

Finance and Audit Scrutiny Committee

Tuesday 2 September 2014

A meeting of the above Committee will be held at the Town Hall, Royal Leamington Spa on Tuesday 2 September 2014 at 6.00pm.

Membership:

	Councillor Barrott (Chairman)
Councillor Mrs Bunker	Councillor Pittarello
Councillor Dhillon	Councillor Pratt
Councillor Mrs Knight	Councillor Rhead
Councillor MacKay	Councillor Mrs Syson
Councillor Mrs Mellor	Councillor Williams

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

Part A – General Items

*1. Substitutes

To receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

*2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

***3. Minutes**

To confirm the minutes of the meeting held on 29 July 2014

(Item 3/Page 1)

Part B – Audit Items

***4. Internal Audit Quarter 1 2014/15 Progress Report**

To consider a report from Finance

(Item 4/Page 1)

***5. Benefit Fraud Investigation - Performance**

To consider a report from Finance

(Item 5/Page 1)

Part C – Scrutiny Items

***6. Comments from the Executive**

To receive a report from Civic & Committee Services

(Item 6/Page 1)

***7. Review of the Work Programme & Forward Plan**

To consider a report from Civic & Committee Services

(Item 7/Page 1)

***8. Executive Agenda (Non Confidential Items and Reports) – Wednesday 3 September 2014**

To consider non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. **You are requested to bring your copy of that agenda to this meeting.**

***9. Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

***10. Executive Agenda (Confidential Items and Reports) – Wednesday 3 September 2014**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. **You are requested to bring your copy of that agenda to this meeting (circulated separately).**

***11. Sports & Leisure Options Appraisal – Financial Models**

To receive a report from Cultural Services

(Item 11/Page 1)

(*Denotes those items upon which decisions will be made under delegated powers, as previously granted by Council)

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

Telephone: 01926 353362

Facsimile: 01926 456121

E-Mail: committee@warwickdc.gov.uk

Enquiries about specific reports: Please contact the officers named in the reports.

You can e-mail the members of the this Committee at

F&Ascrutinycommittee@warwickdc.gov.uk

Details of all the Council's committees, councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 353362.

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 29 July 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors Mrs Bunker, Mrs Knight, MacKay, Mrs Mellor, Mrs Syson, Wilkinson and Williams.

Also Present: Councillors Cross and Mobbs (Portfolio Holders).

Apologies for absence were received from Councillors Barrott, Dhillon, Pittarello and Pratt.

28. **Substitutes**

Councillor Wilkinson substituted for Councillor Barrott.

29. **Appointment of Chair**

Resolved that Councillor Mrs Knight be appointed as Chair for this meeting in the absence of Councillor Barrott.

30. **Declarations of Interest**

There were no declarations of interest.

31. **Minutes**

The minutes of the meetings held on 10 June were taken as read and signed by the Chair as a correct record.

The minutes of the meeting held on 1 July 2014 were agreed subject to the following change, detailed in Item 22 - Anti Fraud and Corruption Progress Report, paragraph 3 to read:

"in respect of an ongoing inquiry relating to the Ministry of Defence and Racing Club Warwick."

32. **Treasury Management 2013/14 Annual Report**

The Committee received a report from Finance which detailed and reviewed the Council's Treasury Management performance for the whole of 2013/14, which was attached as Appendix A to the report.

The 2013/14 Treasury Management Strategy and the Council's Treasury Management Practices, in accordance with the Code of Practice for Treasury Management, required that the Treasury Management function reported upon its activities during the year by no later than 30th

September in the year after that which was being reported upon. Consideration of the Council's Treasury Management activities was within the remit of the Finance and Audit Scrutiny Committee. Therefore, it was appropriate to report the Council's annual performance direct to this Committee.

Treasury Management had a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimise borrowing interest payable. The Council was reliant upon interest received to help fund the services it provided. As detailed in paragraph 11.9 of the report, the net interest received by the General Fund for 2013/14 was £242,387 against a revised estimate of £233,707 and original of £205,500.

The report was split into different areas including a Review of the Interest Rate Environment, Capital Expenditure and Financing, Borrowing and Treasury Limits and Prudential Indicators.

Section 11 of Appendix A detailed the Annual Investment Strategy and Investment Performance and outlined the performance relating to Money Market Investments, Money Market Funds and Call Accounts. An analysis of the overall investments was also shown.

Officers from Finance presented the report and the Committee were introduced to Karen Allison, the report author. Members were advised that the report evidenced a solid performance with nothing controversial being detailed.

The Officers answered queries from Members and were congratulated for their hard work.

Resolved that the report be noted and its contents accepted.

33. **Draft Statement of Accounts**

The Committee considered a report from Finance which advised that the accounts had been closed in respect of the financial year 2013/14 and the outturn duly reported to the Executive in June.

The Accounts and Audit (England) Regulations 2011 required local authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and include a statement on internal control in any Statement of Accounts. The regulations required local authorities to produce the statement in accordance with 'proper practices in relation to internal control'.

Following various reviews a new Framework had been put in place which recommended that the review of the effectiveness of the system of internal control should be reported in an Annual Governance Statement. This was appended to the Statement of Accounts.

The review identified a number of areas for improvement in internal control. The progress on the actions highlighted was regularly monitored by the Senior Management Team.

The draft Statement of Accounts 2013/14 had been produced and would be subject to audit up to the end of September. The Audited Statement of Accounts would be presented to the Committee and Council in September for formal approval. The Statement of Accounts had been prepared using principles and practices of accounting which presented 'a true and fair view' of the financial position and transactions of the Council.

As part of corporate governance, Members had an important role in overseeing the framework of internal control of the Council. Although the Statements were still subject to audit, it was considered helpful to Members to get an early sight of them.

The Finance officer introduced the report and highlighted the key parts, especially the balance sheet and summary on page 5 and the Annual Governance Statement. Members were signposted to paragraph 3.5 of page 109 which referred to the effectiveness of Standards Committee. Members were encouraged to pass any queries or comments, relevant to Finance and Audit, to the Constitution Working Party via their Group Leaders. It was agreed that the recommendation would be altered to reflect this request.

Officers explained that the Annual Governance Statement used to be presented to Standards Committee in June but new guidelines recommended that it be included with the Statement of Accounts.

The Committee thanked the officers for a thorough report and for attending the meeting and answering Members questions.

Resolved that

- (1) the pre-audit Statements be noted; and
- (2) Members will be encouraged to pass on their comments to Group Leaders on the Annual Governance Statement, to be submitted to the CWP for consideration.

34. Procurement Progress Update

The Committee considered a report from Finance which updated Members on the progress of procurement over the first part of the financial year 2014/15.

It had been agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive an annual update on the progress of procurement and the procurement strategy.

The report advised that the 2013 revision of the Code of Procurement Practice was continuing to set a robust foundation for good procurement across the Council. The policy was currently being updated to reflect changes in the EU Directives that came into force in April 2014.

A table detailed in Section 8 of the report illustrated the position of contracts awarded for the current year, relative to previous years. In addition, all tenders and mini-competitions were carried out using the CSW-JETS e-tendering portal to ensure fairness and transparency.

All recent procurement activity was outlined in Appendix A to the report.

The Committee was pleased to note that the implementation of the Procurement Card was now fully operational across the Council and that the Procurement team was still monitoring and approving new creditor requests.

Councillors Mrs Knight and Syson, both Procurement Champions for the Council, addressed Members and advised of the pro-active management of existing contracts. Queries were also raised regarding the outstanding Kudos situation.

The Portfolio Holder for Finance, Councillor Cross, advised that the Kudos issue was top of the agenda and was of great concern. He assured Members that officers were receiving legal advice and would update Councillors shortly.

Resolved that the advances in procurement be noted.

35. **Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 2 July 2014.

Resolved that the contents of the report be noted.

36. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2014/15 and the latest published version of the Forward Plan.

Members asked that the bowling review be added to its work programme, provisionally for November 2014, by which time the review was expected to have been completed.

With regard to the Forward Plan, the Committee requested that the Evening Economy report, originally due to be presented to the Executive in September 2013, be given a new date for the report to come forward.

Resolved that

- (1) the work programme for 2014/2015 be noted; and
- (2) at present, there were no forthcoming Executive decisions which Members wished to have an input into before the Executive make their decision.

**37. Executive Agenda (Non-Confidential Items & Reports) –
Wednesday 30 July 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 30 July 2014.

Item 3 – Budget Review to 30 June 2014

The Committee supported the recommendations but raised a number of concerns about the level of savings still needed a total of £1.01 million over the 5 year period, and notably a £496k in-year deficit arising in 2016/17. (Due to the modest surplus in 2015/16 this results in an on-going deficit of £433k in 2016/17)

There was a general concern for the finances of local authorities, mainly as a result of the cuts made by central government. Members agreed that it was the scrutiny committee's role to remain cautious and vigilant and ensure that tight budgeting and robust business plans remained a priority. The Committee also urged managers to plan all projects well ahead and to avoid last minute reports requesting monies that had not been included in the original budgets.

Members asked for clarification on recommendation 2.8 which referred to the increase in funding for a community hub/local centre for Whitnash. Although Members were satisfied with the explanation from officers, it was agreed that the recommendation could be strengthened and it was therefore proposed that recommendation 2.8 be amended to read:

"the Executive agree up to a maximum of £100,000 Contingency Budget funding".

Item 4 – Significant Business Risk Register

The Committee strongly supported the recommendations in the report and felt that all staff should be congratulated for their hard work during difficult financial times.

The risks associated with the Local Plan (Risk 16) were noted and Members were mindful of the Planning Risks, in particular in relation to the Gypsy and Traveller Sites and Developer challenge elements of the Plan. Members were satisfied with the explanation from Officers that the

crossing out of the Local Plan wording in the Risk description was an oversight and that this Risk still exists.

38. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minute 25 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. However, a summary is as follows:

39. **Minutes**


The confidential minutes of the meetings held on 10 June and 1 July 2014 were taken as read and signed by the Chair as a correct record.

40. **Comments from the Executive (Appendix 2 – Confidential)**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on confidential reports submitted to the Executive on 2 July 2014.

Resolved that the contents of the report be noted.

(The meeting ended at 7.30 pm)

 Finance & Audit Scrutiny Committee - 2 September 2014		Agenda Item No. <div style="font-size: 2em; float: right;">4</div>
Title	Internal Audit Quarter 1 2014/15 Progress Report	
For further information about this report please contact	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk	
Service Area	Finance	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee – 10 June 2014	
Background Papers	Internal Audit Reports	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive / Deputy Chief Executive	13 Aug 2014	Chris Elliott
Section 151 Officer	13 Aug 2014	Mike Snow
Monitoring Officer	13 Aug 2014	Andrew Jones
Human Resources		
Finance	13 Aug 2014	As Section 151 Officer
Portfolio Holder	13 Aug 2014	Councillor Cross
Consultation and Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1 SUMMARY

- 1.1 Report advises on progress in achieving the Internal Audit Plan 2014/15, summarises the audit work completed in the first quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

2 RECOMMENDATIONS

- 2.1 That the report be noted and its contents be accepted or, where appropriate, acted upon.

3 REASON FOR THE RECOMMENDATIONS

- 3.1 Members have responsibility for corporate governance, of which internal audit forms a key part.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

5 BUDGETARY FRAMEWORK

- 5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 POLICY FRAMEWORK

- 6.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance and will take into account the Council's policies.

7 RISKS

- 7.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.
- 7.2 It is difficult to provide a commentary on risks as the report is concerned with the outcome of reviews by Internal Audit on other services. Having said that, there are clear risks to the Council in not dealing with the issues raised within the Internal Audit reports (these risks were highlighted within the reports). There is also an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

8 ROLE AND RESPONSIBILITIES OF AUDIT COMMITTEES

- 8.1 Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.

8.2 Essentially, the purpose of an audit committee is:

- To provide independent assurance of the associated control environment.
- To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

8.3 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

8.4 The following sections provide information to satisfy these requirements.

9 **PROGRESS AGAINST PLAN**

9.1 At the start of each year Members approve the Audit Plan setting out the audit assignments to be undertaken. An analysis of the progress made so far in completing the Audit Plan for 2014/15 is set out as Appendix 2.

10 **ASSURANCE**

10.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of financial and other management controls.

10.2 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

Assurance Levels

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control with evidence of compliance with all the key controls. There is a sound system of control but there is evidence of non-compliance with some of the controls.
Moderate Assurance	Whilst there is a basically sound system of control there is evidence of non-compliance with several of the key controls.
Limited Assurance	The system of control is weak. There may also be evidence of non-compliance with the controls that do exist.

These definitions have been developed following extensive investigation of other organisations' practices (including commercial operations).

11 **INTERNAL AUDIT ASSIGNMENTS COMPLETED DURING QUARTER**

11.1 Five audits were completed in the first quarter of 2014/15. Copies of all the reports issued during the quarter are available for viewing on the following hyper-link: [Reports](#).

- 11.2 The action plans accompanying all Internal Audit reports issued in the quarter are set out as Appendix 3. These detail the recommendations arising from the audits together with the management responses, including target implementation dates.
- 11.3 As can be seen, responses have been received from managers to all recommendations contained in audit reports issued during the last quarter.
- 11.4 One of the audits completed during the quarter was awarded a lower than substantial assurance opinion. The audit was Corporate Procurement. The report relating to this audit is set out as Appendix 4.

12 **IMPLEMENTATION OF RECOMMENDATIONS ISSUED PREVIOUSLY**

- 12.1 Managers are required to implement recommendations within the following timescales:
- (a) Recommendations involving controls assessed as high risk to be implemented within three months.
 - (b) Recommendations involving controls assessed as low or medium risk to be implemented within nine months.
- 12.2 The state of implementation of **low and medium risk** recommendations made in the second quarter of 2013/14 is set out as Appendix 5 to this report. There were no **high risk** recommendations issued in the fourth quarter of 2013/14.
- 12.3 As can be seen, responses have been received from all managers in order to provide the state of implementation of recommendations issued in earlier quarters.

13 **REVIEW**

- 13.1 Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

GUIDANCE ON THE ROLE AND RESPONSIBILITIES OF AUDIT COMMITTEES

Public Sector Internal Audit Standards 2013

Independence and Objectivity

The chief audit executive must...establish effective communication with, and have free and unfettered access to...the chair of the audit committee.

Glossary

Definition: Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

Audit Committees: Practical guidance for Local Authorities (CIPFA)

Core Functions

Audit committees will:

... Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Suggested Audit Committee Terms of Reference

Audit Activity:

- To consider the Head of Internal Audit's and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

Called to Account: The Role of Audit Committees in Local Government (Audit Commission)

Monitoring Audit Performance

Auditor/officer collaboration

Slow delivery and implementation of recommendations reduces the audit's impact and can allow fraud to flourish or service delivery to deteriorate. Audit committees can play a key role in ensuring that auditors and officers collaborate effectively. This can enable auditors' reports to be dovetailed into the relevant service committee cycles and ensure that officers respond promptly to completed audit reports.

Management response

An audit committee can ensure that officers consider these recommendations promptly, and act on them where auditors have raised valid concerns.

Implementation

Agreed recommendations arising from audit work need to be implemented. Councils should have a forum for considering the contribution of internal and external audit and for ensuring that audit is, in practice, adding value to corporate governance.

Audit committees can be a powerful vehicle for securing implementation of audit recommendations and thereby improve the operation and delivery of Council activities.

CIPFA Technical Information Service Online

Audit Reporting

Introduction

Internal auditors should produce periodic summary reports of internal audit's opinion and major findings.

The...report could also be issued to senior management of the organisation but should primarily be issued to the audit committee to report upon the soundness or otherwise of the organisation's internal control system. This report will form the conclusion of the work undertaken by internal audit during the period of the report. A summary of the scope of this internal work should also be included in the report.

Periodic Internal Audit Reports

Audit committees should not normally be provided with the full text of internal audit reports. Audit reports are mainly concerned with operational details while audit committees and members or non-executive directors should be concentrating on ensuring that the organisation's system of internal control is effective and that the strategic or corporate objectives are being achieved efficiently. Members or non-executive directors' interest in internal audit should normally be restricted to gaining an assurance that the organisation's systems of internal control are adequate and that where audit does not consider this to be the case that action is taken to ensure that any short comings are rectified promptly.

Audit committee members should not usually get involved in discussing individual internal audit findings or recommendations but should concentrate their attentions on the opinions internal audit express on the activities and systems they have reviewed. These opinions should be summarised and should provide a clear opinion on the overall quality of the organisation's internal control system and the general level of performance across the organisation. Members or non-executive directors should not be over concerned with adverse internal audit conclusions if reasonable recommendations suggested by internal audit have been accepted and that these have been promptly implemented.

If, however, major internal control weaknesses are discovered these should be reported to the audit committee as this may indicate general weaknesses in the management of the section or the department concerned. Audit findings that appear to show a common thread of similar weaknesses throughout the organisation should also be reported to the audit committee.

INTERNAL AUDIT PROGRESS 2014/15: QUARTER 1**ANALYSIS OF PERFORMANCE****Time Spent: Audit Plan – Planned Vs Actual**

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
<u>Planned Audit Work</u>	288.0	72.0	60.6	+11.4
<u>Other Time</u>				
Sundry audit advice	22.0	5.5	6.9	-1.4
Special investigations (e.g. Fraud/Irregularities)	30.0	7.5	0.2	+7.3
Corporate and departmental Initiatives	39.0	9.8	12.7	-2.9
Non-chargeable activities	114.0	28.5	38.9	-10.4
Leave and other absences	116.0	29.0	49.1	-20.1
<i>Total Other Time</i>	321.0	80.3	107.8	-27.5
<i>Total Time</i>	609.0	152.3	168.4	-16.1

Time spent: Assignments Completed – Planned Vs Actual

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Corporate Procurement	12.0	10.6	+1.4
Banking Arrangements	10.0	10.7	-0.7
Lettings and Void Control	10.0	12.2	-2.2
Community Leisure Facilities	10.0	10.3	-0.3
Documents Store	6.0	6.0	-

Explanation of variances where greater than 20% (unless within 2 days):

Lettings and Void Control: Programme of tests more thorough than initially anticipated.

Completion of Audit Plan: Target Vs Actual

NO. OF AUDITS PER AUDIT PLAN	PROFILED TARGET COMPLETION		ACTUAL NO. COMPLETED TO DATE		VARIATION	
	NO.	%	NO.	%	NO.	%
34	5	15.0	5	15.0	0	0.0

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT RESPONSES FROM INTERNAL AUDIT REPORTS
ISSUED QUARTER 1, 2014/15

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date
Corporate Procurement – 6 June 2014				
4.2.4	A fundamental review of the Procurement Strategy should be undertaken with a view to instilling a 'road map' approach and SMART principles, and the resultant revised document submitted to Executive for adoption.	Medium	Deputy Chief Executive (AJ) / Head of Finance	The Strategy is being reviewed and updated along with all the other key procurement policies. December 2014 Executive.
4.3.6(1)	Respective roles of Members and senior managers in the strategic leadership of procurement should be clarified and correctly represented in the revised Procurement Strategy and the Significant Business Risk Register as applicable.	Medium	Deputy Chief Executive (AJ) / Head of Finance	Roles will be reviewed and clarified as part of the review of procurement policies/documentation. December 2014 Executive. The SBRR responsibility will be reviewed when SMT next consider it. July 2014

¹ Risk Ratings are defined as follows:

- Low - Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.
- Medium - Moderate adverse impact on achievement of the Authority's objectives if not adequately addressed.
- High - Requires urgent attention with major adverse impact on achievement of Authority's objectives if not adequately addressed.

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date
4.3.6(2)	The role of the Procurement Board should be reviewed and codified into agreed terms of reference, ensuring that they appropriately complement and do not conflict with the respective roles of Members and senior managers.	Low	Deputy Chief Executive (AJ)	As the Procurement Board is still in its infancy, the terms of reference still are to be formally agreed. This will be reviewed at the next meeting of the Board. September 2014 TBA.
4.4.2	The Council's Intranet resource should be reviewed and enhanced to secure a complete and accessible purchasing framework that encompasses all corporate sourcing arrangements (including buying consortia and framework agreements) along with details of applicable contact officers	Low	Procurement Manager	Intranet page to be reviewed and updated following agreement of updated procurement policies. January 2015. Feasibility and plan for details of "sourcing arrangements" to be considered. March 2015.
4.4.9	Incorporation of procurement into the corporate Learning and Development Programme and mandatory employee induction training should be explored in consultation with Human Resources.	Low	Procurement Manager	Consideration of procurement training programme and the best way to manage as part induction process being discussed with HR. June 2014.
4.6.9(1)	Monitoring mechanisms should be established in accordance with agreed roles and clear management objectives which in turn should be clearly defined in the Procurement Strategy.	Medium	Head of Finance / Procurement Manager	Being addressed as part of review of procurement policies/documentation. December 2014.

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date
4.6.9(2)	The formulation of the Procurement Strategy and Action Plan should have regard to the Strategy's role of informing projects relating to procurement represented in the Service Delivery Plans (especially Finance).	Medium	Head of Finance / Procurement Manager	To be reviewed as part of update of Strategy, and clarify where such projects should be detailed having regard to the Contract Register and the Team Operational Plan. December 2014.
4.6.9(3)	Re-introduction of annual team operational plans for the Procurement Team should be considered.	Medium	Procurement Manager	Being produced based on updated Contracts Register and meetings held with budget/contract managers. July 2014.
Banking Arrangements – 24 June 2014				
4.1.4	The Code of Financial Practice should be updated on the council's website, as per the amendment approved by Executive.	Low	Assistant Accountant (Capital & Treasury Management)	The website version of the Code of Financial Practice will be updated to include the amendment. July 2014.
4.3.7	Interest received on the Business Deposit Account should be checked to the council's own calculations on a quarterly basis to ensure that any discrepancies noted can be queried in a timely manner.	Low	Assistant Accountant / Principal Accountant (Capital & Treasury Management)	The actual interest credited to the BDA will be checked against our spreadsheet and any significant discrepancy reported to the Bank. Immediate.

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date
4.5.7	The old cheque stock should either be used (if they are still valid cheques) or be securely destroyed.	Low	Finance Admin Manager	<p>The old cheque stock does not contain valid cheques and can no longer be used; each box has been clearly marked with an "X" to ensure that they are not issued and they are stored on the top shelf of the cabinet separate to the current valid stock.</p> <p>However, arrangements will be made to ensure that the old stock is securely disposed of / destroyed to remove all risk.</p> <p>July 2014.</p>
Lettings and Void Control – 24 June 2014				
3.2.4	Expansion of the Housing Advice Manual to incorporate Lettings functions should be considered as part of the updating process.	Low	Housing Advice Manager	<p>This has already been considered. A meeting has already taken place with the provider to discuss how this will be taken forward.</p> <p>March 2015.</p>
3.3.4	Staff should be reminded that all retained copies of documents proving identity, residency and household of applicants must be endorsed 'certified true copy' with date and signature.	Low	Housing Advice Manager	<p>The Housing Advice service is currently moving to electronic working. Therefore documents received will be scanned in not photocopied. Measures are being considered as to the risk of not certifying as a true copy and the risks to the Local Authority.</p> <p>December 2014.</p>

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date
3.4.10	The Council's position should be reviewed with regard to the two Leamington Spa guest houses used for homeless placements in the light of possible VAT irregularities.	Medium	Housing Advice Manager	A review of the temporary accommodation is planned for when the re-structure is in place (September 2014). Steps have already been taken to address the issues with VAT and B&B placement. December 2014.
3.5.5	System alerts or reporting should be pursued to support the scheduling of settling-in visits by ensuring that all applicable tenancy commencements are identified.	Low	Sustaining Tenancies Manager	System to be set up on HPM, in the meantime a spreadsheet will be used to schedule settling in visits. Spread sheet system in place from 1/7/2014.
3.7.4	Specific standards and filing conventions for documentation on mutual exchanges should be considered along with logging of significant events in ActiveH.	Low	Sustaining Tenancies Manager	HPM needs to be set up on ActiveH, the priority will be set by the IT group. December 2014.
Community Leisure Facilities – 27 May 2014				
4.1.3	Folios need to include sufficient levels of detail (i.e. include usage details regarding peak / off-peak and junior / adult bookings) and are consistent in the names used for hirers to ensure that duplicate debtors are not set up.	Low	Operations Managers	Staff at site who compile the folios have been instructed to increase the detail on the folios. Change of address / hirer details will be flagged up to the business support team when the invoice is sent for processing. June 2014.

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date
4.1.3	Correct prices should be charged for all bookings.	Low	Operations Managers	Errors on folios have now been addressed. The Sports Facilities Area Manager has been emailed and has confirmed that off peak charges will apply at weekends as current usage may suffer if this error is rectified. Usage at weekends is not high and an increase in price would probably prove detrimental. June 2014.
4.1.3	Confirmation of booking and insurance details needs to be obtained regarding the hiring of Meadow Community Sports Centre by the specific user.	Low	Operations Manager (AF / CF)	Supervisors have been tasked to obtain up to date insurance for bookings. July 2014.
4.1.9	Cash collection receipts should be cross referenced to the relevant cash sheets and / or paying in slips at Meadow Community Sports Centre.	Low	Operations Manager (AF / CF)	Cash collection receipts will now be affixed to the daily sheets on the day of the collection which is the procedure at the leisure centres. June 2014.
4.5.4	The inventory for Meadow Community Sports Centre should be updated and purged of consumable items.	Low	Operations Manager (AF / CF)	Supervisor at Meadows is currently updating the inventory. June 2014.

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date
Documents Store – 10 June 2014				
4.4.7	Consideration should be given to the formulation of a policy on secure document storage such that staff are clear as to which types of documents must be held in the Document Store. A policy should include details of retention periods for the various documents.	Medium	Deputy Chief Executive (AJ) / DMC Team Leader	A policy will be drafted for consultation with the aim of having an agreed policy by the end of the year. 31 December 2014.
4.4.7	Details should be publicised on the Intranet, and included on the DMC pages, of the management arrangements for the Document Store together with instructions for adding new documents and access arrangements covering removing and returning documents.	Medium	DMC Team Leader	Initial dialogue has commenced and a plan is being progressed. 30 September 2014.
4.8.1	Regular inspections of the Document Store should take place to ensure that the log and contents agree and that all documents are in place.	Medium	DMC Team Leader	Regular weekly inspections have now been implemented. 30 June 2014.

**AUDIT REPORTS WITH MODERATE OR LOW LEVEL OF ASSURANCE
ISSUED QUARTER 1 2014/15**

Corporate Procurement – 6 June 2014

1 Scope and Objectives of Audit

1.1 The purpose of the audit examination was to report a level of assurance on the adequacy of the Council's control framework to secure economic, efficient and effective procurement activity that accords with best practice and complies with legislation.

1.2 The examination took the form of an evidential risk-based evaluation of structures and processes for managing procurement from the corporate centre in terms of:

- § strategic leadership
- § procurement organisation
- § resource and skills management
- § demonstrating the effectiveness of the Procurement function.

1.3 The evaluation was structured under the following themes:

- § strategies and policies
- § roles and responsibilities
- § communication and training
- § policy compliance
- § monitoring and review
- § information assurance.

1.4 As part of the examination, the status of recommendations from the previous audit report on this subject matter (issued March 2012) was ascertained.

1.5 The examination was conducted through discussions with relevant staff and reference to documents and records as appropriate. The principal contacts were Susan Simmonds (Procurement Manager) and Naomi Nortey (Procurement Officer).

2 Background

2.1 Procurement is earmarked for cyclical risk-based audit under strategic audit planning framework by virtue of its corporate risk profile as represented by the Significant Business Risk Register. Specifically, the Register represents a commitment to manage the risk of "improper practices and (of) legislative requirements not being complied with".

- 2.2 The mitigation/control entries refer to:
- § regulation by the Codes of Financial and Procurement Practice;
 - § training of staff;
 - § monitoring of the procurement function;
 - § Procurement Strategy.
- 2.3 The latest available information shows the Council's current procurement spend to be in the region of £25 million per annum.
- 2.4 The concept of central strategic and specialist support roles overseeing procurement activity within the Council emerged from a health check undertaken in 2004 by the Improvement and Development Agency. This arose out of the National Procurement Strategy for Local Government produced in 2003.
- 2.5 The establishment of a specialist procurement function dates from 2006, initially in the form of a single officer post but graduating four years later to the team of two full-time officer posts in existence today.
- 2.6 The National Procurement Strategy had run its course by 2008 leaving a legacy of enhanced sources of support to local authorities in their efforts to achieve procurement efficiencies, in particular the Government Procurement Service (now subsumed into the Crown Commercial Service) and Regional Improvement and Efficiency Partnerships (RIEPs). Warwick District Council comes under the umbrella of the RIEP for the West Midlands.
- 2.7 A report entitled "Review of arrangements for efficiencies from smarter procurement in local government" (known as the "Roots Review") appeared in 2009. The report recognised that "substantial actions are underway by....(RIEPs) and others to enhance procurement efficiency", while making recommendations which deal mainly with national leadership through a procurement champion and reinforcing the central role of the RIEPs.
- 2.8 For local authority consumption, however, one recommendation stands out:
- "Each local authority should formally review its procurement arrangements and practices at least annually".
- 2.9 No evidence could be found of any further significant central government initiatives on local authority procurement after the Roots Review. This may be explained by the changed political landscape from 2010 and the far more sweeping budget challenges that have come with it.
- 2.10 Recently, government attention in sphere of procurement has turned toward the NHS sector with a procurement strategy produced by the Department of Health in 2013.

- 2.11 In the twelve months year prior to the audit, there has been a change of Procurement Officer at the Council followed by two changes of Procurement Manager less than two months apart. More recently, issues emerging in respect of major contract letting and specialist resource commissioning by Housing and Property Services have come to dominate the scene (investigations are still ongoing at the time of this report).

3 Findings

3.1 Recommendations from previous report

- 3.1.1 The current position in respect of the recommendations from the audit reported in March 2012 is shown below:

Recommendation	Management Response	Current Status
The Procurement Site on the intranet should be enhanced by the addition of details of the services provided by the team, a statement defining the purpose of procurement and also the role of service areas in the process. <i>(Low risk)</i>	Intranet to be updated	The current Intranet page includes a statement as recommended. Some limitation as to resource content was noticed however (discussed further under Communication and Training – see Para. 4.4.2 below).
A training plan should be compiled so that as many staff as possible with procurement responsibilities receive appropriate training. <i>(Medium Risk)</i>	Deputy Chief Executive compiling a list of officers requiring training and another list of officers requiring to be updated. Training also being arranged for members but the difficulty is trying to ensure that the members attend.	Both lists were prepared targeting budget managers and training sessions were run accordingly during October and November 2012. Of the 23 officers earmarked for full training, 22 are recorded as attending. Recorded attendance at the refresher sessions was limited (only 5 out of the 12 listed). A new assessment of procurement training needs is committed to under the Finance Service Delivery Plan for 2014/15.

3.2 Strategies and Policies

- 3.2.1 The Council has an adopted Procurement Strategy underpinned by an action plan covering a three-year period. Since its last formal adoption by Executive in 2010, the Strategy has been rolled forward annually as part of the reviews by Finance and Audit Scrutiny Committee and the latest version covers from 2012 to 2015. Some of the content is clearly influenced by the Roots Review.
- 3.2.2 Despite the annual review, the Strategy has remained essentially unchanged over the four years since formal adoption and closer inspection highlights some limitations as a foundation for strategic leadership and demonstrating effectiveness. The Strategy comes across as strong on strategic principles founded on corporate priorities, but fails in what is seen as a key function of a strategy - a sense of 'direction of travel' towards achieving clear goals at a specified point in time. The Action Plan reinforces that impression by being based almost entirely on ongoing and repetitive processes that do not reveal any clear milestones and have themselves remained unchanged over the last four years (except for the removal of references to national performance indicators and cashable savings targets).
- 3.2.3 It is recognised that the procurement function at Warwick District Council may now be well past the stage where it can plan for significant quantifiable savings on procurement spend on a strategic basis. With that in mind, it is also acknowledged that procurement might not lend itself easily to identifying tangible outcome measures and milestones. However, with adequate facilitation and involvement of as many officers as possible with the appropriate skills and experience, this is seen as achievable.
- 3.2.4 Apart from the above, certain other developments make this an opportune time to fundamentally revisit the Strategy including:
- § constitution of a 'Procurement Board'
 - § refresh of the Sustainable Community Strategy
 - § change of Member portfolio title.

Risk

The Procurement Strategy does not provide an adequate foundation for developing procurement towards achieving priority corporate goals.

Recommendation

A fundamental review of the Procurement Strategy should be undertaken with a view to instilling a 'road map' approach and SMART principles, and the resultant revised document submitted to Executive for adoption.

- 3.2.5 The policy framework for procurement is essentially enshrined in the Code of Financial Practice and Code of Procurement Practice, both of which form a part of the official Constitution and are subject to periodic review and re-approval by Executive.
- 3.2.6 The Code of Financial Practice outlines basic principles on authority and process which are expanded in the Code of Procurement Practice. The former also lays down basic conditions on access to and use of corporate purchasing cards (which have recently replaced credit cards and rolled out to a greater number of officers) and on progressing capital schemes.
- 3.2.7 The current approved Code of Procurement Practice dates from March 2013 and is earmarked for review under the current year's Finance Service Delivery Plan (which will undoubtedly take due account of the issues in Housing and Property Services still being investigated).
- 3.3. Roles and Responsibilities
- 3.3.1 To assemble a comprehensive picture of defined roles and responsibilities required reference to several sources, the principal ones being:
- § Constitution (Scheme of Delegation) – general powers of Heads of Service to place orders and accept tenders within Council rules including the Codes of Financial and Procurement Practice;
 - § Code of Financial Practice – role of Head of Finance to oversee procurement arrangements across the Council and responsibilities of Heads of Service and budget managers to ensure observance of the Codes of Financial and Procurement Practice in their respective areas;
 - § Code of Procurement Practice – outlines the role and expectations of the Procurement Manager. This includes boundaries of involvement in applicable projects and highlights the importance of being an early consultee on any significant project involving procurement;
 - § Procurement Strategy - outlines a hierarchy of responsibilities from strategic down to operational level (officers and Members).
 - § Significant Business Risk Register – ownership of the four risk mitigation elements (see Paragraph 3.2. above), mainly vested in the Head of Finance (alone or in conjunction with Senior Management Team);
 - § Job Descriptions of Procurement Manager and Procurement Officer posts –point mainly to maintenance and deployment of professional skills to influence procurement operations through advisory, policy development and networking means.

- 3.3.2 For the most part, the above are seen as representing a clear and robust regime. In terms of strategic leadership, however, a lack of clarity is perceived along with a degree of contradiction. The roles and expected inputs of the Portfolio Holder, Procurement Champions and Corporate Management Team do not come out clearly in the Procurement Strategy and no sources giving any expanded definition could be found.
- 3.3.3 The perceived contradiction lies in the risk mitigation entry relating to 'monitoring the procurement function' for which ownership has, according to the Significant Business Risk Register, been assumed by Senior Management Team (SMT). This is not reflected in the Procurement Strategy or the Codes of Financial/ Procurement Practice, neither is it supported by any tangible evidence of SMT engagement in such monitoring (at least over the last two years).
- 3.3.4 In discussions, the Head of Finance advised that the entry was viewed more as reflecting the role of SMT members in monitoring the procurement function within their respective service areas. There was a consensus in the discussion, however, that the wording of the entry should be re-examined to improve clarity.
- 3.3.5 A further factor clouding the picture is that no agreement has yet been reached on terms of reference for the Procurement Board (two draft versions have been produced contrasting widely in scope).
- 3.3.6 ***Risk***
Effective strategic management of procurement is prejudiced by a dysfunctional structure and unclear roles.

Recommendations

- (1) **Respective roles of Members and senior managers in the strategic leadership of procurement should be clarified and correctly represented in the revised Procurement Strategy and the Significant Business Risk Register as applicable.**
- (2) **The role of the Procurement Board should be reviewed and codified into agreed terms of reference, ensuring that they appropriately complement and do not conflict with the respective roles of Members and senior managers.**
- 3.4 **Communication and Training**
- 3.4.1 Central to effective communication is a comprehensive purchasing framework accessible to all staff via the corporate intranet. This should encompass the contract procedure rules and supporting guidance which will include standard documents and links to appropriate external resources.

- 3.4.2 The Council's Intranet resource fits the above criteria for procurement activity involving quotations and tenders, but does not give any guidance on acquisition of supplies and services where use of corporate sourcing arrangements, buying consortia and framework agreements is the 'order of the day'. In discussions, the Procurement Manager advised that the need for a more comprehensive procurement directory had been recognised and that this would be addressed as and when resources permit.

Risk

Staff may order goods and services bypassing existing sourcing arrangements at higher cost than necessary.

Recommendation

The Council's Intranet resource should be reviewed and enhanced to secure a complete and accessible purchasing framework that encompasses all corporate sourcing arrangements (including buying consortia and framework agreements) along with details of applicable contact officers.

- 3.4.3 The Council's website incorporates a 'business procurement' resource for external consumption which includes details of tender opportunities and links to the Code of Procurement Practice, a copy of the Council's Contract Register and the joint e-tendering system to which the Council now subscribes. It is noted the Procurement Strategy Action Plan provides for the promotion of opportunities to local suppliers, SMEs and voluntary/third sectors as an ongoing process led by the Procurement Manager in conjunction with Economic Development.
- 3.4.4 Issues concerning the accuracy of the published Contract Register have emerged from the ongoing investigation into Housing and Property Services contract letting. At the time of this report, the known inaccuracies are being addressed and the wider issues considered by management.
- 3.4.5 Ongoing liaison with the Service Areas and Members is at the heart of the role of the Procurement Team. It was not within the intended scope of this audit to attempt a review of meeting activity in detail – it is assumed for the purpose of this review that records of meetings in respect of major procurements are maintained by the Service Areas classified under the projects to which they relate.
- 3.4.6 It is noted, however, that quarterly briefings have been established for the Procurement Champions with pre-prepared agendas based mainly on updates of procurement activity, work of the Procurement Team and emerging issues.
- 3.4.7 Following the training sessions organised in 2012 in the wake of the previous audit recommendations (see Paragraph 4.1.1 above), formal training activity appears from the evidence to have petered out apart from one-hour basic introduction sessions given in May 2013 to 15

staff. The last recorded instance of Member training is a 2-hour briefing given in September 2011.

3.4.8 That said, it is recognised that the ongoing liaison role of the Procurement Team itself contributed to staff and Member awareness. It is also noted that a new training needs assessment initiative is under way in accordance with a commitment under the current year's Finance Service Delivery Plan.

3.4.9 It is not clear whether there has been any discussion in the past with Human Resources on incorporating procurement into the corporate Learning and Development Programme and/or mandatory induction training. With procurement routes having become complex involving corporate sourcing arrangements, buying consortia and framework agreements (on top of the traditional competitive quotation and tendering provisions), it can be argued that staff awareness in this area comes close to matching already existing induction subjects in importance.

Risk

Lack of understanding of procurement legislation and corporate provisions may lead to inappropriate purchasing practices.

Recommendation

Incorporation of procurement into the corporate Learning and Development Programme and mandatory employee induction training should be explored in consultation with Human Resources.

3.5 Policy Compliance

3.5.1 Several elements of control are in evidence that contribute to assurance on compliance, some already referred to under the preceding sections:

- § Electronic library of procedures, guidelines and pro-formas;
- § Tenders processed through joint Coventry, Solihull and Warwickshire e-tendering system (CSW-JETS) – currently requires direct intervention by the Procurement Team to process them due to restricted access rights;
- § Other roles assumed by the Procurement Team including
 - maintaining the official Contract Register;
 - review and sign-off of quotation forms required for contracts between £5,000 and £20,000;
 - adjudication on new Total trade creditor requests and with log maintained of approvals.

- 3.5.2 It was advised that the Procurement Team has a more direct involvement in procurement activity than was the case under the previous Procurement Manager. Additionally, the Council had only migrated to the CSW-JETS system in September last year.
- 3.5.3 It should be pointed out that the contract letting activity under investigation occurred prior to the changes of Procurement Manager postholder and the above control elements should not be seen as representative of those in operation at the time when the contracts in question were let.
- 3.5.4 It was agreed with the Procurement Manager that testing aided by data analytics focusing on contracts in the £5,000 to £20,000 range would be appropriate with a view to verifying general compliance with the quotation procedure. However, it was not possible to perform these tests because of unresolved software issues preventing the data analytics operations. This may be pursued as a separate exercise once the software issues are resolved.
- 3.6 Monitoring and Review
- 3.6.1 The Procurement Strategy Action Plan provides for reports to Members on procurement activities and reviews of the Strategy itself and the Code of Procurement Practice, all on a yearly basis. The annual reports on procurement activity are supplemented by interim half-yearly updates. The update report scheduled for January 2014 was dispensed with as the contract letting issues in Housing and Property Services have come to dominate the scene and were themselves reported on to Executive in March 2014.
- 3.6.2 At service management level, the picture becomes more blurred. Despite the intention contained in the Action Plan to 'reflect the Procurement Strategy in service plans and team operational plans', examination of the Service Delivery Plans for 2013/2014 found only passing reference to procurement (if any at all).
- 3.6.3 In the case of Finance, there are clear indications that the Procurement Strategy Action Plan has been side-lined in the course of service plan formulation. An illustration of this is the fact that two prominent projects of recent months (migration of the e-tendering system and implementation and rollout of purchasing cards) are even not mentioned in the Action Plan. Also, the Action Plan refers to planned use of a 'free audit' being offered by the Government Procurement Service (GPS) in 2013 – nothing was mentioned of this in the Finance Service Delivery Plan for 2013/14 even though the GPS initiative was announced in plenty of time for it to be included.
- 3.6.4 The 'free audit' in question is believed to be a funded 'spend analysis and opportunity assessment' for West Midland public bodies. In the event, it was never taken up by the Council and has since run its course. On closer inspection, the complex series of data extraction

requirements was probably a crucial inhibiting factor.

- 3.6.5 It is still a requirement to submit annual returns to the Cabinet Office for compilation of EU statistics on public procurement.
- 3.6.6 A key foundation for effective monitoring, the Team Operational Plan is absent for the Procurement function and appears to have been so in the previous year as well. It was advised that the work of the Procurement Team in recent months has been substantially reactive in nature and operational monitoring has tended to be confined to one-to-ones with no documented trail.
- 3.6.7 A further observation relates to benchmarking, identified as part of the role of both Procurement posts. In discussions, the Procurement Manager referred to some benchmarking activity by a networking group across Warwickshire and Worcestershire authorities. No mention can be found of inter-authority benchmarking in the reports to Scrutiny Committee, nor any evidence of benchmarking outcomes ever being reported to management.
- 3.6.8 As the Significant Business Risk Register reference to 'monitoring of the Procurement function' was interpreted as mitigation measure owned by SMT as a body, the evaluation was based on examination of SMT agendas and minutes rather than consultations with Service Area Managers individually. No evidence of actual engagement in the monitoring process was found from this source.
- 3.6.9 While it is acknowledged that not consulting with Service Area Managers individually may have left the evaluation incomplete, indications from other sources (including Service Delivery Plans) also cast some doubt on whether SMT members as a whole are visibly engaged in such monitoring.

Risk

The effectiveness of the Procurement function cannot be demonstrated.

Recommendations

- (1) Monitoring mechanisms should be established in accordance with agreed roles and clear management objectives which in turn should be clearly defined in the Procurement Strategy.**
- (2) The formulation of the Procurement Strategy and Action Plan should have regard to the Strategy's role of informing projects relating to procurement represented in the Service Delivery Plans (especially Finance).**
- (3) Re-introduction of annual team operational plans for the Procurement Team should be considered.**

3.7 Information Assurance

3.7.1 Assurance of confidentiality, integrity and availability of information assets is of heightened importance in a realm where much of the information processed is commercially sensitive. No one business information system used by the Council handles all aspects of procurement. Three different systems operate:

- § Total FMS – the Council’s nearest equivalent to a full enterprise resource planning (ERP system), this handles invoice payment transactions for all procurements and the rump of purchase ordering, and goods and services receipt/completions not processed by the MIS building works and services application managed by Housing and Property Services;
- § MIS ActiveH – handles fault reporting, works ordering and completion certification under contracts for repairs, maintenance and improvements to property assets (includes utility bill and usage management).
- § CSW-JETS – e-tendering portal hosted by In-Tend and used by WDC under consortium arrangement with the CSW Partnership.

3.7.2 Total and MIS have been subject to separate cyclical audit review as priority business application systems under the ICT audit plans. The In-Tend product platform on which the CSW-JETS system operates has been used by a consortium of sub-regional authorities for over four years with Warwick District joining in 2013.

3.7.3 From brief examination of system literature and discussions with the Procurement Manager, the security features and system administration are seen as appropriately robust. At the time of the audit only the Procurement Team have access to operate in the system on behalf of the Council, although future roll-out to other appropriate staff is envisaged.

3.7.4 Enquiries made confirm that any other sensitive electronic information on the Council’s networks processed by the Procurement Team is held in appropriately restricted folders. It was advised that some sealed original contracts are held in the Procurement Team office area, although these are in a locked cabinet and it is intended to move them to the Riverside House Document Store. Owing to previous issues with missing contract originals, SMT has recently agreed to make arrangements for all original signed contracts to be held in the Document Store.

4 **Conclusions**

4.1 The overall impression gained is of a corporate management system that comprises most of the expected control elements, but does not function cohesively. The system is strong on areas such as policies,

	procedures, respective operational roles, information protection and clear professionalism on the part of the Procurement Team.
4.2	However, there are clear shortcomings in the areas of strategic direction and monitoring. The Procurement Strategy comes across as sitting in isolation and not informing service and operational planning as would normally be expected of such a strategy for such a high profile area.
4.3	Part of the reason is seen as lying in the Procurement Strategy itself which is itself considered of doubtful value in its present form, lacking a sense of 'direction of travel' and clear definition of strategic leadership roles. This substantially dilutes the value of the Strategy as a key mitigation measure flagged in the Significant Business Risk Register.
4.4	A second key risk mitigation measure, that of monitoring of the 'procurement function' does not stand up to scrutiny due to some confusion over the role of SMT and indications of a lack of engagement. Evaluation of monitoring and review generally hit a 'blind spot' with no visible monitoring mechanisms in place along with a perceived lack of direction due to the absence of any real foundation for gauging the effectiveness of the Procurement function (e.g. team plans, benchmarking, etc.).
4.5	On the basis of the findings, we can give only MODERATE assurance that the key risks in respect of corporate procurement are managed effectively.
5	Management Action
5.1	Recommendations to address the issues raised are reproduced in the Action Plan with management responses incorporated.

CURRENT IMPLEMENTATION POSITION FOR LOW AND MEDIUM RISK RECOMMENDATIONS
ISSUED IN QUARTER 2 2013/14

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Main Accounting System – 25 September 2013		
The Master Hierarchical Cost Centre schedule should be periodically reviewed and discontinued codes deleted.	<i>Strategic Finance Manager:</i> Need to be done is recognised, but have to consider retention of sufficient history for reference. March 2014.	Discussed with Principal Accountants, one of whom is System Manager. These cannot be deleted as all previous years' activity would also be lost. Statute requires that 6 years previous accounts, plus current be kept.
Staff should be encouraged to enter clear header narratives in journal including overwriting default entries from journal templates where applicable.	<i>Strategic Finance Manager:</i> Meeting to be arranged with the Principal Accountants to consider the form this will take. March 2014.	Accountants have been instructed to provide clear meaningful narratives. The Principal Accountant (Systems) regularly reviews that this is happening as part of the Monthly Budget Review Process.
Document Management Centre – 30 September 2013		
Staff on Reception should be reminded of the need to record sufficient levels of detail on manual receipts issued, including a form of cross referencing to the PARIS receipts subsequently produced.	<i>Team Leader (Warwickshire Direct):</i> The old process of attaching a copy PARIS receipt to the manual receipt will be reinstated to show the link between the two records. Immediately.	Completed – all staff emailed 24/09/2013

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Staff on Reception should be reminded of the need to cash up at the agreed times.	<i>Team Leader (Warwickshire Direct):</i> Agreed. However, there is a possibility that the agreed times may be amended (brought forward). The reasoning behind these suggested changes will be provided separately. Immediately.	Completed – we were given permission to change the time on a Friday, and procedures have been updated.
Staff should be reminded of the need to ensure that monies are accurately receipted, with monies being securely placed in the cash drawers.	<i>Team Leader (Warwickshire Direct):</i> Agreed. Staff will be reminded. Immediately.	Completed and all staff reminded to check receipts and to make sure that the cash drawer is locked at all times. Reminder has been placed on reception
Relevant departmental staff should be consulted to ask if they can promote alternative payment methods to their customers in order to reduce the amount of cash taken by Reception.	<i>DMC Team Leader:</i> Agreed. This will be discussed with staff in the relevant service areas. The need for increased security will also be discussed with the Senior Project Coordinator for consideration as part of the Riverside House 'redesign'. 31/10/13.	This is an ongoing issue as service areas are involved in redesigns/take on new business etc. It is also addressed via the requests for payments taken over the website e.g. via Capita miscellaneous payments. Ongoing.
The DMC service catalogue on the intranet should be updated.	<i>DMC Team Leader:</i> Agreed. This is scheduled to be updated as part of the new intranet that is due shortly. 31/12/13.	In dialogue with Ema Townsend, delayed due to delay with the new intranet. Deadline now 31/12/14.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>Recharges should be based on figures relating to the correct period.</p>	<p><i>DMC Team Leader:</i></p> <p>It had been previously identified that it was extremely time consuming for the team to calculate re-charges accurately (accounting for 3 days of time in a working week). The efficiency measures of basing calculations on the DTL's knowledge of the regular services undertaken were discussed with the Head of Finance and the current approach was agreed.</p>	<p>No further response required.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
VAT Accounting – 30 September 2013		
<p>The feasibility of re-configuring Paris to split VAT from Spa Centre bankings automatically should be investigated.</p>	<p><i>Strategic Finance Manager:</i></p> <p>We are in the process of upgrading the PARIS system and introducing a new module "On line Returns". This module will enable service users to break down their income types at source, and the system will automatically assign the correct treatment of VAT (i.e. VATable or not). The project is currently delayed due to issues with the supplier having not resolved problems with the upgrade that needs to happen first. Once the upgrade has happened, we will proceed to test the "On Line Returns" module prior to rolling out training and using in Live. Currently, there would be limited value in using resources to implement a system that would yield a benefit for a short time. The situation is being closely monitored and if necessary, alternative measures will be introduced to action the recommendation.</p> <p>Reliant on Supplier.</p> <p>PARIS Upgrade by March 2014 at the very latest.</p> <p>"On line Returns" summer 2014.</p>	<p>Our Suppliers are in the process of implementing this. The principal Accountant has started work on building the necessary forms to support this. Testing and Roll-out will be during the Autumn. Actual delivery will be dependent upon our Suppliers continuing to provide their resources.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Office Cleaning Contract – 1 August 2013		
Council staff access to the contractor's 'cloud' system should be organised as soon as possible with appropriate training.	<i>Estates Supervisor:</i> Already spoken with Ocean and they are in advanced stages of dealing with this. End of November 2013.	Still awaiting full implementation by ocean as technology has changed. Expected September 31 st 2014.
Contact details and e-mail links should be clearly inserted on appropriate Council website pages for Council tenants, car park users and users of sports pavilions.	<i>Estates Supervisor:</i> Update various pages to include contact details after speaking with relevant departments as I cannot update their webpages myself. End of September 2013.	Pages were loaded will need to be updated in September 14 as there has been some change in numbers.
St Nicholas Park Leisure Centre – 1 August 2013		
All orders placed should be fully and accurately priced as far as possible and include carriage.	<i>Operations Manager:</i> Where possible, the cost of carriage will be added to the orders when they are put on to TOTAL. July 2013.	Carriage is added to orders, when known. If not known then an estimate cost is allocated.


RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Procurement options should be reviewed, with appropriate methods being employed, in line with the Code of Financial Practice, to ensure that value for money is being obtained.	<i>Sports Facilities Area Manager:</i> The Sports Facilities Area Manager is currently in the process of looking into contracts regarding re-sales. The issue regarding the pool chemicals may require plant to be replaced. Ongoing.	A new contract has been set for the supply of resale items for the swimming pools.
The next imprest claim should be amended by the amount of the discrepancy identified, to bring the account back into balance.	<i>Operations Manager:</i> When monies for receipts are returned from Finance the petty cash will be returned to the correct figure of £100. August 2013.	Done – petty cash is now at £100.
Management spot-checks of the petty cash should be undertaken and evidenced on the log sheet held.	<i>Sports Facilities Area Manager:</i> The Sports Facilities Area Manager to undertake spot checks at various one to one meetings throughout the year. October 2013.	Petty cash has been removed and the operations managers now have purchase cards.
The stated stock check frequencies are adhered to, with substitute staff being nominated in case of the absence of the Receptionist.	<i>Operations Manager:</i> As part of the ongoing work being undertaken with the Supervisors, one of them will be allocated duties to work with the receptionist on resales. October 2013.	Supervisor roles are currently being reviewed and this task is one of those to be allocated.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Staff should be reminded of the need to take care when ringing through stock sales on the Flex system and that stock items should not be loaned out.	<i>Operations Manager:</i> Staff working on the reception have been emailed to remind them not to loan out stock. Completed July 2013.	No further response required.
The pay scales for the swimming teacher should be reviewed with a decision being made as to whether the amended rate should be implemented and backdated as appropriate.	<i>Sports Facilities Area Manager:</i> The Sports Facilities Area Manager is reviewing Swim Teacher pay grades and will take the appropriate action. October 2013.	This work is linked to the options appraisal and programme review work which are both still in progress.
Staff should be again reminded of the need to ensure that refunds and voids are processed by supervisors, independently of the staff member who had processed the original transaction, with the receipts being signed off to confirm that this has been performed appropriately.	<i>Operations Manager:</i> All reception and supervisor staff have been made aware of the need to have refunds processed and verified by Supervisors. July 2013.	No further response required.
A member of centre staff should be present during the emptying of the weighing machine to verify the cash counted.	<i>Operations Manager:</i> Supervisors have been made aware of this and will endeavour, where possible, to be present when the machine is emptied. Ongoing.	No further response required.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Efforts should be made to ensure that folios include an appropriate amount of detail and that all invoices are raised at the correct rates, with particular focus being given when new fee periods come into effect.	<i>Operations Manager:</i> Staff responsible for raising the invoices have been made aware of the need to ensure accuracy on all folios. Errors identified in the audit have now been eradicated. July 2013.	No further response required.
All membership cards should be issued in sequential order to aid the monitoring of cards stocks, with this monitoring being performed on a regular (weekly) basis.	<i>Operations Manager:</i> Reception staff have been informed to issue Get Active cards in sequential order. July 2013.	No further response required.

CURRENT IMPLEMENTATION POSITION FOR HIGH RISK RECOMMENDATIONS
ISSUED IN QUARTER 4 2013/14

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Data Protection – 18 February 2014		
<p>The current arrangements for handling subject access requests should be reviewed to determine and implement actions for improving compliance.</p>	<p><i>Democratic Services Manager:</i> This is of concern and will be reviewed as a matter of urgency to see how this can be improved. The majority of cases were about ensuring responses were sent on time and ensuring the log is updated to show cases have been closed off. While this has improved there is a need to improve this further. April 2014.</p>	<p>The requests are now logged by the Democratic Services Assistants rather than democratic Services Manager. In line with FOI requests they chased after 20 days (half way through the request) and after 39 days.</p> <p>Response rates from 15 requests is that four have been sent late, two exceptionally late. Two we have been unable to verify that a response has been sent and are actively chasing these for confirmation. That said, since April, out of the 9 requests only 2 have been late responses. This is an area to be worked upon further which it is hoped further awareness training for all staff will help.</p> <p>However, since the publication of the Audit report in February a preferred case management system has been identified and a new e-learning system has been purchased and is due to be rolled out in the latter half of the year.</p> <p>In addition to this the revised policies are now progressing with the attention for these to be considered by the ICT steering Group in early Autumn.</p>

 Finance & Audit Scrutiny Committee - 2 September 2014		Agenda Item No. <div style="float: right; font-size: 2em; font-weight: bold;">5</div>
Title	Benefit Fraud Investigation - Performance	
For further information about this report please contact	Andrea Wyatt Tel: 01926 456831	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny 10 September 2013	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No
Not required – information report only	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	18/08/2014	Andrew Jones
Head of Service	18/08/2014	Mike Snow
CMT		
Section 151 Officer	18/08/2014	Mike Snow
Monitoring Officer	18/08/2014	Andrew Jones
Finance	18/08/2014	Mike Snow
Portfolio Holder(s)	18/08/2014	Stephen Cross
Consultation & Community Engagement		
Not applicable		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The purpose of this report is to provide information regarding the performance of the Benefit Fraud Service for the financial year 2013/14.

2. It is RECOMMENDED that:

- 2.1 That the contents of the report are accepted.

3. REASONS FOR THE RECOMMENDATION

- 3.1 There are no decisions to be made as a result of this report.

4. POLICY FRAMEWORK

- 4.1 The Council is required to maintain an active Benefits Fraud team as part of administering housing benefits, council tax benefits, and from 1st April 2013, council tax reduction. Investigating fraud is a requirement of the Council's Anti-Fraud and Corruption Strategy.

4.2 Fit for the Future –

5. BUDGETARY FRAMEWORK

- 5.1 The current budget for the fraud team is currently provided for by the administration grant received from central Government. This will reduce from April 2015 as fraud investigations work in respect of housing benefits will no longer be the responsibility of the authority.

6. RISKS

- 6.1 If performance is not scrutinised, we cannot provide assurances to the public that we are protecting the public purse and taking the necessary action when advantages are claimed to which there is no entitlement.

7. ALTERNATIVE OPTION (S) CONSIDERED

- 7.1 There are no alternative options

8. BACKGROUND

- 8.1 The Council have a duty to protect public funds and this involves ensuring that the correct sanction is applied where a benefit claimant is deemed to have committed a fraudulent act in relation to their claim for either housing benefit or council tax benefit and from the 1st April 2013, council tax reduction.

8.2 Performance

- 8.3 Investigations where fraud is proven result in either an administration penalty, a formal caution or in more severe cases prosecution in accordance with the sanctions policy. During 2013/14, 133 cases resulted in a sanction and of these there were 50 administrative penalties issued, 40 cautions and 43 prosecutions.


	2009/10	2010/11	2011/12	2012/13	2013/14
Administrative Penalties	61	34	16	67	50
Official Cautions	49	36	19	51	40
Prosecutions	13	14	27	27	43

- 8.4 The table below details the total benefit found to have been fraudulently paid for each of the financial years. The authority receives subsidy of 40% on any overpayment which has occurred as a result of fraudulently claimed housing benefit. Subsidy is no longer received in respect of overpaid Council Tax Benefit.

	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
Housing Benefit	167,513	215,454	202,791	378,909	376,072
Council Tax Benefit	57,431	58,160	57,556	93,527	89,240
Council Tax Reduction	N/A	N/A	N/A	N/A	2,572
Administrative Penalties	30,120	26,211	25,317	36,624	28,353

8.5 **Update on the Single Fraud Investigation Service.**

- 8.6 The Single Fraud Investigation Service (SFIS) is intended to join together the fraud investigation work of the DWP, HMRC and local authorities (LAs) to provide a service that will see a single investigation service covering all welfare benefit fraud and making more efficient use of resources. DWP have now announced the roll out programme for the transfer of local authority housing benefit fraud work to SFIS and for Warwick District this will be February 2015. Current staff working within the fraud team will be transferred to the DWP under "TUPE" like arrangements.
- 8.7 There is a concern that the authority will no longer have trained fraud investigators if all staff were to transfer to DWP and therefore cases of council tax reduction fraud could go undetected and unpunished. A report is proposed for consideration by Employment Committee to create a new fraud investigator post to ensure that we can provide re-assurances to the public of our commitment to protecting public funds.

 Finance & Audit Scrutiny Committee - 2 September 2014		Agenda Item No. <div style="font-size: 2em; float: right;">6</div>
Title	Comments from the Executive	
For further information about this report please contact	Peter Dixon Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Service Area	Civic & Committee Services	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	Finance & Audit minutes 29/07/2014 Executive minutes 30/07/2014	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		Andrew Jones
Chief Executive		
CMT		
Section 151 Officer		Mike Snow
Legal		
Finance		Jenny Clayton
Portfolio Holders		

Consultation Undertaken	
N/A	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. Summary

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 30 July 2014.

2. Recommendation

- 2.1 That the responses made by the Executive be noted.

3. Reasons for the Recommendation

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

4. Alternative Options Considered

- 4.1 The Committee receives and notes the minutes of the Executive instead.

5. Budgetary Framework

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

6. Policy Framework

- 6.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.


7. Background

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 29 July 2014, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.

Responses from the meeting of the Executive held on 30 July 2014 to the Finance and Audit Scrutiny Committee's comments

Item no	3	Title	Budget Review to 30 June 2014	Requested by	Chair
Scrutiny Comment		<p>The Committee supported the recommendations but raised a number of concerns about the level of savings still needed a total of £1.01 million over the 5 year period, and notably a £496k in-year deficit arising in 2016/17. (Due to the modest surplus in 2015/16 this results in an on-going deficit of £433k in 2016/17)</p> <p>There was a general concern for the finances of local authorities, mainly as a result of the cuts made by central government. Members agreed that it was the scrutiny committee's role to remain cautious and vigilant and ensure that tight budgeting and robust business plans remained a priority. The Committee also urged managers to plan all projects well ahead and to avoid last minute reports requesting monies that had not been included in the original budgets.</p> <p>Members asked for clarification on recommendation 2.8 which referred to the increase in funding for a community hub/local centre for Whitnash. Although Members were satisfied with the explanation from officers, it was agreed that the recommendation could be strengthened and it was therefore proposed that recommendation 2.8 be amended to read "the Executive agree up to a maximum of £100,000 Contingency Budget funding".</p>			
Executive Response		<p>The Portfolio Holder for Finance thanked the Committee for its comments and agreed with its proposal of additional wording to recommendation 2.8. He assured Members that officers were monitoring the issues monthly and substantial measures had been put in place to keep the Council in a strong position.</p> <p>The Leader highlighted that the figure quoted in paragraph 8.7 of the report should read "£6,300" and not "£128,000", in relation to the savings still to be achieved in 2014/15. He also reminded Members that the delay in agreeing a new location for the District Council headquarters had increased the savings to be achieved by 2019/20. Councillor Mobbs supported the range of projects detailed in section 9.16 which would help to bring about financial savings. Finally, he reminded Members of the progress made since the initial savings were calculated at £2.7million, five years ago.</p>			

Item no	4	Title	Significant Business Risk Register	Requested by	Chair
Scrutiny Comment		<p>The Committee strongly supported the recommendations in the report and felt that all staff should be congratulated for their hard work during difficult financial times.</p> <p>The risks associated with the Local Plan (Risk 16) were noted and Members were mindful of the Planning Risks, in particular in relation to the Gypsy and Traveller Sites and Developer challenge elements of the Plan. Members were satisfied with the explanation from Officers that the crossing out of the Local Plan wording in the Risk description was an oversight and that this Risk still exists.</p>			
Executive Response		<p>Members agreed that this should be treated as a living document which needed to be updated continuously. It was felt that staff had been working under tight budgets and in difficult circumstances and should be congratulated for their efforts.</p>			

 Finance & Audit Scrutiny Committee - 2 September 2014		Agenda Item No. <div style="font-size: 2em; float: right;">7</div>
Title	Review of the Work Programme & Forward Plan	
For further information about this report please contact	Peter Dixon, Civic & Committee Services Officer, 01926 456114 or committee@warwickdc.gov.uk	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	n/a	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	n/a
Equality & Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report informs the Committee of its work programme for 2014/15 (Appendix 1) and of the current Forward Plan (Appendix 2).

2. Recommendation

- 2.1 Members consider the work programme and agree any changes as appropriate.
- 2.2 The Committee to; identify any Executive items on the Forward Plan which it wishes to have an input before the Executive makes its decision; and to nominate a Member to investigate that future decision and report back to the Committee.

3. Reasons for the Recommendation

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlight items which are to be taken by the Executive which they would like to be involved in, those Members can then provide useful background to the Committee when the report is submitted to the Executive and when the Committee passes comment on it.

4. Policy Framework

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

5. Budgetary Framework

- 5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

6. Risks

- 6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

7. Alternative Option(s) Considered

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

8. Background

- 8.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.

Finance and Audit Scrutiny Committee Work Programme 2014/15

23 September 2014 (Accounts)

Audit Items

1	Audit Findings Report from External Auditor	Report	Mike Snow / EA	Annual report
2	Statement of Accounts 2013/14	Report	Mike Snow	Annual report

30 September 2014

Audit Items

1	National Fraud Initiative Update	Report	Ian Wilson	Annual report
2	Risk Management Annual Report	Report	Richard Barr	Annual report

Scrutiny Items

3	Neighbourhood Services Risk Register Review	Report	Richard Barr	Approved Executive 11.01.12 minute 115
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4 November 2014

Audit Items

1	Annual Audit Letter	Report	Mike Snow	Annual report
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Scrutiny Items

2	Bowls - Review	Report	Joe Baconnet	F&A minutes 23 & 27 (1 July 2014)
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2 December 2014

Audit Items

1	Treasury Management Activity Report 2014/15	Report	Roger Wyton	1 st Half Year Biannual report
2	Internal Audit Quarterly Report – Quarter 2 2014/15	Report	Richard Barr	Quarterly report

Scrutiny Items

3	Housing Business Plan Performance Management	Report	Abigail Hay	Biannual report
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13 January 2015

Audit Items

1	2014/15 Audit Opinion Plan	Report	Mike Snow / EA	Annual report
2	External Audit Certification of Claims and Returns	Report	Mike Snow	External Audit Annual report

Scrutiny Items

3	Corporate & Community Services Risk Register Review	Report	Richard Barr	Approved Executive 11.01.12 minute 115
4	Procurement Biannual Report	Report	Susan Simmonds	Biannual report

10 February 2015

No scheduled items

10 March 2015

Audit Items

1	Internal Audit Strategic Plan 2015/16 – 2017/18 and Internal Audit Charter	Report	Richard Barr	Annual report
2	Internal Audit Quarterly Report Quarter 3 2014/15	Report	Richard Barr	Quarterly report
3	Auditing Standards	Report	Mike Snow	Annual report

No scheduled scrutiny items

8 April 2015

Audit Items

1	Housing & Property Services Risk Register Review	Report	Richard Barr	Approved Executive 11.01.12 minute 115
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Scrutiny Items

2	End of Term Report	Report	Peter Dixon / Chair	Annual report
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To be arranged

Contract register reviews to be considered alongside Service Risk Registers. Chairman and officers to discuss format – agreed 25 March 2014 (minute 174) / 7 May 2014 (minute 197)

Presentation on Disabled Adaptations – agreed 11 December 2012 (minute 97, Executive item 5)

Service Risk Register Reviews 2015/16

July 2015 – Cultural Services

October 2015 – Development Services



FORWARD PLAN

Forward Plan September to December 2014

COUNCILLOR ANDREW MOBBS

LEADER OF THE EXECUTIVE

The Forward Plan is a list of all the Key Decisions which will be taken by the Executive or its Committees in the next four months. The Warwick District Council definition of a key decision is: - a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

Whilst the majority of the Executive's business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private. This is because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those items which are proposed to be considered in private are marked as such along with the reason for the exclusion in the list below.

If you would like to make representations or comments on any of the topics listed below, including the confidentiality of any document, you can write to the contact officer, as shown below, at Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ. Alternatively you can phone the contact officer on (01926) 353362. If your comments are to be referred to in the report to the Executive or Committee they will need to be with the officer 7 working days before the publication of the agenda. You can, however, make comments or representations up to the date of the meeting, which will be reported orally at the meeting. The Forward Plan will be updated monthly and you should check to see the progress of the report you are interested in.

Section 1 – The Forward Plan September to December 2014

Topic and Reference	Purpose of report	If requested by Executive –date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
3 September 2014						
Statement of Accounts 2013-2014 (Ref 568)	To formally approve the Council's statutory accounts 2013/2014		Council 24 September 2014		Marcus Miskinis Cllr Mobbs	
Council Procedure Rules (Ref 594)	To consider revisions to the Council procedure rules from the Constitution Working Party (Moved from July 2014 Reason 3)		Executive 3 September 2014	22 August 2014	Graham Leach Cllr Mobbs	
Sports and Leisure Options Appraisal (Ref 603)	To report on the Sports and Leisure Options Appraisal		Executive 3 September 2014	22 August 2014	Rose Winship Cllr Cross	Partners schools, Sport England, Sports NGBs Interviews with consultants
Council House Building (Ref 621)	Executive to consider proposals for a programme of Council House building		Executive 3 September 2014	22 August 2014	Andrew Jones Cllr Vincett	
Code of Conduct Review (Ref 593)	To consider revisions to the Council's Code of Conduct and associated papers		Executive 3 September 2014	22 August 2014	Graham Leach Cllr Mobbs	Written correspondence Asking for their views

Housing & Property Services Redesign improvement programme II – Reshaping the Organisation (Ref 624)	To consider the improvement programme It is intended that this report will be Confidential by virtue of the information relating to the financial or business affairs of any particular person (including the authority holding that information		Executive 3 September 2014	22 August 2014	Abigail Hay/Jacky Oughton Councillor Norman Vincett	
Outcome of the Warwick Mop Review. (Ref 625)	To include recommendations on the new licence.		Executive 3 September 2014	22 August 2014	Richard Jones Cllr Cross	
Structural Inspections of Multi Storey Car Parks (Ref 612)	To set out the findings from recent structural inspections of multi storey car parks and the associated costs. (Moved Reason 3)		Executive 30 July 2014 Executive 3 September 2014	22 August 2014	Rob Hoof Cllr Shilton	
Oakley Wood Crematorium (Ref 626)	Improvements: Update and final costs It is intended that this report will be Confidential by virtue of the information relating to the financial or business affairs of any particular person (including the authority holding that information		Executive 3 September 2014	22 August 2014	Richard Hall Cllr Coker	
Endorsement of Parish Plan for Shrewley Parish Council (Ref 629)	To endorse the Parish Plan		Executive 3 September 2014	22 August 2014	Berni Allen Cllr Les Caborn	WRW Community Forums Relevant WDC/WCC officers

Park Ranger Service (Ref 630)	To seek approval to amalgamate the roles of park maintenance and Parking Enforcement into a Park Ranger service		Executive 3 September 2014	22 August 2014	Paul Garrison Cllr Shilton	
Fetherston Court Demolition Approval (Ref 631)	To seek approval of necessary permissions It is intended that this report will be Confidential by virtue of the information relating to the financial or business affairs of any particular person (including the authority holding that information)		Executive 3 September 2014	22 August 2014	Richard Jones Matt Jones Cllr Vincett	
Kites Nest Lane Beasale (Ref 632)	Committee need to agree and authorise the reinstatement of land previously occupied by travellers		Executive 3 September 2014	22 August 2014	Rajinder Lalli Cllr Hammon	
Enforcement Policy (Ref 633)	To seek the Council's adoption of a new enforcement policy covering a range of regulatory services to demonstrate compliance with the Government's Regulators' Code.		Executive 3 September 2014	22 August 2014	Grahame Helm Chris Elliott Heads of Service Cllr Coker, Cllr Shilton, Cllr Vincett, Cllr Hammon	Coventry & Warwickshire Chamber of Commerce. South Warwickshire Landlords' Steering Group.
1 October 2014						

Fees and Charges Income Max (Ref 569)	To propose the level of fees and charges to be levied in 2013/14		Executive 1 October 2014	22 September 2014	Andy Crump Cllr Mobbs	
Sports and Leisure Options Appraisal (Ref 603)	To report on the Sports and Leisure Options Appraisal (Moved Reason 1)		Executive 3 September 2014 Executive 1 October 2014	22 August 2014 22 September 2014	Rose Winship Cllr Cross	Partners schools, Sport England, Sports NGBs Interviews with consultants
Report on changes to HARP & scheme of Delegation. (Ref 629)	To consider the revised remit of Housing appeal review Panels and amended procedure		Executive 1 October 2014	22 September 2014	Amy Carnall Jacky Oughton Cllr Vincett	
5 November 2014						
Fetherstone Court (Ref 628)	Final Costs and sign off project		Executive 5 November 2014	27 October 2014	Matt Jones Cllr Vincett	
Budget Review (Ref 571)	To advise members of any variations from approved budgets		Executive 5 November 2014	27 October 2014	Andy Crump Cllr Mobbs	
Housing Allocations Policy (Ref 607)	To approve a new housing allocations policy		Executive 5 November 2014	27 October 2014	Ken Bruno Cllr Vincett	Housing Strategy 2014 - 2017

Housing Buy To Flip Policy (Ref 608)	To approve a "Buy To Flip" policy for housing		Executive 5 November 2014	27 October 2014	Abigail Hay Cllr Vincett	Housing Strategy 2014 - 2017
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Section 2 Key decisions which are anticipated to be considered by the Council between December 2014 and March 2015

December 2014

General Fund Budgets 2015 - 2016 (Ref 586)	To consider the following year revenue budgets for the general fund		Executive 3 December 2014	24 November 2014	Marcus Miskinus Cllr Mobbs	
Housing Revenue Account Budgets 2015-2016 (Ref 590)	To consider the following year revenue budgets for the Housing Revenue Account		Executive 3 December 2014	24 November 2014	Mark Smith Cllr Mobbs	
Climate Change/ Sustainability (Ref 617)	To seek agreement for the strategic approach to climate/sustainability		Executive 3 December 2014	24 November 2014	Susan Smith Cllr Coker	

January 2015

February 2015

March 2015

TO BE CONFIRMED

Topic and Reference	Purpose of report	History of Committee Dates & Reason code for deferment	Contact Officer & Portfolio Holder	Expansion on Reasons for Deferment	External Consultees/ Consultation Method/ Background Papers	Request for attendance by Committee
Corporate Debt Policy (Ref 516)	To approve the Corporate Debt Policy	TBC	Jon Dawson Cllr Mobbs			
Health Strategy (Ref 576)	To update members on the formulation of the Council's Health Strategy, following the return of Public Health to local authorities (Moved from March 2014 Reason 3)	Executive 12 March 2014 TBC	Rob Chapleo Cllr Coker			
Code of Procurement Practice (Ref 611)	To seek approval of the updated Procurement Code of Practice	TBC	Susan Simmonds Cllr Mobbs			
Kenilworth Area Action/ Neighbourhood Plan (Ref 438)	To consider the request from Kenilworth Town Council to set in train work to develop an Area Action Plan for the town Moved from November 2012 reason 2 (Moved from June 2013 Reason 3) (Moved from August 2013	TBC	Chris Elliott Cllr Caborn		Kenilworth Town Council Warwickshire County Council Report to Executive generally on	

	reason 3)				Neighbourhood Plans in July 2012	
Tenant Involvement Strategy (Ref 615)	To approve the Housing & Property Services Tenant Involvement Strategy	TBC	Abigail Hay Cllr Vincett			
Sustainability Report (Ref 551)	To seek agreement for the strategic approach to climate change/sustainability	TBC	Richard Hall Cllr Coker			
Outcome of Peer Challenge follow up (Ref 623)	To report on the outcome of the follow up Peer Challenge	TBC	Andrew Jones Cllr Mobbs			

Section 3 - Items which are anticipated to be considered by the Executive but are NOT key decisions

September 2014						
October 2014						
Review of Significant Business Risk Register (Ref 570)	To inform members of the significant risks to the Council				Richard Barr Cllr Mobbs	
November 2014						
December 2014						
Review of Significant Business Risk Register (Ref 587)	To inform members of the significant risks to the Council				Richard Barr Cllr Mobbs	

Delayed reports:

If a report is late, officers will establish the reason(s) for the delay from the list below and these will be included within the plan above:

1. Portfolio Holder has deferred the consideration of the report
2. Waiting for further information from a Government Agency
3. Waiting for further information from another body

4. New information received requires revision to report
5. Seeking further clarification on implications of report.

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

The forward plan is also available, on request, in large print on request, by telephoning (01926) 353362