volunteers Policy 1314.CPP08IR		Additional Implementation Review	<p>The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> <p>The opinion from the first implementation review did not change.</p>	<p>inadequate.</p> <p>The revised audit opinion is that reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.</p>	 





Percentage of Management Actions Agreed 2013/14 Quarter 4



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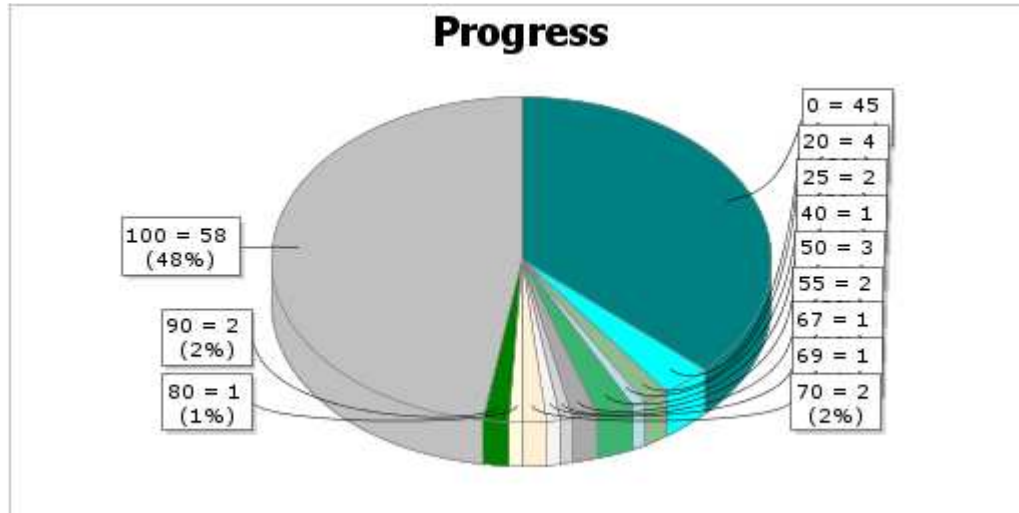
Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1314 Cred 13.1 Paper documentation	Medium Priority	Accepted
1314 Cred 2.1 Procedures	Medium Priority	Accepted
1314 Cred 3.1 Efin user access & authorisation	Medium Priority	Accepted
1314 Cred 4.1 New supplier accounts – DISCUSSION POINT ONLY	Low Priority	Accepted
1314 Cred 5.1 Purchase order & goods receipt process	High Priority	Accepted
1314 Cred 5.2 Invoice address	Medium Priority	Accepted

Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1314 Cred 5.3 Blanket orders	Medium Priority	Accepted
1314 Cred 5.4 Date stamp invoices – DISCUSSION POINT ONLY	Low Priority	Accepted
1314 Cred 5.5 Creditors review	Medium Priority	Accepted
1314 Cred 7.1 Exception reporting	Medium Priority	Accepted
1314 CTax 01.1 Council Tax Procedures	Medium Priority	Accepted
1314 CTax 02.1 Liability	Medium Priority	Accepted
1314 CTax 04.1 Discount Reviews	Medium Priority	Accepted
1314 CTax 05.1 Exemptions	Medium Priority	Accepted
1314 CTax 05.2 Exemptions	Medium Priority	Accepted
1314 CTax 05.3 Exemptions	Medium Priority	Accepted
1314 CTax 06.1 Void & Empty Properties	High Priority	Accepted
1314 CTax 06.2 Void & Empty Properties	Medium Priority	Accepted
1314 CTax 09.1 Specialist Arrangements	Medium Priority	Accepted
1314 CTax 10.1 Court Summonses	Medium Priority	Accepted
1314 CTax 11.1 Suppressed Accounts	Medium Priority	Accepted
1314 CTax 14.1 Spot Checks	Medium Priority	Accepted
1314 Debtors 01 Procedures	High Priority	Accepted
1314 Debtors 02 Credit Policy	High Priority	Accepted
1314 HRents 01 Quarterly Reconciliations	Low Priority	Accepted
1314 HRents 02 Rent Refunds	High Priority	Accepted
1314 HRents 03 Terminating Tenancies	Medium Priority	Accepted
1314 HRents 04 Orchard updates and patches	High Priority	Accepted
1314 HRents 05 Arrears recovery	Low Priority	Accepted

Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1314 HRents 06 Rental Charges	High Priority	Accepted
1314 HRents 07 File Location	Low Priority	Accepted
1314 HRents 08 Tenancies	High Priority	Accepted
1314 HRents 09 Tenancies	Medium Priority	Accepted
1314 HRents 10 Terminated Tenancies	Medium Priority	Accepted
1314 SofD Sub Delegations	High Priority	Accepted
1314 SW 01 Training	Medium Priority	Accepted
1314 SW 02 High Risk Areas	Medium Priority	Accepted
1314 SW 03 Equipment	Medium Priority	Accepted
1314 SW 04 PDR	Medium Priority	Accepted
1314 SW 05 Procedures	Medium Priority	Accepted
1314 SW 06 Drivers Policy	Medium Priority	Accepted

















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# Implementation of agreed management actions 2013/14 quarter 4













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Audit Recommendation Code & Title	Audit Recommendation Status Icon	Audit Recommendation Priority	Audit Recommendation Progress Bar	Directorate
1213 SC&VA 1.4 Use of CRM system	🛑	High Priority	0%	STTC
1213 SC&VA 1.5 GCSx	🛑	High Priority	0%	STTC
1213 SC&VA 1.6 CRM System	🛑	High Priority	0%	STTC
1213 T&S 3.3 Documentation provided annually	✅	High Priority	0%	TCP
1213MobDevice1.1 Mobile Device Policy	✅	High Priority	0%	TechCP

Audit Recommendation Code & Title	Audit Recommendation Status Icon	Audit Recommendation Priority	Audit Recommendation Progress Bar	Directorate
1213 MobDevice 1.2 Use of Own Devices Policy		High Priority	<input type="text" value="0%"/>	TechCP
1314 ComAdmin 9.8 Business Continuity		High Priority	<input type="text" value="0%"/>	STTC
1314 IM 02 Inventory		High Priority	<input type="text" value="0%"/>	TechCP/F
1314 IM 03 Testing for PCI compliance		High Priority	<input type="text" value="0%"/>	TechCP/F
1314 IM 04 Quarterly Testing		High Priority	<input type="text" value="0%"/>	TechCP/F
1314 IM 07 Paye.net Administrator		High Priority	<input type="text" value="0%"/>	TechCP/F
1314 IM 08 Users and Access		High Priority	<input type="text" value="0%"/>	TechCP/F
1314 IM 09 Audit Log		High Priority	<input type="text" value="0%"/>	TechCP/F
1314 IM 10 Money Laundering Policy		High Priority	<input type="text" value="0%"/>	STTC
1314 Print 1.1 Printing Contract Management		High Priority	<input type="text" value="0%"/>	TechCP
1314 Print 1.2 Printing Contract Management		High Priority	<input type="text" value="0%"/>	TechCP
1213 Castle 1.2 Updating of Plans		Medium Priority	<input type="text" value="0%"/>	CPP
1213 Castle 1.3 Maintenance Plan		Medium Priority	<input type="text" value="0%"/>	CPP
1213 LC 1.2a Business Continuity		Medium Priority	<input type="text" value="0%"/>	STTC
1213 LC 1.2b Business Continuity		Medium Priority	<input type="text" value="0%"/>	STTC
1213 LC 8.1a Users		Medium Priority	<input type="text" value="0%"/>	STTC

Audit Recommendation Code & Title	Audit Recommendation Status Icon	Audit Recommendation Priority	Audit Recommendation Progress Bar	Directorate
1213 LC 8.1b Users		Medium Priority	<input type="text" value="0%"/>	STTC
1213 LC 8.2 System Parameter Checks		Medium Priority	<input type="text" value="0%"/>	STTC
1213 T&S 1.5 Subsistence Policy		Medium Priority	<input type="text" value="0%"/>	TCP – Action now complete
1213 T&S 2.1 Travel Policy		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 2.2 Clarification of Key Terms in Policies		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 3.1 Consistency between Policies		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 3.2 Insurance and other vehicle documentation		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 4.1 Policy updated to include VAT receipts		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 4.3 Policy Updated		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 6.1 Car Sharing Policy		Medium Priority	<input type="text" value="0%"/>	TCP
1213 T&S 7.1 Part-Time Officers in receipt of Full Essential Car User Allowance		Medium Priority	<input type="text" value="0%"/>	TCP
1213MobDevice2.1 Mobile equipment security standards		Medium Priority	<input type="text" value="0%"/>	TechCP
1213MobDevice2.2 Mobile equipment business case		Medium Priority	<input type="text" value="0%"/>	TechCP
1213MobDevice2.5 Responsibility reminders		Medium Priority	<input type="text" value="0%"/>	TechCP

Audit Recommendation Code & Title	Audit Recommendation Status Icon	Audit Recommendation Priority	Audit Recommendation Progress Bar	Directorate
1213MobDevice3.2 Accountability of devices		Medium Priority	<input type="text" value="0%"/>	TechCP
1213MobDevice4.5 Guidance on housekeeping activities		Medium Priority	<input type="text" value="0%"/>	TechCP
1314 IM 06 Paye.net refunds		Medium Priority	<input type="text" value="0%"/>	TechCP/F Action now completed
1314 IM 11 Money Laundering Training		Medium Priority	<input type="text" value="0%"/>	STTC
1314 Print 1.4 Printing Contract Management		Medium Priority	<input type="text" value="0%"/>	TechCP
1314 Print 1.6 Printing Contract Management		Medium Priority	<input type="text" value="0%"/>	TechCP
1314 Print 2.2 Printing Recharges Social Services		Medium Priority	<input type="text" value="0%"/>	TechCP - Action now completed
1314 Print 3.1 Printing Usage and Monitoring		Medium Priority	<input type="text" value="0%"/>	TechCP
1314 Print 4.1 Generic User Accounts		Medium Priority	<input type="text" value="0%"/>	TechCP
1314 Print 5.1 Housekeeping		Medium Priority	<input type="text" value="0%"/>	TechCP



## AUDIT & GOVERNANCE COMMITTEE

26<sup>TH</sup> June 2014

### Report of the Head of Internal Audit Services

## ANNUAL RISK MANAGEMENT REPORT

### EXEMPT INFORMATION

None

### PURPOSE

To report on the Risk Management performance for the 2013/14 financial year and the action plan for 2014/15.

### RECOMMENDATIONS

That the Committee endorses

1. the Risk Management Policy.
2. the Risk Management Action Plan 2014/15.
3. the Corporate Risk Register.

### EXECUTIVE SUMMARY

To ensure that good governance arrangements exist in respect of the Risk Management function, an annual report is produced to review the previous year's performance and set the objectives for Risk Management for the forthcoming year.

Although the Risk Management process is embedded within the Authority, there are still areas that need to be developed. As Internal Audit is working towards risk based auditing, they have in some instances, completed facilitated sessions with managers to develop their risk registers. Identified below are the areas of risk management improvements completed during 2013/14.

- 1 Risk Management Policy reviewed and updated.
- 2 Eleven facilitated risk workshops completed to aid managers to identify and compile a risk register.
- 3 Nine risk based audits completed.
- 4 Commenced the population of a Risk Library – partnerships risks identified and logged on Covalent.
- 5 Risk Management module developed on the "e-learning" system.

- 6 Risk management guidance notes made available on the Covalent System.
- 7 Commenced the recording of health & safety risk registers on Covalent.
- 8 Made enhancements to the Covalent System to aid reporting.

The embedding of risk management is an on-going process and as such, the risk management action plan for 2014/15 is set out in **Appendix 2**. Completion of these actions will help to further embed the risk management process.

As part of the Risk Management process, the Risk Management Policy is reviewed on a regular basis. The reviewed policy is attached at **Appendix 1**.

The Corporate Risk Register is owned and reviewed by Corporate Management Team. The review of the Corporate Risk Register is completed on a quarterly basis. The latest revised Corporate Risk Register is attached at **Appendix 3**.

## **RESOURCE IMPLICATIONS**

None

## **LEGAL/RISK IMPLICATIONS**

There is a risk that risks will not be identified and managed.

## **SUSTAINABILITY IMPLICATIONS**

None

## **BACKGROUND INFORMATION**

None

## **REPORT AUTHOR**

Angela Struthers, Head of Internal Audit Services

## **LIST OF BACKGROUND PAPERS**

None

## **APPENDICES**

- Appendix 1 Risk Management Policy
- Appendix 2 Risk Management Action Plan 2014/15
- Appendix 3 Corporate Risk Register



## RISK MANAGEMENT POLICY AND STRATEGY

Document Status: Draft

Originator: A Struthers

Updated: A Struthers

Owner: Executive Director Corporate Services

Version: 01.01.03

Date: 30/3/14

**Approved by**

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Date March 2014

## Document Location

This document is held by Tamworth Borough Council, and the document owner is John Wheatley, Executive Director – Corporate Services.

Printed documents may be obsolete. An electronic copy will be available on Tamworth Borough Council's Intranet. Please check for current version before using.

## Revision History

Revision Date	Version Control	Summary of changes
April 2010	1.01.01	
18/09/12	1.01.02	Scheduled review
30/3/14	1.01.03	Scheduled review

## Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	
CMT	Group Approval	
John Wheatley	Executive Director Corporate Services	
Angela Struthers	Head of Internal Audit Services	Yes

## Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

## Distribution

The document will be available on the Intranet and the website.

Date March 2014

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## Risk Management Policy Statement

### Statement by the Council Leader and Chief Executive

The Council is committed to the culture of Risk Management ensuring that its reputation is not tarnished by an unforeseen event nor is it financially or operationally affected by the occurrence.

It recognises that: -

- Management has the responsibility to plan and systematically approach, the identification, evaluation, and control of risk;
- In order for the Council to improve, risks need to be taken, but they need to be understood and appropriately managed;
- All Managers and Team Leaders have responsibility for the effective control of risk utilising the support, training and resources provided by the Council;
- The responsibility for insurable losses is management's, not that of an insurance company. Insurance is not a substitute for the management of risk;
- The need to integrate Risk Management into the culture of the Council.

Risk Management objectives for the Council are:

- To safeguard the public, members and employees and to protect the Authority's reputation and assets;
- To manage risks in accordance with best practice and ensure risk management is integrated into the culture of Tamworth Borough Council and all those connected with it.
- To identify and take advantage of available opportunities to improve service delivery and/or the Council's financial position;
- To ensure the Council delivers its commitments to stakeholders and to demonstrate transparency, accountability and equity in its efforts to do so;
- To anticipate and respond positively to changing social, environmental and legislative requirements; and To identify and manage partnership risks

The Cabinet will regularly review the Risk Management Policy and Strategy to ensure their continued relevance to the Council. They will also assess performance against the aims and objectives.

We attach great significance to Risk Management and it is essential that the Protocol is known and understood by all staff within the Council. It will form part of the induction training and performance reviews for all staff and members and monitored as part of the performance review process utilising the corporate performance system Covalent. We will make adequate resources available to ensure that the commitments made in this statement are achieved.

Risk Management has our total support – it needs yours too for us to succeed.

(Signed)  
Designation  
Date

(Signed)  
Designation  
Date

Date of review.

## Protocol Objectives

In implementing this Protocol the Council will: -

- Identify those assets and exposures which have or may give rise to loss producing events;
- Maintain detailed 'Risk Registers' of the risks identified as threatening the Council's operation and document their control on the Authority's Corporate Performance system Covalent;
- Assess the impact of potential loss producing events;
- Take reasonable physical or financial steps to avoid or reduce the impact of potential losses;
- Endeavour to reduce all serious (RED) risks to an acceptable level either by controls or ceasing the activity;
- Ensure that all systems of work reflect the positive risk management culture of the Council;
- Establish a comprehensive information base of insurable and uninsurable losses;
- Maintain a detailed understanding of insurance;
- Purchase insurance for those risks which cannot be avoided or reduced further, always retaining risks where this is economically attractive.

## Risk Management Strategy

The Purpose of this Risk Management Strategy is to effectively manage potential opportunities and threats to the organisation achieving its objectives. The main objectives of the Council's Risk Management Strategy are to: -

- Achieve continuous improvement in the management of risk;
- Develop a culture that integrates risk management into the day-to-day management process;
- Continue to develop robust systems to identify and evaluate risk;
- Develop reliable performance indicators for target-setting and for making appropriate comparisons;
- Develop systems for performance monitoring to bring about continuous improvements;
- Enabling the Organisation to anticipate and respond to changing social, environmental and legislative conditions;
- Reduce the total cost of risk and mitigate potential future increases in insurance premiums and self-insurance options.

To help achieve these objectives it will be necessary to: -

- Increase the profile of and commitment to Risk Management throughout the Authority;
- Ensure adequate resources (financial and time) are provided;
- To make all partners, providers and delivery agents aware of the Organisation's expectations on risk, both generally as set out in its Risk Management Policy, and where necessary in particular areas of service delivery;

- Develop arrangements to measure performance of RM activities against the aims and objectives;
- Establish clear accountabilities, roles and reporting lines across all services, departments, management and committees;
- Provide for risk assessment in all decision-making processes of the Organisation;
- Develop training to build awareness across all levels of Council activity;
- Performance manage risk management across the Authority

## **Risk Management Organisation**

The Authority's Section 151 Officer is responsible for establishing and maintaining risk management procedures and for providing guidance on implementation of TBC's risk policy. To support this function the following risk management structure has been established:-

### **Council**

- Receive a quarterly overview of the risk register as part of the performance management process.

### **Audit and Governance Committee**

- Ensure TBC has in place adequate and effective arrangements for the management of risk;
- Annually review the risk register and risk management arrangements;
- Approve TBC's risk tolerance, and ensure the Corporate and strategic risks are being managed;
- Approve and review the processes for the management of risk to ensure they are effective, efficient and robust so as to help Officers and members meet existing and new challenges;
- Promote the culture that is essential for risk management to succeed;
- Report to Council on the effectiveness of the system of internal control, including risk management systems;
- Review the risk registers quarterly and progress against risk action plans;
- Review priorities for dealing with unacceptable risks and improvable risks.

### **The Corporate Management Team**

The role of the Corporate Management Team is to ensure that the Council manages risk effectively through the development of an all-encompassing Corporate Strategy.

Corporate Management Team should:-

- Be the clear focus for the management and control of the significant risks in the Council's activities,



- Provide a clear explanation of why risk management is being implemented,
- Communicate overall strategy and objectives,
- Ensure the management of risk is monitored as part of the performance management process of the Authority through the Covalent performance management system.
- Create a visible success to show that positive returns are attainable,
- Make available an annual budget for risk management initiatives,
- Ensure the Corporate Risks of the Authority are identified and adequately managed
- Review the performance of Risk Management within the Authority as part of the monthly performance monitoring process.
- Ensure risks are being adequately managed across the Authority
- Share experiences on risk, risk management and strategy implications across the Council,
- Identify areas of overlapping risk,
- Share good practice found both internally within the Council and externally with other Councils or project partners,
- Review the ideas, Corporate Risks of the Authority,
- Build on success.

### **Heads of Service / Managers**

Managers must support the Council in effective development and implementation of the Risk Management Strategy within each service area within the Corporate Strategy.

Managers **must** :

- Ensure that risk is identified, documented and effectively managed in their areas of responsibility
- Feed into the development of the Corporate Strategy from a service specific perspective;
- To identify any service specific issues relating to risk management which have not been explicitly addressed in Corporate Strategy;
- Liaise as appropriate with external agencies regarding the management of risk;
- Establish any training requirements of staff in respect of Risk Management;
- Identify within each Unit a Senior Officer to co-ordinate the Unit's overall approach to Risk Management.

### **All staff**

All employees have a duty to co-operate so that risk is effectively managed in their areas, ensuring that all issues that they cannot resolve directly themselves are brought to the attention of their managers.

### **Head of Internal Audit Services**

The Head of Internal Audit Services is the focal point for developing and implementing the strategy throughout the Council. the role is to advise others, as it is Service Management who will have overall responsibility.

The Head of Internal Audit Services overall responsibility will be to: -

- Develop the corporate risk management strategy in liaison with the Management Teams and Service Units;
- Promote, support and oversee its implementation across the Council;
- Monitor and review the effectiveness of the Risk Management Strategy;
- Assist with the identification and communicate risk management issues to Units;
- Work with the Insurance Officer on insurance issues;
- Advise Corporate and Unit management teams on strategic and operational implications of risk management decisions;
- Support Corporate and Unit management teams in their liaison with any external partners when identifying and managing risk in joint projects.

### Internal Audit

Audit has the responsibility for auditing the implementation of the risk management strategy.

### Arrangements

- The Executive Director Corporate Services will ensure that all Managers are aware of their responsibility for Risk Management;
- The Head of Internal Audit Services will be responsible for ensuring that the risk strategy of the Council is achieved,
- The Operations Accountant will be responsible for the administration of insurance and co-ordination of advice and support.

### Risk Management Tools

- **Risk Registers:** Risk registers record risks to the achievement of Council objectives, the controls in place to mitigate those risks, and the progress against the implementation of those mitigations. There are three risk registers in place.
- The Corporate Risk Register records risks to the achievement of the Council's strategic aims and objectives;
- Service Risk Registers record risks to the achievement of service business plans and the day to day activities of the Council;
- Project Risk Registers record the risks related to specific projects that are being carried out by the Authority;
- In addition, there is a library of Partnerships risks for managers to draw upon when they are completing any partnership risk registers.

**Council Policy Procedure:** Risks are considered as part of all decisions made by the Council. Report templates include a section to give consideration to risks, and the Risk Management Guidance gives direction on how to identify those risks.

**Project Risk Assessments:** All projects carry some risks. Once a project has been identified, risks are identified at the appraisal stage, and managed throughout the life of the project by the Project Manager and Project Board. See the Project Management Framework for more details.

**Procurement Risk Assessments:** Risk assessments will be conducted at the planning stage of a procurement exercise. They will be used to identify the risk and controls in the proposed exercise, and assess their impact and probability. They will be used to report on risk, to prioritise improvement action and to monitor results. See the Procurement Procedure for more details.

**Risk Management Training:** All employees at TBC will receive the relevant risk management training, to enable them to fulfil their risk management duties.

**Risk Management Guidance Notes:** Please refer to the risk management guidance notes for further information on risks, the risk management process from identification to management and reporting and appropriate templates to be used within TBC.

**Risk Management System:** The Authority documents its control of risk through the **Covalent Risk Management System**. The system is a tool for recording service risks identified, monitoring mitigations against those risks and actions required to further reduce risks. The system allows reports to be produced for Management review on a regular basis and links into the performance management of the Authority.

## **Review of Risk Management**

Review of all aspects of this Risk Management Protocol is an on going process.

Notwithstanding this all aspects of Risk Assessments will be reviewed

- When there is a critical change
- Annually by line management as a minimum requirement.

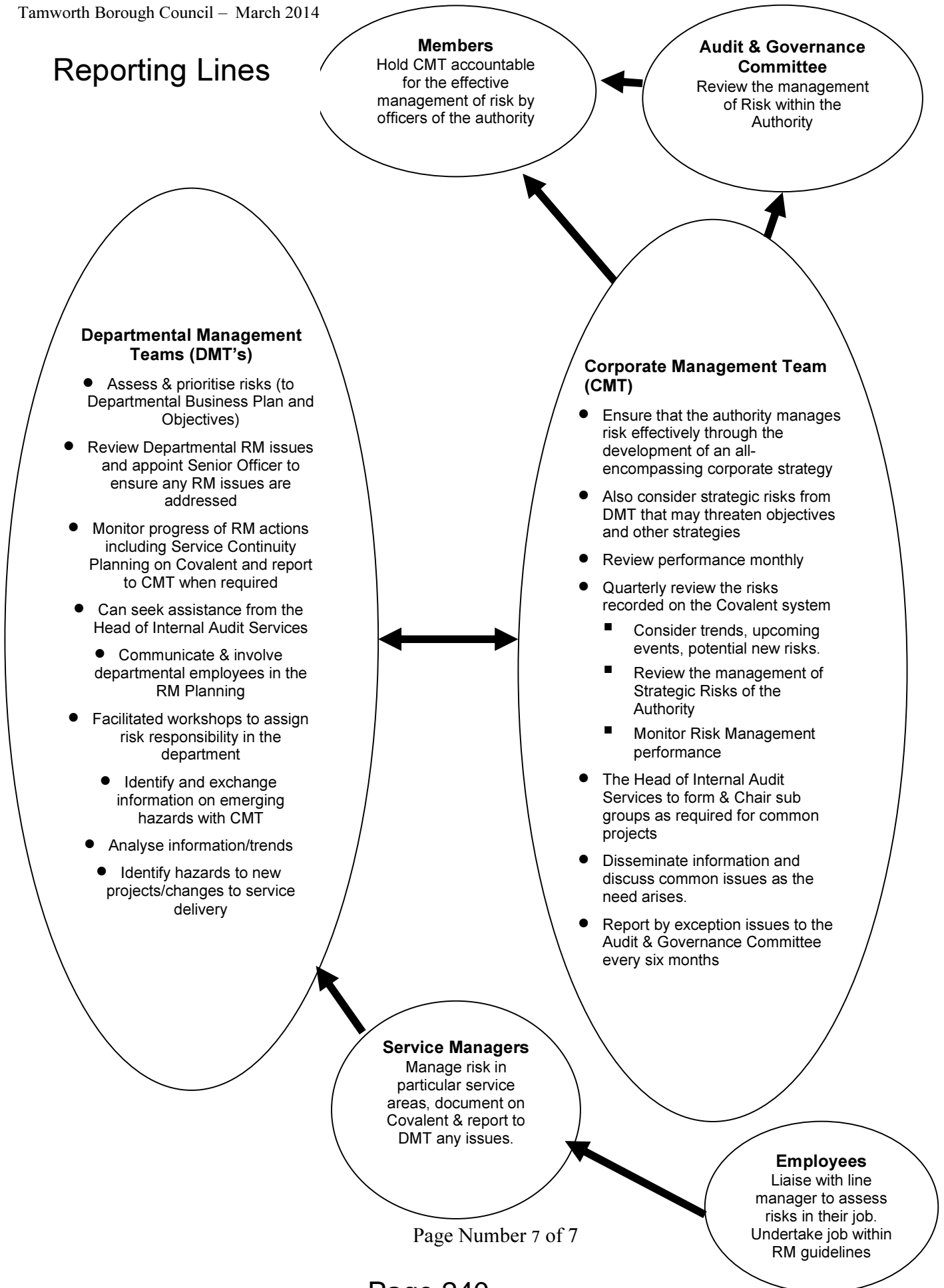
Appropriate reports will be submitted to the Assistant Directors/Corporate Management group (CMT group)

The Head of Internal Audit Services will advise the CMT group whenever there is a need to review the System through a change of statutory duty.

An Annual report will be produced which will: -

- Review previous year's Risk Management performance
- Set Council Risk Management objectives for the forthcoming year.

# Reporting Lines





# Risk Management Action Plan 2014/15


**Report Type:** Actions Report

**Report Author:** Angela Struthers


**Generated on:** 30 April 2014

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM1	Risk Management Policy			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers
<b>Description</b>	Risk Management Policy Review						
<b>All Notes</b>							
Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM2	Risk Management Training			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers
<b>Description</b>	Roll out e-learning risk management module						
<b>All Notes</b>							
Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM3	E-learning module			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers
<b>Description</b>	Review e-learning module to alarm toolkit						
<b>All Notes</b>							
Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM4	Linking risks to corporate priorities			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers
<b>Description</b>	Linking risks to corporate priorities and statements of intent						
<b>All Notes</b>							
Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM5	Opportunities Risk Register			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers


<b>Description</b>	Introduce an opportunities risk register						
<b>All Notes</b>							

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM6	Internal Controls			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers

<b>Description</b>	Evaluate the option to populate the Internal Controls tab within the Covalent Risk Management system						
<b>All Notes</b>							

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM7	Risk Library			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers




<b>Description</b>	Increase the Risk Management Library						
<b>All Notes</b>							



Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM8	Health & Safety Risk Registers			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers

<b>Description</b>	Promote the use of Covalent Risk Management system to record health & safety risk registers						
<b>All Notes</b>							

Action Code	Action Title	Priority	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
RM9	Other Assurance Sources			<input type="text" value="0%"/>	01-Apr-2015		Angela Struthers

<b>Description</b>	To promote the recording of other assurance sources on the Covalent system						
<b>All Notes</b>							

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress

	Not Started; In Progress; Assigned
	Completed

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# Corporate Risk Register 201415


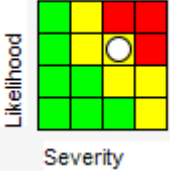
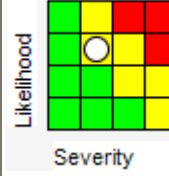
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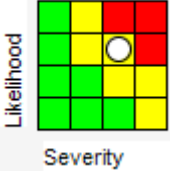
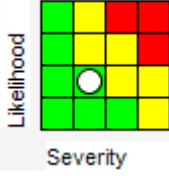
<b>Risk Code</b>	CPR1415_01	<b>Risk Title</b>	Medium Term Financial Planning & Sustainability Strategy	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Loss of Funding and Financial Stability			<b>Assigned To</b>	Stefan Garner; John Wheatley
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	12	Sustainability Strategy developed to address longer term funding shortfall identified - detailed workstream deliverables including corporate change programme(3) Budget planning and monitoring (1) Draft Medium term financial strategy prepared January 2014 for Joint Scrutiny Committee review (2) Treasury Management Strategy, annual outturn & strategy approved by Council. regular monitoring (4) WRIEP support for efficiency / procurement (5) Grant income sourced where possible (6) Developing benchmarking process within the authority to evaluate and understand costs/performance/outputs including CIPFA benchmarking, reviewing high spend, annual internal audit review of audit commission benchmarking data (7) Performance setting (8) Procurement section, contracts register, quick quote process / Procurement guidance updated / intranet (9) Business case reviews (10) SCFOG/Networking / Active engagement in central government reform and change agenda (11) Effective use of assets eg Marmion House, agile working project (12) Attendance at professional & Government updates / workshops (13)	<b>Current Risk Score</b>	8	
<b>Gross Severity</b>	4		<b>Current Severity</b>	4	
<b>Gross Likelihood</b>	3		<b>Current Likelihood</b>	2	
<b>Gross Risk Review Date</b>			<b>Last Risk Review Date</b>	29-May-2014	

		<p>Proactive management &amp; monitoring of corporate income levels i.e. council tax, business rates &amp; housing rent (14)  Section 151 review of controls within key financial systems (15)  Housing Regeneration Project Group established with key sub-groups for specific tasks (16)  Council tax support scheme - legal advice, EIAs, sound consultation with public, claimants and other LAs to develop a local scheme based on an agreed Countywide framework (17)  support provided for new/existing members from key officers and third parties (SOLACE)  Peer Assessment identified clear recognition &amp; communication of financial position to stakeholders  Updating of HRA Business Plan  Review of Healthier Housing Strategy  Review of SPV feasibility</p>		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 246 Consequences</p>	<p>Cuts in front line service provision  Quality of service decline  partnership relationships become strained  uncoordinated cuts/ reduction in service provision  financial savings not achieved  miss out on funding opportunities  inability to meet on-going costs  Significant impact on the economic health of the local community  Budget overspends  minimum reserves not maintained  Budgets not balanced  Potentially acting illegally  Reputation issues  Reduced income streams including car parks, golf course, planning, treasury, council tax &amp; business rates</p>			
<p><b>Vulnerabilities/causes</b></p>	<p>changes to political control (local/national)  budget shortfall / funding gap increasing through austerity cuts - 3 year MTFs in place from 2013/14 (longer term shortfalls identified from 2016/17) CSR 2013 &amp; LGFS identified further cuts from 2015/16 c.15% (1,2,3,9,10,12)  Increased cost liabilities e.g. water course maintenance, land charges, legacy MMI claims, golf course (1,2,3,9,10,12)  failure to manage budgets (1)  failure to manage investments (4)  missing key business funding opportunities (5, 6)  Failure to maximise incentive funding (i.e. new homes bonus, council tax, benefits admin, RTB's one for one replacement) (6)  Disabled Facilities Grants - increased demand / costs not in line with grant levels impacting on other funding sources (6)  recession increase impact on services required (i.e. capacity, finance, recovery levels) (7,8,14)  failure of an existing contractor (9)  Technical reform of Council Tax and other welfare reform changes (Universal Credit, Housing Allowances etc) wef 1/4/13 and the potential impact on collection levels/write offs (14, 15)  Business rates retention wef 1/4/13 - local collection levels will directly on the councils budget (14,15)  Reduced income corporately due to welfare reform changes (including council tax support scheme) - impact on council tax, rent income etc (14, 15)</p>			


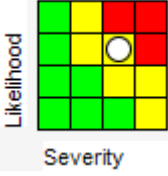
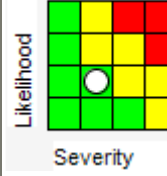
	HRA regeneration projects & impact on business plan / wider regeneration project including town centre, car parks etc (16) Council tax support scheme - legal challenge (17)
<b>Risk Notes</b>	Possibility of Fire Service taking Industrial action - review risk on a more regular basis - review set to weekly

<b>Risk Code</b>	CPR1415_02	<b>Risk Title</b>	Reputation	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Damage to Reputation			<b>Assigned To</b>	Anica Goodwin; Tony Goodwin; Jane Hackett
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	9	Monitoring Officer Increased use of multi media to consult/communicate Members surgeries Celebrating success State of Tamworth debate PR & Communications Tell Us Scheme Tamworth Listens Standards through Audit & Governance Committee independent Person Members declarations of Interest Ombudsmen report Monitoring of news stories Service delivery standards Contract monitoring Codes of conduct Policies and procedures Service Standards Training for all staff and members in media/press/use of social media mystery shopper AGM Annual Corporate Plan Updates to all staff from CE	<b>Current Risk Score</b>	6	
<b>Gross Severity</b>	3		<b>Current Severity</b>	2	
<b>Gross Likelihood</b>	3		<b>Current Likelihood</b>	3	
<b>Gross Risk Review Date</b>	20-Mar-2014		<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	erosion in trust and confidence service failure loss of income increased cost of working fall in satisfaction levels loss of public support claims in tribunal/personal liability loss of peer group credibility				

	increased scrutiny by government and auditors
<b>Vulnerabilities/causes</b>	<p>Failure to match social and political expectations  failure to act on feedback  crisis and major incident management failures  failure to deliver minimum standards of service  Third party supply chain failure  non-compliance with legislation  unethical practices by officers/members  security breaches by officers/members  personal actions by officers/members  misuse of social media by officers/members</p>
<b>Risk Notes</b>	amendments made by AG


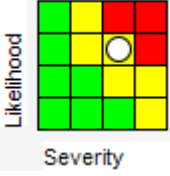
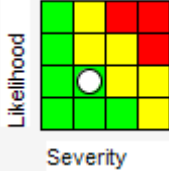
<b>Risk Code</b>	CPR1415_03	<b>Risk Title</b>	Governance & Regulatory Failure	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to achieve adequate Governance Standards and statutory responsibilities			<b>Assigned To</b>	Jane Hackett; John Wheatley
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	9	<p>Regular review &amp; update of Financial guidance (1)            Audit &amp; Governance Committee in place, including Standards (2)            Scrutiny Committees in place, including call in &amp; questions at Council (3)            Annual Governance Statement process / prepared (4)            Whistleblowing Policy and Counter Fraud and Corruption Strategy developed &amp; communicated (5)            Money Laundering Policy developed and communicated            Section 151 functionality and Monitoring Officer in place / Scheme of Delegation (6)            Internal Audit function (7)            External Audit assessment / reviews (8)            Partnership Guidance Policy (9)            Managers Assurance Statements prepared annually (10)            Constitution - regular review (11)            Code of Conduct for members (12)            Relevant policies and procedures / Net Consent for policy management and acceptance (13)            Legislation training for officers and members / continual CPD and other training / regular legal updates (14)            development of member training plan / development of e learning solution (15)            Insurance policies for regulatory failure - officials indemnity, fidelity guarantee &amp; libel and slander(16)            TULG - consultation, openness, accountability, probity (17)            Obligations under Environmental Protection Act and Public Health Act (18)            PDR process (19)            Electoral Process (20)            Forward Plan in place with key decisions highlighted, Committee meetings scheduled (21)            The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (22)            Regular RIPA training for staff and key officers            Data Protection awareness for staff</p>	<b>Current Risk Score</b>	4	
<b>Gross Severity</b>	3		<b>Current Severity</b>	2	
<b>Gross Likelihood</b>	3		<b>Current Likelihood</b>	2	
<b>Gross Risk Review Date</b>			<b>Last Risk Review Date</b>	29-May-2014	

<b>Consequences</b>	<p>non-compliance with legal requirements  fraud  poor performance  damage to reputation  prosecution, fines  death or injury to public and/or staff  audit criticism within Annual Audit Letter / accounts qualified  poor inspection comments  legal challenge  Ultra vires  Financial impact / exposure from poor decisions arising from uninformed decision making process  Increased demand for resource support from Members</p>
<b>Vulnerabilities/causes</b>	<p>Lack of training / knowledge - officers and member (14, 15)  lack of documented procedures (1)  lack of commitment from officers and members (6, 12)  failure to understand the importance of key decisions (14, 15)  Inadequate governance process in place (1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21,22)  Lack of accountability (5, 6 ,7, 8, 12, 19, 20)  Non compliance with legislation (6 ,14 ,18)  fraud (1, 5, 6)  Poor performance (19)  failure to manage or be aware of legal responsibilities/changes to legislation (6, 14, 15)  lack of resources/ funding legal challenge(3)  financial position affecting decision making  loss of key staff / members (20)  inappropriate decision making (6, 14, 15)  Changes to political control (20)</p>
<b>Risk Notes</b>	<p>Localism Act, Welfare Benefit reform,</p>


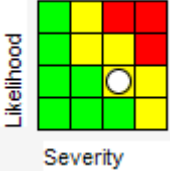
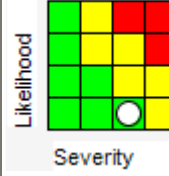
<b>Risk Code</b>	CPR1415_04	<b>Risk Title</b>	Partnership Working and Supply Chain Challenges	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure in partnership working, shared services or supply chain			<b>Assigned To</b>	Andrew Barratt; Rob Mitchell
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	9	Procurement section, contracts register, quick quote process / Procurement guidance updated / intranet Partnership Governance Policy and training on the policy in place - refreshed in 2012 Partnership arrangements in place, eg contracts, shared service agreements Effective contract/partnership monitoring - revised TSP working well Business Continuity plans in place Comprehensive review of corporate business continuity with representation across all directorates. Policy, terms of reference and testing schedule drafted with expected sign off by Business Continuity Group 24/6/13 Risks identified and managed Constitutions in place for some partnerships TBC Business Continuity Group Adequate terms of reference Adherence to contracts register	<b>Current Risk Score</b>	4	
<b>Gross Severity</b>	3		<b>Current Severity</b>	2	
<b>Gross Likelihood</b>	3		<b>Current Likelihood</b>	2	
<b>Gross Risk Review Date</b>			<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	Services not delivered Damage to reputation Loss of knowledge, intellectual property and other assets Loss of quality service Criticism from external auditors/assessors Customer dissatisfaction Lack of resources Workforce opposition High exit costs Costs not reduced Efficiencies not gained Waste not eliminated Regulations not met Increase in accidents				
<b>Vulnerabilities/causes</b>	Failure to meet service delivery expectations Partner has financial failure				




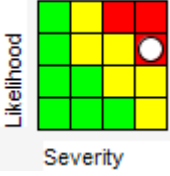
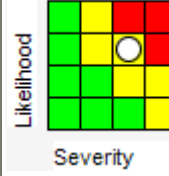
	<p>Supplier incident eg data loss, governance issue  Service delivery collapses during wide spread major incident  Third party supply chain failure  Partner under performs  Failure to assess and manage the risks arising from the use of third parties  Failure to set and manage contractual conditions and performance targets  Failure to get management support  Staff turnover increases  Poor, incomplete knowledge transfer  Scope of change too narrow/too broad  benefits not realised  Political change of policy</p>
<b>Risk Notes</b>	Partnerships in place - waste, health & safety, Economic Development, Building Control, Strategic Partnership, Housing Repairs, IT service desk

<b>Risk Code</b>	CPR1415_05	<b>Risk Title</b>	Emergency & Crisis Response Threats	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to manage an external or internal emergency/disaster situation			<b>Assigned To</b>	Andrew Barratt; Nicki Burton
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	9	<p>Emergency Plan in place</p> <p>Emergency planning training completed at various levels</p> <p>Business Continuity Plans in place</p> <p>Comprehensive review of corporate business continuity with representation across all directorates. Policy, terms of reference and testing schedule drafted with expected sign off by Business Continuity Group 24/6/13</p> <p>Active engagement in Exercise Triton</p> <p>Insurance cover in place to cover exposure to financial loss.</p> <p>Advice and guidance on Risk Management and Business Continuity on the intranet</p> <p>Emergencies advice available on website</p> <p>Building- fire prevention controls in place and tested on a regular basis</p> <p>Adequate physical security controls in place and reviewed on a regular basis.</p> <p>IT business continuity plan in place and tested on a regular basis</p> <p>Service impact analysis completed to rank priority of services</p> <p>Corporate business continuity plan in place</p> <p>All communication plans tested on a regular basis</p> <p>Emergency plan tested on a regular basis</p> <p>Business Continuity Group</p> <p>Membership of Staffordshire CCU &amp; Resilience Forum</p> <p>Effective communication /ICT tools/ infrastructure eg mobile phones, laptops</p> <p>Representation at newly formed CCU Strategic Leaders Meeting</p> <p>Successful no notice test</p> <p>Learning from actual events i.e. corporate system failure Dec 12</p> <p>Comprehensive internal audit across BC and EP resulting in a number of agreed management actions</p> <p>Emergency Planning Admin all brought into ICT</p>		<b>Current Risk Score</b>	4
<b>Gross Severity</b>	3			<b>Current Severity</b>	2
<b>Gross Likelihood</b>	3			<b>Current Likelihood</b>	2
<b>Gross Risk Review Date</b>				<b>Last Risk Review Date</b>	29-May-2014
<b>Consequences</b>	<p>Services not delivered</p> <p>Damage to reputation</p> <p>Civil Contingency Act requirements not met</p> <p>Death</p>				


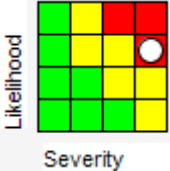
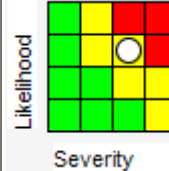
	<p>Destruction of property  Damage to the environment  Adverse affect on vulnerable groups  Public expectations of service delivery not met  Increased costs for alternative service delivery</p>
<b>Vulnerabilities/causes</b>	<p>Lack of integrated emergency arrangements making it difficult to react quickly to a disaster and provide the required support and essential service in line with the requirements of the Civil Contingencies Act.  Failure to test plans  Failure to undertake training  Plans not activated  plans do not accurately identify the staffing/resources required  implications of industrial action from other service providers ie Fire Service</p>
<b>Risk Notes</b>	<p>current risks and scoring matrix still accurate and fit for purpose</p>

<b>Risk Code</b>	CPR1415_06	<b>Risk Title</b>	Economic Changes	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to plan and adapt services to economic changes within the community			<b>Assigned To</b>	Stefan Garner; Rob Mitchell
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	6	<p>Link to CPR1213_01 - financial control (1)</p> <p>Strategic Priority - Aspire &amp; Prosper (performance monitored, addressed) (2)</p> <p>Keep up to date with central government communications (3)</p> <p>Adapt to downturn in economy - Tamworth Community Advice Network (TamworthCAN) (3)</p> <p>Economic Bulletin distributed to management - shows regional and local economic statistics (4)</p> <p>Management networks and leadership meetings (5)</p> <p>Support to local businesses - including through local Procurement (quick quote) (6)</p> <p>Think Local (7)</p> <p>Business and Economic Partnership (8)</p> <p>Place Group / Tamworth Strategic Partnership (9)</p> <p>Solutions for Business (10)</p> <p>External funding streams explored (Portas, GBSLEP) (11)</p> <p>Medium term financial plan (12)</p> <p>Zero based budgeting approach to Income targets (13)</p> <p>Regular review of business plans (14)</p> <p>Economic Strategy (15)</p> <p>GBSLEP including Business Rate reform / pooling (16)</p> <p>Local Plan (17)</p> <p>Local Investment Plan (18)</p> <p>Local Transport Board (GBSLEP) (19)</p> <p>Housing Regeneration projects / review including wider Town Centre regeneration (20)</p> <p>Plan for Welfare reform - discuss with partner agencies via the TSP (21)</p> <p>Joint working - Economic Development and Finance to develop financial business case (22) -</p> <p>a) Additional monitoring of empty properties (Revenues/Economic Development) to identify actions to promote growth &amp; associated Business rate income;</p> <p>b) regeneration projects such as Town Centre regeneration, Cultural Quarter, Created in Tamworth etc.</p>	<b>Current Risk Score</b>	3	
<b>Gross Severity</b>	3		<b>Current Severity</b>	3	
<b>Gross Likelihood</b>	2		<b>Current Likelihood</b>	1	
<b>Gross Risk Review Date</b>			<b>Last Risk Review Date</b>	29-May-2014	

<b>Consequences</b>	<p>Lack of Town Centre development / prosperity  No external funding to aid economy and growth  Economic prosperity declines  Detrimental effect on housing market  People leave the borough  Increased demand for social housing  Impact on Council income  Increased costs to Council services due to increased demand  Reduced income corporately due to welfare reform changes (including council tax support scheme) - impact on business rates, council tax, rent income, car parking, planning etc</p>
<b>Vulnerabilities/causes</b>	<p>Failure to recognise economic changes (1, 2)  Sudden economic downturn affecting businesses, jobs, housing etc (2, 3, 6, 8, 9, 15)  Loss of major employer in the region (3)  Failure to recognise opportunities (11, 15, 16)  Rapid increase in inflation (1, 12)  Changes in government funding/grants (3, 12)  Collapse / decline of the property market (2, 8, 15, 16, 17, 18, 19, 20)  Change of government (18, 19)  Under achievement of development/investment (15, 16, 17, 18, 19, 20, 22)</p>
<b>Risk Notes</b>	


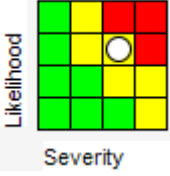
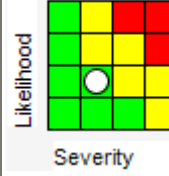
<b>Risk Code</b>	CPR1415_07	<b>Risk Title</b>	Information Management & Information Technology	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to secure and manage data and IT infrastructure			<b>Assigned To</b>	Nicki Burton; John Wheatley
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	12	Network security Physical security Security Policy, Information Security Manual Data Protection compliance and training Single point of contact eliminated regarding Data Protection Storage limits being implemented (subject to CMT endorsement) - links to retention schedule & EDRMS, active management & archiving of data not regularly accessed GCSX PSN compliance Environmental controls Established protocols Security of data EDRMS implementation Data limits Business Continuity Plans Disaster Recovery Plan Virtual servers Web based systems Home working ISO27001 Back ups Annual penetration tests ISO20000 Improved Business Continuity with reciprocal arrangements at Walsall Enhancements made to Data Retention, Storage Management and Proven Integrity of VMWare Infrastructure	<b>Current Risk Score</b>	9	
<b>Gross Severity</b>	4		<b>Current Severity</b>	3	
<b>Gross Likelihood</b>	3		<b>Current Likelihood</b>	3	
<b>Gross Risk Review Date</b>			<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	Fine Reputational damage Potential imprisonment Physical harm to staff				

	<p>Consequence for members of the public if their personal data lost/stolen</p> <p>Loss of key management information</p> <p>Inability to deliver services</p> <p>potential loss of income</p>
<b>Vulnerabilities/causes</b>	<p>Insecure IT equipment</p> <p>Human error / loss of personal data</p> <p>Loss of equipment/data</p> <p>Theft</p> <p>Equipment failure</p> <p>Hacking / Viruses</p> <p>Agile working trials / flexible working project</p> <p>Corporate Change Project</p>
<b>Risk Notes</b>	


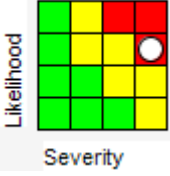
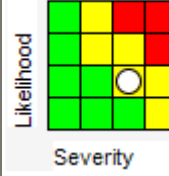
<b>Risk Code</b>	CPR1415_08	<b>Risk Title</b>	Loss of Community Cohesion	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to achieve community cohesion			<b>Assigned To</b>	Rob Barnes; Rob Mitchell
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	12	No change to front line services Locality working ASB Policy Partnership working Financial Inclusion Policy Community Engagement- project related and inclusive Corporate consultation database Services proactive in engaging communities Data and intelligence used to inform service planning Community cohesion awareness Capacity building projects & initiatives Impact assessments used Horizon scanning Big Society/Localism impact Stronger Communities Partnership Responsible Authorities Group Development of ASB hub Links with Police Community Cohesion Audit Tamworth Strategic Partnership ASB working group to agree processes to go onto CRM effective Council wide response to implications of WBR		<b>Current Risk Score</b>	9
<b>Gross Severity</b>	4			<b>Current Severity</b>	3
<b>Gross Likelihood</b>	3			<b>Current Likelihood</b>	3
<b>Page 26 of 26</b> <b>Gross Risk Review Date</b>				<b>Last Risk Review Date</b>	29-May-2014
<b>Consequences</b>	Long term costs Not meeting/understanding users needs Increase in crime and disorder Poor use of funding Increased tensions in the community No community commitment/ownership to the authorities vision Low level of community cohesion Fear of perception of crime Failure to meet demand				
<b>Vulnerabilities/causes</b>	Economic recession Poverty				




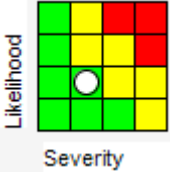
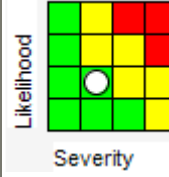
	<p>Welfare reforms  Services withdrawn  Big Society does not take off  Communities become fragmented  Increase in ASB  Increase in financial deprivation  Lack of interest from the public  Poor communication  Poor engagement mechanisms at corporate and service level  Limited understanding of good engagement process  Housing and regeneration projects- change mgt'</p>
<b>Risk Notes</b>	


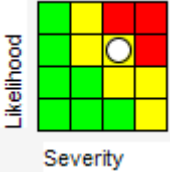
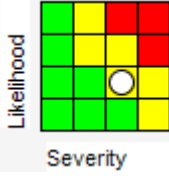
<b>Risk Code</b>	CPR1415_09	<b>Risk Title</b>	Workforce Planning Challenges	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to manage workforce planning challenges			<b>Assigned To</b>	Anica Goodwin; Tony Goodwin
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	9	Service reviews Regular communication Workforce and succession planning Core brief Staff AGM PDR process to ensure skill development requirements are being addressed HR policies and procedures in place Post entry training to qualify staff in key areas Absence management policy, healthshield and occupational health Market supplement policy for either retention or recruitment of necessary skills Managers review of resource capabilities/capacity for business continuity purposes Relationship with Trade Unions (TULG) Management awareness of risk impact of reduced staffing Corporate change programme Pre employment checks Business continuity plans		<b>Current Risk Score</b>	4
<b>Gross Severity</b>	3			<b>Current Severity</b>	2
<b>Gross Likelihood</b>	3			<b>Current Likelihood</b>	2
<b>Gross Risk Review Date</b>	20-Mar-2014			<b>Last Risk Review Date</b>	29-May-2014
<b>Consequences</b>	Strain on remaining staff Risk to service delivery Industrial action Budget misalignment Increase in fraud Wrong messages sent out Potential increase in employment tribunal cases increased number of grievances from staff increase in absenteeism Inability to respond to change agenda inability to align skill levels to new working methods Unable to recruit staff impact on reputation				
<b>Vulnerabilities/causes</b>	Staff become overloaded				


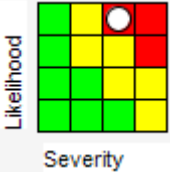
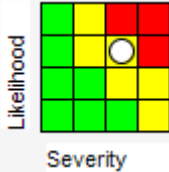
	Low morale has impact on service delivery Industrial unrest Redundancies lead to additional future costs Failure to communicate effectively Small authority with specialised staff Sickness levels remain too high leaving vulnerable skills gaps Pay and conditions below market conditions for skills required
<b>Risk Notes</b>	reviewed by AG

<b>Risk Code</b>	CPR1415_10	<b>Risk Title</b>	Health & Safety	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to manage Health & Safety			<b>Assigned To</b>	Andrew Barratt; Anica Goodwin
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	12	Policies in place Training completed Health and Safety groups Risk assessments completed Inspections completed Personal safety equipment provided Lone working policy and practices PVP register Fire alarm tests and evacuation tests Regular update meetings with H&S officers and Director Transformation and Corporate Performance audits Landlord Health and Safety Audit and Action Plan Review of high rise fire risk following changes to regulation	<b>Current Risk Score</b>	6	
<b>Gross Severity</b>	4		<b>Current Severity</b>	3	
<b>Gross Likelihood</b>	3		<b>Current Likelihood</b>	2	
<b>Gross Risk Review Date</b>	20-Mar-2014		<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	Corporate manslaughter Fines Negative publicity insurance claims death/injury				
<b>Vulnerabilities/causes</b>	Non-compliance with legislation lack of health and safety awareness short cuts/ poor working practices Personal safety equipment not used risks not identified and or managed inspections/tests not completed				
<b>Risk Notes</b>	Reviewed by AG				
	H&S team to ensure they keep up to date with legislative changes etc				
	Risk level still at reported score				
	H&S audit carried out highlighting some high priority areas. support action plan to be implemented.				

	Regular updates with SL/JH/AG
	regular updates by AG with JH and SL Updates to CMT

<b>Risk Code</b>	CPR1415_11	<b>Risk Title</b>	Corporate Change	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to manage corporate change			<b>Assigned To</b>	Nicki Burton; Anica Goodwin
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	4	Programme Plan Pool of trained resources Structured programme Dedicated Programme Manager Strong Governance Strong budget management demonstrated benefit realisation clear communications Dedicated Project Manager Active engagement of Corporate Change Board Reporting to CMT & Cabinet One of the active workstreams is to tackle financial deficits Inclusion of Sustainability Plan following Cabinet approval (22/08/2013)	<b>Current Risk Score</b>	4	
<b>Gross Severity</b>	2		<b>Current Severity</b>	2	
<b>Gross Likelihood</b>	2		<b>Current Likelihood</b>	2	
<b>Gross Risk Review Date</b>	20-Mar-2014		<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	Return on investment not made Reputation Failure to implement agile working environment Savings are not made Budget not balanced Programme becomes overloaded				
<b>Vulnerabilities/causes</b>	Weak management/ leadership / direction Weak governance No executive management support Insufficient corporate skills and capacity Failure to retain staff				
<b>Risk Notes</b>	reviewed by AG Corporate Change Programme Monitoring and involvement of CMT Political acceptance				


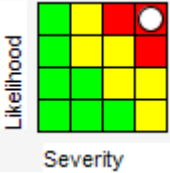
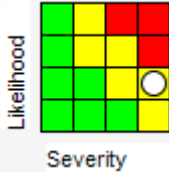
<b>Risk Code</b>	CPR1415_12	<b>Risk Title</b>	Safeguarding Children & Vulnerable Adults	<b>Current Risk Status</b>	
<b>Description of Risk</b>	Failure to safeguard children and vulnerable adults			<b>Assigned To</b>	Jane Hackett; Rob Mitchell
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	9	Safeguarding policy adopted - member training implemented Clear procedures for reporting and dealing with disclosure Annual section 11 audit - 2012 and 2013 completed Appropriate risk assessments to identify vulnerability in customers/residents Senior leadership commitment with designated officers Policy implemented with training for appropriate staff Safe recruitment process Supervision of staff, contractors and volunteers included in tender process		<b>Current Risk Score</b>	6
<b>Gross Severity</b>	3			<b>Current Severity</b>	3
<b>Gross Likelihood</b>	3			<b>Current Likelihood</b>	2
<b>Gross Risk Review Date</b>	16-Jan-2012			<b>Last Risk Review Date</b>	29-May-2014
<b>Consequences</b>	Death, serious injury Legal challenge for lack of compliance with legislation Loss of reputation Financial costs of review and insurance claims Prosecution Increase in inspection				
<b>Vulnerabilities/causes</b>	Non-compliance with legislation Lack of appropriate policy and procedures Low awareness amongst staff and members Lack of joined up case management Case management systems unable to share data or support risk management partner agencies not delivering services lack of appropriate services lack of reporting incidents considered trivial Other organisation's not delivering the service - gaps in service provision for adults in need				
<b>Risk Notes</b>					

<b>Risk Code</b>	CPR1415_13	<b>Risk Title</b>	Golf Course project -stage 2 selection of a sustainable future option	<b>Current Risk Status</b>	
<b>Description of Risk</b>	<p>Selection and implementation of a long term solution for the golf course - funding to operate the current in house service expire April 2015</p> <p>The golf course future options project reported to Cabinet in January 2014 on preferred options for future disposal – a further update on consultation was reported at the 3<sup>rd</sup> April 2014 Cabinet Mtg.. The preferred option carry's significant risks and subject to ongoing review and risk assessment.</p> <p>Current risks include;</p> <ul style="list-style-type: none"> <li>Project delivery to time and budget</li> <li>Sustainability of the options</li> <li>Reputation</li> <li>Challenge to the process</li> </ul>			<b>Assigned To</b>	Tony Goodwin; Rob Mitchell; John Wheatley
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	12	<ul style="list-style-type: none"> <li>Project group established</li> <li>External support/advice commissioned</li> <li>Project plan established with key milestones</li> <li>Regular reporting to Cabinet</li> <li>Technical and legal advice sought</li> <li>Regular communications to staff, customers, and with stakeholders</li> <li>Engagement with stakeholders, staff, residents and customers through specific consultation as part of the project</li> <li>Consultation and oversight from key TBC officers</li> <li>Engagement and consultation with Members</li> <li>Implementation plan to be taken to Cabinet post a decision on the preferred option</li> </ul>	<b>Current Risk Score</b>	9	
<b>Gross Severity</b>	3		<b>Current Severity</b>	3	
<b>Gross Likelihood</b>	4		<b>Current Likelihood</b>	3	
<b>Gross Risk Review Date</b>				<b>Last Risk Review Date</b>	29-May-2014
<b>Consequences</b>	<ul style="list-style-type: none"> <li>Revenue costs</li> <li>Capital costs</li> <li>Reputation</li> </ul>				
<b>Vulnerabilities/causes</b>	<ul style="list-style-type: none"> <li>Financial impact - for MTFS</li> <li>Lack of capital funds to invest</li> <li>Reputation / negative press</li> <li>Selection of a sustainable option required</li> <li>Golf market and economic downturn</li> <li>A range of evidence and views have been gathered- some of which, when taken out of context can support options which are not viable if they are considered holistically alongside the other information</li> <li>For some customers and residents the potential preferred options are fundamentally unpopular despite the evidence which might support them</li> </ul>				


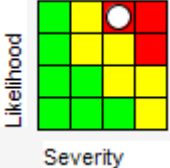
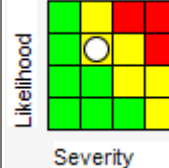


**Risk Notes**

The previous risk relating to the external service provider has been managed and the Council is now required to manage the service in house for two years until March 2015. An options appraisal is underway to determine what the Council will do with the Course post April 2015. A long list of options is being assessed and will be reduced to a short list in October 2013 subject to a Cabinet report. A final selection from the remaining shortlist is expected in February 2014.

<b>Risk Code</b>	CPR1415_14	<b>Risk Title</b>	Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements	<b>Current Risk Status</b>	
<b>Description of Risk</b>				<b>Assigned To</b>	Tony Goodwin
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	16	<b>Risk Treatment Measures Implemented</b> Regular updates Monitoring Dedicated website for Housing benefit changes to inform customers Consultation with customers over CT changes Financial profiling Town centre redevelopment Economic development team	<b>Current Risk Score</b>	8	
<b>Gross Severity</b>	4		<b>Current Severity</b>	4	
<b>Gross Likelihood</b>	4		<b>Current Likelihood</b>	2	
<b>Gross Risk Review Date</b>	09-Nov-2012		<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	Unable to maintain rent income/increase in rent income Social housing becomes unaffordable Delivery of new housing Realistic housing waiting lists <i>Social unrest - those unable to access social housing</i> Increase in benefit claimants Increase in fraud - Benefits, Business Rates, RTB, Council Tax, tenancy Increase in benefits overpayments Potential economic growth Maximise benefit entitlement & income generation Community run services - not provided, inappropriately run Processes lengthened through challenge CIL - investment in development areas Impact on staff				
<b>Vulnerabilities/causes</b>	Welfare reform - changes to social housing - flexibility in rent setting, short term fixed tenancies, pay to stay, use of RTB receipts for new housing New Homes Bonus Social housing allocations reform Cap to benefit levels, reduction in local housing allowances, increase in non dependant charge, universal credit Changes to business rates Changes to Council Tax Welfare Rights Fairer Charging Community right to challenge Community right to bid				

	Changes to Planning system Community Infrastructure Levy National Home Swap Scheme
<b>Risk Notes</b>	

<b>Risk Code</b>	CPR1415_15	<b>Risk Title</b>	Impact of changes to political control both at local level and in committee member representation.	<b>Current Risk Status</b>	
<b>Description of Risk</b>				<b>Assigned To</b>	Tony Goodwin
<b>Gross Risk Matrix</b>		<b>Risk Treatment Measures Implemented</b>		<b>Current Risk Matrix</b>	
<b>Gross Risk Score</b>	12	keep up to date with changes officers politically neutral appropriate key officer briefings (Executive Board) Member induction and training programme for new and existing members use of SOLACE management support to develop awareness/understanding re new councillors etc. Appropriate lead Members on key regulatory Committees policy underpinned by robust contractual arrangements	<b>Current Risk Score</b>	6	
<b>Gross Severity</b>	3		<b>Current Severity</b>	2	
<b>Gross Likelihood</b>	4		<b>Current Likelihood</b>	3	
<b>Gross Risk Review Date</b>			<b>Last Risk Review Date</b>	29-May-2014	
<b>Consequences</b>	financing streams may change services being delivered could change decision making becomes lengthy				
<b>Vulnerabilities/causes</b>	changes to political leadership - local/national, failure to deliver policy in respect to Local Plan & Housing requirements as a result of challenges to Chair / Political make-up-hung council/government				
<b>Risk Notes</b>					



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## AUDIT AND GOVERNANCE COMMITTEE

THURSDAY 26<sup>TH</sup> JUNE 2014

### REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

#### FINANCIAL GUIDANCE

##### EXEMPT INFORMATION

None

##### PURPOSE

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

##### RECOMMENDATION

**That Members endorse the changes to Financial Guidance.**

##### EXECUTIVE SUMMARY

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

The last review of Financial Guidance was approved by this Committee in January 2014. This review has been completed to ensure that the Financial Guidance aligns to the recently reviewed and approved Constitution with regard to the virement limits. Financial Guidance has been updated to ensure that income generation limits and budget transfers are set in line with these virement limits by increasing the limits from £30,000 to £50,000 for budget holders and increasing the limit for the Executive Director Corporate Services can approve above this amount from an additional £20,000 to an additional £50,000.

Other minor changes are detailed below:

Procurement – deleted the requirement to complete a Pre Qualification Questionnaire(PQQ) as this is now completed in the Intention To Tender(ITT).

Payment of Salaries/Allowances/Expenses – reduced the time to submit expenses claims from 4 months to 3 months and inserted a clause to submit salary claims in line with expenses claims.

The updated version of Financial Guidance is attached as **Appendix 1**.

**RESOURCE IMPLICATIONS**

None

**LEGAL/RISK IMPLICATIONS**

None

**SUSTAINABILITY IMPLICATIONS**

None

**BACKGROUND INFORMATION**

None

**REPORT AUTHOR**

Angela Struthers – Head of Internal Audit Services

**LIST OF BACKGROUND PAPERS**

None

**APPENDICES**

Appendix 1 – Financial Guidance



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[Whistleblowing Policy](#)

[Risk Management Policy](#)

# SECTION A

## Financial Regulation Policy

# FINANCIAL REGULATION POLICY

Adopted by Tamworth Borough Council on 22 May 2001.

## Purpose

The financial regulation framework within the Council aims to:

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

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

## Controls

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

- a) responsibilities;
- b) instructions;
- c) expected standards of behaviour;
- d) discretionary powers.

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

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

# SECTION B

## Financial Regulations

# FINANCIAL REGULATIONS

Adopted by Tamworth Borough Council on 22 May 2001.

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

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

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

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

Employees must supply information to those officers on request.

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

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

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

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



# CONTRACT STANDING ORDERS

Adopted by Tamworth Borough Council on 22 May 2001.

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

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

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

# SECTION C

## Financial Guidance

# **1 FINANCIAL MANAGEMENT**

## **1.1 Introduction**

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

## **1.2 The Full Council**

1.2.1 The full Council is responsible for:

Only the Council will exercise the following functions:

(a) adopting and changing the Constitution;

(b) approving or adopting the policy framework, the budget and any application to the Secretary of State in respect of any Housing Land Transfer;

(c) subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of an executive function which is covered by the policy framework or the budget where the decision maker is minded to make it in a manner which would be contrary to the policy framework or contrary to/ or not wholly in accordance with the budget;

(d) appointing the Leader;

(e) agreeing and/or amending the terms of reference for committees, deciding on their composition and making appointments to them (except where the appointment to a committee is required to give effect to the wishes of a political group) and ensuring that, with the exception of the Mayor, members are appointed to at least two committees (one of which shall not include the Budget review Joint Scrutiny Committee; except for executive members who are appointed to one committee

(f) appointing representatives to outside bodies unless the appointment is an executive function or has been delegated by the Council;

(g) adopting an allowances scheme under Article 2.25;

(h) changing the name of the area, conferring the title of honorary alderman, Freeman or freedom of the borough;

(i) confirming the appointment or dismissal of the Head of Paid Service; Monitoring Officer and s151 Officer.

(j) making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills;

(k) approving the Council's Code of Conduct;

(l) approving the Senior Officer Pay Scheme

(m) all local choice functions set out in Part 3 of this Constitution which the Council decides should be undertaken by itself rather than the executive; and

(n) all other matters which, by law, must be reserved to Council.

**CONTACT:** Solicitor to the Council

### **1.3 The Executive**

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

**CONTACT:** Solicitor to the Council

### **1.4 The Audit & Governance Committee**

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

(a) Audit Activity

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

(b) Regulatory Framework

- Maintain an overview of the Council's Constitution, including Contract Standing Orders, Financial Regulations and Codes of Conduct.
- Consider the internal control environment and the level of assurance that may be given as to its effectiveness, to include the review of the Annual Governance Statement and the recommendation to the Council of its adoption.
- Satisfy itself that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.

- Monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.
- Monitor the effective development and operation of the corporate governance framework in the Council and to recommend to the Cabinet or the Council, as appropriate, the actions necessary to ensure compliance with best practice.
- Monitor the effectiveness of the Council's policies and arrangements for anti-fraud and corruption and whistle-blowing, complaints handling, RIPA and Ombudsman investigations.

(c) Accounts

- Approve the annual statement of accounts, external auditor's opinion and reports to members and monitor management action in response to the issues raised by external audit.

(d) Reports to Council

- Reports in the form of Minutes detailing action taken by the Committee and recommendations will be submitted to Council on an annual basis.

(e) Delegated Powers

- The Committee is empowered to deal with the functions detailed above.

(f) Standards of Conduct

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

**CONTACT:** Solicitor to the Council

## **1.5 Overview & Scrutiny Committees**

1.5.1 The Overview & Scrutiny Committees general roles are to :

- Review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions including consideration at each meeting of the Forward Plan;
- Prepare an annual scrutiny work plan covering two successive periods of six months and to make reports and/or recommendation bi-annually to the full Council and/or the executive and/or any policy, joint or area committee in connection with the discharge of any functions;
- Liaise regularly with each other to ensure that there is no duplication between them in respect of scrutiny and review activity;
- Consider any matter affecting the area or its inhabitants;
- Exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the executive and/or any policy or area committees; and
- Appoint Task and Finish Groups as and when required with no more than two operating at any one time. Normally the Chair and Vice-Chair of the Committee would Chair these groups and there would be an expectation that these groups would co-opt external expertise.

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

**CONTACT:** Solicitor to the Council

## **1.6 The Statutory Officers**

1.6.1 Head of Paid Service (Chief Executive)

The Head of Paid Service will:

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

1.6.2 Monitoring Officer (Solicitor to the Council)

The Monitoring Officer will:

- maintain an up-to-date version of the Constitution and will ensure that it is widely available for consultation by members, staff and the public.
- After consultation with the head of paid service and chief finance officer, the monitoring officer will report to the full Council or the executive in relation to an executive function if s/he considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being

implemented until the report has been considered in accordance with the Local Government & Housing Act 1989.

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

### 1.6.3 Chief Finance Officer (Executive Director Corporate Services)

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

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

The Chief Finance Officer will:

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

Section 114 of the Local Government Finance Act 1988 requires the Executive Director Corporate Services to report to the full Council, executive and external auditor if the authority or one of its officers:

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

Section 114 of the 1988 Act also requires:

- The Executive Director Corporate Services to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under section 114 personally;
- The authority to provide the Executive Director Corporate Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

**CONTACT:** Solicitor to the Council

## **1.7 Scheme of Delegation**

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

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

**CONTACT:** Solicitor to the Council

## **1.8 Accounting Policies**

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

1.8.2 Key Controls

The key controls for accounting policies are:

- a) Systems of internal control are in place that ensure that financial transactions are lawful;
- b) Suitable accounting policies are selected and applied consistently;



- c) Proper accounting records are maintained;
- d) Financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

#### 1.8.3 Responsibilities of the Executive Director Corporate Services

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

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

#### 1.8.4 Responsibilities of Chief Officers

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

**CONTACT:** Director of Finance

## 2. GENERAL GUIDANCE

### 2.1 Introduction

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

**CONTACT:** Head of Internal Services

### 2.2 Employees Responsibilities

- 2.2.1 Each Chief Officer must ensure that all his/her employees and any other agents acting on behalf of the Council are aware of the sections of this guidance that relate to their areas of work.
- 2.2.2 Chief Officers may delegate to other employees duties shown in this guidance, but the Chief Officer retains primary responsibility. Where the guidance places a duty on an employee, it is the Chief Officer's

responsibility to ensure the existence of adequate procedures, documentation and supervision.

## 2.3 Miscellaneous

- 2.3.1 Chief Officers must ensure that lists of officers authorised to certify or approve orders, payments and records are updated at least on an annual basis. They must advise the Executive Director Corporate Services of changes such as **authorised signatories** leaving and propose new names, specimen signatures and monetary limits (where needed).
- 2.3.2 Any employee required to carry out checks such as **checks of documents** or calculations must sign/initial and date the relevant document (or use an electronic signature on electronic documents). The employee who prepares the document should also sign or initial, and date it.
- 2.3.3 Chief Officers must ensure that all **financial records** are completed promptly and accurately. Any amendment to a financial record or a document required in a payment process, including expense claims, timesheets and official returns must be made in ink. The original entry should be struck through with a single bold line and the correct entry written alongside. It must then be initialled and dated. Correction fluid or tape must never be used.
- 2.3.4 Chief Officers must ensure that all financial records are kept securely, and retained for the periods specified in the appendix attached. At the end of the period the records must be securely disposed of, e.g. by shredding. Arrangements for the disposal of any obsolete or surplus records, including unused items, should be agreed with the Executive Director Corporate Services.
- 2.3.5 All bank accounts relating to the Authority's transactions will be controlled and reconciled by the Executive Director Corporate Services. No other bank accounts are to be used.
- 2.3.6 If an employee is requested to give any **indemnities, guarantees or warranties** on behalf of the Council he/she must consult the Solicitor to the Council before taking any action.
- 2.3.7 Where there is a suspected fraud or other significant **criminal act**, the Chief Officer must consult the Head of Internal Audit Services or Executive Director Corporate Services on whether/when the Police should be informed. Employees should follow the Council's advice on fraud and corruption ([Counter Fraud Policy Statement, Strategy & Guidance Notes](#)).
- 2.3.8 All employees must comply with the Information Security Policy.
- 2.3.9 All employees must comply with the Officer's Code of Conduct subject to any conflict with professional codes, which in such circumstances the professional obligations subsist over the Officer's Code of Conduct

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

**CONTACT** Director of Finance, Head of Internal Audit Services

### **3 RISK MANAGEMENT AND CONTROL OF RESOURCES**

#### **3.1 Risk Management**

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

**CONTACT:** Head of Internal Audit Services

#### **3.2 Insurances**

- 3.2.1 The Executive Director Corporate Services is responsible for the arrangement of appropriate insurance cover through external insurance and internal funding. He shall, after such consultation as he thinks appropriate with other employees, settle all claims within individual policy excesses, and pass on all claims over individual policy excesses to the relevant insurer.
- 3.2.2 Chief Officers shall:
- a) Give prompt notification to the Executive Director Corporate Services of all new risks, properties, vehicles, activities, functions, or any other assets which require to be insured and of any alteration affecting existing

insurances (for example – safe limits being exceeded, loss of safe keys, temporary disablement of alarms);

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

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

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

**CONTACT:** Operations Accountant

### **3.3 Internal Controls**

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

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

- b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
  - c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
  - d) An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline "Guidance for Internal Auditors, "Public Sector Internal Audit Standards" and with any other statutory obligations and regulations and professional standards.
- 3.3.2 Chief Officers are responsible for ensuring that they manage their processes to ensure that established controls are being adhered to and to evaluate their effectiveness, in order that they can be confident of the proper use of resources, achievement of objectives and management of risks.
- 3.3.3 They should also review existing controls in the light of changes affecting the authority and establishing and implementing new ones. Chief Officers are also responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 3.3.4 Chief Officers must ensure that their staff have a clear understanding of the consequences of lack of control.

**CONTACT:** Head of Internal Audit Services

### **3.4 Internal Audit**

- 3.4.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts & Audit Regulations (Amendment) (England) 2011, regulation 6, more specifically requires that "a relevant body must undertake an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".
- 3.4.2 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.4.3 Internal Audit is independent in its planning and operation. The Head of Internal Audit Services shall have direct access to the Head of Paid Service, all levels of management and elected members.

3.4.5 Internal Audit will comply with the Public Sector Internal Audit Standards (PSIAS).

3.4.5 Internal Auditors have the authority to:

- a) enter at all reasonable times any Council establishment;
- b) have access to all records, documents, information and correspondence relating to any financial and other transaction as considered necessary;
- c) evaluate the adequacy and effectiveness of internal controls designed to secure assets and data to assist management in preventing and deterring fraud;
- d) request explanations as considered necessary to satisfy themselves as to the correctness of any matter under examination;
- e) require any employee of the Council to produce cash, materials or any other Council property in their possession or under their control;
- f) access records belonging to third parties, such as contractors or partners, when required and appropriate;
- g) directly access the Chief Executive and members.

3.4.6 The Head of Internal Audit Services will prepare the strategic and operational audit plans, which will take account of the relative risks of the audit areas and present this to the Audit & Governance Committee for approval.

3.4.7 Chief Officers have the responsibility:

- a) of reporting any circumstances which may suggest the possibility of irregularity affecting cash, stocks or other property of the Council and any fraud or corrupt activities to the Executive Director Corporate Services. Further guidance can be found in the Counter Fraud & Corruption Policy Statement, Strategy and Guidance Notes;
- b) for ensuring that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purpose of their work;
- c) for ensuring that auditors are provided with any information and explanations that they seek in the course of their work;
- d) to consider and respond promptly to recommendations in audit reports;  
and
- e) for ensuring that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.4.8 The Head of Internal Audit Services will develop and maintain a Quality Assurance & Improvement Programme (QAIP) that covers all aspects of the



internal audit activity and is designed to evaluate conformance with the PSIAS definition of Internal Audit and Code of Ethics. The QAIP must be internal on-going assessments reported to the Audit & Governance Committee with an external assessment to be completed in accordance with the frequency as determined by the Audit & Governance Committee (minimum at least every 5 years).

**CONTACT:** Head of Internal Audit Services

### **3.5 Treasury Management**

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

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

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
  - The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
2. This organisation (i.e. full Council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to full Council and for the execution and administration of treasury management decisions to the Executive Director Corporate Services, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4. This organisation nominates Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 3.5.2 The Executive Director Corporate Services may report to Council at any time, as he considers necessary, upon matters relating to treasury management activities.
- 3.5.3 The Executive Director Corporate Services shall ensure that all treasury management transactions are recorded and that there is an effective division of duties between operations.
- 3.5.4 All securities which are the property of or in the name of the Council or its nominees shall be held in the custody of the Solicitor to the Council, except in the case of externally managed funds which shall be held by an independent custodian approved by the Executive Director Corporate Services.
- 3.5.5 Loans must not be made to third parties and interests must not be acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the Executive Director Corporate Services.

**CONTACT:** Director of Finance

### **3.6 Prudential Code**

- 3.6.1 Interlinked with the CIPFA Code of Practice for Treasury Management is the Prudential Code for Capital Finance in Local Authorities which plays a key role in capital finance to support Local Authorities in taking their decisions.
- 3.6.2 The Council is required by regulation to have regard to the said code when carrying out its duties under part 1 of the Local Government Act 2003.
- 3.6.3 The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators. This is done by the full Council.
- 3.6.4 The Executive Director Corporate Services will be responsible for ensuring that all matters required to be taken into account are reported to the full Council for consideration, and for establishing procedures to monitor performance.
- 3.6.5 In setting or revising their prudential indicators, the Council is required to have regard to the following matters:
- affordability, e.g. implications for Council Tax / housing rents, including consideration of the impact for all resources (capital and ongoing revenue costs);

- prudence and sustainability, e.g. implications for external borrowing and whole life costing;
- value for money / potential 'spend to save' schemes, option appraisal;
- stewardship of assets, e.g. asset management planning;
- service objectives, e.g. strategic planning;
- risk and uncertainty needs to be considered;
- practicality, e.g. achievability of the forward plan.

3.6.6 The Executive Director Corporate Services is required to establish procedures to monitor both performance against all forward looking prudential indicators and the requirement that Council has adopted the CIPFA 'Treasury Management in the Public Services: Code of practice and Cross-Sectional Guidance Notes'. The Executive Director Corporate Services also needs to establish a measurement and reporting process that highlights significant deviations from expectations.

3.6.7 When considering capital spending Chief Officers must have regard to the capital process guidance, which includes the requirement to complete a capital appraisal. This appraisal ensures that consideration is given to:

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

3.6.8 In order to ensure that over the medium term, net borrowing will only be for capital purposes, the Council should ensure that net external

borrowing does not, except in the short-term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

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

**CONTACT:** Director of Finance

## 4. REVENUE BUDGETS AND EXPENDITURE

### 4.1 Introduction

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

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

### 4.2 Incurring Expenditure

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

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

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

### 4.3 Budget Monitoring and Variances

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

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

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

- a) freeze spending on a discretionary item such as furniture and equipment to deal with a net overspend; or

- b) meet an overspend under one expenditure heading from one or more actual or planned underspends elsewhere (see below); or
- c) meet an overspend from increased income (within limits set below); or
- d) do nothing in the case of a windfall increase in income.

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

4.3.4 There is no limit for budget transfers within individual expenditure headings (cost centres) if there is no change in service policy, no detriment to service standards or delivery and no material departure from the service plan.

4.3.5 Where a significant variance is expected (even after taking appropriate action) the Chief Officer or Head of Service must report the circumstances formally to Members as soon as practicable. The report should indicate the options open to Members and their implications. For example in the case of an overspend it might suggest:

- a) reducing activity levels, with an impact on service standards, to reduce expenditure; or
- b) increasing activity on income-generating services or increasing prices to increase income; or
- c) providing additional resources from an alternative source, e.g. balances.

4.3.6 The report should take into account the likely position in future years as well as the current year.

**CONTACT:** Director of Finance

## 4.4 Virement

4.4.1 A virement is defined as “the planned transfer of a budget approved for one purpose for use on a different purpose to that originally intended or approved”. A virement does not create additional budget; it changes the purpose for which the budget will be used compared to that originally intended.

4.4.2 A Chief Officer or Head of Service may authorise the transfer of up to £50,000 of budget (this is a cumulative amount i.e. in total for each cost centre for the year and not per transaction) to or from any individual expenditure heading (cost centre) within their service. The Director can approve virement (up to £50,000) across budgets within service activities within their Directorate and between Directorates with the approval of the Executive Director Corporate Services. The Chief Officer or Head of Service must notify the Executive Director Corporate Services in writing of all virements. **No further approval is needed if there is no change in service policy, no detriment to service standards or delivery, and no material departure from the service plan.**

4.4.3 The Executive Director Corporate Services also has authority to approve virements in excess of the above £50,000 limit – up to a total virement of

£100,000 (this is a cumulative amount i.e. in total for each cost centre for the year and not per transaction).

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

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

**4.4.6 Specific Contingency Budget**

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

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

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

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

**CONTACT:** Director of Finance

## 4.5 Income Generation

- 4.5.1 Income may be received above the budget level in a number of circumstances. The potential uses for the extra income (within the limits set below) depend on the situation:
- a) Pure windfall income, which is received without any additional service activity or conditions is not available for use by the Chief Officer or Head of Service and he/she should not normally authorise any additional expenditure from that windfall. The main exception would be to meet an unavoidable overspend. In other cases the excess income would return to Council balances.
  - b) Where an increase in demand results in increased service workload, additional income may be used to offset the impact of the extra workload. For example the manager may appoint temporary employees or purchase additional or improved equipment to improve efficiency or working conditions.
  - c) Where the Chief Officer or Head of Service expects an increase in income to result from increased activity, the Chief Officer or Head of Service may approve additional expenditure where it will generate enough income to cover the costs.
  - d) Where 'ring fenced' grant income is received which requires specific actions/spending, the Chief Officer or Head of Service may approve additional expenditure, where there is no net additional cost to the Council.
- 4.5.2 Chief Officers/Heads of Service have authority to approve budget adjustments for excess income up to a limit of £50,000 per occasion. The excess income and additional expenditure must be reported explicitly within the monthly budget monitoring variance analysis.
- 4.5.3 The Executive Director Corporate Services also has authority to approve budget adjustments in excess of the above £50,000 limit – up to a total budget adjustment of £100,000 per occasion.
- 4.5.4 Any budget adjustments above this amount will require Chief Officers and Heads of Service to ask Members for formal budget adjustment to reflect the revised position.

**CONTACT:** Director of Finance



## **5. CAPITAL BUDGETS AND PROJECTS**

### **5.1 Definition of Capital**

- 5.1.1 Capital projects include the purchase or construction of assets such as buildings, vehicles and computer equipment and major repairs/refurbishment, which extend the life of an asset or increase its value. In each case the Council must get the benefit from the new or refurbished asset over more than one year. The total cost of the project must also exceed £10,000. This figure includes amounts spent on design and supervision and other fees for professional services (whether provided by Council employees or external contractors). Spending of up to £10,000 on a single project should be treated simply as revenue (except where it forms part of a minor works programme which exceeds £10,000).
- 5.1.2 The Corporate Capital Strategy - link [Corporate](#) Capital Strategy 2008-13.
- 5.1.3 The [Capital Process Guidance](#) is included within the Corporate Capital Strategy and can be found on the intranet.

**CONTACT:** Director of Finance

### **5.2 Leasing/Rental Agreements**

- 5.2.1 Chief Officers and Heads of Service must consult the Executive Director Corporate Services before entering into **any** leasing or rental agreement to or from the authority in order to comply with the International Financial Reporting Standards.
- 5.2.2 **All** lease agreements must be signed by the Executive Director Corporate Services.
- 5.2.3 Obtaining an asset through a finance lease is regarded as capital expenditure and as such it must be included in the capital programme.

**CONTACT:** Director Finance

### **5.3 Authority to Incur Capital Spend**

- 5.3.1 The law requires councils to treat capital spending differently from revenue so different authorisation procedures are used. Chief Officers and Heads of Service are authorised to spend money on a capital project only if the project is included in the capital programme, or for minor projects, they have sufficient revenue funds. In either case special rules apply.
- 5.3.2 The Executive Director Corporate Services is responsible for ensuring that a capital programme is prepared on an annual basis for consideration of the full council's policy framework.

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

**CONTACT:** Director of Finance

## **5.4 Monitoring**

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

**CONTACT:** Director of Finance

## **5.5 External Funding**

- 5.5.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.
- 5.5.2 Where external funding may be available for a project in the capital programme the Chief Officer or Head of Service is responsible for

submitting any bid required. Consultation with the Executive Director Corporate Services is required before submission.

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

**CONTACT:** Director of Finance

## **5.6 Disposal of Capital Assets**

- 5.6.1 Disposals require the same level of approval as capital spend. Chief Officers and Heads of Service should therefore propose any necessary

capital disposals for inclusion in the capital programme. All disposals are required to be approved by the Budget Review Group and Cabinet.

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

**CONTACT:** Director of Finance

## **6. PROCUREMENT AND CONTRACTS**

### **6.1 Introduction**

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

based or electronic) by a third party must ensure formal, contractual provision is made outlining the obligations placed on that third party. The Procurement Team must be consulted in any such case at the outset of the process.

- 6.1.8 All proposals, developments, capital works, contracts and changes affecting the information we use, hold and process must have the agreement of the Director, Technology & Corporate Programmes or deputy, and, where appropriate, be monitored for compliance.
- 6.1.9 All suppliers, partners, third-party organisations and contractors with whom we have/will have a relationship by which they have access to or process (as defined by the Data Protection Act 1998) personal or commercially sensitive information belonging to or under the control of the Council will be required to provide their compliance with ISO27001 either by production of certification or by submission of a statement of compliance. In addition, they must acknowledge and agree their responsibilities and obligations to the Council in relation to Principle 7 of the Data Protection Act (1998) in relation to Information Security. Any request to waive these requirements requires the agreement of both the Security Management Group and Cabinet. Implementation of these arrangements is immediate in relation to all contracts not yet let, Invitation to Tenders not yet published, agreements not yet implemented, or proposed contract extensions. At the end of the contract, all information used by the contractor but belonging to the Council will be returned to the Council. Chief Officers are responsible for ensuring that the contractor provides assurance that they do not hold any personal or commercially sensitive information - either manually or electronically, that belongs to the Council. Advice can be obtained from the Corporate Information Security Manager.
- 6.1.10 Any consultants, agents, contractual partners used by the Council shall be appointed in accordance with the requirements of Contract Standing Orders and Financial Guidance. Where the Council uses consultants to act on its behalf in relation to any procurement, the Chief Officer shall ensure that the consultants also comply with these requirements. No consultant shall make any decision on whether to award a contract or who a contract should be awarded to. The Chief Officer shall ensure that the consultant's performance is monitored.
- 6.1.11 Some definitions of terms used and a list of officers who can provide assistance are shown at 6.17 and 6.18.
- 6.1.12 With effect from 1<sup>st</sup> April 2009 all tenders (namely £10,000 or over) whether above or below EU thresholds for works, services, supplies, utilities and design contracts will be tendered electronically through the e-tendering system, from which point traditional "paper based" tender exercises will cease unless a waiver to financial regulations is obtained from Cabinet. All transactions associated with such tenders will be conducted via the e-tendering system from the initial advertisement, expressions of interest, pre-qualification of suppliers, invitation to tender or negotiate, submission of

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

6.1.13 With effect from April 2012 all quotations and tenders between £2,000 and £10,000 for works, services, supplies, utilities and design contracts will be tendered electronically through the e-tendering system (and from which point traditional “paper based” quotation exercises will cease unless agreed in writing by the Director of Finance and the Executive Director Corporate Services). The quotation process will be used mainly where price is the sole criteria for determining the award of contract. All transactions associated with quotations will be conducted via the e-tendering system from the initial advertisement/request to quote, pre-qualification of suppliers where necessary, invitation to quote, submission of quotations, quotation opening, contract award and subsequent contract management.

6.1.14 With effect from April 2010 the e-tendering system will be extended to provide electronic or e-auctions and this facility will be made available to service areas by agreement with the Director of Finance. E-auctions can be a useful way of securing savings and efficiencies and are best applied where the product or service is capable of being specified accurately and can be provided by a range of suppliers with a common understanding of what the requirement is, for example, paper, IT hardware and consumables, and utilities. E-bidding is another variant, where “once only” bids are sought electronically.

6.1.15 The e-tendering/quotation system includes a browser based supplier website where any supplier wishing to register an interest in doing business with the Council can do so electronically, with a password protected, secure area of the website for them to fill out their company details (this includes information on their company, address, contact points, business types, banking, insurance, certificates, accreditation and other details. The information on the supplier website also includes an electronic version of a pre-qualification questionnaire to express interest in tenders/quotations, which when completed can be used and updated whenever the company wishes to express an interest in a new business opportunity). This, together with the introduction of corporate contracts, and partnering arrangements with suppliers, supersedes the practice of having and maintaining an “Approved Supplier” list or lists.

6.1.16 Chief Officers should ensure that current and potential suppliers register their company details on the supplier website which can be found at the



following internet site <https://in-tendhost.co.uk/tamworthbc>. From June 2012, relevant suppliers will also be able to use Constructionline to maintain and update key Pre Qualification Questionnaire (PQQ) information.

6.1.17 New business opportunities are to be advertised on the website via the Procurement Team and therefore must be notified in accordance with the timescales noted above.

6.1.18 Where Tamworth BC is conducting a tendering or quotation exercise in partnership with another public or private body (for example joint procurement of services) then the e-tendering system can be used as part of the normal procurement processes followed by the Council by agreement with the Director of Finance.

6.1.19 Where the Council is funding/assisting a body such as the Local Strategic Partnership or the Crime and Disorder Partnership and there is an expectation on the part of the Council to ensure probity in the use of monies on projects which are publicly funded/routed via Tamworth BC then the e-tendering system can be used as part of the assistance provided by the Council by agreement with the Director of Finance.

**CONTACT:** Corporate Procurement Officer

## **6.2 Summary of Requirements**

6.2.1 The following table shows the action needed at differing values. Further detail follows. Please refer to the timetable for implementing electronic tendering and quotation exercises referred to in section 6.1. Before initiating any tender / quote process officers should review the Contract Register to see if there are any comparable contracts or agreements in place which must be used unless there is an auditable reason not to.

## 6.2.2

Value	Contact Other Officers	Process for Obtaining Prices	Contract Issues	Supply Process
£0- £1,999	Should contact Procurement Team if similar expenditure is likely to be incurred by others to check if a corporate contract is in place or desirable	Should obtain at least 3 quotations or estimates - these may be verbal. Up to £1,999 is cumulative within the financial year	No requirement for formal written contract. Standard form may be considered in some cases and an annual supply arrangement may be appropriate.	Must be via official order generated by General Ledger or as per contract.
£2,000 - £9,999	Should contact Procurement Team if further similar expenditure is likely to be incurred by self and/or others to check if a corporate contract is in place or desirable	Tendering <b>must</b> be considered, alternatively, written quotations must be obtained using Quick Quote on the Intend system using the correct invitation to quote template.	No requirement for contract but use of standard quotation documents must be used especially where access to personal / confidential information is involved or warranties or indemnities are given/received	Must be via official order generated by General Ledger or as per contract.
£10,000 - £19,999	<b>Must</b> consult the Procurement Team to seek guidance as to the appropriate procurement route to follow	After consultation with the Procurement Team - either tenders or written quotations <b>must</b> be requested via the Intend system using the correct Invitation to Tender or Invitation to Quote templates. The Tender Authorisation Form <b>must</b> be completed and returned to the Procurement team.	Depending on the complexity, risk and value, a written contract must be considered subject to consultation with the Procurement Team and Legal.	Must be via printed official order generated by General Ledger or as per contract.
£20,000 - £49,999	<b>Must</b> consult the Procurement Team to seek guidance as to the appropriate procurement route to follow	Advice from Procurement and Legal <b>must</b> first be obtained. Tendering <b>must</b> be considered, and <b>must</b> use the standard quotation / tender documents. The Tender Authorisation Form <b>must</b> be completed and returned to the Procurement team.	<b>Must</b> be formal written contract which can be signed by the relevant CMT member. Consult with Procurement team as to the relevant type of contract.	As specified in formal contract
£50,000 and over	<b>Must</b> advise Procurement Team in writing as soon as the spend requirement is identified – this is at least a 6 month period and where spend is going to exceed the EU threshold, a longer period of notice would be expected – the Procurement Team must be contacted for guidance as to the appropriate procurement route to follow. The Procurement Team may direct and/or administer the whole process	Member endorsement of contract brief required. Use of the Invitation to Tender Documentation <b>must</b> be used. The Tender Authorisation Form <b>must</b> be completed and returned to the Procurement team.	<b>Must</b> be a formal written contract duly approved by the Solicitor to the Council and executed as a Deed under Seal.	As specified in formal contract

- 6.2.3 Any of the guidance may be applied for purchases at a lesser value. For example, it may be appropriate for certain low value requirements to be purchased by inviting tenders. Similar procedures to those outlined should then be followed. (The guidance does not necessarily cover such situations in full).
- 6.2.4 If there is an existing contract available for the required goods, services or works, it must be used in the first instance. Some contracts let by other public authorities may also be available (see 6.3.1).
- 6.2.5 A list of corporate contracts can be found in the Contracts Register, stored on the S Drive. If it is intended not to use a corporate contract, the Procurement Team must be consulted at the outset.
- 6.2.6 A suitable contract specification must be completed in all cases. The level of detail required within the specification will be commensurate with the complexity, risk and value of the purchase.
- See the following section on Alternative Suppliers. Advice in either case is available from the Procurement Team.
- 6.2.7 Chief Officers should maintain a register to record all quotations and estimates (including verbal estimates) up to £1,999. Copies of written versions should be securely retained, and entries should be signed and dated by both the recording officer and the authorising officer. The details contained in any quotation or estimate must not be made known to any other party. All quotations and estimates received should be retained in the register until the Accounts have been signed off for that financial year. The Quick-Quote register for purchases of £2,000 or over, or the Contract Register, as appropriate should be used to record details of tenders/contracts awarded.
- 6.2.8 The most economically advantageous tender must be accepted. Advice on how to determine this can be sought from the Procurement Team.

**CONTACT:** Corporate Procurement Officer

### **Further Guidance**

#### 6.2.9 Under £2,000

Different practices will apply at different levels:

- The petty cash procedure may be used for very minor items. See the section on cash advances, etc.
- The three estimates for a supply up to £1,999 may come from telephone contact with companies advertising in the local paper, trade journal or yellow pages.
- Verbal quotations/estimates may only be sought for goods/services up to a cumulative value of £1,999 within the financial year.

#### 6.2.10 £2,000 - £9,999

- The Chief Officer should contact the Procurement Team if further similar expenditure is also likely to be incurred by themselves or others to check if a corporate contract is in place or is desirable. Tendering must be considered and the Procurement team will advise on the suitability of tendering.

Alternatively, written quotations must be obtained by using the Quick Quote on the Intend system using the correct Invitation To Quote template.

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

6.2.12 £10,000 - £19,999

The Chief Officer should appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases and guidance sought on the appropriate procurement route to be followed. Tendering must be considered and the Procurement Team will advise where tendering is not necessary. Alternatively, written quotations must be obtained using the Quick Quote on the Intend system using the correct Invitation To Quote template. The Tender Authorisation Form must be completed and returned to the Procurement Team. A written specification must be included in the Invitation To Quote document. *Formal Terms and Conditions of Contract* must be used.

6.2.13 £20,000 - £49,999

The Chief Officer should appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases and guidance sought on the appropriate procurement route to be followed. Tendering must be considered and the Procurement Team will advise where tendering is not necessary. In exceptional circumstances, written quotations must be obtained using the Quick Quote on the Intend system using the correct Invitation To Quote template and standard quotation/tender documents. The Tender Authorisation Form must be completed and returned to the Procurement Team. A written specification must be included in the Invitation To Quote document. *Formal Terms and Conditions of Contract* must be used.

6.2.14 £50,000 plus

The Chief Officer must appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases, at the initiation of the project, and guidance sought on the appropriate procurement route to follow. This is to enable an assessment of whether or not the European Union regulations come into play and to ensure the most appropriate procurement solutions are sought. Where the EU threshold is expected to be exceeded, the Procurement Team should be contacted in the first instance. A supply for an individual Service area may be below the threshold, but similar needs in another Service area may mean EU aggregation rules apply. EU procedures must be followed if they apply, and, due to their complexity, the Procurement Team must be involved in such projects. A formal tender exercise is compulsory, as is a formal written contract.

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

**CONTACT:** Corporate Procurement Officer

### 6.3 Alternative Purchasing Arrangements

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

**CONTACT:** Corporate Procurement Officer

### 6.4 Appraisal of Potential Contractors

- 6.4.1 It is important that potential suppliers are able to meet the Council's needs. Suppliers should, therefore, be vetted in financial and performance terms (including health and safety) to various levels commensurate with the criticality and risk of the purchase/supply, prior to any firm commitment. **Please contact the Procurement Section for guidance.**
- 6.4.2 The financial appraisal checks that the supplier operates on a sound financial footing by assessing profit levels, the ability to pay bills and so on. It will also assess the supplier's capacity to deliver a contract without incurring unreasonable financial risk and recommend a maximum value contract that should be considered in order to protect the contractor from becoming too reliant on the Council for its business. The Executive Director Corporate Services will undertake or arrange these appraisals on receipt of the last two years audited accounts. The appropriate Chief Officer is responsible for ensuring that all relevant documents are submitted to the Executive Director Corporate Services in a timely manner. The Chief Officer must advise the Executive Director Corporate Services if the contract value exceeds £100,000, since a higher level appraisal is then required.

- 6.4.3 In addition to the financial details submitted, the contractor is also required to submit details of Employers Liability, Public Liability Insurance and Professional Indemnity cover which must be appropriate to the contract type, size and the nature of the contract, copies of which should be submitted along with the financial details to the Executive Director Corporate Services. The Chief Officer must check that the certificates are valid for the period of work. If they expire during the period the Chief Officer must check before expiry that they have been renewed. Further advice and guidance can be sought from the Director of Finance.
- 6.4.4 In terms of performance appraisal, the Chief Officer needs to satisfy him/herself that the contractor has a history of sound performance of similar supplies in the recent past. The Chief Officer should therefore request bank references, trade references and make other enquiries deemed necessary to become satisfied.
- 6.4.5 Some contractors are required to hold a valid tax exemption certificate. Certificates should be checked prior to the start of the contract and a copy of the certificate should be forwarded to the Executive Director Corporate Services. The Chief Officer must check that the certificate is valid for the period of work. If it expires during the period the Chief Officer must check before expiry that it has been renewed. Further guidance is available from the Executive Director Corporate Services.
- 6.4.6 In addition to the specific issues referred to within this section, the Chief Officer must ensure that appropriate steps are taken in all cases to assess the suitability of prospective suppliers. The risks involved in the procurement should advise the necessary level of assessment. For instance, even for lower value purchases Chief Officer should still consider the need to obtain assurance that a business is bona fide, or has appropriate health and safety arrangements and insurance cover

**CONTACT:** Corporate Procurement Officer

## 6.5 Supplier Register

- 6.5.1 The names of contractors who have expressed an interest in doing work for the Council are retained on a supplier register within the e-tendering system (Intend). Any contractor who expresses an interest to be included is automatically added to the Supplier Register. There is no pre-set requirement for contractors when signing up to the register. Appraisal criteria / pre-qualification questionnaires should be considered at the start of the tendering / quotation stage.
- 6.5.2 All Supplier Registers shall be maintained in an open, fair and transparent manner and be open to public inspection.

**CONTACT:** Corporate Procurement Officer

## 6.6 Framework Agreements

- 6.6.1 The term of a Framework Agreement must not exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.
- 6.6.2 Contracts based on Framework Agreements may be awarded by either:
- Applying the terms laid down in the Framework Agreement (where such terms are sufficiently precise to cover the particular call-off) and where value for money can be clearly determined without reopening competition, or
  - Where the terms laid down in the Framework Agreement are not precise enough to complete for the particular call off, by holding a mini competition in accordance with the following procedure:
    - Inviting the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written tenders
    - Fixing a time limit which is sufficiently long to allow Tenders for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
    - Awarding each contract to the tenderer who has submitted the best Tender on the basis of the award criteria set out in the specifications of the Framework Agreement.

**CONTACT:** Corporate Procurement Officer

## 6.7 Tender Procedures

- 6.7.1 For contracts over £50,000 Chief Officers must advise the Procurement Team in writing at the outset. An Invitation to Tender advert or PQQ is placed to invite potential contractors or suppliers to register their interest in tendering for the relevant requirement.
- 6.7.2 The Invitation to Tender should contain details of the principal elements of the procurement requirement in order that it primarily attracts those contractors who are in a position to satisfy these requirements. It should therefore contain as a minimum:
- a sufficiently detailed requirement or specification for the type of goods, services or works required;
  - a price schedule;
  - standard conditions of contract that will apply in the event of a contract being awarded;
  - instructions to tenderers including the date of commencement of the contract and possible duration; technical and financial information; the closing date for tender submissions, and a list of the evaluation criteria and sub-criterion together with the weightings to be used.
- 6.7.3 The evaluation criteria together with the weightings must be referred to in the Invitation to Tender and must not be altered after the Invitation to Tender has been issued. All criteria chosen to be used in the evaluation of tenders must be relevant to the service and/or goods required.
- 6.7.4 The Chief Officer must set a detailed evaluation methodology prior to inviting tenders. He/she should set out explicitly how price and quality elements will be balanced in the final decision in order to help demonstrate selection of the most economically advantageous tender. Appropriate and sufficient information must be requested for inclusion in the supplier's tender submission to enable all criteria to be evaluated. Advice is available from the Procurement Team.
- 6.7.5 Large contracts may require the tenderers to submit a schedule of rates. To compare them properly and allow the total cost to be assessed, the Chief Officer should construct a model of work likely to be required over a set period, for example, one year. This model must be set before tenders are invited, and must be issued with the Invitation to Tender.
- 6.7.6 Contracts awarded will be required to be published in accordance with the Government's Transparency agenda.

### European Union Procurement Procedures

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

<b>Thresholds</b>	<b>Supplies (£)</b>	<b>Services (£)</b>	<b>Works (£)</b>
Contract Value	172,514	172,514	4,332,012



- 6.7.8 These figures apply from 1 January 2012. The Procurement Team must be advised in writing at least six months in advance of the supply and guidance sought as to the appropriate values and procedures are used. Further information on EU Procurement Procedures and guidance on the use of the open, restricted, competitive dialogue and negotiated procurement routes, together with design contests and works concessions, should be obtained from the Procurement Team. The Procurement team must be involved in all procurement projects under EU regulations due to the complexities and legal implications involved.
- 6.7.9 In appropriate cases, Chief Officers may engage with the market prior to initiating the tendering process in order to make use of innovative approaches to achieving best value in the provision of a supply or service. This could involve consulting with stakeholders including customers, potential suppliers and interest groups. The Director of Finance must be fully consulted and involved in any such proposals, which must comply with corporate guidance and EU Procurement Procedures.

#### Development of Contract Brief

- 6.7.10 Where there is a variation from the agreed budget each Chief Officer must seek Cabinet endorsement prior to tendering. The report should comment upon:
- a) the detailed proposals for the scheme, including objectives, targets, milestones, design details and its contribution to the corporate and service plans;
  - b) the financial appraisal of the revenue and capital implications, prepared in conjunction with the Executive Director Corporate Services, and compared to budgets;
  - c) risk associated with the scheme;
  - d) the tender evaluation mechanism and the decision criteria.
- 6.7.11 Approval at this stage will normally include authority to invite tenders and to accept the most economically advantageous tender.
- 6.7.12 Chief Officers should consult the Director of Finance and the Solicitor to the Council for advice.
- 6.7.13 Arrangements have been made for submission and control of tenders and quotations by electronic means, and for e-auctions, in accordance with any process approved by the Director of Finance, Executive Director Corporate Services and the Solicitor to the Council and guidance provided by the Council. Such processes provide an increased level of security, transparency, accountability and fairness to the prescribed “paper-based” tendering process.

#### Extension to Tender Period

6.7.14 The Solicitor to the Council or Executive Director Corporate Services ( or his nominated deputy) only can approve the extension of a tender period. All potential tenderers must be informed of the extension to the tendering period.

#### Amendments to Tenders (by Contractors)

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

#### Tender opening – Electronic

6.7.16 All tenders for an individual contract must be opened at the same time by at least 2 officers. This should include a representative from Legal Services for purchases that are subject to EU procedures.

6.7.17 A tender received after the specified time may be only opened and considered at the discretion of the Solicitor to the Council.

#### Sub-Contractors and Nominated Suppliers

6.7.18 Nominated sub-contractors and suppliers must not be used where this would be anti-competitive, discriminatory or in breach of procurement regulations.

6.7.19 If a Chief Officer wishes to nominate a specific sub-contractor or supplier a written request must be sent to and be approved by the Director of Finance who will assess any risks involved. The request must show how this will give best value/value for money.

### Amendments to Tender Documents (by the Authority)

- 6.7.20 Minor corrections and amendments to any part of the Invitation to Tender may be required during the tender period. Chief Officers must consult with Procurement, and where appropriate the Director of Finance, and if necessary the Solicitor to the Council on such matters, and all tenderers must be advised of all agreed amendments in writing at the same time. Acknowledgement of receipt of the amendments will be recorded on the electronic tendering system. In responding to clarifications and queries, the response should be addressed to all tendering organisations, and issued at the same time via the Intend system. All correspondence will be sent electronically.
- 6.7.21 The Invitation to Tender amendments must not contain anything which may materially affect the tender process or unduly affect open and fair competition. No fundamental changes to the Invitation to Tender documentation should be made by the information contained within the tender amendment.
- 6.7.22 A record is retained electronically by In-tend of all correspondence with Tenderers throughout the tender process (including e-mails).

### Tender Evaluation

- 6.7.23 Chief Officers should ensure that at least two people carry out the evaluation of tenders. For major contracts involving a project team, the manager should consider involving the whole team. All tender evaluation carried out should be evidenced.
- 6.7.24 Tender evaluation is completed using a spreadsheet available from the Procurement team. The Procurement Team should be contacted to provide advice and guidance.
- 6.7.25 Tenders should be checked to ensure they are complete and that all price calculations are correct. They must be evaluated objectively in line with the specified evaluation model, ensuring fair and equitable treatment for each tender.
- 6.7.26 If an arithmetical error is discovered in the financial submission, the Chief Officer should consult the Executive Director Corporate Services. The contractor must be notified in order to enable him/her to:
- a) agree the amendment; or
  - b) allow the original figure to stand; or
  - c) withdraw the tender.
- 6.7.27 If a Tenderer notifies the Council of an error/amendment which materially affects the submission, the Chief Officer must consult with appropriate officers, for example, the Corporate Procurement Officer, Director of Finance, the Solicitor to the Council or Executive Director Corporate Services and should normally implement one of the following options:
- a) all other Tenderers are allowed to retender (in the case of the Council's error); or
  - b) the Tenderer is required to stand by the original Tender; or

- c) the Tenderer withdraws the Tender, or
- d) (where an error is found before completion of tender evaluation) to correct an error which can be corrected simply by confirming which of two conflicting figures (e.g. a multiplier or product, or carried forward or brought forward) is right, or
- e) (where the error is found before completion of tender evaluation) to correct an obvious omission (e.g. a failure to insert any price where a space for a price is provided).

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

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

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

#### Post Tender Negotiation & Clarification

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

- price
- specification
- delivery date/start date
- payment terms
- software licences

6.7.32 All tender bids which are covered by the EU Directives are subject to the more restrictive approach specified by the European Union, which states all negotiations with Tenderers on fundamental aspects of contracts, variations of which are likely to distort competition and in particular on price, shall be ruled out. However, discussions with Tenderers may be held, only for the purpose of clarifying or supplementing the content of their tenders or the requirements of the contracting authorities, and provided this does not involve discrimination. There must be no fundamental change to the contract specification or contract award criteria.

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

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

- 6.7.35 All tendering organisations must be treated fairly and equally in all circumstances.
- 6.7.36 An electronic record will be kept of any query on a tender on In-Tend and any information supplied by the company must be confirmed via the electronic tendering system.
- 6.7.37 Where it is necessary to meet Tenderers to discuss their submission further, at least two authorised officers must be present and minutes taken. In all instances, the Procurement Team must be consulted.
- 6.7.38 In some cases it may be necessary to vary, by agreement, some minor details of the work required. Consultation with the Procurement Team and the Solicitor to the Council must be made prior to any agreement being made.
- 6.7.39 Advice should always be sought from the Procurement Team, Director of Finance or the Solicitor to the Council before entering into negotiations.
- 6.7.40 Chief Officers must not enter into negotiations except:

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

The Chief Officer must ensure that:

- c) negotiations are carried out by at least two authorised officers, and guidance on separation of duties is followed;
- d) the decisions taken at relevant meetings are documented;
- e) changes in specification and price are agreed by both parties;

and

- f) all records are incorporated into contract documents.

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

#### Tender Acceptance

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

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

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

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

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

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

The standstill notice must always be prepared in consultation with the Procurement team.

**CONTACT:** Corporate Procurement Officer

## 6.8 Post Tender and Contracts

### Preparation of Contract

- 6.8.1 Where a tender has been subject to EU procedures and the standstill period has been completed without a challenge, then all tenderers must be informed once the contract has been awarded. More generally, having decided to accept a tender/quotation the Chief Officer must advise tenderers of the outcome of the process and must finalise a contract. This might involve simple acceptance of a standard form of contract, minor amendment agreed via correspondence or it might require meetings with the successful tenderer. Where an industry standard form of contract and terms and conditions are available, eg JCT or ICE contracts, they should be used in place of the Council's standard forms (and should be specified in the Invitation to Tender documents). All agreed amendments must be recorded in writing and formally incorporated into the contract. Advice should be sought from the Procurement Team, and where necessary, the Solicitor to the Council.
- 6.8.2 The Chief Officer should ensure that all approvals that remain outstanding (such as planning permission) are obtained prior to the completion of the contract documents.
- 6.8.3 In addition, every relevant contract over £50,000 must also state clearly as a minimum:

Prices and/or rates together with any adjustment mechanisms that shall apply during the term of the contract;

Invoice procedures;

Performance indicators and/or service levels required;

Conditions of contract that shall include:

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

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

### Insurance

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

### Bonds and Parent Companies Guarantees

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

the total value exceeds £250,000, or

the award is based on evaluation of the parent company, or

there is some concern about the stability of the contractor.

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

where the total value exceeds £1,000,000, or

where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the contractor.

### Signing of Contracts

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

### Site Possession

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



### Document Retention (all formal contracts)

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

### Contract Amendments

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

**CONTACT:** Corporate Procurement Officer, Operations Accountant

## **6.9 Project/Contract Implementation & Payment**

- 6.9.1 A separate file should be maintained by the relevant Chief Officer for each project, including copies of such contracts making up the project. The file should contain the following information: -

- a) a record of instalments due and paid;
- b) the working papers substantiating payments; and
- c) the details of payments to consultants, internal fees & other payments.

- 6.9.2 Chief Officers must only authorise payments that conform to the terms of the contract.

- 6.9.3 The Chief Officer must only make payments to contractors for Buildings & Engineering works on the basis of a valuation certificate detailing:

- (a) the total value of the contract;
- (b) the value of work executed to date;
- (c) the amount paid to date;
- (d) the amount now certified;
- (e) any retention monies;
- (f) whether the work is subject to VAT or Liquidated and Ascertained Damages (together with details of the calculation of damages).

- 6.9.4 Where the work is subject to VAT the Chief Officer must ensure that either a VAT invoice or receipt is obtained in order to substantiate the VAT reclaimed.

- 6.9.5 Where liquidated and ascertained damages are to be deducted, the Chief Officer must ensure that the contractor is notified as soon as possible and given details of the basis of calculation. Any liquidated damages applied at any stage of a contract must be deducted from any subsequent valuation certificate before any payment is made.

### Contract Monitoring and Variations (including claims)

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

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

- performance
- compliance with specification and contract
- cost
- any Value for Money requirements
- user satisfaction and risk management.

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

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

- maintain a risk register on the Covalent system during the contract period
- undertake appropriate risk assessments and for identified risks
- ensure contingency measures are in place.

- 6.9.7 Subject to the provisions of the contract, every extra cost or variation should be authorised in writing by the Chief Officer. Copies of the approved delegated decision that permits officers to authorise variations or extra costs should be forwarded to the Executive Director – Corporate Services by the Chief Officer or the delegated officer.
- 6.9.8 If the revised project cost exceeds the budget/available resources, the guidance on capital budgets and projects must be followed.
- 6.9.9 Where a contract requires a contractor to meet specified outcomes or service levels (e.g. in a partnering –type arrangement) appropriate arrangements must be made by the Chief Officer to ensure that the expected outcomes/service levels are provided or that clear processes exist for reporting and approving any variations from these outcomes/service levels and their financial effect. Any proposals to provide financial incentives or profit sharing arrangements with partners must be subject to appropriate approval and budget processes. Such arrangements must provide appropriate levels of probity and transparency.
- 6.9.10 Where payment under a partnering arrangement is based upon an agreement of target prices between the Council and the external partner then written evidence shall be provided to demonstrate that the target price represents value for money.
- 6.9.11 Where a consultant is contracted to monitor a contract on the Council's behalf, the Chief Officer must ensure that the consultant contractor complies with this financial guidance.

**CONTACT:** Director of Finance, Head of Internal Audit Services

Section C

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## **6.10 Final Account**

- 6.10.1 Payment of the final account (where relevant) effectively closes the contract and it must be correct. The Chief Officer must ensure that adequate checks are carried out to ensure the final account/payment is correct and has been accurately calculated. He/she must also ensure there is adequate separation of duties in preparing and agreeing the final account. Management within the relevant Directorate will, on an annual basis review the Contracts Register maintained by the Executive Director Corporate Services and sample test a number of payments (this process should be adequately evidenced).
- 6.10.2 For building and engineering work the relevant project manager must prepare a detailed statement of account before a final certificate (where required) is issued showing variations against the original contract price, payments made to date and any further payments due. It should be sent to the client Chief Officer within one month of the issue of the certificate of practical completion.
- 6.10.3 The client Chief Officer should approve and agree the contract final account within the retention period and ensure the final payment and certificate are sent to the contractor by the due date. In case of difficulty, advice should be sought from relevant officers, for example, the Solicitor to the Council or Executive Director Corporate Services.
- 6.10.4 Final account outturn should be reported in accordance with the Corporate Capital Strategy.

**CONTACT:** Director of Finance

## **6.11 Post Contract**

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

**CONTACT:** Solicitor to the Council

## 6.12 Partnerships

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

6.12.2 The main reasons for entering into partnerships are:

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

6.12.3 A partner is either:

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

6.12.4 Partners participate by:

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

6.12.5 Partners have common responsibilities:

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

6.12.6 Chief Officers should be aware of:

- Their responsibilities with regard to the authority's financial regulations and contract standing orders;
- The requirement for them to identify and evaluate all known risks associated with the partner arrangements, and take action deemed appropriate to deal with these risks;
- Ensuring that project appraisal techniques are in place to assess the viability of the project in terms of resources, staffing and expertise;
- Their role in agreeing and accepting formally the roles and responsibilities of each of the partners involved before the commencement of the project;

- Their need to communicate regularly throughout the project so that problems can be identified and shared to achieve their successful resolution.

#### 6.12.7 Managers should ensure that:

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

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

**CONTACT:** Head of Partnerships & Commissioning

### **6.13 Orders for Supply from External Sources**

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

- 7.3.5 where a contract specifies otherwise;
- 7.3.5 supplies of public utility services;
- 7.3.5 payments such as rent or rates;
- 7.3.5 petty cash purchases; or
- 7.3.5 other exceptions approved by the Executive Director Corporate Services.

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

#### 6.13.3 Official orders to suppliers for goods and services must be raised on the EFin Finance System and promptly issued to the supplier/contractor. This ensures that the commitment is raised on the financial system and so aids the control and monitoring of budgets.

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

**CONTACT:** Director of Finance

## **6.14 Receiving goods and services**

### Deliveries

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

### Goods receipting

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

**CONTACT:** Head of Internal Audit Services, Operations Accountant

## **6.15 Advance Payments**

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

**CONTACT:** Director of Finance

## 6.16 Funding to Voluntary and Community Sector Organisations

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

**CONTACT:** Head of Partnerships & Commissioning

## 6.16 Orders from Internal Suppliers

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

**CONTACT:** Operations Accountant

## 6.17 Some Definitions

6.17.1 The following table gives the definition for terms used in this guidance.

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

**CONTACT:** Operations Accountant



## 6.18 Further Advice and Guidance

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

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

**CONTACT:** Director of Finance

## **7 PAYMENT OF ACCOUNTS**

### **7.1 Introduction**

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

**CONTACT:** Director of Finance

### **7.2 Security and Good Practice**

- 7.2.1 The Council's creditor payment system is set up so that the 3 stages of order, goods receipt and payment to be separately processed with password input and authorisation controls in line with the appendix on Separation of Duties. Passwords are often used in place of actual initials and signatures and must not be made known to any other person. (See also the Information Security Policy.).
- 7.2.2 Each Chief Officer must inform the Executive Director Corporate Services, in writing, of the names of employees permitted to undertake each of the stages, to input orders, authorise orders and confirm goods receipt. The Manager must promptly notify the Executive Director Corporate Services of any changes, for example, resignations. The Executive Director Corporate Services should annually prompt each Chief Officer to review the named employees.
- 7.2.3 Chief Officers may also wish to limit the values input or authorised by some employees, and/or restrict the expenditure codes which some employees can

access. This information should also be passed to the Executive Director Corporate Services.

7.2.4 The Executive Director Corporate Services must ensure that the payments system:

- (a) conforms with the controls contained in the Appendix on Separation of Duties;  
and
- (b) checks budget availability.

**CONTACT:** Operations Accountant

### **7.3 Invoice Processing**

7.3.7 Each Chief Officer must ensure that the receipt of any service, material or item of goods is promptly recorded on the payment system, and that, where applicable, stock records and inventories are updated immediately.

7.3.7 Each Chief Officer must ensure that invoices received are promptly passed to Corporate Services Directorate for processing. Any disputed invoices should be notified to the Executive Director Corporate Services immediately to aid performance monitoring.

7.3.2 Before any order is goods receipted, the officer receiving the goods/services must satisfy him/herself that the payment is properly due, and that the work, goods or services have been received and/or carried out in accordance with the order/contract/schedule of rates and this has been evidenced.

7.3.3 Officers must ensure that in respect of charges for gas, electricity, water, etc. adequate records are maintained to ensure the charges are correct and the following checks are undertaken:

- i) any standing charges are correct,
- ii) consumption is charged on the correct tariff,
- iii) that the consumption recorded is reasonable in light of current and previous readings;

7.3.7 Officers should ensure that all credit notes are immediately claimed against invoices or a cheque reimbursement should be requested;

7.3.5 The Accountancy section will check the payee, prices, quantities, trade discounts, other allowances, credits and tax are correct; not previously paid, properly incurred and within the budget provision. They will also check any copy/facsimile invoices to ensure that they have not been previously paid and that payments are not made against suppliers' statement of accounts.

7.3.6 The Accountancy section will ensure that where the invoice includes VAT, it is correctly calculated. Where a VAT invoice is not supplied, the full cost of the invoice including the VAT must be charged to the budget code. The Chief Officer must ensure that an authenticated VAT receipt is subsequently obtained to support this payment is passed to the –Accountancy section immediately on receipt so that the accounting entry can be adjusted;

7.3.7 The controls over invoice processing also applies to work done on our behalf by partners.

### Amendments

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

### Year End

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

**CONTACT:** Operations Accountant

## **7.4 Electronic Payment Mechanisms**

- 7.4.1 Payments to suppliers must be completed by BACs transfer, as it is the most cost effective payment method. Payments will be made by cheques in exceptional circumstances.
- 7.4.2 Information relating to suppliers bank details should be directed to the Executive Director Corporate Services.

**CONTACT:** Operations Accountant

## **8. PAYMENT OF SALARIES AND ALLOWANCES**

### **8.1. Salaries**

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

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

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

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

Examples are:

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

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

8.1.5 In exceptional circumstances, for example, if likely to suffer severe hardship, an employee may request his/her Chief Officer for an advance of salary. The Chief Officer may wish to seek advice from the Director Transformation & Corporate Performance or Executive Director Corporate Services. If the request is

supported, the Chief Officer should ask the –Director Transformation & Corporate Performance to make the arrangements. The –Director Transformation & Corporate Performance should ensure that any advance is recovered from the next payment due.

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

**CONTACT:** Payroll Manager

## **8.2 Allowances and Expense Claims**

- 8.2.1 Employees must submit expense claims in the pay period after which they were incurred in order to assist budget monitoring. Because of the difficulty in verifying old claims, claims more than three pay periods old, will not be considered unless approval is made by the Director Transformation & Corporate Performance or the Executive Director Corporate Services. Claims that do not meet pay deadlines (as advised by the Director Transformation & Corporate Performance) may not be paid until the following pay period. All car allowance claims must be supported with a VAT invoice for the fuel used.
- 8.2.2 Managers must only authorise claims they can certify as being correct – ie. Journeys were authorised, expenses necessarily incurred and claims are properly payable by the Council. The accuracy of any mileage claimed and any calculations must be checked. Therefore, it is essential that all car allowance claim forms must show details of the trip undertaken, the duties carried out, both the opening and closing odometer readings and the deduction of any “ordinary commuting miles”(if applicable). Managers must also ensure that officers claiming both casual and essential allowances have appropriate and up to date documents to include a valid driving licence, certificate of motor insurance that covers business use, valid MOT and vehicle registration document.
- 8.2.3 Chief Officers should ensure that the most appropriate means of travel in terms of cost and benefit is used. For example, long journeys may be better

undertaken by train, for example, to reduce the length of the working day or allow the employee to work during the journey. (see guidance in Subsistence Policy).

- 8.2.4 Where subsistence and other associated travel expenses are claimed, they must be supported by VAT receipts. The Council will not reimburse any expenditure relating to alcohol. Guidance on subsistence rates that can be claimed can be found in the Subsistence Policy which is appended to this guidance. The maximum limits will be updated on an annual basis in line with the RPI.
- 8.2.5 Claims relating to Post Entry Training must be sent to the Director Transformation & Corporate Performance to authorise the claim. The Chief Officer must ensure the scheme is authorised and an agreement has been signed by the employee. Where the scheme provides for the repayment of expenses, the Director Transformation & Corporate Performance must arrange recovery of any sums due before the employee leaves. The Organisational Development Unit will supply guidance on amounts that can be claimed on an annual basis.
- 8.2.6 Personal expenses incurred in entertaining guests will not be reimbursed without the prior approval of the Executive Director Corporate Services.

**CONTACT:** Payroll Manager

### **8.3 Members Allowances**

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

**CONTACT:** Solicitor to the Council

## **9. CASH ADVANCES, CASH FLOATS AND PETTY CASH**

### **9.1 Purpose**

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

- a) provide a cash float in tills;
- b) pay minor expenses.

### **9.2 Processes**

9.2.1 A Chief Officer needing a cash advance must send a written request to the Executive Director Corporate Services. The manager receiving the cash advance must sign for the receipt of all cash advances. A copy of the receipt must be forwarded to the Finance section for accounting purposes. He/she is responsible for the security of the cash and may be held responsible for making good any shortages.

9.2.2 Only minor items of expenditure may be paid out of petty cash. Petty cash must not be used to carry out recurring purchases of a similar nature. Chief Officers must not authorise any individual payment over £100 without the agreement of the Executive Director Corporate Services or the Director of Finance. Where reimbursement of expenditure exceeds £100, this should be processed through the payroll system. Claims for expenses should be completed using the expenses claim form. VAT receipts for all expenses must be attached. Expenses will be reimbursed through the Payroll system with salary payments.

9.2.3 Payments out of petty cash must be supported by a receipt or other voucher. Wherever possible a VAT receipt should be obtained. Income received must not be paid into a petty cash account.

9.2.4 The Chief Officer must keep full records of all transactions. Records must be kept fully up-to-date, showing the current balance in the account. The expenditure details and receipts/vouchers must be sent to the Executive Director Corporate Services with the claim for reimbursement.

9.2.5 The Chief Officer must ensure that the balance is checked at least monthly by an officer without other responsibilities for petty cash. All checks made should be evidenced. Any discrepancies must be investigated and reported as necessary.

9.2.6 At 31 March each year the officer carrying out the check must send written confirmation to the Executive Director Corporate Services of the balance held and an explanation of any discrepancy.

9.2.7 No float should be used to cash personal cheques or make personal loans. The only payments in to the account are for the reimbursement of the float and any change relating to purchase where an advance has been made.

9.2.8 Any transfers of floats between officers should be evidenced by signature of both parties involved and a copy retained by the transferor. A copy should be sent to



the Executive Director Corporate Services to ensure that records remain up to date.

**CONTACT:** Director of Finance

## **10. INCOME, CHARGING AND DEBTS**

### **10.1 Fees and Charges**

- 10.1.1 The setting and reviewing of fees, charges and other income sources must be authorised in accordance with the detail set out in the Constitution and the Scheme of Delegation.
- 10.1.2 Chief Officers must ensure that all relevant charges are clearly displayed at service payment points. Employees must charge all people using the service the approved amounts.
- 10.1.3 All VAT due should be correctly identified and accounted for.

**CONTACT:** Director of Finance

### **10.2 Receiving Payment**

- 10.2.1 The Council accepts payment by cheque, debit card, credit card and cash (cash is only accepted at certain locations). Officers handling payments must follow the procedures below and any local procedures, including those needed for computerised systems. They must complete all records fully and accurately at the time. Chief Officers must ensure adequate local procedures are in place at all stages, having sought necessary advice from the Executive Director Corporate Services.
- 10.2.2 Ideally, subject to adequate controls, income should be received in advance or at the time of service provision.
- 10.2.3 Where possible, a forged note detector should be used.
- 10.2.4 Cash drawers should be closed in between transactions.
- 10.2.5 Supervisory keys for cash registers should be held by supervising officer and not by cashiers.
- 10.2.6 All voids, refunds and exceptions should be reviewed by the supervising officer and this review should be evidenced.

#### All Methods

- 10.2.7 The officer must immediately issue an official receipt or ticket. Change may only be given for payment by cash.
- 10.2.8 All official receipts should be properly controlled and accounted for.

10.2.9 All official receipts should be in a format approved by the Executive Director Corporate Services

10.2.10 Transfers of cash between staff must be evidenced by signature of both staff involved and a copy retained by the transferor.

#### Cheque Payment Against An Invoice/Account

10.2.11 The officer must ensure the cheque is:

- a) made payable to "Tamworth Borough Council" (and should be crossed account payee only);
- b) dated correctly;
- c) the correct amount;
- d) signed;

and the officer must:

- e) record on the back of the cheque the receipt number (and location if necessary) and payment/invoice reference.

#### Cheque – Other Payment

10.2.12 As well as the above requirements the officer must ensure:

- a) the cheque is signed at the counter;
- b) a cheque card is presented with
  - the same signature,
  - the same code number as the cheque,
  - a valid expiry date,
  - a limit sufficient to cover the cheque;

and the officer must:

- c) record the card number on the back of the cheque.

#### Debit and Credit Cards

10.2.13 For payments in person the officer must ensure:

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

10.2.14 For telephone payments the officer must ensure:

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

**CONTACT:** Operations Accountant

Section C

Revised May 2014 – Approved A & G 26/6/14

## **10.3 Postal Payments**

- 10.3.1 All post is to be opened centrally in the designated post room. Exceptions to this include private and confidential post and where it is deemed that post should not be opened.
- 10.3.2 Post must only be opened when two officers are present.
- 10.3.3 All income received through the post should be recorded immediately on to the cash receipting system.

**CONTACT:** Head of Customer Service

## **10.4 Cashing-Up Procedures**

- 10.4.1 At each payment point, the Chief Officer must ensure there are adequate daily cashing-up procedures. The two stages should be carried out by two different employees. The cashier should total the contents of the till and by deducting the cash float, find out the day's takings. A second officer should confirm the actual cash takings with the total takings recorded on the receipts given out. Signatures of both officers involved should be recorded on the paying in slip. The local supervisor must immediately investigate any material discrepancies and advise the Chief Officer, the Executive Director Corporate Services and the Head of Internal Audit Services). All discrepancies must be recorded in a cashiers overs/unders book, signed daily by the supervisor.
- 10.4.2 Small overs/unders balances up to £5 may be held locally, at the discretion of the Chief Officer. Any balance over £5 should be banked.

**CONTACT:** Head of Internal Audit Services

## **10.5 Depositing Money**

- 10.5.1 All money received must be banked direct. Employees must follow guidance from the Executive Director Corporate Services on cash collection, control, deposit and records.
- 10.5.2 Chief Officers/employees must ensure that all money received (other than permitted over/unders balances) is deposited in full, without anything being deducted. For example cash from a till must never be used to meet petty cash expenses or to top-up petty cash.
- 10.5.3 If there is a need to depart from this rule, the Chief Officer must get the written authorisation of the Executive Director Corporate Services.
- 10.5.4 Takings should be banked daily. Where this is not practicable Chief Officers may agree an alternative arrangement with the Executive Director Corporate Services, provided:
  - a) takings are banked at least weekly; and

- b) maximum cash holdings specified by the Executive Director Corporate Services (for insurance purposes) are not exceeded.
- 10.5.5 The cashier must prepare a daily cash summary/return and attach relevant till readings or equivalent. The return must detail the amount of cash and the amount in cheques. A supervising officer must verify this return.
- 10.5.6 Chief Officers must in any event ensure maximum cash holdings are not exceeded.
- 10.5.7 The cashier must certify the paying in slip, which should be checked and evidenced by a supervising officer.
- 10.5.8 Where banking bags are used, seals and the authority's details should be recorded in accordance with the collection company's procedures.

**CONTACT:** Operations Accountant

## **10.6 Money Laundering**

- 10.6.1 Money laundering is the term used for a number of offences involving the proceeds of crime and terrorist funds. The following acts constitute the act of money laundering:
- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, or from Scotland, or from Northern Ireland;
  - Becoming concerned in an arrangement in which someone knowingly or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
  - Acquiring, using or possessing criminal property.
- 10.6.2 Although the term "money laundering" is generally used when describing the activities of organised crime – for which the legislation and regulations were first and foremost introduced – to most people who are likely to come across it or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.
- 10.6.3 A likely indicator that money laundering may be taking place is the deposit of large amounts of cash. The limit on a payment made by cash is £5,000. Any large cash payments that raise concern below this amount should be brought to the attention of the Solicitor to the Council however attempt to pay above this amount must be approved by the Solicitor to the Council.
- 10.6.4 The Council will do all it can to prevent, wherever possible, the organisation and its staff from being exposed to money laundering to identify potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. However, it is every member of staff's responsibility to be vigilant.
- 10.6.5 The Solicitor to the Council is the nominated officer to act as the Council's Money Laundering Reporting Officer.

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

**CONTACT:** Solicitor to the Council

## **10.7 Invoices, Debtors and Other Sums Due**

- 10.7.1 It is the responsibility of each Service Unit to ensure that income for services etc is received prior to the service being completed. Where payment in advance is not possible, all necessary information in order to raise an account should be obtained from the customer prior to the provision of the service, except where statute dictates otherwise.
- 10.7.2 All Service Units must maintain a record of why the account has been raised. All accounts must be accurately created either prior to the service being delivered or, in the case of post-service charging, within 5 working days of the delivery of the service. Where possible, debtor accounts should not be raised for less than £100 in accordance with the Corporate Credit Policy.
- 10.7.3 It is essential that all accounts issued are timely; therefore, accounts raised after the service has been completed should be raised within five working days.
- 10.7.4 Timescales for the recovery process are detailed in the Corporate Credit Policy.
- 10.7.5 At the start of each financial year, Chief Officers must promptly supply information to the Executive Director Corporate Services on amounts due where a debtors account has not yet been raised for the previous financial year within the required deadlines.

### Credit Policy

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

**CONTACT:** Head of Revenues

## **10.8 Debt Write-Off**

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

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

Note that these limits apply to each transaction.

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

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

**CONTACT:** Head of Revenues

## **11. ASSETS AND EQUIPMENT**

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

**CONTACT:** Director of Finance

### **11.1 Responsibilities**

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

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

Inventory details:

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

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

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

**CONTACT:** Director of Finance

## **11.2 Scope**

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

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

## **11.3 Use**

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

## **11.4 Disposal**

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

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

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

### Disposal Guidelines

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

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

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

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

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

## **12. STOCKS AND STORES**

### **12.1 Responsibilities**

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

- a) necessary materials are available when they are needed;
- b) purchase costs are minimised;
- c) stock holding costs are minimised;
- d) waste and other loss is minimised
- e) To achieve this Chief Officers must ensure:
  - a) the correct quantities are purchased at the correct times (to gain discounts and avoid delivery and administration costs);
  - b) excessive levels are not held (taking account of shelf life, storage costs and service needs);
  - c) stocks are held and handled securely;
  - d) adequate records are maintained including:
    - i) purchases and additions
    - ii) issues
    - iii) write-offs.

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

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

**CONTACT:** Head of Internal Audit Services



## **12.2 Stocktaking**

- 12.2.1** All stocks must be checked at least once a year at the end of the financial year in order to compare actual levels to recorded levels and Chief Officers should consider more frequent checks of valuable, desirable and portable items. Large stores, such as those held at the depots, could achieve this by an agreed process of rolling stocktakes. The Head of Internal Audit Services will advise if necessary.
- 12.2.2 Stocktakes must be monitored and checked by employees who are independent of the storekeeping roles. This checking role must include the comparison of actual stocks to the recorded levels.
- 12.2.3 All discrepancies should be investigated by the line manager. Any material discrepancies (over £100 or desirable commodities) should be reported to the Executive Director Corporate Services who will advise on the appropriate procedures to follow, and who may inform the Head of Internal Audit Services of the facts.

**CONTACT:** Head of Internal Audit Services

## **12.3 Obsolete and Unserviceable Stock**

- 12.3.1 The disposal of stocks and stores should be in line with the guidance contained in the section on Assets and Equipment.
- 12.3.2 Obsolete/damaged stock should be written off prior to year-end and should not be included in year-end stock balances.

## **12.4 Intellectual Property**

- 12.4.1 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.
- 12.4.2 Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.
- 12.4.3 Chief Officers must ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

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

## **13 SECURITY**

- 13.1 All staff must wear their ID pass at all times within Council establishments. Identification should be requested for all visitors to council establishments. Where applicable, visitors must sign the visitors book both on entry and exit of

the building. If appropriate, the visitor must be provided with an identification badge which must be returned on departure. The person issuing the badge should ensure that the badge is returned.

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

**CONTACT:** Director Assets & Environment

## 14 DATA QUALITY

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

**CONTACT:** Corporate Information Security Manager

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## AUDIT & GOVERNANCE COMMITTEE

26 JUNE 2014

### REGULATION OF INVESTIGATORY POWERS ACT 2000

#### REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

##### **Purpose**

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

On 13 December 2012, the Council adopted a new RIPA policy and agreed that quarterly reports on the use of RIPA powers be submitted to Audit & Governance Committee.

##### **Recommendation**

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

##### **Background Information**

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

The table below shows the Council's use of directed surveillance in the current financial year to provide an indication of the level of use of covert surveillance at the Council. There have been no applications under RIPA in the quarterly period from 1 January 2013 to the date of this report.

The table outlines the number of times RIPA has been used for directed surveillance, the month of use, the service authorising the surveillance and a general description of the reasons for the surveillance. Where and investigation is ongoing at the end of a quarterly period it will not be reported

until the authorisation has been cancelled. At the end of the current quarterly period there are no outstanding authorisations.

There have been no authorisations for the use of CHIS.

In January 2014, 23 Officers received RIPA refresher training. This included the Chief Executive, the Senior Responsible Officer, Authorising Officers, and the Officers who would prepare and present applications as well as internal auditors.

#### **Financial year 2013/14**

<b>Month</b>	<b>Service</b>	<b>Reason</b>
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No applications		
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#### **Background papers**

None		
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*Dated 17 June 2014. "If Members would like further information or clarification prior to the meeting please contact Jane M Hackett, Solicitor to the Council and Monitoring Officer on Ext.258"*

## AUDIT AND GOVERNANCE COMMITTEE

26 JUNE 2014

### REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

#### PROPOSED CHANGES TO THE CONSTITUTION AND SCHEME OF DELEGATION

##### EXEMPT INFORMATION

None

##### PURPOSE

To consider the proposals put forward as amendments to the Constitution and Scheme of Delegation at Council on 5 June 2014 in terms of Article 16 paragraph 2.16.2

##### RECOMMENDATIONS

**It is recommended that the Committee consider the proposals put forward as amendments to the Constitution and endorse same.**

##### EXECUTIVE SUMMARY

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

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

##### RESOURCE IMPLICATIONS

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

##### LEGAL/RISK IMPLICATIONS BACKGROUND

To have a Constitution that is not fit for purpose could lead to the Council making decisions that would be *ultra vires*. In addition an effective Constitution and Scheme of Delegation provides the mitigating action necessary to ensure that the Council's legal obligations are met and further provides officers with the required functionality to ensure that the Council's obligations under statute are fully met.

##### EQUALITY IMPLICATIONS

An Equalities Impact Assessment is not required in this instance. In approving the recommendations it is envisaged that the citizens of Tamworth will benefit from robust

governance which supports the active involvement of citizens in the process of local authority decision making and an open and transparent delegation regime for its officers.

## **BACKGROUND INFORMATION**

Each year at the first business meeting of the Council the Constitution and Scheme of Delegation as reviewed require to be adopted to ensure probity and legal compliance. On 5 June 2014 it was agreed that the Constitution and Scheme of Delegation be adopted with the amendments proposed as attached to the Appendix to this report subject to endorsement by Audit and Governance Committee as required in Articles 9 and 16 of the Constitution,

## **REPORT AUTHOR**

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

## **LIST OF BACKGROUND PAPERS**

Local Government Act 1972  
Localism Act 2011

## **APPENDICES**

Appendix 1: link to the Constitution as tabled at the Council meeting on  
5 June 2014.

<http://democracy.tamworth.gov.uk/documents/s8810/Draft%20Constitution%2012th%20Edition%202014.pdf>



## Audit & Governance Committee Self Assessment 2013/14

<p><b>Terms of Reference</b> 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><b>Internal Audit Process</b> 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>Yes</p> <p>Yes</p> <p>Yes</p>
<p><b>External Audit Process</b> 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><b>Regulatory Framework</b></p> <p>Does the Committee take a role in overseeing</p> <ul style="list-style-type: none"> <li>• Risk management strategies</li> <li>• Annual Governance Statement</li> <li>• Anti-fraud arrangements</li> <li>• Confidential reporting policy</li> <li>• Financial regulations</li> <li>• Constitution</li> <li>• Complaints handling/ombudsman's report</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
<p><b>Accounts</b></p> <p>Does the Committee take a role in overseeing the annual statement of accounts</p>	<p>Yes</p>
<p><b>Membership</b></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>Yes</p> <p>Yes</p> <p>Yes – through self assessment</p> <p>Yes</p>

<p><b>Meetings</b></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>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
<p><b>Training</b></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>Not always – but is going to be implemented in the new municipal year</p> <p>Induction for new chairs of committees</p> <p>Yes</p>

<b>Administration</b>	
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 – and constantly reviewed