Finance and Audit Scrutiny Committee

Tuesday 15 April 2014

A meeting of the above Committee will be held at the Town Hall, Royal Leamington Spa on Tuesday 15 April 2014 at 6.00pm.

Membership:

Councillor Barrott (Chairman)

Councillor Mrs Bunker	Councillor Pratt
Councillor Mrs Knight	Councillor Rhead
Councillor MacKay	Councillor Mrs Sawdon
Councillor Mrs Mellor	Councillor Mrs Syson
Councillor Pittarello	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 meetings held on 11 & 25 March 2014

(Item 3/Page 1)

Part B – Audit Items

*4.   **Service Risk Register Presentation: Finance**

To consider a report from Finance   **(Item 4/Page 1)**

*5.   **Internal Audit Quarter 3 2013/14 Progress Report**

To consider a report from Finance   **(Item 5/Page 1)**

*6.   **Internal Audit Strategic Plan 2014/15–2016/17 and Internal Audit Charter**

To consider a report from Finance   **(Item 6/Page 1)**

Part C – Scrutiny Items

*7.   **Comments from the Executive**

To consider a report from Civic & Committee Services   **(Item 7/Page 1)**

*8.   **Forward Plan**

To consider a report from Civic & Committee Services   **(Item 8/Page 1)**

*9.   **Review of the Work Programme**

To consider a report from Civic & Committee Services   **(Item 9/Page 1)**

*10.   **Executive Agenda (Non Confidential Items and Reports) – Wednesday 16 April 2014**

To consider the 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 (circulated separately).**

*11.   **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.

*12.   **Executive Agenda (Confidential Items and Reports) – Wednesday 16 April 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).**

*13.   **Minutes (Confidential)**

To confirm the minutes of the meetings held on 11 & 25 March 2014
(Item 13/Page 1)

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

To consider a report from Civic & Committee Services   **(Item 14/Page 1)**

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

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

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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

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

THE AGENDA IS AVAILABLE IN LARGE PRINT ON REQUEST, PRIOR TO THE MEETING, BY TELEPHONING (01926) 353362

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 11 March 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Barrott (Chair): Councillors Mrs Bunker, Mrs Knight, MacKay, Mrs Mellor, Pittarello, Pratt, Mrs Sawdon, Mrs Syson and Williams.

ALSO PRESENT: Councillor Mobbs (Leader of the Council and Portfolio Holder).

An apology for absence was received from Councillor Rhead. Councillor Pittarello had forwarded an apology that he would be late due to being caught in traffic.

154. **SUBSTITUTES**

There were no substitutes.

155. **DECLARATIONS OF INTEREST**

Minute 162 – Executive Agenda (Confidential Items & Reports) – Executive item 12 – Proposed Development, Warwick

Councillor Mrs Mellor declared that she was a Warwick Town Councillor.

156. **MINUTES**

The minutes of the meeting held on 11 February 2014 were taken as read and signed by the Chair as a correct record.

157. **INFORMING THE AUDIT RISK ASSESSMENT – REPORT FROM EXTERNAL AUDITORS**

Ahead of the audit of the 2013/14 accounts, the Committee considered a report from the Head of Finance which presented a report by the external auditors, Grant Thornton.

The external auditors' report covered some important areas of the auditor risk assessment where the auditors were required to make inquiries of the Finance and Audit Scrutiny Committee under auditing standards.

The Committee was required to consider the report and whether the responses were consistent with the Committee's understanding and whether there were any further comments it wished to make. The report summarised the external auditor's understanding of the respective responsibilities of the Finance & Audit Scrutiny Committee, officers and external audit, as set out by International Standards on Auditing (UK and Ireland).

Mr Gregory attended the meeting on behalf of the external auditors to present the report. He was accompanied by Helen Lillington, who had taken on the role vacated by Neil Preece.

It was pointed out that under 'Management response' on page 15 of the report, the paragraph should begin "Councillors", not "Councillors and Councillors".

The Committee confirmed that the report was consistent with Members' own understanding of how the Council operated.

> **RESOLVED** that the Committee confirms its satisfaction with external audit arrangements as described in the report presented by Grant Thornton.

158. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 12 MARCH 2014

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 12 March 2014.

Item 4 – Treasury Management Strategy Plan for 2014/2015

The Committee supported the recommendations in the report.

Item 7 – Corporate Property Repairs & Improvements Programme 2014/15

The Committee recognised that the Council was moving to a more strategic approach to how it managed its portfolio and supported the recommendations in the report.

159. 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 items, 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 Minutes 160, 161 and 162 were recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:

160.   **EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS) –
       WEDNESDAY 12 MARCH 2014**

       The Committee considered the following confidential item which would be
       discussed at the meeting of the Executive on Wednesday 12 March 2014.

       Item 11 – Lillington Area Action Plan

       The Committee fully supported the recommendations in the report.

       (Councillor Pittarello joined the meeting during the course of this item)

161.   **NEWBOLD COMYN GOLF COURSE**

       The Committee received a report from its Chairman and from the Head of
       Cultural Services which asked Members for their comments on proposals
       received from the golf course operator.

       Members supported the recommendations, along with an additional
       recommendation which was proposed by this Committee.

       Members also noted developments in relation to the Council's catering
       contract.

       (Councillor Mobbs joined the meeting during the course of this item)
       (Councillor Pratt left the meeting during the course of this item)

162.   **EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS) –
       WEDNESDAY 12 MARCH 2014**

       The Committee considered the following confidential item which would be
       discussed at the meeting of the Executive on Wednesday 12 March 2014.

       Item 13 – Housing and Property Services Contracts Update Report

       The Committee passed comment on the report, requested information and
       made 2 recommendations, including an amendment to the
       recommendations in the report.

       (Councillor Mobbs left the meeting at the conclusion of this item)

       Item 12 – Proposed Development, Warwick

       The Committee supported the recommendations in the report.

163.   **EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) –
       WEDNESDAY 12 MARCH 2014**

       The Committee considered the following non-confidential items which
       would be discussed at the meeting of the Executive on Wednesday 12
       March 2014.

Item 8 – Rural / Urban Capital Improvement Scheme Criteria

The Committee supported the recommendations in the report.

Item 9(B) – Discretionary Rate Relief

The Committee discussed this item in some depth and was concerned that the Government had yet to confirm whether it would meet the costs of this relief. In addition there was no legislation covering this to date. Members discussed the possibility of recommending to the Executive that it did not implement these temporary measures. However, in order to try to give business some incentive to locate to the District, the Committee agreed to recommend to the Executive that if it were minded to adopt the reliefs, the Executive only pursue Option B as detailed under paragraph 8.4. of the report.

Item 9(C) – Historic Buildings Grant Application Funding 2014/15

The Committee supported the recommendations in the report.

164. **COMMENTS FROM THE EXECUTIVE**

A report from Civic and Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 12 February 2014.

> **RESOLVED** that the contents of the report be noted.

165. **FORWARD PLAN**

The Committee considered the latest published version of the Forward Plan.

One of the five main roles of overview and scrutiny in local government was to undertake pre-decision scrutiny of Executive decisions. If the Committee had an interest in a future decision to be made by the Executive it was within the Committee's remit to feed into the process.

The Forward Plan detailed the future work programme for the Executive. If a non-Executive Member highlighted a decision which was to be taken by the Executive which they would like to be involved in, Members could then provide useful background to the Committee when the report was submitted to the Executive and they were passing comment on it.

> **RESOLVED** that, at present, there were no forthcoming Executive decisions which Members wished to have an input into before the Executive make their decision.

166. **REVIEW OF THE WORK PROGRAMME**

A report from Civic and Committee Services detailed the Committee's work programme for 2013/14 and 2014/15.

> **RESOLVED** that the work programme for 2013/14 and 2014/15 be noted.

167. **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 items, 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 Minutes 168 and 169 were recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:

168. **MINUTES (CONFIDENTIAL)**

The confidential minutes of the meeting held on 11 February 2014 were agreed as a correct record.

169. **COMMENTS FROM THE EXECUTIVE – APPENDIX 2 (CONFIDENTIAL)**

A report from Civic and Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 12 February 2014.

(The meeting ended at 8.42 pm)

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 25 March 2014 at the Town Hall, Royal Leamington Spa at 7.15pm.

PRESENT: Councillor Barrott (Chair): Councillors Mrs Bunker, Mrs Knight, MacKay, Mrs Mellor, Pratt, Rhead, Mrs Syson and Williams.

Apologies for absence were received from Councillors Pittarello and Mrs Sawdon.

170. **SUBSTITUTES**

There were no substitutes.

171. **DECLARATIONS OF INTEREST**

Minutes 172 & 174 – Executive Agenda – Relocation of the Council's HQ offices

The Committee as a whole declared an interest because the land under discussion was owned by Warwick District Council.

172. **EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 26 MARCH 2014**

Subsequent to a presentation to Councillors which took place immediately prior to this meeting, the Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 26 March 2014.

Item 3 – Petition against the High Speed Rail (London West Midlands) Bill

The Committee considered the financial implications of the report and noted that funding for the petition would be made from the monies set aside to oppose HS2. One Member expressed the view that the petition should be funded separately. Members highlighted the point that if further funding were required in respect of HS2 in future, another request would have to be made to the Executive. Nevertheless, the Committee supported the recommendations in the report.

Item 4 – Relocation of the Council's HQ offices – Part A report

The Committee made a number of comments (detailed under minute 174 - the Part B element of the report) and supported the recommendations in the report subject to the following changes, which it recommended to the Executive:

Recommendation 2.4 - that authority needs to be delegated in accordance with procurement procedures.

Recommendation 2.6 – that this recommendation should include an assurance that there would be no contractor appointed until the report to the Executive in February 2015 had been approved.

173. **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 174 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:

174. **EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 26 MARCH 2014**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 26 March 2014.

<u>Item 6 – Relocation of the Council's HQ offices – Part B report</u>

The Committee passed comment and supported the recommendations in the report.

Prior to closing the meeting, the Chairman proposed and the Committee agreed that all Heads of Department be approached for copies of their Contracts Registers, for the attention of the "Procurement Champions", prior to a suitable programme of reviews being added to the Committee's work programme. The Committee also noted that further to its suggestion at the last meeting that the Housing and Property Services Contracts report should be treated as a case study, the Corporate Management Team would be focussing on this report at its away day on 8 April.

(The meeting ended at 8.15 pm)

WARWICK DISTRICT COUNCIL	FINANCE & AUDIT SCRUTINY 15APRIL 2014	Agenda Item No. 4

Title	Review of Finance Risk Register by Finance & Audit Scrutiny Committee	
For further information about this report please contact	Mike Snow Head of Finance Tel: 01926 456800 email:mike.snow@warwickdc.gov.uk or Richard Barr Audit & Risk Manager Tel: 01926 456815 email:richard.barr@warwickdc.gov.uk	
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	7 January 2014 – Finance & Audit Scrutiny Committee 11 January 2012 – Executive	
Background Papers	WDC risk management policy & guidelines	
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 report approval all reports _must_ be approved as follows		
Title	**Date**	**Name**
Chief Executive/Deputy Chief Executive	2 April 2014	Chris Elliott
Head of Service	Co-author	Mike Snow
CMT		
Section 151 Officer	Various dates	Mike Snow (through Richard Barr)
Monitoring Officer	2 April 2014	As Deputy Chief Executive
Finance	Various dates	As S151 Officer
Portfolio Holder(s)	Various dates	Councillor Mobbs
Consultation & 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   This report sets out the process for the review by Finance & Audit Scrutiny
        Committee of the Finance Risk Register.

2   **RECOMMENDATIONS**

2.1   That Finance & Audit Scrutiny Committee should review the Finance Risk
        Register attached at Appendix 1 and make observations on it as appropriate.

3   **REASON FOR THE RECOMMENDATIONS**

3.1   To enable members to fulfil their role in managing risk (see section 7, below).

4   **POLICY FRAMEWORK**

4.1   The Finance Risk Register is part of the Council's corporate risk management
        framework. The Register reflects the Council's corporate priorities and key
        strategic projects that are contained in Fit for the Future.

5   **BUDGETARY FRAMEWORK**

5.1   Although there are no direct budgetary implications arising from this report,
        risk management performs a key role in corporate 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.

5.2   The risk register sets out when the realisation of risks might have financial
        consequences. One of the criteria for severity is based on the financial
        impact.

6   **ALTERNATIVE OPTION(S) CONSIDERED**

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

7   **RESPONSIBILITY FOR RISK MANAGEMENT**

7.1   In its management paper "Worth the risk: improving risk management in local
        government", the Audit Commission sets out clearly the responsibilities of
        members and officers:

> "Members need to determine within existing and new leadership
> structures how they will plan and monitor the council's risk
> management arrangements. They should:
>
> • decide on the structure through which risk management will be led
>   and monitored;
> • consider appointing a particular group or committee, such as an
>   audit committee, to oversee risk management and to provide a
>   focus for the process;
> • agree an implementation strategy;

> - approve the council's policy on risk (including the degree to which the council is willing to accept risk);
> - agree the list of most significant risks;
> - receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
> - commission and review an annual assessment of effectiveness: and
> - approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.
>
> The role of senior officers is to implement the risk management policy agreed by members.
>
> It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

8   BACKGROUND

8.1   Executive agreed on 11th January 2012 that:

(a)   Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.

(b)   Portfolio Holder Statements should include each service's top three risks.

(c)   Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.

(d)   The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.

8.2   The full framework endorsed by Executive at that meeting is set out as Appendix 3.

8.3   Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this being presented to the January Executive meeting). Also, across the organisation, there are risk registers for specific projects such as the Clarendon Arcade.

9   **FINANCE RISK REGISTER**

9.1   **Introduction**

9.1.1   The latest version of the Finance Risk Register is set out as Appendix 1 to this report.

9.1.2   The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied.

9.1.3   In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

9.2   **Overview of Finance Risk Management**

9.2.1   The Finance Risk Register is owned and managed by the Finance Management Team and the Portfolio Holder. It is reviewed at Management Team meetings on a quarterly basis, with the Portfolio Holder normally attending these meetings. The Head of Service meets with the Portfolio Holder on a regular basis where risks facing the service and the Council's finances are discussed. Specific risks will be discussed more frequently as they arise.

9.2.2   Members of staff within the service are made aware of the register and have input through team meetings where risks are regularly discussed.

9.2.3   The risk register is reviewed and updated to reflect changes within the Council and the Service, for example the Finance Service Re-design in 2013, and external changes, for example the Welfare Reforms. The Risk Register now formally includes actions need to be completed, these being monitored as part of the Risk Register reviews.

9.2.4   The functions of Finance include support for Risk Management across the Council, led by the Audit and Risk Manager. The Finance risk register includes risks that are "generic", i.e. they may apply to Services across the Council, and risks that are specific to Finance.

9.2.5   Included within the Significant Business Risk Register are the following risks:-

         6.   Risk of insufficient finance to enable the council to meet its objectives (including insufficient reduction in operational costs).
         7.   Risk of additional financial liabilities.
         8.   Risk of significantly reduced income.
         9.   Risk of improper procurement practices and legislative requirements not being complied with.

         Whilst Finance plays a significant part in managing these risks, these are regarded as high profile corporate risks and so feature on the Significant Business Risk Register under the responsibility of the Executive, and being managed by the Senior Management Team.

9.3   **Finance Service Risks**

9.3.1   In common with other Service Risk Registers, risks have been grouped into Generic and Service-Specific.

9.3.2   The three main risks at the time of writing are considered to be:

Resources

The services provided by Finance are dependent upon ICT, staff and finance (money/budget) for their continued provision, with each of these risks featuring individually within the Finance Risk Register. Any failure, shortage or not having the suitable resource will reduce or stop the provision of the services from Finance. Each of these resources feature within the Finance Risk Register, and is proactively managed in accordance with Council policies and procedures.

Provision of incorrect information/advice

Finance provide information to external and internal customers. External customers here include benefit claimants, tax payers and suppliers. Wrong information here may affect someone's benefit or what they are due to pay in council tax. Staff are developed to ensure they have the right and up to date knowledge so that they can carry out their duties, and provide correct advice to customers. As much of the advice to external customers is provided through the Customer Service Centre and the One Stop Shops, close workings with these teams seek to ensure they are adequately skilled to help customers.

Internal customers include Councillors, Heads of Service and officers across the Council. It is important that decisions made across the Council are based on sound financial advice.

In providing information and advice, Finance is dependent upon its staff and financial systems. As part of providing information, it is equally important that information is not wrongly provided, e.g. in contravention of Data Protection requirements.

Benefits and Welfare Reforms

With all the changes coming from the Government's Welfare Reforms, the Benefits regime has been changing and will continue to change in forthcoming years. Council Tax Benefit has been replaced with Council Tax Reduction, with local authorities having to determine their own schemes, and bear the financial risk. Housing Benefit recently changed for the Spare Room Subsidy. Further changes are planned as Universal Credit is rolled out across the country and encompasses many other benefits. The continued risks here include:-

- Impact on customers as they manage the change in their support.
- Impact on funding as the Council ceases to have direct responsibility for the current housing benefits.

- Impact upon staff as the DWP subsumes housing benefit within Universal Credit, whether they will have a role with the Council or with DWP.
- Uncertainty as to what the Council's future role will be in supporting Universal Credit in the future.

To date, the information provided to local authorities relating to Universal Credit have been very limited with there still being no definitive plan for its roll-out.

9.3.3   Finance provide support to projects across the Council. Specific current projects under Finance's control include the Bank Tender and Council Tax Reduction. In line with good project management, these projects have their own risk register that are monitored as part of the project.
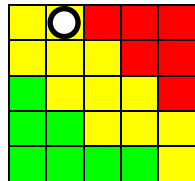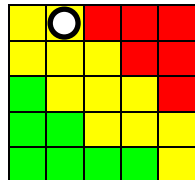
9.4   **Review of Risk Register by Members**

9.4.1   It is proposed that Members should review the risk register set out as Appendix 1, confirming that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to challenge the Portfolio Holder and the Finance Management Team on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.
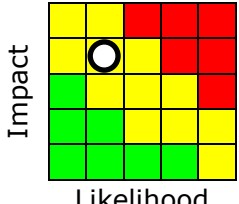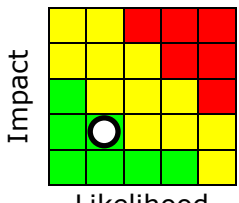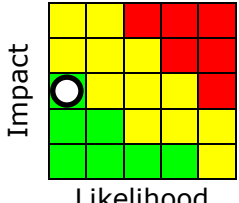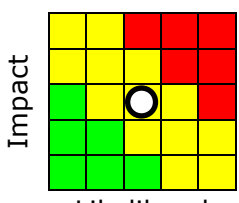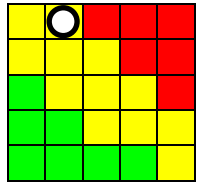
Finance Risk Register

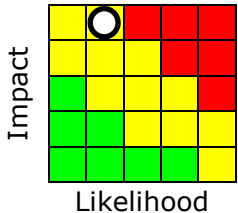| Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
Generic Risks						
1. Loss of IT.	Computer breakdown. Technology problems. System problems, including hacking. Reliance on key staff. Acts of God e.g. fire, hurricane, flood. Power failure. Failure of WCC system or support. Pressures on WCC and their resources. Malicious acts by employee. Reliance on key staff.	Unable to issue bills update accounts, provide information, take recovery action, issue receipts, collect money. Loss of revenue to Council and other Local Authorities (depends on timing). Cost implications. Poor data. Uncontrolled budgets. Dissatisfied customers (and staff). Damaged reputation. Resource implications for rectification. Staff not paid. Unable to pay benefit claimants, suppliers, staff Staff morale.	IT support. System provider helpdesk. Contract with software supplier to maintain FMS training needs. Well trained staff. Adequate cover. Business Continuity Plan. Back-ups. Manual records for certain activities. System controls. Duplicate records. Procedure notes. Audit testing. Good plans. UPS devices (temporary power boxes linked to PCs). Regular testing of Card Readers at home.	• Acquire laptop for Senior Finance Assistant for homeworking. (Exchequer Manager – by end April 2014.) • Review upgrade and test Business Continuity Plans. (Exchequer Manager – by end April 2014)	Divisional managers. System owners.	Impact / Likelihood
2. Loss of key records.	System failure. Accidental disposal. Theft – particularly of IT servers. Inadequately trained staff. Out of date Document Retention Policy.	Unable to provide service. Possible litigation. Financial loss. Bad publicity. Reputation damage. Loss of confidence. Resource implications for replication. Staff morale. Pressures on staff. Litigation.	IT able to restore systems. Staff training. Secure storage and disposal of sensitive paper documents. GCSXsecure communication line (name has changed). Corporate Document Retention and DisposalPolicy. CoCo compliance	• Check with Graham re Corporate DocumentRetention Policy. (Head of Finance– April 2014) • Review archivingoptions in line with corporate retention policy.(Exchequer Manager – End of March 2014)	Head of Finance.	Impact / Likelihood

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
3. Loss of office accommodation.	Fire. Denial of access.	Unable to provide services. Staff morale. Financial loss.	Work at home. IT disaster recovery plan. Business continuity plan critical services identified. HSBC authorisation able to be done from home. Homeworking for banking arrangements, including payments. Procedure Manual (with BCP)	Review and test Business Continuity Plan. (June 2014)	Head of Finance.	Impact / Likelihood grid
4. Physical harm to staff.	Customer dissatisfaction. Accident. Intruders in offices. Staff in building very early and / or very late. Violence / threatening customers.	Verbal abuse. Actual physical injury. Health and safety investigation. Traumatised staff. Stress. Staff pressures. Death. Staff morale.	Health and Safety. Mobile phones. Compliance with lone worker procedures. Staff alert list. Tunstall procedure. Physical security measures. e.g. screens, working in pairs, personal alarms. Training. Policies. Reporting / monitoring procedures.		Divisional managers.	Impact / Likelihood grid

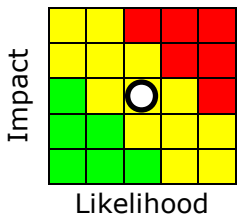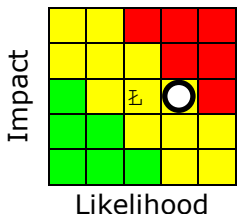| Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
5. Fraud (non Benefit) / Corruption.	Dishonest staff, customer, suppliers. Collusion. Lack of controls. Poor systems. Abuse. Exploitation. Poor control mechanisms. Poor audit processes. Poor management. Fraudulent insurance claims. Aggrieved staff.	Financial loss. Resource implications for investigation. Reputational damage. Adverse publicity. Loss of credibility. Staff morale.	Monthly / quarterly budget review. Established documented procedures. CRB checks (where appropriate). Procedure manuals. Audit Regime. Audit trails. Annual petty cash certification. National Fraud Initiative. Robust computer systems. Good IT security. Codes of conduct. System and processing controls e.g. segregation of duties. Whistle blowing policy. Fidelity guarantee insurance. Anti fraud & corruption strategy. Membership of NAFN. Reconciliations (e.g. bank recs). Cash checks undertaken by Internal Audit.		Divisional Managers.	Impact / Likelihood
6. Failure to communicate effectively	High workload. Reliance on key staff. Staff absence. Human error. Home working. Inappropriate form of communication. Poor communication with partners/providers e.g. call centres.	Incorrect information used to carry out work. Financial loss. Additional workload. Staff morale. Stress. Reputational damage. Service failure. Failure to relay messages.	Monthly team meetings. One-to-ones. E-mail. Core brief. Intranet. Circulation of minutes from meetings. Corporate communication strategy. Staff training. Cultural changes. Whistle-blowing policy. SMT de-briefings. Continue to bring significant issues to line management attention as they arise. (All staff – ongoing)		All staff.	Impact / Likelihood

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
7. Loss / shortage of staff (leading to loss of skills, knowledge & capacity).	Dependency on key staff. Long term sickness. Redundancy. Reduced resilience / capacity from reducing staff numbers. Union action. Bereavement.	Unable to supply service. Financial loss. Error. Reduced Service. Potential breach of law. Increased pressure on staff. Staff morale.	Operational / procedures and controls. External assistance. External expertise, use of agency staff. Appropriate cover by other team members. Use of agency staff. Workforce planning e.g. Succession planning. Prioritisation of work plan. Treasury Management Practices. Management of staff leave & absence. Experienced staff.	Review and test Business Continuity Plan. (April 2014) Ongoing review and updatingof Procedure Manuals. (FMT – Sept 2014 and then ongoing)	Divisional managers.	
8. Provision of incorrect information / advice to stakeholders (benefit claimants, taxpayers, suppliers, WDC staff, members, business rate payers).	Untrained staff. Not up to date with legislative changes. Short deadlines. Pressure on staff. Call centre staff poorly briefed. High turnover of staff. Ability of Contact Centre to cope during periods of high customer demand. Change in CRM system.	Financial loss. Embarrassment. Loss of credibility. Judicial review. Compensation. Reputational. Greater pressure on back office.	Training. Guidance notes. Procedures. CPD. External professional advice. Legal advice. Internal/external audit. Secure systems. All frontline staff, i.e. Call centre and one-stop shop staff, trained and scripts up to date.	Working with CSC to improve knowledge of CSC advisors.	Exchequer Manager	Scoring re-assessed to reflect recent low impact issues with info provided by CSC. Likelihood has increased due to high turnover off staff and time taken to train new starters.

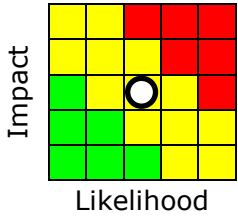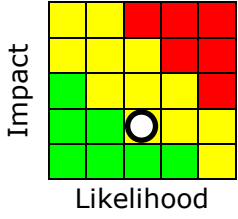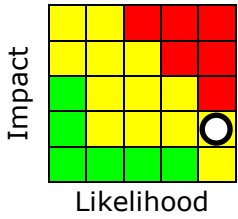| Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
9. Breaches of Health and Safety legislation.	Home working. Driving for work. D.S.E. / V.D.U. usage. Manual handling. Person falling from height. Items falling from height. Deteriorating condition of Riverside House.	Sickness absence. Stress. Injury. Death. Legal action. Penalties/Fines.	Corporate health and safety policy including Home working and Driving at work. Eye tests. Regular DSE assessments. Health and safety risk assessments (AssessNET). Training available. Insurance cover. Health & safety on team meeting agendas. Home working policy.	Bring DSE assessments up-to-date. (FMT – April 2014)	All staff.	Impact / Likelihood
10. Failure to deliver projects and / or programmes within the service.	Lack of resources. Poor planning. Lack of time. Lack of knowledge. Staff absence.	Core work disrupted. Financial loss. Reputation damage. Staff morale.	Project planning. Prince II. Project risk registers. Consultation.		Finance Management Team.	Impact / Likelihood
11. Data protection and Freedom of Information compliance breach.	Poor / inadequate training of staff. Give out personal information. Hold inappropriate information. Information not stored securely. Staff absence. Misdirection of post. Information/subject access requests not promptly actioned.	Breach Data Protection legislation. Investigation. Litigation. Financial loss – fines, compensation. Reputational damage.	Adequate training for staff. Document retention policy. Encryption of data. GCSX. Information security policy. Data protection policy / staff guidelines.	Corporate review of data protection / FoI governance by Democratic Services Manager. Implementation of meta compliance.	Head of Finance. System owners.	Impact / Likelihood
Service-specific Risks						
12. Failure to correctly monitor / manage Finance budget.	Poor estimating. Poor control mechanisms.	Over / under spends against agreed Budget. Not factored in to future years' projections. Failure to identify incorrect payments.	Monthly Budgetary Review system and reconciliations in place. Appropriate financial training for relevant Finance staff. Realistic budgets.	Review of Budget Review System. (Strategic Finance Manager – May 2014.) Training on Code of Financial Practice. (Head of Finance – Launch by June 2014)	Divisional Managers.	Impact / Likelihood

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
13. Inaccurate medium term financial plans / forecasts (excluding external factors identified in SBRR).	Decision-making on a whim (Unplanned decision-making). Changed local priorities. Lack of specific guidance on funding from central government. Lack of clarity in Corporate Planning and co-ordination with service requirements. Service changes not communicated to staff in Finance. Human error. Unexpected council tax funding decisions by central government.	Savings under / overstated. Unstable finances. Stop-go expenditure. Impact on service provision. Big surprise politically at council tax and budget setting. Local implications of unexpected council tax funding decisions by central government. Loss of credibility.	Good linked service planning / risk management and budget preparation. Continual updates and reporting. Monitoring the political environment. Joined up thinking. Regular reconciliations. Presentation to Members. Improved communications to promote awareness of all future developments. Scrutiny of Executive reports. Budget review process. Ensuring liaison between Service Heads and Portfolio Holders. Access to specialist consultancy advice.		Head of Finance. Strategic Finance Manager.	Likelihood The likelihood this Risk will materialise has reduced due to the approach adopted to updating the MTFS under the Budget Review Process. This includes external support from advisers over Government Grant. Also, there is now a year's experience of Business Rate Retention. The potential impact on the Council's Finances and capacity to deliver services is still significant. Thus strong mitigation and control measures will not prevent the high potential impact.

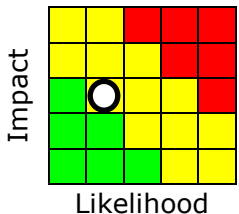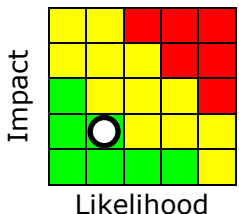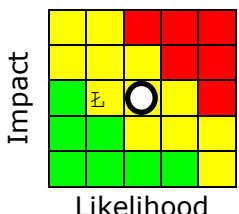| Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
14. Poor day to day treasury management of bank balances; borrowing; cash flow; investments and interest rate volatility.	Inexperienced staff. Lending outside of Council's counterparty lists or exceeding deposit limits with individual borrower. Collusion. External pressure to achieve unrealistic returns. Out of date information. Investing in wrong part of market. Not able to carry out daily function. Dependence on key staff. Unforeseen economic events e.g. recession.	Financial loss. Reputational loss. Adverse publicity. Failure to achieve PIs. Council has inappropriate bank accounts. Poor budgeting as a result. Unable to finance statutory payments.	Fully trained staff. Adherence to Code of Practice / Treasury Management Policy and Strategy, TM Strategy approved by Members. Separation of duties. Up to date counterparty (bodies we invest with) lists. Use of, and regular meetings with, Treasury Management consultants. Up-to-date procedure manual and duplicate records. Continually update counter-party list. Review of criteria ongoing. Regular reports to F&A. Scrutiny committee. Treasury Management Practices. Continuing to update counter-party list HSBC authorisation. Recent intervention has improved robustness of service. HRA self-financing project board risk register. 50-year HRA business plan. Housing Interim Project Board.		Principal Accountant (Capital and Treasury Management).	

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
15. Additional Value Added Tax liabilities.	Loss of key staff. Lack of up to date knowledge. Staff not properly informed by Service Areas. Lack of understanding. Lack of engagement by services areas with Finance staff. VAT implications of new projects not considered. Finance not involved in projects at early stage so VAT implications of new projects not considered. Improper administration. Delays in processing.	Failure to meet deadlines and errors leading to financial loss - penalties, fines. Reputation. Staff morale. Partial exemption breached. Opportunities to recover VAT are missed. Increased project costs .	VAT return reviewed by line management and another accountant. Access to VAT Help Desk. Internal audit. VAT audit. Robust, well-trained staff in service areas (particularly FSTeam). Coverage from Asst Accountant. VAT accountant and cover advise on project structure. Monitoring against limit. Provide and maintain up-to-date guidance on VAT and make available to all staff. Procedure notes for calculations. Adequate training. Careful scrutiny of Executive Reports. Finance representation on project boards. Delays in manually processing VAT allocations.	Implementation of automatic allocation of VAT at source. (September 2014) Ensure relevant staff are up-to-date with VAT rates and changes. (Assistant Accountant – ongoing)	Strategic Finance Manager.	
16. Insufficient Housing Benefit Subsidy and Admin Grant received from Central Government.	Lack of guidance / support from central government. Poor estimating. Poor monitoring mechanisms. Universal credit. Cut in grant. Reduction subsidy. Increased take-up. Poorly trained staff. Incorrect calculation of awards.	Negative material budget variations. Uncertainty of consequences regarding universal credit. Financial pressure for the council. Repayment of subsidy.	Quarterly estimate update Additional senior benefit assessment officer enables accuracy checking for individual staff. Monthly monitoring. Scheme for council tax reduction Monitoring the economic environment (e.g. through LG Futures). Internal and external audit.		Head of Finance.	Likelihood increased to reflect anticipated changes related to Welfare Reforms and Universal Credit, although there are no definite details as yet.
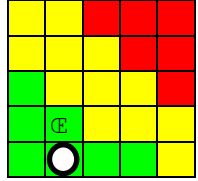
Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
17. Failure of electronic banking.	Failure of BACS system Failure of CHAPS WDC website unavailable Failure of bank systems Telecommunication failure	Customers and suppliers not paid causing hardship Customers unable to pay WDC resulting in recovery action Complaints Bad publicity Litigation Cash flow Financial loss. Unable to reconcile bank balances.	Use available alternative payment methods e.g. typing up cheque, going down to bank, obtaining cash.	Re-tender Bank Contract in line with Plan Timetable. (March 2015 – Principal Accountant – Treasury Management) Compile separate project risk register (End March 2014 – Principal Accountant – Treasury Management)	Divisional Managers.	Impact / Likelihood grid (marker middle-left)
18. Ineffective / inappropriate Insurance cover.	Poor risk analysis. Inadequately trained staff. Poor procedures. Lack of internal communication particularly regarding projects. Exclusions within policy wording. Insurance invalidated by actions of WDC. WDC fined. Claim for uninsurable risk e.g. compensation due under statute, asbestos exposure, Chancel repair liability. Liability claim received where insurer no longer exists.	Financial loss. Increased premiums. Loss of reputation. Political embarrassment. Losses not insured. Insurers don't pay.	Operational/procedures and Manual. Brokerage assistance. Insurer expertise. Risk Management Group. Claims handling system. Report to SMT raising awareness of need to notify Insurance Officer. Staff cover arrangements being put in place.		Audit & Risk Manager.	Impact / Likelihood grid (marker middle)
19. MMI Scheme of Arrangement triggered.	Insurer in run-off and no longer likely to be able to meet all claim so scheme triggered.	Have to reimburse MMI for some/all of the claims they have paid since September 1993. Any claims received that should be paid by MMI won't be paid in full. Insurance reserve insufficient.	Insurance reserve covers 67% towards insurance reserve. On-going monitoring of the situation.	As part of final accounts preparation, review level of insurance reserve (£¼m) and decide whether it needs topping up. (May 2014)	Head of Finance	Impact / Likelihood grid (marker right)

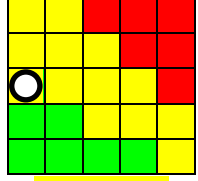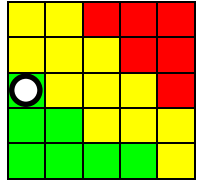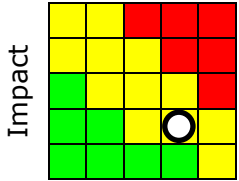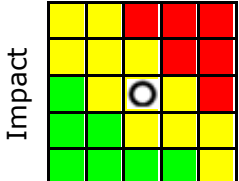| Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
20. Increase in insurance claims numbers and/or cost.	Ministry of Justice reforms Departments settle claims without going through insurance and set precedent for claims being paid. Word gets round that claims are being settled.	Financial loss. Claims being settled too high. Insurance cover invalidated. Premium increase.	Good record keeping. Contact details for claims are on WaSP. Code of Financial Practice 14.4 Details of how to claim are on the website. Monitoring plus analysis of claims. Inspection regime – health and safety inspections. Responsive planned repairs. Training arranged for Senior Officers in March by Audit & Risk Services.	Continue to ensure Services manage insurance claims effectively, e.g. do not admit liability, through regular information updates. Ensure inclusion in all service risk registers and/or service area plans.	Head of Finance Heads of all Service Areas.	Impact / Likelihood grid
21. Failure of insurance company.	Market conditions. Recession. Major disaster. Company has not been underwriting risks profitably.	No external insurance provision. Financial loss. Uncertainty. Need to arrange quickly alternative emergency cover that may be expensive and not as good.	Credit risk of insurer. Insurance reserves. Procurement process. External broker advice.		Head of Finance.	Impact / Likelihood grid Risks relating to previous insurer diminished with run-off in place and being monitored.
22. Council tax, NNDR and customer bills can't be issued or are delayed.	Postal Strike. IT failure. Failure of DMC / Print Services. Software supplier fails to deliver changes correctly or timely. Referendum. Delay in setting Council Tax. Legislative changes.	Bills not paid by customers. Loss of revenue to Council and other Local Authorities (depends on timing) Cost implications of rectification. Bills not served in accordance with legislation. Cash flow issues. Software unable to cope with changes in timely fashion.	In-house production and dispatch of bills. IT support. System provider helpdesk. E-billing. Weekend working. Overtime. Treasury Management. Alternative year-end back-up plan (to cover possible council tax setting delay) Revert to contingency plan		Head of Finance.	Impact / Likelihood grid Likelihood increased due to anticipated delays in WPCC agreeing precept.

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
23. Failure to pay Housing Benefits, delay in making payment, incorrect amount paid, failure to calculate and advise as to entitlement.	System failure. Staff shortage. Poorly trained staff. Increased workload. Introduction of universal credit and uncertainty thereof. Increase in staff turnover. DWP/Job Centre delays in sending information, or sending incorrect information. Legislative changes.	Customers distressed due to rent arrears. Staff stressed. Absence and health issues. Financial loss. Tenants made homeless. Reputational. Software unable to cope with changes in timely fashion.	Weekly performance monitoring (service plan). Internal audit. Grant claim is externally audited. Forward Planning. Team Leader monitors performance. Ongoing training. Checks by senior assessor. Agency staff. Regular meetings with all relevant bodies, including DWP.		Benefits Manager.	Impact / Likelihood grid
24. Qualified opinions; Late accounts; Late Government Returns.	Dependence on key staff. High workload. Staff shortages e.g. long term sickness. Change of duties of staff. IT system failure. Guidance coming out late. Flawed guidance. Accounts challenged by members and public. Inadequate and inaccurate record-keeping.	Inappropriate information. Reputation. CPA Governance failure. Absence and health issues for staff. Morale. Financial penalties. Increased audit fees. Staff time / additional pressure.	Timetables for closure of accounts and budget setting. Monitoring of key returns / reconciliations. Rotation in staff duties allows sharing of knowledge. Asset reconciliation work. System and processing controls (SPC). Audit liaison. Officer training. CPD. Workforce planning.		Head of Finance.	Impact / Likelihood grid
25. Shared service failure e.g. NNDR shared service.	Stratford District Council terminate NNDR shared service.	Loss of resilience. TUPE implications. Cost. Staff morale. Service failure.	Memorandum of understanding. Letter of variation. Regular meetings. 18 month notice period. Supplier has appropriate contingency arrangements. Separate risk register in place.		Exchequer Manager.	Impact / Likelihood grid

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
26. Creditor payment error e.g. overpaying, paying twice.	Human error. Staff shortage. Duplicate invoices. System error / failure. Fraud (including fraudulent invoices).	Financial loss. Reputation. Additional workload. Loss of investment interest.	National Fraud Initiative. Staff knowledge. Staff cover. Code of financial practice. Separation of duties. Manuals. Reconciliations. Budget monitoring. System controls (to prevent fraud). Ongoing review of processes and process manuals. NAFN membership. Centralised processing of invoices.	Work with Housing & Property Services to streamline utility bills (Exchequer Manager – June 2014)	Exchequer Manager. Finance Admin Manager.	Centralisation of creditor payments has increased expertise and provided more robust staff cover.
27. Procurement of services by Finance non-compliant with legislation.	Finance Dept not following Procurement Code of Practice. Staff shortage. Absence of key staff. Lack of staff training.	Financial loss. Litigation. Loss of reputation. Confidence of contractors. Delay in awarding contract. Failure to secure best value. Cost of rectification. Morale. Staff pressures. Successful challenge.	Procurement Manager and Assistant appointed in Post. Procurement documentation in place. Procurement training. Procurement software in place. Procurement action plan. Working with other network groups e.g. centre of excellence. Insurance. Use of external expertise.		Divisional managers.	
28. Council Tax set is illegal, late or incorrect.	Incorrect resolution. No estimates. Other preceptors don't deliver information or it is incorrect (typing error). Referendum. Reduction. Government changes to Regulations / Intervention.	Rebilling. Cost of rectification. Cash flow issues. Reputational damage. Legal challenge. Staff morale. Staff pressures.	Monitoring timetable. Budget timetable. Keeping up to date with developments. Checking of figures and papers. CTB1 reconciliation spreadsheet checks.		Head of Finance.	Changes in council tax, collection fund and council tax reduction schemes, and related regulations.

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
29. Failure to produce cheques.	Failure of equipment. System failure. Inadequate stock level. Staff shortages.	Customers don't get paid causing hardship. Bad publicity. Dissatisfied customers. Staff morale.	Manual production of cheques. 81%of customers now paid by BACS. More customers encouraged to receive payment by BACS payments. Make payment by CHAPS. Procedure notes. Use available alternative payment methods e.g. typing up cheque, going down to bank, obtaining cash.		Head of Finance.	Numbers of cheques greatly reduced with majority BACS payments.
30. Inadequate Internal Audit Plan.	Limited or ineffective consultation. Incompetent head of internal audit. Senior management and/or Members misdirect resources.	Poorly prioritised assignments. Problems go undetected. Reduced assurances re Annual Governance Statement. More external audit – unable to rely on internal audits.	Extensive consultation process. Properly qualified and experienced head of internal audit. Senior management and Member support for internal audit function. Peer review of internal audit function. Professional standards.		Audit and Risk Manager.	
31. Internal Audit Plan substantially uncompleted.	Staff turnover. Diversion of resources. Poor productivity. No cooperation / management support.	Problems undetected. Reduced assurances re Annual Governance Statement. More external audit – unable to rely on internal audits.	Prioritisation mechanism. Buy in resources. Peer review action plan.		Audit and Risk Manager.	

Risk description	Possible Triggers	Possible Consequences	Risk Mitigation/ Control	Required action	Responsible Officer	Residual Risk Rating
32. Reduced Collection of Council Tax income.	Debts not being collected or controlled. Lack of clear debt recovery policy. Changes to Bailiff Charging Scheme. Council tax avoidance tactics. Poor procedures and / or lack of manual. Irregular monitoring. System failure. Lack of procedures manual. Change of customer circumstances e.g. unemployment. Loss of staff expertise. Diminishing knowledge base regarding specialist debts. Changes in Council Tax Reduction Scheme. Council Tax reforms. Economic environment.	Incorrect message to debtors. Cash flow. Injustice. Financial loss. Complaints. Adverse publicity. Staff morale. Cost to Collection Fund. Many small debits to chase from people with limited resources.	Formal monthly monitoring of outstanding debt. Recovery timetables. Documented control systems. Use of automated procedures in systems. Use of new enforcement agents. Property debts control group. Code of Financial practice. System / credit control. Internal audit. Careful authorisation of write-offs. Staff knowledge. Staff cover. Encourage pre-payment. Encourage direct debit payment. Ongoing review of procedures. CTR support officer appointed.	Review recovery policies (Exchequer Manager – September 2014) Review of Corporate Debt Policy. (Exchequer Manager – September 2014)	Head of Finance.	Impact / Likelihood New Council Tax Reduction scheme likely to increase the volume of low level arrears from those who previously paid no Council Tax which may lead to collection issues.
33. Reduction in Business Rates Income.	Economy. Decline in collection rates. Increase in Insolvencies. Business Rate avoidance tactics. Major companies relocation/closing. Business growth not matching RPI. Pooling partners may suffer loss in business rates income. Revaluations and appeals against RVs. CIL too high. Uncertain business rate retention scheme. Implementation of Local Plan. Planning decisions.	Financial Loss. Unable to balance the budget. Incorrect medium term financial planning. Deter development. Risk of local plan being unsound or delayed.	Robust recovery procedures for collection of Business rates. Resilience in Business Rates Team through shared service with Stratford DC. Safety net payments through business rate retention scheme. Risk Sharing through Pooling with other authority/s. Monthly monitoring of Net Debit and co-ordination with Development Services of new properties coming on line. Visiting team undertake pro-active initiatives. Yellow box initiative. Liaison with Development Services.	Appoint consultants to identify additional properties and future projections. (April 2014 – Exchequer Manager)	Exchequer Manager.	Impact / Likelihood

Key: Ƚ = Previous risk score (and direction)
Special Note: This risk register comprises Finance's own service risks. The council's significant financial risks are contained in the Significant Business Risk Register.

Methodology for assessing risk: Criteria for scoring residual risk rating

Probability of Occurrence

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (defined as more than 25% chance of occurrence in any one of the years covered by the assessment).	• Potential of it occurring several times within the specified period (for example - ten years). • Has occurred recently.
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (defined as between 2% and 25% chance of occurrence in any one of the years covered by the assessment).	• Could occur more than once within the specified period (for example - ten years). • Could be difficult to control due to some external influences. • Is there a history of occurrence?
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (defined as less than 2% chance of occurrence in any one of the years covered by the assessment).	• Has not occurred. • Unlikely to occur.

Consequences

Estimation	Description
5: High	• Financial impact on the organisation is likely to exceed £500K • Significant impact on the organisation's strategy or operational activities • Significant stakeholder concern
4: Medium to High	Apply judgement
3: Medium	• Financial impact on the organisation likely to be between £100K and £250K • Moderate impact on the organisation's strategy or operational activities • Moderate stakeholder concern
2: Low to Medium	Apply judgement
1: Low	• Financial impact on the organisation likely to be less that £10K • Low impact on the organisation's strategy or operational activities • Low stakeholder concern

<u>Risk Management Framework: Engagement of Members</u>
<u>Endorsed by Executive 11th January 2012</u>

Executive

§   The SBRR to continue to be reviewed on a quarterly basis by Executive (and so by extension Finance & Audit Scrutiny Committee).

Finance & Audit Scrutiny Committee

§   In conjunction with this, Finance & Audit Scrutiny Committee will also review each quarter a specific Service Area's Risk Register, focusing on the high risks.

This will necessitate the attendance of the relevant Service Area Manager to present their risk register and answer questions from members of Finance & Audit Scrutiny Committee on it. This approach will mean that over a two year period, the Committee will review all Service Risk Registers (SRR).

Portfolio Holders

§   Portfolio Holders to review their respective SRR quarterly with their service area managers.
§   Although not mandatory, Shadow Portfolio Holders are encouraged to review the SRR of their respective Portfolios with service area managers on a quarterly basis also.
§   Portfolio Holder Statements (PHS) are to include the top three risks facing their services.

	Finance & Audit Scrutiny Committee – 15 April 2014	**Agenda Item No.** **5**
Title	Internal Audit Quarter 3 2013/14 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 December 2013	
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

Officer/Councillor Approval		
With regard to officer approval all reports _must_ 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	31/03/2014	Chris Elliott
Head of Service	31/03/2014	Mike Snow
CMT		
Section 151 Officer	31/03/2014	Mike Snow
Monitoring Officer		
Finance	31/03/2014	As S151 Officer
Portfolio Holder	31/03/2014	Councillor Mobbs
Consultation Undertaken		
Not applicable.		
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 2013/14, summarises the audit work completed in the third 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 2013/14 is set out as Appendix 2.

9.2   Due to continuing work by Internal Audit staff on a high profile investigation it has been necessary to postpone another audit until next year. This audit is the 'Housing Investment & Maintenance Programmes'. Consistent with the advice recently issued to Committee, if this work continues beyond that currently anticipated further revisions to the Audit Plan may be necessary. If so, this will be reported to a future meeting.

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   Seven audits were completed in the third quarter. 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 less than a substantial assurance opinion. The audit was Climate Change and 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 fourth quarter of 2012/13 is set out as Appendix 5 to this report. There were no **high risk** recommendations issued in the second 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.

12.4   The state of implementation of recommendations relating to the Travel Claims Investigation, reported to Committee on 8 October 2013, is included in this appendix.

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 2013/14: QUARTER 3

ANALYSIS OF PERFORMANCE

Time Spent: Audit Plan – Planned Vs Actual

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
Planned Audit Work	287.0	215.0	186.5	+28.5
Other Time				
Sundry audit advice	25.0	19.0	18.9	+0.1
Special investigations (e.g. Fraud/Irregularities)	46.0	34.5	54.5	-20.0
Corporate and departmental Initiatives	60.0	45.0	41.4	+3.6
Non-chargeable activities	123.0	92.0	95.7	-3.7
Leave and other absences	125.0	93.5	10.1	-16.6
Total Other Time	379.0	284.0	320.6	-36.6
Total Time	666.0	499.0	507.1	-8.1

Time spent: Assignments Completed – Planned Vs Actual

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)	EXPLANATION OF VARIANCE*
Medium Term Financial Strategy	7.0	7.2	-0.2	
Financial Planning and Budgetary Control	8.0	8.3	-0.3	
Climate Change	10.0	9.2	+0.8	
Collection of National Non-Domestic Rates	10.0	9.5	+0.5	
Recruitment and Selection, Terms and Conditions	8.0	9.7	-1.7	
Corporate Health and Safety	8.0	8.4	-0.4	
Management of the Virtualised Server Environment	Contracted out			

*Variance explained if greater than 20% (unless within 2 days)

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.	%
33	20	60.0	20	60.0	0	0.0

**SUMMARY OF RECOMMENDATIONS AND MANAGEMENT RESPONSES FROM INTERNAL AUDIT REPORTS
ISSUED QUARTER 3, 2013/14**

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
Main Accounting System – 25 September 2013				
3.4.2	The Master Hierarchical Cost Centre schedule should be periodically reviewed and discontinued codes deleted.	Low	Strategic Finance Manager	Need to be done is recognised, but have to consider retention of sufficient history for reference. March 2014.
3.6.4	Staff should be encouraged to enter clear header narratives in journal including overwriting default entries from journal templates where applicable.	Low	Strategic Finance Manager	Meeting to be arranged with the Principal Accountants to consider the form this will take. March 2014.

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[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 Rating[1]	Responsible Officer	Management Response and Target Implementation Date
Housing Repairs and Maintenance – 25 September 2013				

An audit was undertaken on the systems and procedures in place to manage the day to day responsive repairs to Housing properties. The audit focused on day to day responsive repairs to HRA dwellings and garages carried out under contract by Ian Williams.

Maintenance and repairs of the council's HRA properties is one of the major activities in H & P S involving thousands of transactions and millions of pounds of expenditure each year. Consequently it is often subjected to analysis with the aims of improving customer service and achieving efficiencies.

As at 1 April 2013 the estimated housing stock was 5593 dwellings and 2029 garages. The estimated expenditure on responsive repairs for 2013/2014 is £1,264,400 on dwellings and £71,400 on garages.

From a very early stage in the audit it became apparent that it was going to prove difficult to complete a comprehensive audit of housing repairs. The fairly broad and general content contained in the CIPFA Control Matrices could be addressed but any examination of the procedures around ordering and paying for work and the associated areas such as contract management and budgetary control would not be possible within the time allocation.

The reason for this was that very early in the opening meeting reference was made to open book accounting and the role of a company called Impart Links in delivering the new approach and being actively involved in certain aspects of contract management. (The appointment of the contractors was not within the scope of the audit but has subsequently been subject to a separate review.)

In broad terms the new arrangements for managing the contract were explained but it was immediately evident that there was a lot more to the process than ordering a repair and ultimately paying for it. In order to help address the knowledge gap for future audits, training on the mechanics of the open book cost management approach was delivered by Impart Links. Accountancy and Property staff were also included in this training.

It was also evident that the new approach was still very much in its infancy and the involvement of consultants in contract management aspects meant that it was not being fully managed by officers in H & P S. With those issues in mind, plus the need to acquire a sufficiently detailed understanding of the various elements of managing and delivering the contract, it was felt appropriate to complete the audit using the CIPFA Matrices, which would amount to a fairly general examination of the management of repairs, and to carry out a full audit as part of next year's Audit Plan.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
Guest Wireless Project – 6 August 2013				

The audit was undertaken to review the general implementation and ICT security controls in place to support the project.

In terms of scope, the audit covered the following areas:

- Project scoping
- Risk assessment
- Physical security
- Logical security.

The audit programme identified the expected controls. The control objectives examined were:

- Customer demand and capacity requirements have been assessed for all WDC sites
- A risk assessment has been undertaken and has been utilised in developing the control environment
- Physical security controls protect wireless access points in public areas
- Appropriate logical security measures are in place.

The project is part of the wider 'Bring Your Own Device' project and the Guest Wireless project will allow people to connect their own devices to the internet, using the council's wireless network.

Once live, use will be restricted to two types of users who will have slightly different levels of security. Guest level access will be for corporate visitors and they will be required to request a day ticket for access.

Corporate guest access will be for senior staff members, and this will have a slightly different security setting but it will, essentially, offer the same basic rights regarding internet access for council owned devices.

There is also a separate Riverside House corporate wireless network (RVH Wireless), which allows general network access. However, this is not part of the guest wireless project and was therefore not covered under this review.

One issue was noted with regards to the lack of a proxy filter for the guest wireless networks, although no formal recommendation was thought to be warranted. However, this situation should be kept under review and be revisited should funding become available.

The review was therefore able to give substantial assurance that the systems and controls in place for the Guest Wireless Project are appropriate and are working effectively.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
Document Management Centre – 30 September 2013				
4.1.5	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.	Low	Team Leader (Warwickshire Direct)	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.
4.1.6	Staff on Reception should be reminded of the need to cash up at the agreed times.	Low	Team Leader (Warwickshire Direct)	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.
4.1.8	Staff should be reminded of the need to ensure that monies are accurately receipted, with monies being securely placed in the cash drawers.	Low	Team Leader (Warwickshire Direct)	Agreed. Staff will be reminded. Immediately.
4.1.14	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.	Low	DMC Team Leader	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.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
4.2.2	The DMC service catalogue on the intranet should be updated.	Low	DMC Team Leader	Agreed. This is scheduled to be updated as part of the new intranet that is due shortly.

31/12/13. |
| 4.6.7 | Recharges should be based on figures relating to the correct period. | Low | DMC Team Leader | 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. |

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
VAT Accounting – 30 September 2013				
3.4.12	The feasibility of re-configuring Paris to split VAT from Spa Centre bankings automatically should be investigated.	Low	Strategic Finance Manager	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. Reliant on Supplier. PARIS Upgrade by March 2014 at the very latest. "On line Returns" summer 2014.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
Office Cleaning Contract – 1 August 2013				
3.5.2	Council staff access to the contractor's 'cloud' system should be organised as soon as possible with appropriate training.	Low	Estates Supervisor	Already spoken with Ocean and they are in advanced stages of dealing with this. End of November 2013.
3.5.5	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.	Low	Estates Supervisor	Update various pages to include contact details after speaking with relevant departments as I cannot update their webpages myself. End of September 2013.
St Nicholas Park Leisure Centre – 1 August 2013				
4.1.2	All orders placed should be fully and accurately priced as far as possible and include carriage.	Low	Operations Manager	Where possible, the cost of carriage will be added to the orders when they are put on to TOTAL. July 2013.
4.1.6	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.	Medium	Sports Facilities Area Manager	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 replaced. Ongoing.
4.2.2	The next imprest claim should be amended by the amount of the discrepancy identified, to bring the account back into balance.	Low	Operations Manager	When monies for receipts are returned from Finance the petty cash will be returned to the correct figure of £100. August 2013.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
4.2.3	Management spot-checks of the petty cash should be undertaken and evidenced on the log sheet held.	Low	Sports Facilities Area Manager	The Sports Facilities Area Manager to undertake spot checks at various one to one meetings throughout the year. October 2013.
4.3.3	The stated stock check frequencies are adhered to, with substitute staff being nominated in case of the absence of the Receptionist.	Low	Operations Manager	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.
4.3.5	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.	Low	Operations Manager	Staff working on the reception have been emailed to remind them not to loan out stock. Completed July 2013.
4.4.5	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.	Low	Sports Facilities Area Manager	The Sports Facilities Area Manager is reviewing Swim Teacher pay grades and will take the appropriate action. October 2013.
4.5.4	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.	Low	Operations Manager	All reception and supervisor staff have been made aware of the need to have refunds processed and verified by Supervisors. July 2013.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
4.5.7	A member of centre staff should be present during the emptying of the weighing machine to verify the cash counted.	Low	Operations Manager	Supervisors have been made aware of this and will endeavour, where possible, to be present when the machine is emptied. Ongoing.
4.5.12	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.	Low	Operations Manager	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.
4.5.15	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.	Low	Operations Manager	Reception staff have been informed to issue Get Active cards in sequential order. July 2013.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date
Management of the Virtualised Server Environment Devices – 16 December 2013				
3.2.4	The current assignment of user accounts to the Administrator vCenter server/ESXi role should be reviewed and revised as necessary to ensure that only those accounts with a genuine operational need are assigned with full administrative privileges for the vSphere environment.	Medium	Database Administrator	Undertake review as per recommendation. 31 March 2014.
3.4.3	The current configuration of the Alarms facility within vCenter server should be reviewed to ensure that all key events that may adversely affect users result in a trigger being invoked and notifications being issued by email to the VMWare administration staff.	Low	Database Administrator	Undertake review as per recommendation. 31 March 2014.

**AUDIT REPORTS WITH MODERATE OR LOW LEVEL OF ASSURANCE
ISSUED QUARTER 3 2013/14**

Climate Change – 31 December 2013

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1   **Introduction**

1.1   In accordance with the Audit Plan for 2013/14, an examination of the
         above subject area has been completed recently and this report is
         intended to present the findings and conclusions for information and
         action where appropriate.

1.2   Wherever possible, results obtained have been discussed with the staff
         involved in the various procedures examined and their views are
         incorporated, where appropriate, in any recommendations made. My
         thanks are extended to all concerned for the help and co-operation
         received during the audit.

2   **Scope and Objectives of Audit**

2.1   The purpose of the audit examination was to report a level of assurance
         on the adequacy of the corporate framework in meeting the obligations
         and expectations of the Council in mitigating causal aspects of, and
         adapting successfully to, climate change.

2.2   The examination comprised an evidential risk-based overview of the
         management framework in respect of climate change in the context of
         the following key areas:

§   strategies and policies

§   organisation and structures

§   mitigation planning and implementation

§   monitoring and review.

2.3   The findings are based on consultation with Richard Hall, Head of Health
         and Community Protection, and examination of relevant documentation
         and records. The latter includes information drawn from external sources
         to help ascertain relevant national/regional frameworks, partnerships
         and support resources dealing with climate change.

3   **Findings**

3.1   <u>Background</u>

3.1.1   Climate change was incorporated into the Council's internal audit plan by
         virtue of its entry in the Significant Business Risk Register and this is the
         first audit examination of the subject as a discrete assignment.

3.1.2   Of the various definitions of climate change, the Oxford English Dictionary is seen as the most appropriate to quote here:

"…*a change in global or regional climate patterns, in particular a change apparent from the mid to late 20th century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels*".

3.1.3   The Local Government Association describes climate change as "*the biggest long-term threat to our prosperity and wellbeing*", and goes on to say that "*managing this threat demands a radical decarbonisation of the global economy, and a significant technological move away from fossil fuels*".

3.1.4   In line with this perspective, the local government sector has tended to focus policies and resources on improving energy efficiency and reducing carbon emissions in transport and the built environment. For a number of authorities, including Warwick District Council, commitments in this respect are codified by sign-up to the Nottingham Declaration and the 10:10 campaign.

3.1.5   The Nottingham Declaration on Climate Change dates from 2001 and outlines a model framework for the signatory organisation aimed at securing reduction in carbon emissions and adapting to actual climate change in respect of its own operations and to the benefit of the local community. 10:10 is a global campaign targeting individuals, families and organisations in all sectors based on the simpler aim of reducing carbon emissions by 10 per cent each year starting in 2010.

3.1.6   In 2007, the Council published its first Climate Change Strategy which at the time of this report still resides on the website as the official representation of strategic commitment. The document is, however, clearly obsolete and represents a focus that misses a key aspect of the Nottingham Declaration – the recognition that climate change is actually happening bringing with it potential social/economic benefits as well as threats of shifting weather patterns and extreme weather events that have to be adapted to.

3.1.7   The issue of adaptation seems to have come into sharper focus in the wake of the Climate Change Act 2008. While there is little of substance in the Act in terms of requirements of local authorities, apart from publishing data on emissions, the Comprehensive Performance/Area Assessment regime expanded its brief around this time producing a climate adaptation model supporting a National Indicator (NI188).

3.1.8   Although the National Indicators were abolished under the Coalition Government agenda following the 2010 parliamentary elections, the adaptation model is still promoted as a useful tool.

3.1.9   Adaptation is now clearly high on the central government agenda with the Department for Environment, Food and Rural Affairs (DEFRA)

having published a Climate Change Risk Assessment (CCRA) and a National Adaptation Programme. The latter contains the following vision statement:

"*Local Government plays a central role in leading and supporting local places to become more resilient to a range of future risks and to be prepared for the opportunities from a changing climate*".

3.1.10   It is resilience that comes through clearly as the primary focus for the Climate Change entry in the Significant Business Risk Register. The sole mitigation/control referred to is a 'Climate Change Strategy' with the proviso that an updated strategy is expected to be produced and adopted.

3.1.11   In discussions, however, it was advised that senior management would not support a formal strategy devoted to climate change as this would be contrary to the effective policy of strategy rationalisation introduced in 2010. This leaves the Significant Business Risk Register without any reference to risk mitigation control that can be relied upon for determining audit coverage and assurance.

3.1.12   For this reason, the examination was devoted to an evidential overview of activity on climate change adaptation in the context of what are viewed as four key 'building blocks' for an effective management framework (defined in Paragraph 2.2 above). In the event the findings did not always fit easily within the headings and for this reason recommendations arising are combined at the foot of the report in a departure from the normal report format.

3.2   Strategies and Policies

3.2.1   In the absence of a strategy dedicated to climate change, the examination has looked for clues on strategic direction in the Sustainable Community Strategy and the Fit for the Future programme. At the time of the audit, the Sustainable Community Strategy is undergoing a 'refresh' based on a new schedule of Strategic Aims, Priorities and Actions only recently approved by the Executive (11th December).

3.2.2   The currently adopted Sustainable Community Strategy makes only passing reference to climate change with the emphasis on designing sustainability into new developments. Fit for the Future only hints at climate change, again under the theme of sustainability.

3.2.3   In the new Strategic Aims, Priorities and Actions climate change is significantly more prominent with greater attention given to adaptation and resilience. Commitment to develop a strategic approach to climate change is manifest in the current Service Delivery Plan for Health and Community Services. Some progress towards this is in evidence, most significantly a gap analysis report produced by the former Sustainability/ Climate Change Officer.

3.2.4	Indications from then evidence are that there is still some way to go towards having a coherent management programme in place capable of delivering on the strategic aims and objectives for climate change.
3.2.5	The aforementioned gap analysis report refers to a policy context still rooted in the Nottingham Declaration. Indications from research are that the Nottingham Declaration has now run its course and the Local Government Association is promoting its Climate Local framework as the Declaration's successor with the support of the National Adaptation Programme. A number of local authorities have signed the Climate Local commitment, although no Warwickshire authorities are currently among them.

3.3   Organisation and Structures

3.3.1	The role of lead officer on climate change is vested in the Head of Health and Community Protection with a support role vested in the temporary post of Sustainability/Climate Change Officer (now part the Environmental Sustainability Team under the new structure). To date, only one person has held the latter post and this was for only six months – approval has been given to re-appoint to the post on a two-year fixed term contract and this will be pursued in the new year.
3.3.2	Functionally, climate change has been recognised as cutting across six Service Areas (now five following officer restructure). This was manifest in an improvement plan produced in 2010 and the constitution of the Climate Change Strategy Group charged with overseeing it. The evidence provided indicates that this Group has not been active for more than two years. Documentation shows a Climate Change Officer Group established to raise awareness across the Council, although the indications are that this Group has not been recently active either.
3.3.3	No evidence could be found of any tangible functioning local partnership framework for joint working on climate change. Literature previously retrieved referring to a Warwickshire Climate Change Partnership has since been withdrawn by the originating authority.
3.3.4	The National Adaptation Programme refers to Local Enterprise Partnerships (LEP) in other parts of the country working with local authorities to identify climate change risks to businesses and reviewing adaption strategies. No indication of any similar process could be found for the Coventry and Warwickshire LEP, nor anything to indicate what Warwick District Council's role would be in this context.

3.4   Mitigation Planning and Implementation

3.4.1	The aforementioned improvement plan from March 2010 represents what appears to be the first concerted attempt to date at an adopted comprehensive and integrated climate change agenda. However, after an update to Senior Management Team in the following month, there is no evidence of further deliberations or representations to senior management or Members with any mention of the improvement plan.

3.4.2   The inevitable conclusion from this is that the climate change agenda became substantially overshadowed by the financial challenges arising from the Coalition Government's public spending plans following the 2010 parliamentary elections. From then on, actions and initiatives on climate change come across as generally fragmented and piecemeal.

3.4.3   One key action arising from the improvement plan was the commissioning of a Climate Change Adaptation Study from external consultants. This was completed and a report delivered in February 2011. Elements of the report relating to planning policy have been incorporated in the new Local Plan Preferred Options document. The Head of Health and Community Protection advised that adaptation plans were put in place for the Council and individual Service Areas and business continuity plans were expected to address more immediate climate-related threats.

3.4.4   The above study also included an appreciation of climate change risks to Council services and a risk assessment by Service Area. There is no evidence of this having been taken any further through senior management or Members and, except for Health and Community Protection, the current Service Delivery Plans give little if any weight to adaptation issues.

3.4.5   Another development of note is the commissioning from external consultants of a Low Carbon Action Plan, which was delivered in February 2012 and from which proposals for a Sustainability Delivery Plan (approved by the Executive in November 2012) are derived. The Plan is based on a selection of prioritised projects from each of three key opportunity areas:

§   Energy Efficiency in Buildings
§   Low and Zero Carbon Technologies
§   Transport.

3.4.6   It was only with the appointment of the Sustainability/Climate Change Officer in April 2013 that tangible progress towards an integrated management framework starts to come back into view, although the resignation of the previous post holder after only six months appears to have again stalled the process. At the time of this report, the post has only recently been advertised.

3.4.7   It is acknowledged that, irrespective of centrally-run initiatives on climate change, ongoing operations are playing a part in mitigation and adaptation in areas such as housing, corporate buildings, flood risk management, air quality monitoring, planning policy and development management. These areas are examined under separate discrete audit assignments (Flood Risk Management is scheduled for review in 2014/15).

3.4.8   The above observations are not intended as an exhaustive reference to the Council's processes and initiatives connected with climate change.

3.5   Monitoring and Review

3.5.1   As with the planning and implementation of actions and initiatives
        relating to climate change, evidence of monitoring and feedback comes
        across as fragmented and piecemeal from mid-2010 onwards.

3.5.2   The former Sustainability/Climate Change Officer was assigned a work
        programme with progress managed directly by the Head of Health and
        Community Services. There is no evidence of this being translated into
        any progress feedback to senior management or Members on the
        Sustainability Delivery Plan specifically or on climate change
        mitigation/adaptation generally during or after the previous post
        holder's tenure.

3.5.3   In accordance with the requirements of the Department of Energy and
        Climate Change under the Climate Change Act 2008, the Council has
        published data on greenhouse gas emissions form its own estate and
        operation for 2012/13.

4   **Conclusions**

4.1   The picture to emerge from the examination is one of the challenges of
        climate change having been addressed piecemeal in fits and starts with
        senior management failing to give the subject the corporate profile that
        is seemingly warranted by the challenges being faced.

4.2   Only recently has the profile of adaptation to climate change been
        raised to its proper level within the corporate strategic framework by
        virtue of the Sustainable Community Strategy 'refresh'. Various actions
        and initiatives have been pursued over the years, although the
        emphasis has tended to be on mitigation of climate change through
        reduction of carbon emissions.

4.3   However, the process of managing climate change risks is let down
        significantly by the absence of a coherent resourced programme to
        deliver on the strategic aims and objectives. The commitment towards
        developing a strategic approach is recognised, although progress on
        this substantially dependent on re-appointing to the
        Sustainability/Climate Change Officer post and keeping the post filled
        for a long enough period.

4.4   There is also the perception that policies need to be brought into line
        with national developments, including the National Adaptation
        Programme that indicates the Local Government Association's 'Climate
        Local' framework as its vehicle for working with local authorities.

4.5   In view of the above, we are only able at this point to give MODERATE
        assurance based in the findings that the key risks in connection with
        climate change are effectively managed.

5   Recommendations

5.1   The climate change entry in the Significant Business Risk Register should be updated with reference to 'Climate Change Strategy' removed and the likelihood rating re-evaluated.

5.2   A corporate strategic management programme should be developed based on a 'climate ready' vision to be achieved by a specified point in time.

5.3   Management should consider signing up to Climate Local.

5.4   The status of local partnership frameworks that can support the Council in its climate change programme should be investigated.

Richard Barr
Audit and Risk Manager

CURRENT IMPLEMENTATION POSITION OF LOW AND MEDIUM RISK RECOMMENDATIONS
ISSUED FOR QUARTER 4 2012/13

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Car Parking Income – 27 March 2013		
The fees for residents and visitors permits should be approved each year in line with other parking fees.	*Parking Services Manager:* This is a function of Warwickshire County Council and is not within the District's remit to action. The Fees and Charges for WDC car parks are agreed each year by the Executive during the October's fees and charges setting process. March 2013.	No further response required.
Regular reviews should be performed of cases that are shown as being at DVLA related stages of recovery. The specific sampled cases should also be followed up to ensure that the cases have progressed since the time of the audit testing.	*Parking Services Manager:* The issue raised was as a result of a clerical error by a new team member. The process has been reviewed to ensure that only trained staff are permitted to deal with this task and the Notice Processing Manager will review the queue stage each week to ensure no mistakes have been made. March 2013.	The Notice Processing Manager is conducting regular checks of the queue stage in line with the audit recommendation.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Sundry Debtors – 5 March 2013		
The corporate Debt Recovery Policy should be reviewed, updated and publicised to all relevant staff.	*Finance Administration Manager:* Update to be drafted for Executive. July 2013.	Mike Snow deferred to March 2014 to enable the policy to encompass changes that Housing & Property Services are making to their recovery policies. Additionally the new Enforcement Regulations 2014 may lead to revision of other debt policies.
Staff who raise debts should be reminded of the need to include sufficient levels of detail on the invoices, including the date of service provision where possible, and to ensure that they raise the invoices in a timely manner.	*Finance Administration Manager:* Agreed. Guidance is already available to users on TOTAL and the intranet to advise users of the need to provide sufficient details on the invoices and they have been reminded of this requirement on several occasions in the past 4 years. However, this guidance will be re-publicised. Ongoing.	There are still two links on the intranet for staff to access this information: • Directory/a-z/choose "d"/debtor advice • Finance & procurement/FSTeam/FST links section/debtor manual There is also a link on the Total system on the "debtors" tab titled "please read this before raising an invoice". In addition to this a big button item has been placed on the intranet homepage and will continue to be periodically published on there as a reminder to all staff. After the audit a review of all services was completed which highlighted that details were being provided with the exception of one particular service area team; this was highlighted to the team's manager, via an exchange of emails in which the Auditor was also copied into. Subsequently improvements have been made.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Staff should be reminded to provide appropriate details to support the cancellation or write-offs of the invoices, including appropriate evidence of who had provided the approval / submitted the request for this to be undertaken.	*Finance Administration Manager:* Agreed. Supporting documentation with authorisation is normally provided. However, the majority of cases sampled, where these issues have occurred, relate to recent transactions during a period of time where there were staff shortages, related to the reorganisation within Finance. A potential increase in the lower threshold at which departmental authorisation is required for write-offs is to be discussed with relevant senior Finance staff and, should this amendment be agreed, relevant departmental staff will be informed. Ongoing.	The FSTeam is now at full strength and following these guidelines; cancellations are no longer authorised unless a full explanation is given by the staff requesting cancellation. Management discussed the threshold and decided that due to the low volume of write-off transactions the existing threshold would be retained.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Whilst no formal debt collection targets are set, reports should be provided to management regarding debt collection performance so that they can assure themselves that processes in place are appropriate and that they are aware of any potential issues arising.	*Finance Administration Manager:* The reports are already available to management who can run them as and when they require. It is intended that regular monthly reports will be run to capture recovery performance to provoke discussion at 1-1s and team meetings and, where necessary, prompt service changes. July 2013.	Discussion regarding this matter highlighted the availability of a system report titled "Aged Debtor Analysis By Debt Type / Invoice Date"; this has been scheduled to be automatically run and emailed to both the Exchequer Manager and Finance Admin Team Manager on the 1st of each month to facilitate performance discussion. The debtor's module within Total is a bolt-on and not particularly designed for in-depth performance statistics, however, there is an outstanding request with the supplier, Total Mobile, to amend an existing collection statistics performance report to make it usable. We have asked for this request to be prioritised but we still need to wait for consultant availability; target date May 2014. We have also recently automated a process that was previously a manual task which reviews all outstanding invoices and captures any that appear to have not been worked.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Employee Absence Management – 28 March 2013		
The Intranet information resource on absence management should be revised and repositioned to make it more prominent and coherent (including cross-referencing to the Stress at Work Code of Practice).	*Human Resources and Organisational Development Manager:* Reviewed policy and associated paperwork to make it clearer and easy to access. Publicise this on intranet and through management communications. April 2013 – completed.	No further response required.
The Sickness Absence Policy should be revised to make it more in line with the aims of the People Strategy (including 'wellbeing' emphasis).	*Corporate Management Team* *Senior Management Team* *Human Resources and Organisational Development Manager (Lead Officer):* Cross reference with People Strategy. April 2013 – completed.	No further response required.
A statement setting out the respective responsibilities of employees, management and Human Resources in managing absence should be prepared and referenced from the Sickness Absence Policy. Preferably, the statement should be approved by Senior Management Team.	*Human Resources and Organisational Development Manager:* Insert into the policy. April 2013.	*Chief Executive / HR:* This item has been actioned and an update sent to Heads of Service and Unison on 4 April 2013.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Service Area Managers should review the identities of staff with absence return entry rights and ensure that only the minimum necessary to ensure that all absences are recorded have access.	*Service Area Managers* *Lead Officer: Human Resources and Organisational Development Manager:* HR advise Service managers. HR liaise with ICT on ensuring access rights have HR check before granting. April 2013.	*Chief Executive:* As for above item.
Service Area Managers should ensure that all staff designated to complete the weekly absence returns on their behalf are appropriately briefed on the responsibilities and procedures.	*Service Area Managers* *Lead Officer: Human Resources and Organisational Development Manager:* HR to advise Service managers of the importance of this. April 2013 – completed.	No further response required.
Outstanding self-certifications and fit notes should be followed up and raised, where appropriate, with the respective Service Area Managers.	*Human Resources and Organisational Development Manager:* HR to remind services of their responsibility. April 2013 – completed.	No further response required.
Responsibilities of line managers and support resources available to them should be clearly presented in training workshops on absence management.	*Human Resources and Organisational Development Manager:* Scheduled HR workshops on absence annually continue. HR already include manager responsibility but workshop content will be reviewed. April 2013 – completed.	No further response required.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Promotion of absence management requirements through other communication channels (e.g. Core Brief, Senior Officers' Forum) should be considered.	*Human Resources and Organisational Development Manager:* To be considered with HoS. July 2013.	*Chief Executive / HR:* This item has been delayed owing to the vacancy of the HR/OD Manager post but it will be actioned by September 2014.
Mortgages – 1 February 2013		
A decision needs to be reached as to how these overpayments are dealt with (either being repaid or being used to calculate amended terms and interest payments in future if this is allowed for under the terms and conditions of the mortgages). (NB precedent may have been set as a previous overpayment on one of these accounts had been used to reduce the principal outstanding following the previous audit report).	*Senior Finance Administration Officer:* Bearing in mind the size of the mortgages, the limited number (5), and the limited time until their redemption, it is intended that the credit balances will be addressed as part of the final redemption calculations. All mortgages to be redeemed by the end of 2014.	There is now only one mortgage outstanding; this is due to be redeemed in March 2014.
Action should be taken as appropriate upon receipt of the response from the Head of Housing & Property Services.	*Senior Finance Administration Officer:* Agreed. The mortgage will be redeemed, with a small write-off following authorisation from the Head of Housing & Property Services. March 2013.	No longer applicable; this related to one specific mortgage which was dealt with and the mortgage redeemed.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
The mortgagee who arranges her own buildings insurance should be contacted to obtain evidence that this insurance is in place.	*Senior Finance Administration Officer:* A reminder is always put in the annual statement for the mortgagee to send in a copy of the policy. April 2013.	No longer applicable; the one mortgage remaining has insurance through WDC and will be redeemed in March 2014.
Corporate Properties Repair and Maintenance – 26 March 2013		
Stricter control needs to be exercised over the Corporate Property Repair and Maintenance budget in order to avoid future overspends of the level encountered this year.	*Head of Housing and Property Services:* A revised repairs and maintenance budget has been agreed which is based on historical spend data which more accurately reflects the typical expenditure for this budget. Completed 01/01/13.	*Deputy Chief Executive (BH):* The revised arrangements have been implemented as envisaged and the Strategic Asset Group now receives a monthly budget monitoring report. The report presented to the January meeting demonstrated that the current year (13/14) budget is projected to outturn on budget.
	A clear definition is to be agreed by the Corporate Property Investment Board (CPIB) of what works can be carried out using this budget. Works outside of this definition will require alternative sources of funding to be sought. 28/06/13.	*Business Support Manager:* Definitions of works were proposed by Housing & Property Services as part of a Corporate Property Budget Charter. Senior members of the CPIB requested that the approval of a charter be placed on hold until the Asset Management Strategy/Plan is complete on the basis that fundamental changes to the budget allocation process may be needed. The Corporate Property Investment Board continues to work together and in accordance with the principles of budget allocation set by CMT in 2008.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
	A stock condition survey is being conducted of all corporate assets. This will provide an informed 5 year maintenance plan that accurately forecasts expenditure liabilities that can be programmed in advance. 31/03/14.	*Business Support Manager:* The Corporate Stock Condition Surveys were completed in 2013. The strategic Asset Group and the in-house surveying team are now working to programme the 2014/15 Corporate Property Investment Programme based on the data collected from the surveys and presented to Executive in a recent report. The work is closely linked to the on-going development of the asset management strategy/plan.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
CCTV Services – 21 March 2013		
Service Level Agreements should be drawn up for those services where they do not currently exist, with existing ones being reviewed and revised appropriately to bring them up to date.	*CCTV Manager:* Agreed. The SLA for Regent's Court is currently in hand, with a response being awaited from them. April 2013. The SLA for Housing will be reviewed once the updated system is complete. June 2013. The remaining SLAs will be drawn up / reviewed as soon as possible. April 2013.	The SLA for Regents Court is still an on-going issue due to a change in owner and technical problems. A Planning Application has been received to change Livery St to a restaurant destination. One condition requested is that camera position will have to be agreed with our CCTV team. Six cameras are being changed so that our control room can receive images. (June 2014) The SLA for Housing is delayed by works pending from Baydale. Whilst some of the work has been carried out other works to fit cameras in the lifts is outstanding. Until this is carried the Concierge system cannot function. The SLA can only be reviewed once these systems are in place. (June 2014) Other SLAs include Neighbourhood Services (car parks) and Cultural Services (St Nicholas Park, Newbold Comyn& Pump Rooms) but there has no progress on these due to other work priorities including a re-fit of the CCTV suite, power issues, staffing issues and changes to working practices. (December 2014)

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Investigation into Members' Travel Claims – 28 August 2013		
Councillors should be required to submit travel claims in a timely manner (preferably on a monthly basis but no more than three months in arrears).	Agreed. Councillors will be advised of this requirement. Completed.	While this has been completed there have been teething problems with the electronic form that has led to delays in submitting forms by members. This has now been resolved.
Councillor Illingworth should be asked to repay the amount that had been overpaid due to the submission of a duplicate claim form.	Agreed. The Councillor will be contacted to arrange for this overpayment to be repaid. September 2013.	Completed February 2014. Due to the level of the value involved and the agreement that payment would be made in lieu of future expenses claims this will be concluded as part of the February pay advices.
The travel claim forms for Councillors should be amended to require sufficient details regarding the actual journeys undertaken and the nature of the meeting attended (such as formal committee meeting, training, portfolio meeting etc.). Once this has been undertaken, Councillors should be advised that this form must be used for all future claims submitted.	Agreed. An amended form has now been produced and agreed with Internal Audit. Councillors will be provided with this and advised that all future claims should be submitted on this form. Completed.	This is now working and corrections have been made to claims made by members.
Councillors should be advised to take the most direct, sensible route to meetings wherever possible.	Agreed. Councillors will be advised of this requirement. Wording to this effect has also been included on the new claim form. Completed.	This is included within the claim form used by Members.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Councillors should be reminded of the need to complete accurately their travel claims. Whilst the amounts are small, the overpayments should be recovered from Councillors 3 (£9.00), Doody (£2.70) and Mobbs (£4.05).	Agreed. Councillors will be advised of this requirement. The Councillors in question will also be contacted to ask for the monies to be repaid. September 2013.	This was completed through the reduction of the expenses claims made by the individual Councillors.
Staff checking and authorising the travel forms should be reminded of the need to check thoroughly the claims submitted, including a reasonableness check on mileages claimed and a check of meeting attendance as appropriate.	Agreed. An amended monitoring spreadsheet has been produced and procedure notes have been produced for staff, which have been agreed with Internal Audit. Completed.	This is now implemented and working. It has brought an improved level of checking and issues have been spotted. It is now considered that a briefing note needs to be issued to Members reminding them of what expenses they are entitled to claim for. It is considered that this will be sent out either in February or March 2014.

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager   **SUBJECT:** Climate Change

TO: Head of Health and Community Protection   **DATE:** 14 January 2014

C.C. Chief Executive
Deputy Chief Executives
Service Area Managers
Head of Finance

1. **Introduction**

1.1. In accordance with the Audit Plan for 2013/14, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.

1.2. Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. **Scope and Objectives of Audit**

2.1. The purpose of the audit examination was to report a level of assurance on the adequacy of the corporate framework in meeting the obligations and expectations of the Council in mitigating causal aspects of, and adapting successfully to, climate change.

2.2. The examination comprised an evidential risk-based overview of the management framework in respect of climate change in the context of the following key areas:

  § strategies and policies

  § organisation and structures

  § mitigation planning and implementation

  § monitoring and review.

2.3 The findings are based on consultation with Richard Hall, Head of Health and Community Protection, and examination of relevant documentation and records. The latter includes information drawn from external sources to help ascertain relevant national/regional frameworks, partnerships and support resources dealing with climate change.

3   **Findings**

3.1   Background

3.1.1   Climate change was incorporated into the Council's internal audit plan by virtue of its entry in the Significant Business Risk Register and this is the first audit examination of the subject as a discrete assignment.

3.1.2   Of the various definitions of climate change, the Oxford English Dictionary is seen as the most appropriate to quote here:
        "…*a change in global or regional climate patterns, in particular a change apparent from the mid to late 20th century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels*".

3.1.3   The Local Government Association describes climate change as "*the biggest long-term threat to our prosperity and wellbeing*", and goes on to say that "*managing this threat demands a radical decarbonisation of the global economy, and a significant technological move away from fossil fuels*".

3.1.4   In line with this perspective, the local government sector has tended to focus policies and resources on improving energy efficiency and reducing carbon emissions in transport and the built environment. For a number of authorities, including Warwick District Council, commitments in this respect are codified by sign-up to the Nottingham Declaration and the 10:10 campaign.

3.1.5   The Nottingham Declaration on Climate Change dates from 2001 and outlines a model framework for the signatory organisation aimed at securing reduction in carbon emissions and adapting to actual climate change in respect of its own operations and to the benefit of the local community. 10:10 is a global campaign targeting individuals, families and organisations in all sectors based on the simpler aim of reducing carbon emissions by 10 per cent each year starting in 2010.

3.1.6   In 2007, the Council published its first Climate Change Strategy which at the time of this report still resides on the website as the official representation of strategic commitment. The document is, however, clearly obsolete and represents a focus that misses a key aspect of the Nottingham Declaration – the recognition that climate change is actually happening bringing with it potential social/economic benefits as well as threats of shifting weather patterns and extreme weather events that have to be adapted to.

3.1.7   The issue of adaptation seems to have come into sharper focus in the wake of the Climate Change Act 2008. While there is little of substance in the Act in terms of requirements of local authorities, apart from publishing data on emissions, the Comprehensive Performance/Area Assessment regime expanded its brief around this time producing a climate adaptation model supporting a National Indicator (NI188).

3.1.8   Although the National Indicators were abolished under the Coalition Government agenda following the 2010 parliamentary elections, the adaptation model is still promoted as a useful tool.

3.1.9   Adaptation is now clearly high on the central government agenda with the Department for Environment, Food and Rural Affairs (DEFRA) having published a Climate Change Risk Assessment (CCRA) and a National Adaptation Programme. The latter contains the following vision statement: "*Local Government plays a central role in leading and supporting local places to become more resilient to a range of future risks and to be prepared for the opportunities from a changing climate*".

3.1.10 It is resilience that comes through clearly as the primary focus for the Climate Change entry in the Significant Business Risk Register. The sole mitigation/control referred to is a 'Climate Change Strategy' with the proviso that an updated strategy is expected to be produced and adopted.

3.1.11 In discussions, however, it was advised that senior management would not support a formal strategy devoted to climate change as this would be contrary to the effective policy of strategy rationalisation introduced in 2010. This leaves the Significant Business Risk Register without any reference to risk mitigation control that can be relied upon for determining audit coverage and assurance.

3.1.12 For this reason, the examination was devoted to an evidential overview of activity on climate change adaptation in the context of what are viewed as four key 'building blocks' for an effective management framework (defined in Paragraph 2.2 above). In the event the findings did not always fit easily within the headings and for this reason recommendations arising are combined at the foot of the report in a departure from the normal report format.

3.2.   Strategies and Policies

3.2.1   In the absence of a strategy dedicated to climate change, the examination has looked for clues on strategic direction in the Sustainable Community Strategy and the Fit for the Future programme. At the time of the audit, the Sustainable Community Strategy is undergoing a 'refresh' based on a new schedule of Strategic Aims, Priorities and Actions only recently approved by the Executive (11th December).

3.2.2   The currently adopted Sustainable Community Strategy makes only passing reference to climate change with the emphasis on designing sustainability into new developments. Fit for the Future only hints at climate change, again under the theme of sustainability.

3.2.3   In the new Strategic Aims, Priorities and Actions climate change is significantly more prominent with greater attention given to adaptation and resilience. Commitment to develop a strategic approach to climate change is manifest in the current Service Delivery Plan for Health and Community Services. Some progress towards this is in evidence, most significantly a gap analysis report produced by the former Sustainability/ Climate Change Officer.

3.2.4   Indications from then evidence are that there is still some way to go towards having a coherent management programme in place capable of delivering on the strategic aims and objectives for climate change.

3.2.5   The aforementioned gap analysis report refers to a policy context still rooted in the Nottingham Declaration. Indications from research are that the Nottingham Declaration has now run its course and the Local Government Association is promoting its Climate Local framework as the Declaration's successor with the support of the National Adaptation Programme. A number of local authorities have signed the Climate Local commitment, although no Warwickshire authorities are currently among them.

3.3   Organisation and Structures

3.3.1   The role of lead officer on climate change is vested in the Head of Health and Community Protection with a support role vested in the temporary post of Sustainability/Climate Change Officer (now part the Environmental Sustainability Team under the new structure). To date, only one person has held the latter post and this was for only six months – approval has been given to re-appoint to the post on a two-year fixed term contract and this will be pursued in the new year.

3.3.2   Functionally, climate change has been recognised as cutting across six Service Areas (now five following officer restructure). This was manifest in an improvement plan produced in 2010 and the constitution of the Climate Change Strategy Group charged with overseeing it. The evidence provided indicates that this Group has not been active for more than two years. Documentation shows a Climate Change Officer Group established to raise awareness across the Council, although the indications are that this Group has not been recently active either.

3.3.3   No evidence could be found of any tangible functioning local partnership framework for joint working on climate change. Literature previously retrieved referring to a Warwickshire Climate Change Partnership has since been withdrawn by the originating authority.

3.3.4   The National Adaptation Programme refers to Local Enterprise Partnerships (LEP) in other parts of the country working with local authorities to identify climate change risks to businesses and reviewing adaption strategies. No indication of any similar process could be found for the Coventry and Warwickshire LEP, nor anything to indicate what Warwick District Council's role would be in this context.

3.4   Mitigation Planning and Implementation

3.4.1   The aforementioned improvement plan from March 2010 represents what appears to be the first concerted attempt to date at an adopted comprehensive and integrated climate change agenda. However, after an update to Senior Management Team in the following month, there is no evidence of further deliberations or representations to senior management or Members with any mention of the improvement plan.

3.4.2   The inevitable conclusion from this is that the climate change agenda became substantially overshadowed by the financial challenges arising from the Coalition Government's public spending plans following the 2010 parliamentary elections. From then on, actions and initiatives on climate change come across as generally fragmented and piecemeal.

3.4.3   One key action arising from the improvement plan was the commissioning of a Climate Change Adaptation Study from external consultants. This was completed and a report delivered in February 2011. Elements of the report relating to planning policy have been incorporated in the new Local Plan Preferred Options document. The Head of Health and Community Protection advised that adaptation plans were put in place for the Council and individual Service Areas and business continuity plans were expected to address more immediate climate-related threats.

3.4.4   The above study also included an appreciation of climate change risks to Council services and a risk assessment by Service Area. There is no evidence of this having been taken any further through senior management or Members and, except for Health and Community Protection, the current Service Delivery Plans give little if any weight to adaptation issues.

3.4.5   Another development of note is the commissioning from external consultants of a Low Carbon Action Plan, which was delivered in February 2012 and from which proposals for a Sustainability Delivery Plan (approved by the Executive in November 2012) are derived. The Plan is based on a selection of prioritised projects from each of three key opportunity areas:

§   Energy Efficiency in Buildings
§   Low and Zero Carbon Technologies
§   Transport.

3.4.6   It was only with the appointment of the Sustainability/Climate Change Officer in April 2013 that tangible progress towards an integrated management framework starts to come back into view, although the resignation of the previous post holder after only six months appears to have again stalled the process. At the time of this report, the post has only recently been advertised.

3.4.7   It is acknowledged that, irrespective of centrally-run initiatives on climate change, ongoing operations are playing a part in mitigation and adaptation in areas such as housing, corporate buildings, flood risk management, air quality monitoring, planning policy and development management. These areas are examined under separate discrete audit assignments (Flood Risk Management is scheduled for review in 2014/15).

3.4.8   The above observations are not intended as an exhaustive reference to the Council's processes and initiatives connected with climate change.

3.5   Monitoring and Review

3.5.1   As with the planning and implementation of actions and initiatives relating to climate change, evidence of monitoring and feedback comes across as fragmented and piecemeal from mid-2010 onwards.

3.5.2   The former Sustainability/Climate Change Officer was assigned a work programme with progress managed directly by the Head of Health and Community Services. There is no evidence of this being translated into any progress feedback to senior management or Members on the Sustainability Delivery Plan specifically or on climate change mitigation/adaptation generally during or after the previous post holder's tenure.

3.5.3   In accordance with the requirements of the Department of Energy and Climate Change under the Climate Change Act 2008, the Council has published data on greenhouse gas emissions form its own estate and operation for 2012/13.

4   **Conclusions**

4.1   The picture to emerge from the examination is one of the challenges of climate change having been addressed piecemeal in fits and starts with senior management failing to give the subject the corporate profile that is seemingly warranted by the challenges being faced.

4.2   Only recently has the profile of adaptation to climate change been raised to its proper level within the corporate strategic framework by virtue of the Sustainable Community Strategy 'refresh'. Various actions and initiatives have been pursued over the years, although the emphasis has tended to be on mitigation of climate change through reduction of carbon emissions.

4.3   However, the process of managing climate change risks is let down significantly by the absence of a coherent resourced programme to deliver on the strategic aims and objectives. The commitment towards developing a strategic approach is recognised, although progress on this substantially dependent on re-appointing to the Sustainability/Climate Change Officer post and keeping the post filled for a long enough period.

4.4   There is also the perception that policies need to be brought into line with national developments, including the National Adaptation Programme which indicates the Local Government Association's 'Climate Local' framework as its vehicle for working with local authorities.

4.5   In view of the above, we are only able at this point to give MODERATE assurance based in the findings that the key risks in connection with climate change are effectively managed.

5   **Recommendations**

5.1   **The climate change entry in the Significant Business Risk Register should be updated with reference to 'Climate Change Strategy' removed and the likelihood rating re-evaluated.**

5.2 **A corporate strategic management programme should be developed based on a 'climate ready' vision to be achieved by a specified point in time.**

5.3 **Management should consider signing up to Climate Local.**

5.4 **The status of local partnership frameworks that can support the Council in its climate change programme should be investigated.**

6 **Management Action**

6.1 The above recommendations are reproduced in the appended Action Plan with management response where supplied.

Richard Barr
Audit and Risk Manager

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager

SUBJECT: Corporate Health and Safety

TO: Head of Health and Community Protection
Safety Adviser

DATE: 21 November 2013

C.C. Chief Executive
Deputy Chief Executive (AJ)
Head of Finance

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1. **Introduction**

1.1. In accordance with the Audit Plan for 2013/14, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.

1.2. Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. **Scope and Objectives of Audit**

2.1. The purpose of the audit examination was to report a level of assurance on the adequacy of corporate systems in place to meet the Council's statutory obligations on health and safety as employer and provider of services and facilities to customers and the public.

2.2 The examination comprised an evidential risk-based evaluation against the CIPFA systems audit model covering the following areas:

§ policies and procedures
§ awareness
§ risk identification
§ managing risk
§ training
§ accidents and incidents
§ monitoring and reporting
§ security of data.

2.3 The audit process comprised:

§ ascertain as appropriate the implementation status of the recommendations from the previous audit (November 2009)

§ review and update the internal control questionnaire per the CIPFA model;

§ undertake programme of compliance tests per the corporate controls section of the CIPFA model.

2.4   The findings are based on consultations and discussions with key staff contacts and examination of relevant documentation and records. The principal contact for the audit was Alan Richardson, Safety Adviser.

3   **Findings**

3.1   <u>Background</u>

3.1.1   The Health and Safety at Work etc Act 1974 is the primary piece of legislation covering occupational health and safety in the United Kingdom.

3.1.2   Under this Act, the Council has statutory duties that include ensuring a safe working environment without undue risks to health and ensuring that staff and Members are given appropriate information and training.

3.1.3   This entails having a coherent and high profile management system in place that establishes clear accountabilities and actively promotes good practice in preventative controls, response to incidents and performance assessment. The Health and Safety Executive (HSE) provides extensive guidance on all aspects of managing health and safety.

3.1.4   While the legislative element is primarily focused on employees, the Council's management system is also governed by policy aims to protect the public from exposure to health and safety risks arising from its activities and those of its employees and Members acting in its behalf.

3.2.   <u>Recommendations from Previous Audit</u>

3.2.1   The current position in respect of the recommendations from the audit reported in November 2009:

Recommendation	Management Response	Current Status
Ensure that all links on the Health and Safety intranet site point to current documentation. *(Low risk)*	Document links to be reviewed and updated where necessary.	Re-reviewed – considered under 3.4 below.
Staff should be advised to ensure that they use the latest version of the accident reporting forms to ensure consistency in the level of detail received. *(Medium risk)*	A reminder will be given at the next Safety Reps meeting and a message will be displayed on the intranet.	No issue in evidence. Clear up-to-date Intranet links to correct form. Use of a varied form for leisure centres has been agreed.

Recommendation	Management Response	Current Status
Ensure that accident reports are completed and returned in all relevant instances. *(Low risk)*	A reminder will be given at the next Safety Reps meeting and a message will be displayed on the intranet.	No issues in evidence from recent cases.
Consider publicising the inclusion of the annual report on the WDC website homepage and relocation of the report to a more suitable page within the site. *(Low risk)*	The WDC website is currently undergoing improvements, so relocation is not possible at present. However, this issue will be reviewed once the new website is operational.	On consideration following website improvements, it was decided to continue to publish the report on the Strategies and Policies page.
Ensure that all staff can use the Suggestions link on the health and safety area of the intranet. *(Low risk)*	ICT to be contacted to ensure link is available to all.	Again found not to work – it was advised that this will be replaced by an on-line form to feed into the APP Civica system request for service module which is used to manage workflows on responsive actions.
Service areas should be reminded of the need to send representatives to the meetings. *(Low risk)*	Reminder given in SMT Update.	Attendance was reported as patchy, although disruptive effects of restructures must be considered a factor. Minutes from representatives' meetings are circulated to the Corporate Management Team and Service Area Managers.

3.3   Policies and Procedures

3.3.1   A long document entitled Health and Safety Policy pulls together a core policy statement, codes of practice and procedures. The Policy was last reviewed and re-launched in 2011 (in accordance with a commitment to major review every three years). The core policy statement dates from 2008 when it was approved by Employment Committee and signed off by the Chief Executive.

3.3.2   Tests against the CIPFA criteria indicate that the Policy and related procedures and guidance are clear and comprehensive in demonstration of commitment, scope and appropriate hierarchical structure of roles and responsibilities.

3.3.3   The officers in the role of statutory 'Competent Person' and specialist advisor respectively are unchanged from the previous audit in which compliance with qualification requirements was established.

3.3.4   It is assumed for the purpose of this evaluation that requirements for continuing professional development are addressed under the corporate Performance Appraisal and Competency Scheme processes.

3.4   <u>Awareness</u>

3.4.1   Following the review in 2011, the Service Area Managers were required to sign and submit a form to the Safety Adviser confirming that the changes had been communicated to all staff within their remit. Sample testing confirmed compliance, though with delays of several months in some instances. That this is a far from ideal awareness mechanism has already been recognised by management and steps are being taken to implement a software-driven policy awareness solution to capture a range of corporate policies that will include Health and Safety.

3.4.2   The Council's Intranet is the primary tool for maintaining general health and safety awareness, through a combination of periodic announcements and a fairly prominent link from the home page to a self-contained Health and Safety information site. This houses a copy of the Policy along with a number of supplementary procedural, guidance, generic risk assessment, and training documents. There are also links to HSE resources for further guidance on specific areas.

3.4.3   The site comes across as generally comprehensive and well structured, subject to a few outdated resources and links which have been reported to the Safety Adviser for remedial action. Where there are staff or other interested parties without access to the Intranet, it would be the responsibility of the applicable service managers to ensure that these are made fully aware of the policies and procedures as they affect them.

3.4.4   Similarly, it is the responsibility of the Service Area Managers to ensure that any contractors working in their service area are made aware of the relevant sections of the policy, which includes an induction process for non-WDC staff.

3.4.5   Provisions on contract letting contained in the Policy place the onus on the person managing the letting process in each case to ensure that tenderers are required to demonstrate a safe system of work. Investigation into a recent case of unsafe site practice in Kenilworth indicated that this was an area being neglected (subsequently addressed by a special training initiative).

3.4.6   Some elements of the above provisions were found to be out of step with current procurement methodologies. These did not detract significantly from the key requirements and have been raised with the Safety Adviser for updating in the next review.

3.5   Risk Identification

3.5.1   Under the Policy, Service Area Managers have prime responsibility performing of risk assessments while that of the Safety Adviser and Employee Safety Representatives is to monitor adherence and follow up on their completion. Risk assessment procedures are accessible from the Intranet resource.

3.5.2   Risk assessments are recorded on a web-based system called AssessNet, to which only a core of trained staff have access to input them. The Policy provides that the registers should be reviewed in order to pick up on changes in processes. The AssessNet system automatically triggers alerts when reviews are due based on diarisation of review dates.

3.5.3   The Code of Procurement Practice establishes the requirement of a health and safety policy as standard under the evaluation criteria for tendering, and for contract document to clearly specify the Council's expectations on compliance. Some provisions have also been published on the 'Business Procurement' page of Council's website including a potential requirement to provide risk assessments, method statement, etc.

3.6   Managing Risk

3.6.1   This section of the test programme seeks to establish that adequate policies and procedures covering (as applicable), general/special responsibilities, risk assessment/review, special training needs, working practices, aids and helpful resources are in place in respect of:

    § ensuring safe systems of work;
    § insurance cover
    § fire and bomb threats
    § first aid
    § display screen equipment users
    § driving for work
    § hazardous substances
    § asbestos
    § noise
    § conflict and aggression.

3.6.2   The evidence obtained established that appropriate policies and procedures are in place to ensure safe systems of work and manage risks effectively in all but two of the specific areas above. The issues to emerge related to:

    § driving for work;
    § asbestos.

3.6.3   The risks arising from employees not holding car insurance that covers business use has been raised several times in the past. Previous recommendations to consider checks on insurance certificates and driving licenses were not adopted, although it had been agreed that Human Resources would check insurance documentation for relevant new starters.

3.6.4   On further enquiry it was established that only new starters classed as essential users were covered and this became irrelevant following a decision not to place any further new starters on essential car user allowance on commencement (these would have to apply for essential car user allowance after such time that they could demonstrate that their annual was above the prescribed threshold).

3.6.5   Notices on payslips were used periodically to remind employees of the requirement for insurance that covers business use, although these were barely visible footnotes and there has been no reminder notice since May 2012. It is noted that highly prominent promotional material now appears regularly on the reverse of payslips and this approach could be deployed for prominent employee reminders.

3.6.6   The Code of Practice 'Driving for Work' sets out respective responsibilities of employees and their line managers. Interestingly, this section provides that the Council "will conduct annual sample checks on relevant documents and staff are required to co-operate" (the relevant documents are defined as Driving Licence, MOT Certificate and insurance policy showing business use cover). Although it has not been confirmed directly with Service Areas, the indications from discussions and evidence seen are that this has not been implementation of this has been patchy at best.

3.6.7   Management is asked to consider a risk-based approach to enforcing employee compliance on safe driving while on Council business to include reintroducing periodic reminders on payslips (this time with prominent articles inserted) and physical checks on the above 'relevant documents'. These could be targeted towards those claiming mileage allowances above pre-defined thresholds who can be identified from information available to Human Resources.

__Risk__
The Council may be held liable for death or injury to third parties from failure to demonstrate adequate enforcement of its policy provisions in the event of traffic accidents involving members of staff driving on Council business.

__Recommendations__

(1)   Periodic payslip reminders to employees on the requirement to hold car insurance with business travel cover should be reintroduced and made suitably prominent.

(2)   In accordance with the Health and Safety Policy Section 5.10 Paragraph 4.5, individual checks on employees' driving licence, MOT and insurance documentation should be instituted with particular emphasis on those claiming high mileage amounts.

3.6.8   Concerns were voiced during the audit over the Council's current capacity to deal with asbestos hazards. This report can only note the observation on an advisory basis as the circumstances around the appointment of the former Asbestos Manager and working practices during the appointee's tenure are subject to separate investigation at the time of this report.

3.7   Training

3.7.1   The CIPFA test programme assumes that health and safety features specifically at corporate level in job descriptions and the appraisal process, which is clearly not the case at Warwick District Council. It is recognised that the extent of health and safety related skills needs will vary widely from employee to employee according various factors including working environment, management level, specialist responsibilities and extent of public contact to name but a few.

3.7.2   It is assumed for the purpose of this evaluation that ongoing health and safety training needs are addressed on an individual bases as applicable under the corporate Performance Appraisal and Competency Scheme processes.

3.7.3   Health and safety has long been a key area covered in mandatory induction training for new employees. Ongoing discretionary training is available on general health and safety matters and more specific areas (e.g. lone working) under the corporate Learning and Development Programme.

3.7.4   There is no evidence of arrangements in place for health and safety training targeted at councillors appointed to the Employment Committee which is the effective decision-making body on occupational health and safety policy. The previous audit review have noted general health and safety provisions were incorporated into induction training for new Members following District elections and a safety information pack compiled by the Safety Adviser had been circulated.

3.7.5   It was advised, however, that arrangements for Members' induction sessions in the wake of the 2011 elections were abandoned and it is not clear whether the safety information pack was issued this time. It is noted also that Members' training has been identified as an issue in the Annual Governance Statement, to be addressed by skills gap analysis and tailoring of training to identified needs. The latest position statement points to preparation commencing in 2014 to implement following the 2015 elections.

        Risks
        (1) Members may be put themselves and others at undue personal risk through lack of awareness of the Council's health and safety provisions.

        (2) Members of the Employment Committee may have insufficient understanding of health and safety matters to make duly informed decisions on policy.

Recommendation
Consultations should be instituted with a view to factoring health and safety matters into general Member training and to identify and address any specialist needs for Employment Committee as part of the programme to be implemented for the new Council in 2015.

3.8 Accidents and Incidents

3.8.1 All accidents or 'near misses' that take place on Council premises should be promptly recorded in a local accident book and reported, using the standard accident reporting form, to the Safety Adviser with the Insurance Officer copied in.

3.8.2 The Intranet resource provides clear links to the requisite form, as well as the on-line form for informing the HSE where required under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR).

3.8.3 Instructions on the accident form require managers to report on the incident and to highlight any of each incidents are created in the APP Civica Request system thereby creating a workflow for follow-up by the Safety Adviser. The form and all other related documentation are scanned and linked to the APP Civica record and the trail of actions recorded up to closure.

3.8.4 While detailed compliance testing was not performed on the process, the indications from a profile log of occurrences and review of a small number of recent cases are that the procedures are effective and adhered to. It is noted that incidents involving staff are few in number (around five each year) and major absences arising highly exceptional. Incidents involving contractors appear to be rarer still. Incoming reports to the Insurance Officer are dominated (not unexpectedly) by incidents involving users of the Council's sports and leisure facilities.

3.9 Monitoring and Reporting

3.9.1 The responsibility for monitoring the Council's compliance with health and safety legislation, standards, etc. is vested in the Safety Adviser. Contact details for the Safety Adviser and Safety Representatives are accessible via the Intranet resource through which health and safety issues can be reported confidentially if required.

3.9.2 Incidents are reviewed at meetings of the Safety Representatives and reported to meetings of the Joint Communication Forum and Members/ Trades Unions Joint Consultation and Safety Panel.

3.9.3 An annual Health and Safety Report is submitted to the Members/ Trades Unions Joint Consultation and Safety Panel, Senior Management Team and ultimately to Employment Committee seeking approval for general release. The report is then published on the Intranet resource and the website (Strategies and Policies page).

3.9.4 Release of the report tends to be five to six months after the end of the period to which it relates. This in itself is probably not an issue given that any serious occurrences during the period will already have been reported separately.

3.9.5 There is some question as to suitability of the report structure which comes over as somewhat disjointed. The issue seems to lie in:

§ a lack of clarity in the actual purpose of the report;

§ structuring with headings taken directly from a flow diagram representation of the building blocks of an effective management system defined by the HSE in their guidance 'Successful health and safety management' (HSG65);

§ some content slotted in under 'building block' headings with which they bear little relation when compared with HSG65 definitions;

§ goals from which to measure performance not defined.

3.9.6 It is noted that that HSG65 is undergoing change by the HSE. In the auditor's view, the primary purpose of the annual report should be to relay the outcomes of a self-assessment of the effectiveness of the health and safety management system and the HSG65 'building blocks' list does not make for a suitable structure for a report produced for such a purpose.

3.9.7 An 'effectiveness' report is primarily concerned with performance based on outcomes against pre-defined goals.

3.9.8 ***Risk***
Annual reporting is not informing management judgements on the effectiveness of the health and safety management system.

Recommendation
The format of the annual report should be reviewed with consideration given to emphasising the effectiveness of the management system based on performance against clear goals.

3.10 Security of Data

3.10.1 Three key databases support the health and safety management system:

§ APP Civica Requests for Service
§ AssessNet (risk assessments)
§ Staff Alert List

3.10.2 APP Civica is subject to audit separate review as major Council business application. AssessNet is a cloud system with the database externally hosted while the Staff Alert list is internally hosted.

3.10.3   From brief examination, it was established that the AssessNet system and Staff Alert List have appropriate access restrictions in compliance with legislation and corporate policies. Both databases are subject to an ongoing update and review process to ensure that no personal data is held longer than needed.

4   CONCLUSIONS

4.1   Examination against the CIPFA model has demonstrated a robust corporate framework in place for managing health and safety and the findings are seen as giving SUBSTANTIAL overall assurance that the applicable risks are managed effectively.

4.2   The above conclusion takes due account of issues that have arisen. These are summarised below:

§   question over whether enough is being done to enforce provisions of the Driving for Work protocol in relation to driver qualification, vehicle condition and insurance cover;

§   Member training (including Employment Committee);

§   form of annual reporting.

5   MANAGEMENT ACTION

5.1   Recommendations to address the above issues are reproduced in the appended Action Plan for management response.

Richard Barr
Audit and Risk Manager

FROM: Audit and Risk Manager

TO: Head of Finance
Strategic Finance Manager

C.C. Chief Executive
Deputy Chief Executive (AJ)
Principal Accountants

SUBJECT: Financial Planning and Budgetary Control

DATE: 21 November 2013

---

1. **Introduction**

1.1. In accordance with the approved Audit Plan for 2013/14, an examination of the above subject area has been undertaken and this report is intended to present the findings and conclusions for information and action where appropriate.

1.2. Wherever possible, results obtained have been discussed with the staff involved in the systems examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. **Scope And Objectives Of Audit**

2.1. The purpose of the examination was to report a level of assurance on the adequacy of controls in place for financial planning and budgetary control to ensure that the Council's operations and key objectives continue to be sufficiently resourced.

2.2. This audit was linked in with a separately reported review of Medium Term Financial Strategy and examined the structures and processes covering:

- preparation of annual financial plans (including alignment with the Medium Term Financial Strategy);

- budget setting;

- budget monitoring and reporting.

2.4 The evaluation made use of the CIPFA systems-based model (section on Budgetary Control within the Main Accounting Systems module), while in addition considering the state of implementation of the recommendations from the previous audit devoted to budgetary control reported in April 2011.

2.5 The findings are based principally on review of documentary evidence and testing with appropriate reference to the CIPFA model. While Andy Crump (Principal Accountant) was designated as principal contact for the assignment, the examination entailed some degree of discussion with most Accountancy staff.

3. **Audit Findings**

3.1 Recommendations from Previous Audit

3.1.1 The current position in respect of the recommendations from the audit reported in April 2011:

Recommendation	Management Response	Current Status
Consultations should be arranged with a view to agreeing formal service level standards for the budget monitoring process covering the roles of the budget managers, Finance (and other) support, information resources and training. *(Medium risk)*	Being considered as part of Financial Management Systems Intervention. A protocol rather than SLAs to be developed. Training to be considered in light of what is required within this.	A protocol was agreed and adopted from April 2012.
The form of senior management reporting on budget monitoring should be re-examined with consideration given to alternative formats of presentation to Senior Management Team and use of informal briefings where there is no requirement on the meeting agenda to submit a formal report. *(Low risk)*	Outline for format of report has been reviewed for 2011/12. April SMT being developed at present, Exec report to be reviewed prior to August meeting.	Variation in format between Executive and Senior Management Team reporting is now in evidence.
The principle and application of Finance and Audit Scrutiny Committee calling budget managers to account for failures in managing their budgets in accordance with approved standards should be explored in consultation with senior management, Portfolio Holder and Committee Chair as appropriate. *(Low risk)*	To be discussed with appropriate officers and Members as part of the consideration of the Q1 report. To be included within Budget Monitoring Protocol (subject to member approval)	Whilst this may not be detailed within the Budget Monitoring Protocol, this provision is still in place, and has been discussed at SMT and Finance & Audit Scrutiny Committee. Accordingly, officers and members should be aware of this potential requirement for budget managers to be called to account by Finance & Audit Scrutiny committee.

3.2 Developments Since Previous Report

3.2.1 The report of April 2011 was based on a review which, while scoped to cover the main accounting systems generally, focused substantially on budgetary control. The review was mainly in the form of consultations with selected Finance officers and Service Area Managers in order to gain an appreciation of operational issues connected with the budgetary control process. It is from these consultations that the above recommendations stemmed.

3.3.2   Since that report, the Finance systems intervention has culminated in significant changes to budgetary control arrangements including:

- § budget changes and virements now a continuous process replacing the previous annual revised estimate routine;

- § greater empowerment for Accountants to action virements and budget changes in the Total Financial Management System, subject to management scrutiny and Executive ratification where applicable .

3.3.3   Revisions to the Code of Financial Practice (referred to hereafter as the Code) were approved in March 2012 to reflect these changes. Another noticeable feature is the removal of the word 'estimates' previously used in formal agenda, minute and report headings.

3.4   Financial Planning

3.4.1   The Financial Strategy (revised annually) and Medium Term Financial Strategy (continually updated) form the basis for ongoing financial planning in accordance with the Council's strategic priorities.

3.4.2   In the annual budget process, the service planning regime and the Fit for the Future Programme are key drivers, focusing on the need to find budget savings and efficiencies.

3.5   Budget Setting

3.5.1   The structures and processes for budget preparation are essentially unchanged form the previous review with a clear framework assigning responsibilities, timetabling essential tasks and ensuring proper consultations with senior management and Members leading to timely submission for Council approval.

3.5.2   The actual mechanics are centred on Excel spreadsheet models based on distributed workbooks completed by the budget managers feeding into consolidated workbooks with planned major projects, service changes and grant levels factored in from the Medium Term Financial Strategy.

3.5.3   Approved budget amounts are uploaded to the Total Financial Management System from a single dataset and subject to appropriate checks. System access to perform this task is appropriately restricted. Data match tests performed on the current year original budgets as part of the audit showed no anomalies.

3.5.4   A hierarchical budget responsibility structure is enshrined in the Total system and manifest in the internal budget books. Budget Managers are required to sign off the approved budgets for their respective cost centres. The signed budget statements are held in Finance.

3.5.5   Training briefings were last given to Budget Managers in the wake of the new protocol issued in April 2012.

3.6   Budgetary Control

3.6.1   The protocol introduced in April is a concise document setting a basis for joint working between the Accountants and services with the aim of managing budgets effectively, including identifying and acting on variances and budget changes promptly.

3.6.2   Report-back from the process is exception based and entails entry on a central Excel workbook (Budget Changes to Action) which is scrutinised by the Strategic Finance Manager and is one of the key feeds into updates of the Medium Term Financial Strategy. Information provided includes trails to the applicable transactions in Total and references to required authorisations.

3.6.3   To date, application of this spreadsheet logging is limited to General Fund only, although it is advised that it will extend to the Housing Revenue Account in due course.

3.6.4   Test matches of significant in-year budget changes in Total to the Budget Changes to Action spreadsheet (and supporting authorisations where applicable) confirmed that the changes complied with the Code.

3.6.5   Accountants are also empowered to action virements, defined in Paragraph 12.4 of the Code as a "legitimate transfer of available resources from one budget head another". The Code goes on to say "use of virements must not create additional overall budget liability….").

3.6.6   Virements in the current year transferring large amounts between service heads as a result of officer structure changes were particularly noticeable from the test matches. While there is no doubt as to validity of these, certain ambiguities in the provisions of the Code come to light here. In the latest revision, Paragraph 12.13 gives a measure of freedom to move budgets within services and between Service Areas (in the latter case with Head of Finance approval). Although these 'budget moves' are not specifically defined as such, these are still held to constitute virements under the definition in Paragraph 12.4.

3.6.7   The ambiguity here concerns a long-standing provision (Paragraph 12.7) that still requires full Council approval for virements over £100,000, of which one instance was identified in the test. There is no clear statement in the Code to the effect that the freedom to move budgets under Paragraph 12.3 constitutes an exception to this rule.

Risk
Virements may be subject to challenge as unauthorised under the Code of Financial Practice as currently worded.

Recommendation
The Code of Financial Practice provisions should be revised to remove any ambiguities concerning the definition of virements and the circumstances where Member approval is required.

3.6.8   In contrast to revenue budget monitoring, the mechanisms for capital programme monitoring and management of reserves are essentially unchanged from those previously audited. The recent audit of main Accounting Systems devoted some coverage to these areas.

3.6.9   Stewardship reports are made to Senior Management Team (generally monthly) and Executive (quarterly).

3.6.10   On this occasion, the audit review did not incorporate general consultation with Accountancy staff and service managers as on the last occasion. That said, some feedback on the operation of the budget monitoring system indicates that issues reported in 2011 are still being encountered, in particular variations in buy-in and commitment from managers.

3.6.11   While it is not the purpose of this review to assess the operational issues, it is recognised that added pressures and complications caused by recent restructures and other known staffing issues will have significant impact here. It is also recognised that the budget management system is continuing to evolve.

4   **Conclusions**

4.1   The developments in budget management over the last two years applying greater officer empowerment and continuous budget change have to be seen as a positive step to support real-time response to developments affecting the Council's financial position. The findings from the review confirm that sound systems are in place to keep the process within bounds thus mitigating the key risks to proper financial governance. The evaluation is therefore seen as giving SUBSTANTIAL overall assurance of the capability of the systems in place to achieve the relevant corporate and service management objectives.

4.2   Observations on virement activity suggest that certain traditional provisions of the Code of Financial Practice have become out of step with the prevailing characteristics of virement transactions and freedoms to move budgets.

5   **Management Action**

5.1   A recommendation incorporated to address the above issue is reproduced in the appended Action Plan for management response.

Richard Barr
Audit and Risk Manager

		INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Management of the Virtualised Server Environment
TO:	Chief Executive (in absence of Head of Corporate & Community Services)		
	ICT Services Manager	**DATE:**	16th December 2013
C.C.			
	Infrastructure Manager		
	Head of Finance		

1   INTRODUCTION

1.1.   In accordance with the Audit Plan for 2013/14, an examination of the above subject area has recently been completed. This report is intended to present the findings and conclusions for information and action where appropriate.

1.2.   Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated as appropriate in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2   SCOPE AND OBJECTIVES OF AUDIT

2.1   Approximately 90% of the server estate within the data centre at WDC is hosted in a virtual environment. This utilises the VMWare vSphere 5.0 product. A virtual environment provides for multiple virtual servers to be created from physical server hardware, with the environment at WDC hosting multiple servers from five physical ESXi servers within a class C chassis. Virtual environments can provide significant benefits but must be designed and configured to meet specified requirements. A review has therefore been undertaken to assess capacity management, security, resilience, performance monitoring and backup arrangements.

2.2   The evaluation was based on the following control objectives:

- Capacity: Projected resource requirements are monitored against current provision on an ongoing basis;
- Security: Administrative access is adequately controlled at the VMWare level;
- Resilience: Resilience is managed to minimise the risk of downtime for virtual servers;
- Performance Monitoring and Resource Management: Usage and performance is monitored and managed across the virtual environment;
- Training and third party support: In-house training and access to third party support is provided to minimise the risk of downtime;
- Backup and recovery: Strategies for backup and recovery in the virtualised environment have been formulated to meet requirements

2.3   The audit approach aimed to assess the approach towards management of the virtual environment through:

- Consultation and discussion with key officers associated with the administration, management and monitoring of the virtual environment; and
- Inspection of configuration settings and examination of documentary evidence recorded at the audit meetings.

3   FINDINGS

3.1   Capacity Planning

3.1.1   It is understood that capacity planning was undertaken by the suppliers when the virtual environment was first scoped around five years ago. This assessed demand from users, anticipated growth and the resilience requirements that would apply. The latter was relevant in terms of the spare capacity that would be required to utilise some VMware resilience facilities.

3.1.2   The two key components for monitoring of capacity are CPU (processing) and RAM (memory). The ICT team state that current utilisation of capacity generally runs at 30% CPU and 50% memory at WDC. This is monitored on an ongoing basis. Inspection of utilisation reports confirmed this estimate to be broadly accurate across the Production cluster of five ESXi physical boxes.

3.1.3   In terms of resilience in processing, the current capacity would allow two of the five physical ESXi boxes to be lost without preventing any live applications from running. The loss of one or two ESXi boxes would result in the High Availability functionality redistributing the relevant virtual machines to the remaining boxes. The capacity available for use by High Availability is maintained by minimising the number of test virtual machines in the production environment.

3.2   Security over the VSphere Environment

3.2.1   Virtual machines are the containers in which guest operating systems and applications run. By design, all VMware virtual machines are isolated from each other. This isolation enables multiple virtual machines to run securely while sharing hardware and ensures both their ability to access hardware and their uninterrupted performance.

3.2.2   The audit reviewed administrative access at the vSphere level i.e. the provision of privileges that enable users to configure objects within the virtual environment. For example, administrative privileges:

- Allow virtual servers to be created and existing servers to be deleted;
- Permit services such as Distributed Resource Scheduler and High Availability to be enabled, disabled or configured; and
- Allow administrative privileges to be assigned to other users

3.2.3   The installation of vSphere involves the creation of the Root account that can be used to access each ESXi box directly or via the vClient. This is designed to ensure that access to the environment can be gained in the event of the vCenter server administration tool being unavailable, see 3.2.4 below. Discussions confirmed that access to the Root account is restricted to the four members of the ICT Infrastructure team with administrative responsibilities.

3.2.4   Administrative tasks for the virtual environment are undertaken at WDC using the vCenter server application. The built-in Administrator role is the most powerful role for vCenter Server, as those assigned to the role have full administrative privileges over all objects in the environment. This includes control over the virtualization layer that controls the hardware and allocates the hardware resources among the virtual machines; the virtual machines that host WDC applications; and the virtual networking layer. It therefore also allows users to configure services such as Dynamic Resource Scheduler and High Availability and to manage all privileges and permissions within the vSphere environment. Access to the Administrator role should therefore be strictly controlled and subject to periodic review. Inspection of the membership of the role confirmed, however, that the following are assigned:

- 2 local Windows server users (for the virtual server that hosts vCenter server);
- 4 Active Directory (AD) users; and
- 3 AD groups (Enterprise Admins, Domain Admins, and Schema Admins). These groups contained 14, 2 and 28 user accounts respectively and included a combination of individual users and service accounts.

Risk
Unauthorised access to VCenter/EXSi privileges

Recommendation
The current assignment of user accounts to the Administrator vCenter server/ESXi role should be reviewed and revised as necessary to ensure that only those accounts with a genuine operational need are assigned with full privileges for the vSphere environment.

3.2.5   The Administrator role can also be assigned on a more restricted basis by assigning the role to users or groups but for selected objects only. At WDC, this is applied by folder whereby one folder contains one or more virtual machines. Three folders have been created for the Production cluster. These are:

- App Supp Full Access;
- VMWare View; and
- PC Support Access

Discussions confirmed that the access to the above has been honed over time to ensure that access is commensurate to need. Inspection of the user list of users with Administrative access to the App Supp Full Access folder showed that only the Head of ICT plus members of Application Support had access.

3.3   Resilience

3.3.1   Discussions confirmed that resilience measures have been built into the
        environment. The C class chassis has dual power supplies, two onboard
        controllers and all key components are duplicated. Connections to the SAN
        and LAN are also dual-homed. In addition, vSphere facilities have been
        utilised to provide resilience. These include vSphere Distributed Resource
        Scheduler, a feature that helps improve resource allocation and power
        consumption across all hosts and resource pools; and High Availability, a
        feature that ensures that all virtual machines that were running on a failed
        ESXi host box are automatically restarted on different hosts in the same
        cluster.

3.3.2   Inspection of settings confirmed that DRS is enabled. The 'Fully Automated'
        option has been configured for DRS, with an aggression threshold of 3 out of
        5 to limit unnecessary activity. This approach reflects the availability of the
        spare capacity. It is understood that advanced settings have also been
        configured for DRS to specify that two virtual machines running Exchange
        cannot be moved to the same ESXi box. It has also been specified that the
        SQL Server virtual machine cannot be moved to another ESXi box by DRS.
        Inspection of settings also confirmed that High Availability is enabled.

3.4   Performance Monitoring and Resource Management

3.4.1   Reports of CPU and memory usage can be accessed in real time via vCenter
         Server. These can be run to show this data at:

        • Overall physical ESXi box level and;
        • At virtual machine level within each of the ESXi boxes

        These reports are reviewed on an ongoing basis as part of the daily
        administration of the environment.

3.4.2   In order to minimise the risk of downtime and to maximise performance, the
        physical hosts within the environment are replaced with upgraded hardware
        every 3-4 years. Additional memory is also added from time to time where
        the vCenter monitoring reports indicate a need over an extended period.

3.4.3   The vCenter Server administration tool provides the means to monitor
        resource usage and issues within the virtual environment. The 'Alarms'
        vCenter function allows alerts to be configured to record triggered events,
        highlight these events within the vCenter server screen and notify specified
        individuals via email. Discussions have confirmed that these facilities have
        not been specifically configured, however. As the vCenter tool tends to be in
        use each working day, reliance is placed upon the default triggers, the
        onscreen highlighting of alarms within the vCenter server screen and
        administration staff to identify any issues outside of the defaults.

        Risk
        Delays may occur in identifying and addressing issues within the virtual
        environment.

Recommendation
The current configuration of the Alarms facility within vCenter server should be reviewed to ensure that all key events that may adversely affect users will result in a trigger being invoked and notifications being issued by email to the VMWare administration staff.

3.5   Training and Third Party Support

3.5.1   The primary administrator within ICT for the VSphere environment is Andy Walsh, with Andy Watts being the main deputy. Richard Bates, John Molloy and Lee Millest are also skilled in administering the product. These ICT team members have all been on formal VMware training.

3.5.2   External VMware support is provided by Organised Computer Services Ltd (OCSL). The contract includes hardware maintenance plus support and also provides support for backup issues. The services of Organised Computer Services Ltd are rarely used as the four trained members of ICT are able to deal with most issues. The company will be used to assist in the migration from VSphere 5.0 to vSphere 5.5, however. This is planned for late in quarter 2 2014/15.

3.6   Backup and Recovery Strategy

3.6.1   There is no standby environment at WDC for the virtual environment. A disaster recovery contract is in place with Phoenix, however, to ensure that replacement hardware can be acquired in a timely manner if a significant event affects the virtual environment hardware and storage.

3.6.2   The recovery strategy is therefore based upon:
- The resilience measures in place for the processing environment e.g. the use of High Availability for use where up to two ESXi boxes within the chassis fail or suffer physical damage;
- Resilience measures within the storage provision e.g. RAID for disks and dual power supplies;
- The use of backups to enable restoration using server hardware and storage hardware acquired by WDC following a physical incident. This hardware would currently be provided by Phoenix under disaster recovery contract provision. Backups would also be used to restore in the event of a logical issue, such as data loss or corruption.

3.6.3   HP Data Protector is used to manage backups in the virtual environment. Multiple backup jobs are configured for the environment, with each job covering one or more virtual machines. The content covered for each virtual machine under each job depends upon the recovery strategy for the application concerned. Where an application involves a very large database, an incremental backup approach is taken to record a full backup once a week and then incremental backups for the remaining days. Applications with less data are generally subject to daily full backup. Weekly backup tapes are taken off site each Monday and are stored in a safe at the Town Hall. Daily backups remain on site.

Note: Audits of the overall approach to disaster recovery and of the approach to backup and recovery have been undertaken in 2011/12 and 2012/13 respectively. Please refer to the audit reports for details of recommendations raised.

4.   CONCLUSIONS

4.1   The provision of the virtual environment is designed to minimise the physical hardware required in the data centre whilst providing significant benefits in terms of resilience, capacity planning, performance monitoring and recovery capability.

4.2   Two issues have been raised in the report. One is rated as medium priority and one as low priority.

4.5   In view of the above issues, the findings are considered as giving SUBSTANTIAL assurance that appropriate controls are in place to effectively manage the risks relating to remote access and the use of portable devices.

6.   MANAGEMENT ACTION

6.1   Recommendations to address the issues raised are reproduced in the appended Action Plan for management response.

Richard Barr
Audit and Risk Manager

ACTION PLAN

Management of the Virtualised Server Environment Devices – 16 December 2013

Rec. No.	Report Ref.	Recommendation	Risk Rating [1]	Responsible Officer	Management Action	Target Implementation Date
1	3.2.4	The current assignment of user accounts to the Administrator vCenter server/ESXi role should be reviewed and revised as necessary to ensure that only those accounts with a genuine operational need are assigned with full administrative privileges for the vSphere environment.	Medium	Andy Walsh, Database Administrator	Undertake review as per recommendation	31st March 2014
2	3.4.3	The current configuration of the Alarms facility within vCenter server should be reviewed to ensure that all key events that may adversely affect users result in a trigger being invoked and notifications being issued by email to the VMWare administration staff.	Low	Andy Walsh, Database Administrator	Undertake review as per recommendation	31st March 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.

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager

TO: Head of Finance
Strategic Finance Manager

C.C. Chief Executive
Deputy Chief Executive (AJ)

SUBJECT: Medium Term Financial Strategy

DATE: 14 November 2013

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1. Introduction

1.1. In accordance with the Audit Plan for 2013/14, Ian Wilson, Senior Internal Auditor, has completed an examination of the above subject area and this report presents the findings and conclusions for information and action where applicable.

1.2. My thanks are extended Jenny Clayton, Strategic Finance Manager, for the help and co-operation received during the audit.

2. Scope And Objectives Of Audit

2.1. The purpose of the examination was to report a level of assurance on the adequacy of controls in the formulation and maintenance of the Medium Term Financial Strategy to address the key risks to the Council's future finances.

2.2 The examination comprised an evidential review of structures and processes for developing and maintaining financial strategies, focusing on the following main themes:

- § policies and other influences determining general approach (e.g. forecasting time range, methods, etc.);

- § roles and responsibilities;

- § monitoring, review and updating.

2.3 The findings are based on discussions with the Strategic Finance Manager and examination of relevant documents and records.

3. Findings

3.1 <u>General Background</u>

3.1.1 For a number of years, local authorities have been strongly encouraged to develop a medium and longer-term approach to their financial planning. Councils are expected to have robust planning arrangements and give consideration to external factors as appropriate. It is important medium and longer term plans are supported by processes which allow them to be updated on a regular basis so that they can respond to events.

(1)

3.1.2   According to professional sources, the usual financial planning cycles in local government are three years for revenue and five years for capital. For Warwick District, the adopted cycles manifest from the approved Financial Strategy are five years and four years respectively (this is mentioned as an advisory observation only).

3.1.3   The basic approach and method are long established with evidence showing the present supporting models to have been in place for more than ten years, although with some enhancements in the meantime. In the last few years a previous tendency to produce separate reports on the Financial Strategy for senior management and Members has given way to total absorption into budget approval and review reporting.

3.2   Policies and Other Influences

3.2.1   Basically, the Fit for the Future Programme establishes the Financial Strategy as one of four officially recognised resource strategies. From 2008, what constituted a separate Capital Strategy was combined with the Financial Strategy into a single document, although it was not formally removed as a recognised strategy in its own right until 2010. That said, the Financial Strategy still makes reference to 'the Capital Strategy' in a way that suggests to the reader the existence of a separate document - some reconsideration of wording might be advisable.

3.2.2   The Significant Business Risk Register refers to a 'Medium Term Financial Plan' as a key mitigation/control element along with more generalised references to financial planning and forecasting. 'Medium Term Financial Strategy' only started to appear as an adopted term from 2008 and has remained a regular feature in budget approval and review reports and as the given name of appendices to those reports extracted from the revenue forecasting spreadsheet model.

3.3   Roles and Responsibilities

3.3.1   There is an historic assumption in evidence that the core Financial Strategy requires annual approval by full Council, although observations from more recent documentation (discussed further in 3.4.7 below) have served to challenge this. The key provision in the Constitution seems to be the statement on Executive functions as part of its overall financial management role. The applicable clause states:
'To recommend to Council the basis upon which revenue estimates and capital programmes should be prepared'.

3.3.2   While there is no specific mention in this context, the Code of Financial Practice has effectively interpreted the 'basis' as including financial strategy. The relevant key provisions of the Code are:

§   The Executive is responsible for proposing the 'broad' strategy to full Council.

§   The Head of Finance acts as advisor on financial strategy as part of the Section 151 role.

3.3.3   In the context of supporting processes, the Head of Finance is designated as responsible for keeping the Executive informed on the state of the Council's finances and the financial implications of approved developments. The Code goes on to make Heads of Service and Budget Managers responsible for keeping the Head of Finance informed of any loss or shortfall of funds.

3.3.4   In practice, the support process for maintaining the Financial Strategy is led on a day-to-day basis by the Strategic Finance Manager.

3.4   <u>Monitoring, Review and Updating</u>

3.4.1   The Excel spreadsheet model referred to in 3.2.2 above is the centrepiece of the whole support process. It is a fairly complex model which the file properties indicate was originally designed by ICT Services in 2002 with some additional features added over the years. The model is used to produce supporting appendices on Medium Term Financial Strategy updates that form part of budget reports to the senior management and Members.

3.4.2   The Excel file itself is held in a network folder accessible only to the Strategic Finance Manager, Head of Finance and ICT support staff. The model is continually updated with 'feeds' from varied sources, although previous versions are saved periodically. Changes are logged with reference to back to 'feed' sources which range from external advisories to internal budget review process outcomes.

3.4.3   A measure of internal reconciliation has been incorporated in the model based on a comparison of opening and closing totals in a period against component changes.

3.4.4   A curious feature of the Excel Strategy workbook is the blanket locking of cells, suggesting an intention to apply cell protection to at least some of the ten worksheets that make it up. In the event the protection was not activated so the 'lock' formatting is totally ineffective.

3.4.5   While this does not represent a significant risk given the access restrictions in place, it is seen as meriting some advisory comments. Cell protection is a basic spreadsheet control discipline that eliminates the risk (however slight) of formulas and fixed content cells being inadvertently overwritten or corrupted, and the consequent time spent investigating reconciliation imbalances that it could entail. Selective cell locking is a straightforward and quick task for any person with command of the technique involved.

3.4.6   As already stated, review of the Financial Strategy at senior management and Member level is absorbed into the budget approval and review cycle. The Medium Term Financial Strategy features to varying degrees in the budget review reports to Senior Management Team. This is generally monthly, though with some irregular gaps in evidence.

3.4.7 Reporting to Members shows a more consistent pattern over the annual cycle. The core Financial Strategy forms part of the budget submission in to Executive in February. Up to February 2012, the Executive resolution had consistently been to <u>recommend</u> the Financial Strategy to Council in line with the aforesaid assumptions. In February 2013, however, changes in the wording of the Executive report meant that Executive (not Council) approval was being sought and the resolution was minuted merely as the revised Financial Strategy being 'noted' by Executive.

3.4.8 This was discussed with the Head of Finance who agreed to look into the matter. The impression gained from this was that this is not a conscious departure form the previous decision regime for the Financial Strategy. It can be argued that transparency of the reporting process to Council implies full Council approval for the Financial Strategy, although this should ideally be unambiguous. Again, this is raised as an advisory without formal recommendation.

3.4.9 In-year changes impacting on the medium term projections are reported as part of the first quarter budget review report to Executive in August and second quarter budget review in November. There is a more detailed airing of the Medium Term Financial Strategy as part of the General Fund base budget submission in December.

4   **Conclusions**

4.1 The examination has concluded that a robust control framework is in place for maintaining a Medium Term Financial Strategy that appropriately informs budget decisions and is underpinned by sound support processes. The findings give SUBSTANTIAL assurance that the structures and processes operate effectively to manage the applicable risks.

4.2 There are no recommendations arising, although advisory points are raised for management in respect of the following minor matters:

§ wording of the core Financial Strategy with respect to 'Capital Strategy';

§ observations on cell protection in the Excel Medium Term Financial Strategy model;

§ some ambiguity over whether the of wording of the report to Executive in February 2013 and minutes arising constitute full Council approval of the Financial Strategy.

<u>Richard Barr</u>
<u>Audit and Risk Manager</u>

	INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager   **SUBJECT:** National Non Domestic Rates

TO: Head of Finance   **REF:** JK/NDR

C.C. Chief Executive   **DATE:** 31 December 2013
Deputy Chief Executive (AJ)
Exchequer Manager
Revenues Officer (PY)

1. Introduction

1.1 As part of the 2013/2014 Audit Plan an audit was recently undertaken on the systems and procedures in place to manage certain aspects of National Non Domestic Rates (NNDR).

1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2. Scope and Objectives of the Audit

2.1 The approach to the audit was to ascertain and evaluate the controls in place by applying the CIPFA Control Matrices for NNDR. These basically comprise internal control questionnaires which are completed following a discussion with the main audit contact and are designed to identify any control weaknesses. These are followed by the completion of a set of compliance tests that are linked to the ICQs.

2.2 The matrices for NNDR comprise five modules, namely –

- Valuation
- Liability
- Billing
- Collection and refunds and
- Recovery and enforcement.

There is a phased approach to the audit of NNDR with the aim being to cover all of the modules over a three year cycle. On this occasion the Valuation and Liability modules were applied.

2.3 The expected controls under these two modules are categorised into the following areas:

Valuation:

- Procedures and regulations

- New and amended properties
- Notifications to the valuation office
- Valuation office listings
- Reconciliations and checks
- Security of data

Liability:

- Procedures and regulations
- Determination of liability
- Amendments to liability
- Reliefs and exemptions
- Reconciliations and checks
- Security of data

2.4   Since the last audit the Government's Business Rates Retention scheme has been implemented – 1 April 2013. Although this does not feature in the CIPFA matrices it was considered briefly as part of the audit.

3.   Background

3.1   The management of NNDR is undertaken by staff in the Revenues Division of Finance. There are currently 3.7 ftes in post who also undertake all of the back office management of NNDR for Stratford on Avon District Council.

3.2   The amount of NNDR to be collected in 2013/14, after allowing for various reliefs and exemptions, is around £68 million pounds. This will be collected from around 4,600 business properties.

3.3   NNDR is a far more complex tax than council tax but collected from far fewer properties. This coupled with the relatively healthy economic environment in the District means that a collection rate of around 98 to 99% is normally achieved.

3.4   NNDR transactions are processed through the Revenues management system "Civica Open Revenues" often referred to as IBS. This has changed little in recent years and coupled with fairly settled, knowledgeable and experienced staff a stable working environment exists.

4.   Findings

4.1   Based on the examination of the aspects of NNDR referred to above the audit found that there are sound systems and procedures in place to manage NNDR. This is consistent with previous audits where there are either no recommendations or there are recommendations of a relatively minor nature.

4.2   The findings are summarised below under the headings:

- Procedures and regulations
- Data security
- Valuation
- Liability
- Business Rates retention

4.3   Procedures and regulations

4.3.1   All of the staff in Revenues have electronic access to the legislation governing Rating Law and Practice in England and Wales should they need to refer to them. In addition they have access to the Business Rates Information Letters issued by the Department for Communities and Local Government (DCLG). They also have electronic access to other training and reference material.

4.3.2   Staff also have their own copy of the Civica manual which describes in detail the operation of the system.

4.3.3   The settled nature and experience of the staff means that specific, ongoing training is not required and any system or legislative changes can normally be accommodated in house.

4.4   Data security

4.4.1   This aspect of the audit is periodically covered during audits of the Civica application controls and reviews of Information Governance and Data Protection so it was not examined in any detail.

4.4.2   It was touched on briefly though and it was evident that security of hard copy data is not an issue as, apart from current working documents, virtually all data is held electronically in Civica.

4.4.3   Details of rateable values can be obtained by anyone as they are freely available via the Valuation Office Agency (VOA) website. Business ratepayers can check their account online provided they have registered and received a user name and password.

4.5   Valuation

4.5.1   Property valuations are carried out by the VOA and the process relies on the inspection of properties to identify new ones and alterations or extensions to existing ones.

4.5.2   This relies on the provision of regular and ad hoc information from a number of sources including the council's planning, building control and street numbering functions.

4.5.3   Once the appropriate information has been entered into Civica an electronic process is triggered sending details to the VOA. They respond electronically by the submission of regular schedules of changes that are immediately actioned. Each VOA schedule contains a revised total RV and number of properties resulting from the changes in the schedules.

For each schedule received reconciliation is undertaken between the VOA figures and those contained within Civica.

4.6   Liability

4.6.1   The identification of liability for the rate charge can arise in a number of different ways. Often it is from an application for Small Business Relief (SBR), correspondence from the outgoing or incoming owner / tenant, a site visit or searching for information on websites.

4.6.2   When new accounts are set up with the relevant details including the effective vacation and occupation dates the calculation of charges is carried out by the system using the parameters notified by the DCLG. The input of the parameters is an annual process undertaken by senior staff in Revenues and then tested before going live for the new year.

4.6.3   The amount of the initial liability can change as a result of a change in RV, an application for SBR, the granting of empty property, mandatory or discretionary relief. In all cases supporting evidence, usually application forms, is maintained within the system.

4.7   Business Rates Retention

4.7.1   In 2012 the DCLG consulted on proposed changes to the funding of local authorities by the introduction of Business Rates Retention. The main purpose of the scheme was to encourage authorities to increase their activity in economic development by enabling them to keep a proportion of any increase in business rates.

4.7.2   Within the scheme there was an option for neighbouring authorities to enter into a pooling arrangement if such an arrangement had the potential to be to their mutual benefit.

4.7.3   In July 2012 Executive supported the case for registering an interest in a pooling arrangement with one or more neighbouring authorities.   In October 2012 Executive gave approval for the council to participate in a pool comprising the Warwickshire authorities and Coventry City Council subject to an annual review ensuring that it was in the council's best interests to remain a member.

4.7.4   A memorandum of understanding has been made between the seven authorities setting of the purpose and principles of the pool.

4.7.5   Any increase in growth can be offset by successful appeals so appeals are now being analysed in greater detail with information being sought from the VOA of outstanding appeals. At the same time initiatives are being explored to ensure that all business properties are being correctly valued.

5.   Conclusion

5.1   Based on the aspects of NNDR that were examined the audit concluded
         that there are sound systems and procedures in place to manage the
         council's NNDR function.

5.2   The audit can therefore give a **SUBSTANTIAL** level of assurance that
         the systems and procedures in place are appropriate and working
         effectively.

Richard Barr
Audit and Risk Manager

INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Recruitment & Selection, Terms & Conditions
TO:	Head of Corporate & Community Services	**DATE:**	22 November 2013
C.C.	Chief Executive Deputy Chief Executive (AJ) Head of Finance		

1. Introduction

1.1 In accordance with the Audit Plan for 2013/14, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in December 2010.

1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. Background

2.1 The core recruitment and selection procedures are managed by the Human Resources (HR) team and it was their work that was the focus of this audit.

2.2 The audit took place during a period of upheaval in the HR / OD team, with the HR / OD Manager having recently left and the Head of Corporate & Community Services being absent. However, the audit proceeded on the basis that the controls in place should still operate in their absence.

2.3 General recruitment processes have changed since the last audit with the introduction of the council's Fit For the Future (FFF) process. All posts available have to initially be made available to staff who are on the 'at risk' register before they can be advertised internally and then externally if the need arises.

3. Scope and Objectives of the Audit

3.1 The audit was undertaken to test the management controls in place.

3.2 In terms of scope, the audit covered the following areas:

- Policies and procedures
- Training
- Stages of recruitment
- FFF matching process
- Statistical monitoring

3.3   The audit programme identified the expected controls. The control objectives examined were:

- Staff are given appropriate guidance on the recruitment & selection process.
- Staff involved in the selection process (short-listing & interviewing) are appropriately trained to allow them to undertake their role.
- Appointments are made to approved posts.
- Potential candidates are aware of what the job will entail.
- The best candidates are aware of the vacancies that exist within the council.
- The most suitable candidates are identified following the application stage.
- Vacancies are filled with the best candidates.
- Applicants are kept informed.
- Jobs are only offered to those who can actually fill them.
- An appropriate agreement to work is entered into.
- Staff placed at risk are appropriately matched to positions available as part of the FFF process.
- Members and management are aware of relevant recruitment statistics.

3.4   The use of Comensura for the recruitment of agency staff was not covered within the scope of this audit.

4.   Findings

4.1   Policies & Procedures

4.1.1   A Recruitment & Selection Policy is in place and is available to all staff via the HR Handbook on the intranet. Similarly, a Fit for the Future employment process document is available from the same source. This references the Redeployment Policy.

4.1.2   The recruitment & selection and redeployment policies are dated 2009, with the latest version of the FFF process being dated September 2013.

4.1.3   The recruitment and selection policy on the intranet contains links to other relevant documents. However, a number of these links did not work when tested. It was also noted that reference is still made within the document to the CRB process, which has now been replaced by DBS.

Risk
Staff work to outdated policies.

Recommendation
Relevant policy documents should be reviewed to ensure that they are still accurate, with a review of electronic links being performed to ensure that they point to the correct documents.

4.1.4   There is also a separate guidance document for elected members relating to the recruitment of senior managers. This has recently been updated (September 2013), with a report being presented to the Employment Committee setting out the reasons for the changes.

4.1.5   There are a number of pieces of legislation that are relevant to the recruitment and selection process (e.g. sex, race, disability legislation and internal equal opportunities policies etc.). Whilst the R&S policy does not make specific reference to them, it includes the following paragraphs:

It is the responsibility of all employees involved in recruitment and selection to ensure that statutory obligations placed on the Council by legislation are strictly adhered to.

This policy statement will be positively adhered to and all employees involved in Recruitment and Selection have a duty to take action to eliminate discrimination throughout the process.

4.2   Training

4.2.1   Recruitment and selection training is timetabled and is included in the 'On Course' learning and development document. The next course is timetabled for November.

4.2.2   The Senior HR Officer advised that checks would be made to see if newly appointed managers were scheduled to attend, with recommendations being made to their line managers.

4.2.3   Refresher training courses also used to be run, but these are no longer held. The Senior HR Officer suggested that there would be no prompting of existing staff to attend the training for refresher purposes although staff would not be stopped from attending again if they felt the need for further training and one-to-one updates could also be provided if approached.

4.2.4   As part of the general Stages of Recruitment testing (see below), a sample of recruitment exercises were reviewed. Upon examination of the sampled files and discussions with HR staff, the staff members performing the interviews were identified.

4.2.5   In three of the five cases reviewed, at least one of the interviewers had received appropriate recruitment and selection training and there was no need for formal interviews in a further case as there was only one applicant.

4.2.6   However, in the other case, neither of the staff members performing the interviews had received appropriate training, although one of them had been due to attend training but had had to pull out.

Risk
The most suitable candidate for the post is not appointed.

Recommendation
An appropriately trained member of staff should be part of each interview panel.

4.3   Stages of Recruitment

4.3.1   A sample of five recent recruitment exercises was chosen at random and testing was undertaken to ensure that all appropriate steps had been taken during the recruitment and selection processes.

4.3.2   Internal Audit were advised that a Vacancy Authorisation to Recruit form (VARF) would be required prior to posts being advertised. However, only one was found in relation to the sampled cases. HR staff advised that in three of the cases, there would not have been a need for the form as the posts had been agreed by Employment Committee. In the other case, the specific document could not be located but an email chain referencing the existence of the VARF was held.

4.3.3   CMT approval is required for a post to be advertised internally with Councillor approval being required prior to external adverts being placed. This approval also confirms that the need for recruiting to the post has received appropriate consideration. In four of the five cases, specific relevant approval was found on file (electronic files, containing copies of the relevant emails). In the other case, approval was considered to have been received as the (new) post was approved by the Employment Committee.

4.3.4   There is also a requirement for a formal job description and person specification to be drawn up prior to the adverts being placed. It was confirmed that these documents were appropriately in place for the sample selected.

4.3.5   Due to the number of applicants for the sampled posts, there was only a need for shortlisting in two cases. Documentation was provided by one manager showing why one applicant did not proceed to the interview stage. However, in the other case, there was no documentation on file and the relevant manager could not locate copies of the evidence which showed that all applicants had been appropriately considered.

4.3.6   Following the shortlisting stage, interviews were held in four of the sampled cases, with the other post only attracting one, internal, applicant. In the four relevant cases, documentation was found to be in place as appropriate, showing how the successful applicant had been chosen.

4.3.7   During the initial discussions regarding the processes that should be followed, Internal Audit were advised that the scoring documentation should be passed to HR. However, in the majority of the relevant cases noted above, the documentation remained with the managers. Whilst no formal recommendation is to be made, this issue should be clarified with managers as part of the process in future.

4.3.8   At various stages through the process, letters or emails will be sent out to the applicants to keep them informed of their status (i.e. unsuccessful at shortlisting stage, invite to interview, unsuccessful following interview, successful applicant). Copies of all relevant correspondence was found to be held.

4.3.9   Once a decision has been made, various documents have to be received to ensure that the applicant is able (both physically and legally) to be appointed to the post.

4.3.10 In two cases, all relevant documents (references, medical clearance form, birth certificate, passport and DBS disclosure) were on file or were not yet due. In the other cases, the appointments were internal, so no documentation was required.

4.3.11 The successful applicant is also required to sign either a conditional contract of employment or an acceptance letter (internal candidates). These were found to held in all sampled cases.

4.4   FFF Matching Process

4.4.1   Prior to any posts being advertised (either internally or externally), all staff on the 'at risk' register will be given the opportunity to express an interest in the post.

4.4.2   Staff will be placed on the register if either their post is being deleted as part of the current FFF restructures or if they are coming to the end of a fixed term contract.

4.4.3   A review of reports to Employment Committee during the current calendar year highlighted a number of posts to be deleted, and these were checked to the Redeployment Pool spreadsheet maintained by the Senior HR Officer.

4.4.4   In all relevant cases, the employee who was at risk had been appropriately added to the register. However, a few anomalies were noted with posts

appearing on the 'at risk' register that were not shown as being deleted on the corresponding reports to Employment Committee.

4.4.5   In some cases, the posts appeared as new posts on the reports when they already existed. In others there were discrepancies regarding the posts that were actually being deleted (e.g. one report highlighted that the post of Business Enterprise Development Manager was being deleted. However, this actually covered two distinct posts of the Enterprise Development Manager and the Business Enterprise Manager, both of which appeared on the 'at risk' register).

Risk
Employment Committee are not being provided with accurate information in order to make appropriately informed decisions.

Recommendation
Relevant staff should be reminded of the need to ensure that accurate information is presented in reports to Members, with HR being added as a consultee as appropriate to ensure that the post details accurately reflect what is shown on the establishment.

4.4.6   In order for a member of staff on the register to be matched to a post they must met a specific grading criteria. Their old post must be within a range of one grade either above or below the grade for the new post.

4.4.7   Staff members that fit these criteria will then be scored against the specific requirements of the post, as per the job description. The individual will score themselves, as will their line manager and these will then be assessed.

4.4.8   If more than one 'at risk' individual meets the grading criteria for the post, the post is generally awarded to the highest score. However, any gaps between the available scores and those awarded for each question will be reviewed, as some requirements may be essential, so a lower score that meets an essential requirement may get the post ahead of a higher scoring individual who has a gap in this area.

4.4.9   Sample testing was performed to ensure that the process is being appropriately applied, with the most suitable individuals being placed in the posts available. This test proved satisfactory.

4.5   Statistical Monitoring

4.5.1   The Senior HR Officer advised that, whilst some quarterly and annual statistics are produced and are reported relating to HR in general, they are not specifically linked to recruitment and selection.

4.5.2   Some figures regarding numbers of new starters etc. are produced, but they do not really reflect the performance of the process, just bare statistics. The statistics are only measures, and there are no targets set.

5.   Summary & Conclusion

5.1   Following our review, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place for the management of Recruitment and Selection are appropriate and are working effectively.

5.2   Minor issues were identified relating to the policy documents in place, training for members of interview panels and the need for accurate information in reports to the Employment Committee.

6.   Management Action

6.1   The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Recruitment & Selection, Terms & Conditions – November 2013

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
4.1.3	Relevant policy documents should be reviewed to ensure that they are still accurate, with a review of electronic links being performed to ensure that they point to the correct documents.	Staff work to outdated policies.	Low	Senior HR Officer(s)	Agreed. However, this is a low priority for HR at the moment, pending the recruitment of a new HR/OD Manager.	Following HR/OD Manager appointment
4.2.6	An appropriately trained member of staff should be part of each interview panel.	The most suitable candidate for the post is not appointed.	Low	Senior HR Officer(s)	Agreed. A log is maintained of staff that have received recruitment training. This will be double-checked to ensure that staff have attended the training before being allowed to undertake interviews.	Immediate effect

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
4.4.5	Relevant staff should be reminded of the need to ensure that accurate information is presented in reports to Members, with HR being added as a consultee as appropriate to ensure that the post details accurately reflect what is shown on the establishment.	Employment Committee are not being provided with accurate information in order to make appropriately informed decisions.	Low	Senior HR Officer(s)	Agreed. HR staff will aim to ensure that they see all relevant draft Employment Committee reports before they are finalised so that post numbers are titles can be checked.	Immediate effect

* 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.

	Finance & Audit Scrutiny Committee - 15 April 2014	**Agenda Item No.**
WARWICK DISTRICT COUNCIL		**6**

Title	Internal Audit Strategic Plan 2014/15 – 2016/17 and Internal Audit Charter
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 – 12 March 2013
Background Papers	Internal Audit risk assessment file; SMT minutes

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 _must_ be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	31/03/14	Chris Elliott
Head of Service	31/03/14	Mike Snow
CMT	29/01/14	CMT
Section 151 Officer	31/03/14	Mike Snow
Monitoring Officer		
Finance	31/03/14	As S151 Officer
Portfolio Holder	31/03/14	Councillor Mobbs
Consultation Undertaken		
Not applicable		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1   **SUMMARY**

1.1   The report presents, for Members' consideration and approval, the Internal Audit Strategic Plan 2014/15 – 2016/17 and the Internal Audit Charter for consideration and approval.

2   **RECOMMENDATIONS**

2.1   That Members consider and approve the Internal Audit Strategic Plan 2014/15 – 2016/17 and the Internal Audit Charter.

3   **REASON FOR THE RECOMMENDATIONS**

3.1   The Internal Audit Strategic Plan is an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

3.2   The compilation of the Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards.

4   **ALTERNATIVE OPTION(S) 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 including 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 provision of reviews by Internal Audit on other services. Having said that, there are clear risks to the Council in not dealing with issues raised within Internal Audit reports and there is an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

8   **INTERNAL AUDIT STRATEGIC PLAN**

8.1   Internal Audit provides an independent opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It examines, evaluates and reports on the adequacy

of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

8.2 The Strategic Audit Plan for providing this assurance is set out as the first Appendix (not numbered) to this report. The Internal Audit Charter is set out as Appendix 2.

9 FORMULATION OF THE PLAN

9.1 To produce the audit plan, the following has been taken into consideration:

- The strategic objectives of the organisation and the specific risks associated with those objectives;
- the content of risk registers and assurance frameworks to understand the risks faced, and the controls that the organisation places reliance on to manage those risks;
- areas of concern or requests for coverage from management;
- areas where the external auditors will wish to place reliance on the testing performed by Internal Audit;
- other sources of assurance available to the organisation;
- any recent significant changes within the organisation and its operations;
- regulatory requirements for internal audit coverage;
- emerging issues, including any additional risks that do not appear on the risk profile but may merit internal audit coverage;
- the timing for each internal audit review to maximise the benefit of assurance provided; and
- results of previous internal audit coverage.

9.2 A risk-based approach has been applied, strengthened by placing reliance on the risk registers to identify priority areas. An exercise to link the audit plan to the risk registers also highlighted some new areas that required audit coverage. A good example of this is climate change where it is now proposed to include an audit of the Authority's preparations for responding to climate change.

9.3 Consultation on the Plan has taken place with the Council's Senior Management Team and, through them, service management teams. The approved Plan will also be shared with the Council's external auditors to avoid duplication of coverage.

9.4 Audits are categorised as follows:

- § Risk-based coverage
- § Coverage for external audit reliance or to meet regulatory requirements
- § Other internal audit coverage

9.5 It should be noted that 4 audits planned for 2013/14, but not able to be undertaken, are being carried forward. These audits comprise:

Performance Management
Equality and Diversity
Housing Stock Asset Management
Credit Card Income – Compliance with Data Security Standards

9.6   These audits were not undertaken during 2013/14 due to the need to redirect audit resources to the investigation of significant matters that arose during the year.

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

RISK-BASED COVERAGE

This section comprises the auditable areas mapped to the Council's key risks as represented in the Significant Business Risk Register

Assignment Name	Source	Risk Description	Assignment Objective	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Corporate Governance	Significant Business Risk Register	Risk of corporate governance arrangements not maintained effectively. Risk of not complying with key legislation or legal requirements, including failure to protect data.	Evaluate and report on effectiveness of overarching structures, procedures and monitoring arrangements with reference to relevant standards.	2011/12	5	✔	✔
Performance Management	Significant Business Risk Register	Risk of corporate projects and organisational change not managed effectively. Risk of service quality reducing Risk of major contractor going into administration.	Evaluate the effectiveness of corporate framework for managing performance in relation to the Council's priority objectives.	2010/11		✔	
Emergency Planning	Significant Business Risk Register	Risk of a major incident not responded to effectively.	Evaulate the adequacy of arrangements in place to secure effective Council response to civil emergency incidents in accordance with its statutory duties.	2010/11	8		
Business Continuity Management	Significant Business Risk Register	Risk of a major incident not responded to effectively.	Evaluate the adequacy of systems to counteract interruptions to business activities, protect critical business processes from the effects of major failures of support systems/disasters and ensure their timely resumption.	2010/11	7		
Partnership Working	Significant Business Risk Register	Risk of partnerships not delivering stated objectives.	To evaluate the Council's's framework for managing its partnerships to ensure effective governance aligned to the Council's legitimate interests, objectives and priorities.	2010/11	12		
Human Resources Management	Significant Business Risk Register	Risk of staff not developed effectively.	Evaluate the effectiveness of the HR function in ensuring that applicable organisational, legal and skills requirements are met through setting and implementation of appropriate strategies and policies.	2012/13		✔	
Information Governance	Significant Business Risk Register	Risk of not complying with key legislation or legal requirements, including failure to protect data.	Review of IT and Information governance arrangements in place to ensure ongoing compliance with legislation and regulations covering the storage and processing of data/information (including PSN, PCI DSS, FoI, DPA).	2011/12		✔	
Information and IT Strategy	Significant Business Risk Register	Risk of ineffective utilisation of information and communications technology.	Review of the IT and Information strategy following updates and realignment to corporate strategies where applicable.	2011/12		✔	

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

RISK-BASED COVERAGE

This section comprises the auditable areas mapped to the Council's key risks as represented in the Significant Business Risk Register

Assignment Name	Source	Risk Description	Assignment Objective	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Housing Investment/ Maintenance Programmes	Significant Business Risk Register	Risk of failing to provide, protect and maintain Council-owned property.	To ensure that capital monies available for Housing Improvement are appropriately allocated and that programmed maintenance works are sufficient to ensure that Council dwellings are kept in a good state of repair.	2010/11	10		
Housing Stock Asset Management	Significant Business Risk Register	Risk of failing to provide, protect and maintain Council-owned property.	Appraisal of systems for effective management of the portfolio including maintenance of proper records, asset utilisation, and progressing relevant provisions of Asset Management Plan (excludes rent accounting - covered as separate assignment).	None		✔	
Corporate Property and Portfolio Management	Significant Business Risk Register	Risk of failing to provide, protect and maintain Council-owned property.	Appraisal of systems for effective management of the portfolio including maintenance of proper records, asset utilisation, income collection and progressing relevant provisions of Asset Management Plan.	2012/13		✔	
Climate Change	Significant Business Risk Register	Risk of climate change challenges not responded to effectively.	Evaluate the Council's arrangements to manage impacts of climate change.	2013/14			✔
Medium Term Financial Strategy	Significant Business Risk Register	Risk of insufficient finance to enable the council to meet its objectives (including insufficient reduction in operational costs). Risk of additional financial liabilities. Risk of significantly reduced income	Assess processes for preparing and maintaining the Medium Term Financial Strategy to secure sufficient financial resource to meet the Council's priority objectives.	2013/14			✔
Financial Planning and Budgetary Control	Significant Business Risk Register	Risk of insufficient finance to enable the council to meet its objectives (including insufficient reduction in operational costs). Risk of additional financial liabilities. Risk of significantly reduced income	Assess processes for financial planning (including alignment with MTFS) and budgetary control .	2013/14			✔
Corporate Procurement	Significant Business Risk Register	Risk of improper procurement practices and legislative requirements not being complied with.	To ensure that there are suitable procedures and controls in place such that the council's procurement activity accords with best practice and complies with legislation.	2011/12	12		
Policy, Projects and Conservation	Significant Business Risk Register	Risk of Local Plan being unsound or delayed.	Provide assurance that planning policy is up to date and ties in with the Council's high level strategies, that projects are appropriately managed and the historic environment is conserved.	2013/14			✔
				TOTAL DAYS	**54**		

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

COVERAGE FOR EXTERNAL AUDIT RELIANCE OR TO MEET REGULATORY REQUIREMENTS

This section comprises areas that require Internal Audit input to satisfy the provisions of the Joint Working Protocol with the Audit Commission and any other regulatory provisions.

Assignment Name	Risk Register Source	Assignment Objective	Year Last Audited	2014/15 (days)	2015/16	2016/17
Administration of Housing & Council Tax Benefit	Operational Risk Register	Appraise adequacy of systems for determination of entitlement to HB & CTB, award, payment, accounting and processing of statutory returns.	2013/14	10	✔	✔
Collection of Council Tax	Operational Risk Register	Appraise adequacy of systems for compiling and maintaining local valuation list, assessing liability, billing, collection, enforcement and granting of reliefs.	2013/14	10	✔	✔
Collection of National Non-Domestic Rates	Operational Risk Register	Appraise adequacy of systems for compiling and maintaining local valuation list, assessing liability, billing, collection, enforcement and granting of reliefs.	2013/14	10	✔	✔
Housing Rent Collection	Operational Risk Register	Appraise adequacy of systems for rent setting, collection and accounting of rents due, and control of arrears.	2013/14			✔
Housing Repairs and Maintenance	Operational Risk Register	Appraise adequacy of systems for commissioning and paying for responsive repair work to domestic HRA properties.	2013/14		✔	
Main Accounting System	Operational Risk Register	Appraise adequacy of systems for ensuring complete and accurate accounting of all financial transactions and timely production of final accounts.	2013/14			✔
Payment of Creditors	Operational Risk Register	Appraise adequacy of systems for ensuring only bona fide creditors and transactions properly accounted for (includes control of cheques used to pay creditors and rent allowances).	2011/12		✔	
Payroll and Staff Expenses	Operational Risk Register	Appraise adequacy of systems for ensuring that only bona fide employees and Members are paid according to entitlement, and that all payments, deductions, etc. are properly discharged and accounted for.	2010/11	13		
Sundry Debtors	Operational Risk Register	Appraise adequacy of systems for ensuring correct raising of invoices, proper accounting for invoices and cash received in payment thereof and effective recovery of arrears.	2012/13		✔	
Treasury Management	Operational Risk Register	Appraise and report on the adequacy of controls in place to address the key risks in carrying out treasury management activities.	2011/12	12		
			TOTAL DAYS	**55**		

OTHER INTERNAL AUDIT COVERAGE

This section groups the remaining auditable areas into three categories according to source of risk identification. The first group represents auditable areas mapped directly against entries in Operational Risk Registers from which the risk indicators shown below have been drawn. In recognition that the Registers referred to have now been superseded, the auditable areas will be reviewed against the up-to-date Registers from 2014/15.

The second group represents areas with no direct links found to the Operational Risk Register but are considered from the audit needs assessment criteria as meriting input.

The third group comprises the those areas identified from the IT Audit Needs Assessments supplied Haines Watts under the Warwickshire and Solihull consortium framework agreement for internal IT audit. Areas identified from 2013/14 needs assessment to be covered in 2014/15 are separately allocated. Other areas for coverage in 2014/15 will be agreed in consultations between the Audit and Risk Manager, ICT Services Manager and a representative of the appointed contractor under the new framework agreement.

Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Corporate Health and Safety	Operational Risk Register	Report a level of assurance on the adequacy of corporate systems in place to meet the Council's statutory obligations on health and safety as employer and provider of services and facilities to customers and the public.	12	5	12	2013/14			✔
Electoral Registration	Operational Risk Register	Assess adequacy of controls to ensure the accuracy and completeness of the Electoral Register and supporting data, that the canvassing processes incorporate appropriate risk management and insurance provisions and canvassers are correctly paid.	22	5	11	2011/12		✔	
Supporting People Services	Operational Risk Register	Appraisal of management systems for operating Supporting People funded services, including sheltered/very sheltered schemes, Warwick Response and floating support services.	6	5	11	2012/13		✔	
Community Leisure Facilities	Operational Risk Register	Assess adequacy of control over on-site operational and financial activities	5	5	10	2011/12	10		
Golf Course	Operational Risk Register	Assess the adequacy of controls in place to ensure compliance with the agreement for the management of the course.	5	5	10	2008/09		✔	
Health and Safety	Operational Risk Register	Appraisal of systems to ensure effective management of relevant policies, identification/ inspection of applicable premises, response to incidents, economic/efficient/effective deployment of resources and achievement of performance objectives.	5	5	10	2011/12		✔	
Outdoor Recreation Facilities	Operational Risk Register	To ensure that effective control is exercised over the charging and collection of fees various facilities offered, ensuring that the facilities remain adequately equipped and wellbeing of users and staff is safeguarded.	3	5	10	2012/13		✔	
Committee Services	Operational Risk Register	Review Committee servicing function to ensure statutory/regulatory compliance and effective communication, review and report-back of resolutions as directed.	9	5	9	2010/11	10		
Development Management	Operational Risk Register	Appraise adequacy of controls to ensure that the Development Management functions comply with governing legislation, policies, standards, etc. and are delivered economically, efficiently and effectively to met relevant priority objectives.	7	5	9	2012/13	14		

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Economic Development	Operational Risk Register	Appraise systems in place for managing economic development activity to ensure that resources are deployed economically, efficiently and effectively to achieve priority objectives and targets.	45	5	8	2011/12	13		
Refuse Collection and Recycling	Operational Risk Register	Appraisal of management systems to ensure compliance with statutory and regulatory requirements and economic/efficient/effective deployment of resources to achieve priority objectives, national targets, etc.	23	5	8	2010/11		✔	
Local Elections	Operational Risk Register	Appraise controls in place to ensure that election fees are correctly calculated and paid, other bodies correctly recharged, and procurement practices, training provision, risk management and insurance arrangements are appropriate.	9	5	8	2010/11		✔	
Royal Pump Rooms (including Art Gallery)	Operational Risk Register	Assess adequacy of control over on-site operational and financial activities.	7	5	8	2012/13		✔	
Bereavement Services	Operational Risk Register	Assess adequacy of controls in place to ensure economic, efficient and effective management of burial and cremation services and integrity of operational systems and statutory records.	7	5	8	2013/14			✔
Plant Maintenance	Operational Risk Register	Assess management systems to ensure proper, cost-effective repair and maintenance of major heating and ventilation plant.	2	5	7	2011/12		✔	
Royal Spa Centre	Operational Risk Register	Assess adequacy of control over on-site operational and financial activities.	10	5	6	2011/12	15		
Housing Environmental Functions	Operational Risk Register	Ensure that systems and procedures in place are sound and meet legislative requirements in respect of Houses in Multiple Occupation (HIMOs). Ensure proper fee setting, accounting and financial control.	2	4	14	2013/14			✔
Private Sector Housing Grants	Operational Risk Register	Review of systems to ensure that all awards of grant are bona fide and within available budget, and that the conditions of award are met.	1	4	14	2012/13		✔	
VAT Accounting	Operational Risk Register	Report a level of assurance on the adequacy of controls in place to ensure that VAT is accounted for completely and correctly and that claims arising are processed promptly.	1	4	12	2013/14			✔
Estate Management	Operational Risk Register	Review of the management of the function and an assessment of the efficiency and effectiveness of the service.	3	4	11	2012/13		✔	
Car Parking	Operational Risk Register	Appraisal of management systems for developing and operating car parking facilites to ensure economic, efficient and effective deployment of resources to achiev the Council's priority objectives.	5	4	10	2011/12		✔	
Flood Risk Management	Operational Risk Register	Assess adequacy of systems to ensure compliance with statutory requirements, economic/efficient/ effective deployment of resources and achieving performance objectives.	4	4	10	2011/12	10		

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Affordable Housing Development Programme	Operational Risk Register	Appraisal of systems in place for implementation of Programme, monitoring adherence to relevant policies, management of funding, partnership working and performance review/reporting.	3	4	10	2012/13		✔	
CCTV Services	Operational Risk Register	Evaluation of operational controls within the CCTV service to ensure effective continual serviceability and contribution to street scene objectives.	3	4	10	2012/13		✔	
Highways Functions	Operational Risk Register	Assess adequacy of systems to ensure compliance with statutory requirements, economic/efficient/ effective deployment of resources and achieving performance objectives.	18	4	9	2011/12		✔	
Building Control	Operational Risk Register	Appraisal of systems to ensure compliance with statutory requirements and internal policies/regulations, due professional integrity, economic/efficient/effective use of resources, integrity of financial transactions and achievement of performance objctvs.	14	4	9	2011/12		✔	
Media Services	Operational Risk Register	Review of Print Unit business processes - planning, resourcing, operation, performance/financial monitoring and recharging.	2	4	9	2013/14			✔
Grounds Maintenance	Operational Risk Register	Appraisal of processes for determining grounds maintenance requirements, scheduling, setting standards and contract management.	6	4	8	2012/13		✔	
Licensing Services	Operational Risk Register	Evaluate management systems to ensure that the Council's licensing operations comply with statutory and regulatory requirements and that resources are deployed economically, efficiently and effectively to achieve relevant corporate objectives and targets.	6	4	8	2011/12	10		
Employee Absence Management	Operational Risk Register	Report a level of assurance on the adequacy of structures and processes to support effective absence management across the Council.	3	4	8	2012/13		✔	
Insurances	Operational Risk Register	To review the purchase of Council's insurance cover to ensure that it is appropriate, compliant with legislation and competitive. To examine the basis for the allocation of costs and the contingency arrangements in place.	3	4	8	2012/13		✔	
Food Safety	Operational Risk Register	Appraisal of systems to ensure effective identification/inspection of applicable premises and response to incidents, economic/efficient/effective deployment of resources and achievement of performance objectives	3	4	8	2013/14			✔
Energy Management	Operational Risk Register	Report a level of assurance on the structures and processes in place to ensure economic, efficient and effective procurement and consumption of all forms of energy resources and compliance with relevant legislation.	1	4	8	2012/13		✔	

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Local Land Charges	Operational Risk Register	Report a level of assurance on the adequacy of systems in place to ensure compliance with statutory requirements, completeness and accuracy of records and economic/efficient/effective service delivery.	1	4	8	2012/13		✔	
Shared Legal Services	Operational Risk Register	Appraisal of management systems to ensure requisite high professional standard of services, economic/efficient/effective deployment of resources, correct charging to other cost centres and achievement of performance objectives.	1	4	8	2011/12	10		
Document Management Centre	Operational Risk Register	Evaluate adequacy of arrangements to secure economic, efficient and effective delivery of Document Management Centre functions, including proper adherence to core financial controls and safeguarding of information processed.	15	4	7	2013/14			✔
Customer Access Facilities	Operational Risk Register	Evaluate management systems for operating and developing facilities for customer interaction with the Council to meet relevant availability, accessibility and take-up objectives.	6	4	6	2011/12		✔	
Open Spaces	Operational Risk Register	Assess effectiveness of management processes in delivering relevant community, strategic and operational objectives in respect of open spaces.	14	4	5	2012/13		✔	
Homelessness and Housing Advice	Operational Risk Register	Appraisal of systems to ensure compliance with statutory/regulatory/policy requirements, achievement of relevant performance objectives and integrity of financial transactions.	6	4	5	2012/13		✔	
Lettings and Void Control	Operational Risk Register	Appraisal of systems to ensure statutory compliance, adherence to the approved allocation scheme and effective HRA stock turnaround.	2	3	12	2011/12	10		
Crime and Disorder	Operational Risk Register	Ensure compliance with legislation and that Crime and Disorder activity is properly managed i.e. there is a management structure in place, terms of reference, objectives and measuring and reporting of progress and performance.	4	3	9	2013/14			
Corporate Properties Repair and Maintenance	Operational Risk Register	Assess the adequacy of controls to maintain the Council's non-housing property assets in proper state of repair, including planning, procurement and work management processes.	4	3	9	2011/12	14		
Catering Concessions	Operational Risk Register	Evaluate arrangements for managing catering concessions on Council Premises to ensure adherence to agreed conditions, proper collection and accounting for income due and approved terms of operation favourable to the Council subject to market constraints.	2	3	7	2012/13		✔	
Equality and Diversity	Operational Risk Register	Evaluate and report on the adequacy of systems for ensuring statutory compliance, adherence to policies and achieving key performance objectives.	2	3	6	2010/11		✔	

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Environmental Protection Functions	Operational Risk Register	Appraise the adequacy of the systems in place to economic, efficient and effective discharge of the relevant functions in accordance with statutory requirements, national standards and corporate objectives.	2	3	6	2011/12	12		
Mortgages	Operational Risk Register	Appraise adequacy of systems for administration and collection of mortgage loans, insurance of mortgaged properties and arrears control.	1	3	6	2012/13		✔	
Leaseholder Service Charges	Operational Risk Register	Verify that arrangements for setting, levying and collection of leaseholder service charges are adequate to ensure compliance with legislation, inclusion of all chargeable persons and effective recovery of applicable service and management costs.	1	3	6	2013/14			✔
Recruitment and Selection, Terms and Conditions	Operational Risk Register	Appraisal of systems to ensure compliance with statutory requirements and performance issues in setting/reviewing conditions of service, effective recruitment processes operated and appropriate action on termination of service.	2	2	8	2012/13		✔	
Corporate Training	Operational Risk Register	Appraisal of Council-wide processes for assessing and funding training needs and measuring the effectiveness of training to meet performance objectives and IIP requirements.	2	2	6	2010/11	8		
Communications	Operational Risk Register	To ascertain whether the current framework for internal and external communication is effective.	1	2	6	2011/12	10		
Castle Farm Recr. Centre & Abbey Flds. Swim. Pool	Operational Risk Register	Assess adequacy of control over on-site operational and financial activities	3	2	5	2011/12		✔	
Newbold Comyn Leisure Centre	Operational Risk Register	Assess adequacy of control over on-site operational and financial activities.	2	2	5	2011/12	14		
St Nicholas Park Leisure Centre	Operational Risk Register	Assess adequacy of control over on-site operational and financial activities	4	2	3	2013/14			✔
Town Hall Lettings	Internal Audit Needs Assessments	Review of systems to ensure statutory and approved policy compliance, prompt collection and proper accounting of income due and safeguarding of facilities against loss/damage.	4	2	3	2013/14			✔
Markets and Mops	Internal Audit Needs Assessments	Review arrangements to secure economic efficient and effective use of resources for running permanent markets and annual MOP Fair.	4	2	3	2013/14			✔
Banking Arrangements	Internal Audit Needs Assessments	Assess arrangements to secure economy, efficiency and effectiveness of the banking services to the Council, prompt and correct posting of transactions and secure and reliable on-line transacting.				2010/11	10		
Street Cleansing	Internal Audit Needs Assessments	Appraisal of planning and contract administration to ensure that street cleansing services are delivered to the requisite standards in an economic, efficient and effective manner.				2012/13		✔	
Building Cleaning Services	Internal Audit Needs Assessments	Report a level of assurance on the adequacy of structures and processes for sourcing cleaning services the Council's buildings to secure economic, efficient and effective delivery.				2013/14			✔

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Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Deeds Store	Internal Audit Needs Assessments	Ensure that the Deeds Store is effectively managed to preserve the security, availabity and integrity of all content.				2013/14	6		
Section 106 Agreements	Internal Audit Needs Assessments	Ensure that s106 agreements are being appropriately entered into; that other relevant sections are being consulted to ensure that their issues are being considered; and contributions are being received and are used in accordance with the agreement.				None recent	10		
Sports Development	Internal Audit Needs Assessments	Assess effectiveness of deployment and management of resources in developing sporting activity including the Youth Sports Development service and contribution from the Sports Council.				2011/12		✔	
Grants to Voluntary Organisations	Internal Audit Needs Assessments	To ensure that grants to voluntary organisations are awarded in line with agreed policies.				2011/12		✔	
Arts and Heritage Development	Internal Audit Needs Assessments	Assess adequacy of management processes for delivering strategic objectives including , assessment and award of grants, project framework for K/W Abbey and Cultural Quarter and financial/performance monitoring.				2010/11			
Business Apps .- Acolaid Planning, Building Control & Land Charges	Internal Audit Needs Assessments	Assess the adequacy of key IT controls in place for the Plantech Acolaid application to maintain the confidentiality, integrity and availability of data stored and processed within the system.				2012/13			
Incentive Schemes	Internal Audit Needs Assessments	Appraisal of procedures to assess eligibility and ensure all payments are bona fide and correct				2010/11			
Data Protection	IT Audit Needs Assessment	Report a level of assurance on the effectiveness of the corporate management framework in ensuring good practice in processing personal data and avoidance of unlawful disclosures and other security breaches.				2013/14	6		
Software Licensing	IT Audit Needs Assessment	Report a level of assurance on the effectiveness of processes to ensure compliance with licensing conditions for software installed on all Council devices in a manner that delvers value for money.				2010/11	7		
Payment Card Industry - Data Security Standards	IT Audit Needs Assessment	Assess approach to ensuring compliance with PCI-DSS.				None	8		
ICT Risk Management	IT Audit Needs Assessment	High level review of risk management framework informing the control environment around ICT service provision and dealing with changing threats.				None recent	5		
Civica OPENRevenues - IT Applications	IT Audit Needs Assessment	Assess the adequacy of key IT controls in place for the Civica OPENreveneues app[lications (Council Tax, NNDR & Benefits) to maintain the confidentiality, integrity and availability of data stored and processed within the system.				2010/11	6		

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Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
Guest Wireless Project	IT Audit Needs Assessment	Assess approach to ensuring segregation of guest wireless facilities from internal network and controls for access, data security and prevention of inappropriate usage.				2013/14	Other IT audit coverage to be determined based on needs assessment under new framework agreement from April 2014.		
Website (Intranet and Internet)	IT Audit Needs Assessment	Review of controls in place to manage the risks associated with the provision of information through web services to both staff and the public via the Intranet and Internet websites.				2010/11			
ICT Physical and Environmental Security	IT Audit Needs Assessment	To report a level of assurance on the controls in place to manage the physical and environmental security risks that key IT assets may be exposed to.				2010/11			
IT Change, Configuration and Release Management	IT Audit Needs Assessment	To report a level of assurance on the key controls in place for managing changes to ICT systems owned by the Council.				2011/12			
VMware ESX Management	IT Audit Needs Assessment	Assessment of the controls to manage the risks to the virtual server estate.				2013/14			
Email and Instant Messaging - IT Applications	IT Audit Needs Assessment	Review of policy and procedures governing the use of email and instant messaging services within the Council.				2011/12			
ICT Capacity and Availability Management	IT Audit Needs Assessment	To gain assurances on the controls in place to support IT Capacity and Availability management processes.				2011/12			
Network Security & Administration	IT Audit Needs Assessment	To gain assurance on the IT controls in place to manage the risks that could compromise the security and delivery of computer network services.				2011/12			
ICT Service Continuity Management	IT Audit Needs Assessment	To report a level of assurance on the controls in place for achieving effective recovery of IT services and applications in the event of physical damage, or physical unavailability of infrastructure and/or server hardware or data loss/corruption.				2011/12			
Telephony Services	IT Audit Needs Assessment	Report a level of assurance over the controls in place to secure as applicable confidentiality, integrity and availablility of the Council's telephony services and content communitcated through telephony channels.				2012/13			
HR and Payroll - IT Application	IT Audit Needs Assessment	To report a level of assurance on the IT controls in place for the Oracle HRMS application to maintain the confidentiality, integrity and availability of data stored and processed,				2011/12			

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

Assignment Name	Risk Register Source	Assignment Objective	No. of Risk Entries	Highest Risk Impact	Average Total Risk Score	Year Last Audited	2014/15 (Days)	2015/16	2016/17
TOTAL Financial Management - IT Application	IT Audit Needs Assessment	Assess the adequacy of key IT controls in place for the TOTAL Financials application to maintain the confidentiality, integrity and availability of data stored and processed within the system.				2011/12	Other IT audit coverage to be determined based on needs assessment under new framework agreement from April 2014		
IT Incident and Problem Management	IT Audit Needs Assessment	Ascertain whether effective controls are in place to ensure that incidents and problems that occur on the council's computer systems are dealt with and managed effectively.				2012/13			
ICT Backup Strategy, Processes and Procedures	IT Audit Needs Assessment	To report a level of assurance on the controls in place to ensure that Council owned computer data is backed up and can be recovered in a secure and timely manner.				2012/13			
Protection Against Malicious Software	IT Audit Needs Assessment	To report a level of assurance on the controls in place for managing the risk of disruption to Council services through malicious software such as computer viruses.				2012/13			
Document Management Systems	IT Audit Needs Assessment	To report a level of assurance on the controls for managing the risks associated with the storage and processing of electronic document images within the Council.				2011/12			
ICT Helpdesk System	IT Audit Needs Assessment	Review of key controls in place through the helpdesk function to manage the risks that could compromise the delivery of IT Services to the Council.				2012/13			
Mobile Working	IT Audit Needs Assessment	To report a level of assurance around the accessing of ICT services and networked resources via remote working and portable devices.				2012/13			
Business Applications - PARIS Income Management	IT Audit Needs Assessment	Provide a level of assurance over the key IT controls in place for the PARIS Income Management IT application to maintain the confidentiality, integrity and availability of data stored and processed within the system.				2012/13			
Housing Management - IT Application	IT Audit Needs Assessment	Assess the adequacy of key IT controls in place for the ActiveH housing management application to maintain the confidentiality, integrity and availability of data stored and processed within the system.				2012/13			
Connections to Internet	IT Audit Needs Assessment	Assess approach to preventing unauthorised access to Council network via the Internet.				2013/14			
					TOTAL DAYS		**218**		

STRATEGIC AUDIT PLAN 1ST APRIL 2014 TO 31ST MARCH 2017

OTHER FUNCTIONS AND RESOURCE BALANCING

Category	Function	Days (2014/15
Ongoing Advisory Input and Non-Audit Duties	Anti-Fraud and Corruption Framework	10
	National Fraud Initiative	20
	Sundry Advice & Consultancy	26
Contingency Audit Work	(Miscellaneous assignments)	30
Contingency Non-Audit Work	(Miscellaneous assignments)	10
	TOTAL OTHER FUNCTIONS	**96**
	TOTAL RISK BASED COVERAGE	54
	TOTAL COVERAGE FOR EXTERNAL REQUIREMENTS	55
	TOTAL OTHER AUDIT COVERAGE	218
	ESTIMATED DAYS FOR IT AUDIT COVERAGE	20
	TOTAL AUDIT DAYS REQUIRED	**443**
	TOTAL INTERNAL AUDIT DAYS AVAILABLE *	428
	ESTIMATED DAYS CONTRACTED OUT (IT AUDIT)	15
Total Estimated Resources Available		**443**
SURPLUS / SHORTFALL (-)		**0**

* Total Internal Audit Days Available

Total Days for 2.6 FTE	676
Less:	
Absence (Annual Leave, Statutory Holidays, Sickness, etc)	123
Management, Administration & Training	125
Target productive time (days)	428
Target productive time as % of available time	75%

Internal Audit Charter

Introduction

The Public Sector Internal Audit Standards require the Council to have an Internal Audit Charter that must be approved by Senior Management and the Audit Committee (or its equivalent). The Charter defines the purpose, authority and responsibility of Internal Audit. It also sets out the nature of the Chief Audit Executive's[1] functional relationship with the board[2] as well as the rights of access to records, personnel and physical properties relevant to internal audit engagements.

Purpose of Internal Audit

The Chartered Institute of Internal Auditors defines internal audit as follows:

> "Internal auditing is an independent, objective assurance and consulting designed to add value and improve an organisation's operations of the Council. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the Council's risk management, control, and governance processes."

Statutory Basis of Internal Audit

Within local government there is a statutory requirement for an internal audit function. The 2003 Accounts and Audit Regulations (as amended by the 2006, 2009 and 2011Regulations) require that a local authority 'must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

In addition, the Council's Chief Finance Officer (the Head of Finance) has a statutory duty under Section 151of the Local Government Act 1972 to make arrangements for the proper administration of the authority's financial affairs. This assumes, amongst other duties, provision of an effective internal audit function. The S151 Officer relies, amongst other sources, upon the work of internal audit in reviewing the operation of systems of internal control and financial management.

Role

Internal Audit's responsibilities are defined by the Finance and Audit Scrutiny Committee, via this Charter, as part of their oversight role. Internal audit activity is approved and overseen by the Finance and Audit Scrutiny Committee.

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[1] This is the generic title used in the Public Sector Internal Audit Standards to describe the head of internal audit at an organisation. At WDC this officer is the Audit and Risk Manager.

[2] In the Council's case this is held to be the Finance and Audit Scrutiny Committee

Internal Audit may undertake consultancy activity (additional work requested by management) where it has the necessary skills and resources to do this, and this will be determined by the Audit and Risk Manager on a case by case basis.

Professionalism

Internal Audit complies with the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance.

In addition, Internal Audit will adhere to the Council's relevant policies and procedures as well as its own operating procedures set out in its Internal Audit Manual.

Authority

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, has full and unrestricted access to all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are required to assist Internal Audit in fulfilling its roles and responsibilities.

Internal Audit also has free and unrestricted access to the Finance and Audit Scrutiny Committee and senior management.

Organisation

Internal Audit has direct access to senior management, the Finance and Audit Scrutiny Committee, the Chief Executive and the Leader of the Council. The Section 151 Officer and the Finance and Audit Scrutiny Committee will jointly agree the level of internal audit resource to be deployed at the Council. The Audit and Risk Manager will communicate and interact directly with the senior management and the Finance and Audit Scrutiny Committee.

For line management purposes, the Audit and Risk Manager will report to the post of Head of Finance at Warwick District Council. The Chief Executive will approve all decisions regarding the performance evaluation of the Audit and Risk Manager as part of the Council's Performance Management Framework.

For the purposes of the internal auditing function, the following groups are defined:

Finance and Audit Scrutiny Committee

The Finance and Audit Scrutiny Committee is responsible for overseeing the effectiveness of the internal audit function, and holding the Audit and Risk Manager to account for delivery, through the receipt of regular reports and updates. The Finance and Audit Scrutiny Committee is responsible for the effectiveness of the governance, risk and control

environment within the Council, holding managers to account for delivery.

Senior Management

Senior management is responsible for helping to shape the programme of assurance work through analysis and review of key risks. Senior management is responsible for responding to reports issued by Internal Audit and for implementing recommendations within agreed timescales.

Independence and Objectivity

Internal Audit will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement.

The Audit and Risk Manager will confirm to the Finance and Audit Scrutiny Committee, at least annually, the organisational independence of Internal Audit.

Conflicts of Interest

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others when forming judgements.

In addition to the ethical requirements of the various professional bodies, each auditor is required to declare proactively any potential 'conflict of interest' prior to the commencement of each audit assignment.

All auditors are required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest. Auditors who undertake any consultancy work will be prohibited from auditing those areas. Audits are rotated within the team to avoid over-familiarity and complacency.

Responsibility and Scope

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit extend to the entire control environment of the organisation and include:

- Consistency of operations with established objectives and goals

- Effectiveness and efficiency of operations and employment of resources
- Compliance with significant policies, plans, procedures, laws, and regulations
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
- Safeguarding of assets

Internal Audit is responsible for evaluating all processes ('audit universe') of the organisation including governance processes and risk management processes. It also assists the Finance and Audit Scrutiny Committee in evaluating the quality of performance of external auditors and ensuring a proper degree of coordination with internal audit is maintained.

Due to its detailed knowledge and understanding of risks and controls, internal audit is well placed to provide advice and support on emerging risks and issues. As a result, internal audit may perform consulting and advisory services as appropriate for the organisation. It may also evaluate specific operations at the request of the Finance and Audit Scrutiny Committee and senior management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Finance and Audit Scrutiny Committee and to senior management, including fraud risks, governance issues, and other matters requested by these bodies. This can include the results of investigations, whether related to the conduct of staff or otherwise. This ensures Internal Audit plays a key role in providing assurance to the Finance and Audit Scrutiny Committee and senior management on the effectiveness of the entire control environment.

Role in Anti-Fraud

The work programme of Internal Audit is designed, in part, to help deter fraud and corruption. With this in view, Internal Audit bases its planning on regular risk assessment, and works with senior managers and the Finance and Audit Scrutiny Committee in determining its programme of work.

Internal Audit also shares information with relevant partners, including with government via the National Fraud Initiative, to increase the likelihood of detecting fraudulent activity, and of reducing the risk of fraud to all.

The Audit and Risk Manager must be notified immediately of all suspected or detected fraud, corruption or impropriety so that the impact upon control arrangements can be evaluated.

Internal Audit Plan

At least annually, the Audit and Risk Manager will submit to the Finance and Audit Scrutiny Committee an Internal Audit Plan for review and approval. The Internal Audit Plan will include timing as well as budget and resource requirements for the next financial year. The Audit and Risk Manager will

communicate the impact of resource limitations and significant interim changes to senior management and the Finance and Audit Scrutiny Committee.

The Internal Audit Plan will be developed based on a prioritisation of the audit universe using a risk-based methodology and on extensive consultation with stakeholders, including the Council's managers.

Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Reporting and Monitoring

The Audit and Risk Manager will arrange for a written report to be prepared and issued following the conclusion of each internal audit engagement; this will be distributed as appropriate.

The internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations.

Management's response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal Audit will be responsible for appropriate follow-up on engagement findings and recommendations and will report to the Finance and Audit Scrutiny Committee on the results of this activity.

The Audit and Risk Manager will consider any request from external stakeholders for reports on the results of internal audit activity, in consultation with senior management.

The Audit and Risk Manager will arrange for quarterly update reports to the Finance and Audit Scrutiny Committee to advise on the results of each internal audit engagement, and provide an annual report to the Finance and Audit Scrutiny Committee giving an opinion on the internal control environment.

Periodic Assessment

In accordance with section 6 of the Accounts and Audit (England) Regulations 2011, Internal Audit will make arrangements for the conduct of a review of the effectiveness of internal audit.

The review is designed to ensure that the opinion given in the Annual Report of the Audit and Risk Manager may be relied upon as a key source of evidence in the Annual Governance Statement.

Review of the Audit Charter

This Charter will be subject to annual review by the Audit and Risk Manager and

any changes presented to Finance and Audit Scrutiny Finance and Audit Scrutiny Committee for approval at the first Finance and Audit Scrutiny Committee meeting in each financial year.

	Finance & Audit Scrutiny Committee - 15 April 2014	Agenda Item No. **7**
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 11/03/2014 Executive minutes 12/03/2014 Finance & Audit minutes 25/03/2014 Executive minutes 26/03/2014

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 _must_ 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 12 and 26 March 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 meetings on 11 and 25 March 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 12 March 2014 to the Finance and Audit Scrutiny Committee's comments

Item no	4	Title	Treasury Management Strategy Plan for 2014/2015	Requested by	Chair
Scrutiny Comment			The Committee supported the recommendations in the report, thanked officers for attending and presenting the report so comprehensively.		
Executive Response			-		

Item no	7	Title	Corporate Property Repairs & Improvements Programme 2014/15	Requested by	Chair
Scrutiny Comment			The Committee recognised that the Council was moving to a more strategic approach to how it managed its portfolio and supported the recommendations in the report.		
Executive Response			The Committee was thanked for its comments and support.		

Item no	8	Title	Rural / Urban Capital Improvement Scheme Criteria	Requested by	Chair
Scrutiny Comment			The Committee supported the recommendations in the report.		
Executive Response			-		

Item no	9B	Title	Discretionary Rate Relief	Requested by	Chair
Scrutiny Comment			The Committee was concerned that the Government had yet to confirm whether it would meet the costs of this relief. There was no legislation covering this to date. After discussing whether to recommend not implementing these temporary measures and to try to give business some incentive to locate to the District, the Committee recommended to the Executive that if it were minded to adopt the reliefs, the Executive only pursue Option B as detailed under paragraph 8.4. of the report.		
Executive Response			The recommendation was not accepted because Central Government intended that the award be covered in its entirety, although officers were still waiting for confirmation that this would include administration charges. Also, the Executive recognised that the relief would provide a valuable support to the local business community.		

Item no	9C	**Title**	Historic Buildings Grant Application Funding 2014/15	**Requested by**	Chair
Scrutiny Comment			The Committee supported the recommendations in the report.		
Executive Response			-		

On 11 March the Committee also considered the following Executive agenda items which are detailed in a separate confidential appendix:

11	-	Lillington Area Action Plan
12	-	Proposed Development, Warwick
13	-	Housing and Property Services Contracts Update Report

Responses from the meeting of the Executive held on 26 March 2014 to the Finance and Audit Scrutiny Committee's comments

Item no	3	**Title**	Petition against High Speed Rail (London West Midlands) Bill	**Requested by**	Chair
Scrutiny Comment			The Committee considered the financial implications of the report and noted that funding for the petition would be made from the monies set aside to oppose HS2. One Member expressed the view that the petition should be funded separately. Members highlighted the point that if further funding were required in respect of HS2 in future, another request would have to be made to the Executive. Nevertheless, the Committee supported the recommendations in the report.		
Executive Response			In accordance with a recommendation made by the O&S Committee, the Executive agreed that all Councillors should be sent a copy of the final petition document, for information, before it was submitted.		

Item no	4	**Title**	Relocation of the Council's HQ offices – Part A report	**Requested by**	Chair
Scrutiny Comment			The Committee made a number of comments (under the Part B element of the report) and supported the recommendations in the report subject to the following changes, which it recommended to the Executive:

Recommendation 2.4 - that authority needs to be delegated in accordance with procurement procedures.

Recommendation 2.6 – that this recommendation should include an assurance that there would be no contractor appointed until the report to the Executive in February 2015 had been approved. | | |

Executive Response	The following amendments and additional recommendations were made: **Amended 2.4** That Executive approves a WDC project budget of £100,000, separate from the LLP forward funding, to cover 'client' project costs, subject to any expenditure being compliant with the Code of Procurement Practice. **Amended 2.6** That Executive notes, the proposed Project timetable, as set out at Appendix Four, and that this will require the presentation of a further report in February 2015 seeking final approval for the project once the financial appraisals have been undertaken and all necessary planning approvals gained, subject to a revision to Appendix Four to ensure that the award of the contract to a development partner is not made until after the Executive decision. **New 2.10** That, in parallel with the LLP funded detailed financial and design appraisals of the Spa Centre site, Executive instruct officers to formally review the potential use of other WDC town centre landholdings as alternative relocation sites and to report back no later than May 2014. **New 2.11** That Executive agree to establish a sub-group to the existing Member Reference Group, made up of 1 member of each Group who is not a member of Planning Committee (and will also become ineligible to be a substitute for any Planning Committee meeting relevant to this project) to review, with officers, the design specification and car parking arrangements for the proposed new HQ offices at the Spa Centre site.

On 25 March the Committee also considered the following Executive agenda item which is detailed in a separate confidential appendix:

6 - Relocation of the Council's HQ offices – Part B report

WARWICK DISTRICT COUNCIL	**Finance & Audit Scrutiny Committee - 15 April 2014**	**Agenda Item No.**
		8

Title	**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 the current Forward Plan, attached at Appendix 1 to the report.

2.   **RECOMMENDATION**

2.1   The Committee to; identify any Executive items on which it wishes to have an input before the Executive makes its decision; and to nominate one Member to investigate that future decision and report back to the Committee.

3.   **REASONS FOR THE RECOMMENDATION**

3.1   One of the five main roles of overview and scrutiny in local government is to undertake pre-decision scrutiny of executive decisions.

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 highlighted items which were to be taken by the Executive which they would like to be involved in, those Members could then provide useful background to the Committee when the report was submitted to the Executive and when the Committee was passing 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 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   There are five main roles of overview and scrutiny in local government:

•   Holding to account
•   Performance management
•   Policy review
•   Policy development
•   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.

FORWARD PLAN
Forward Plan April to July 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) 412656. 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 April to July 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
April 2014						
Extension of Allpay Contract (Ref 599)	To seek approval to extend the existing contract with Allpay for over the counter payments (Moved from March 2014 reason 4)		~~Executive 12 March 2014~~ Executive 16 April 2014	7 April 2014	Fiona Clark Cllr Grainger	
Racing Club Warwick Update (Ref 601)	To advise members as to the latest position with regard to Racing Club Warwick and land matters seeking an agreement on the way forward		Executive 16 April 2014	7 April 2014	Andy Jones Cllr Coker	
Sustainability Report (Ref 551)	To seek agreement for the strategic approach to climate change/sustainability		Executive 16 April 2014	7 April 2014	Richard Hall Cllr Coker	
Local Air Quality Management (Ref 562)	To seek member approval for new air quality planning guidance and an extension to the Leamington Air Quality Management Area		Executive 16 April 2014	7 April 2014	Grahame Helm Cllr Coker	DEFRA WCC Leamington Town Council Chamber of Commerce Local Developers

Fetherston Court Development Scheme Update (Ref 589)	To provide an update of the latest project budget estimate and programme following review **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 16 April 2014	7 April 2014	Matt Jones Cllr Vincett	Fetherston Court Developmemt Scheme Update 8 January 2014 Executive
Locally Listed Parks and Gardens (Ref 597)	confirmation of boundaries		Executive 16 April 2014	7 April 2014	Alan Mayes Cllr Hammon	
Garage Site Disposals (Ref 602)	**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 16 April 2014	7 April 2014	Ken Bruno Cllr Vincett	
Procurement Exemption (Ref 606)	**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**		Executive 16 April 2014	7 April 2014	Ken Bruno Cllr Vincett	

information)					

May 2014

Council Procedure Rules (Ref 594)	To consider revisions to the Council procedure rules from the Constitution Working Party		Executive 8 May 2014	28 April 2014	Graham Leach Cllr Mobbs	

June 2014

Final Accounts (Ref 553)	To report on the Council's outturn position for both revenue and capital		Executive 11 June 2014	2 June 2014		
Voluntary sector commissioning priorities for 2015-18 (Ref 585)	To confirm the priorities around which future Voluntary Community Sector commissioning will be based, and provide a brief summary of the sector in-district.		Executive 11 June 2014	2 June 2014	Liz Young Cllr Grainger	Workshop; Face to face feedback
Review of the Warwick District Council/Waterloo Housing Group Joint Venture (Ref 591)	To consider the joint venture's performance since its inception		Executive 11 June 2014	2 June 2014	Andrew Jones Cllr Vincett	

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 reason 3)		~~Executive 14 November 2012~~ ~~Executive 9 January 2013~~ ~~Executive 11 September 2013~~ ~~Executive 12 February 2014~~ ~~Executive 12 March 2014~~ Executive 11 June 2014	2 June 2014	Chris Elliott Cllr Caborn	Kenilworth Town Council Warwickshire County Council Report to Executive generally on Neighbourhood Plans in July 2012
July 2014						
Code of Conduct Review (Ref 593)	To consider revisions to the Council's Code of Conduct and associated papers		Executive 30 July 2014	23 June 2014	Graham Leach Cllr Mobbs	Written correspondence Asking for their views
Sports and Leisure Options Appraisal (Ref 603)	To report on the Sports and Leisure Options Appraisal		Executive 30 July 2014	23 June 2014	Rose Winship Cllr Cross	Partners schools, Sport England, Sports NGBs Interviews with consultants

Review of Business Rates Pooling Arrangements (Ref 610)	To inform Members of the Outcome of the first year's pooling arrangement		Executive 30 July 2014	23 June 2014	Dave Leech Cllr Mobbs	

Section 2 - Key decisions which are anticipated to be considered by the Council between August 2014 and December 2014						
August 2014						
Budget Review to include Financial Projections (Ref 567)	To report on the latest financial prospects for the current and future 5 years					
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	
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	
November 2014						

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	Ken Bruno Cllr Vincett	Housing Strategy 2014 - 2017
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	

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**
Evening Economy (Ref 362)	Action Plan 2012-2015	~~Executive 11 September 2013~~	Joe Baconnet Cllr Hammon	Moved from September 2013 Reason 1 & 4		
Corporate Debt Policy (Ref 516)	To approve the Corporate Debt Policy	TBC	Jon Dawson Cllr Mobbs			
Housing & Property Services Advisory Services Review (Ref 524)	To present various options for the service to (i) improve value for money of existing services and (ii) accelerate and maximise new affordable housing through the HRA Business Plan.	~~Executive 11 December 2013~~	Cllr Vincett	Reason 3	Report to Executive 6th March 2012, recommendati on number 6. Report for Finance and Audit Scrutiny Committee 11th December 2012 Report for Finance and Audit Scrutiny Committee	

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					18th June 2013.	
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~~	Rob Chapleo Cllr Coker			
Code of Procurement Practice (Ref 611)	To seek approval of the updated Procurement Code of Practice		Susan Simmonds Cllr Mobbs			

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

April 2014						
May 2014						
June 2014						
July 2014						
Review of The Significant Business Risk Register (Ref 609)	To advise members of Corporate Business Risks				Mike Snow Cllr Mobbs	
Review of Business Rates Pooling Arrangements (Ref 554)	To inform members of the outcome of the first year's Pooling Arrangements				Richard Barr Cllr Mobbs	
August 2014						
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

December2014

| Housing Revenue Account Budgets 2015-2016 (Ref 590) | To consider the following year revenue budgets for the Housing Revenue Account | | | | Mark Smith Cllr Mobbs | |
| 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) 412656

	Finance & Audit Scrutiny Committee **– 15 April 2014**	**Agenda Item No.**
		9

Title	**Review of the Work Programme**
For further information about this report please contact	Peter Dixon Civic & Committee Services Officer 01926 456114 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	11 March 2014
Background Papers	Committee minutes (various)

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

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		
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 2013/14 and 2014/15 (Appendix 1).

2.	**RECOMMENDATION**

2.1	Members consider the work programme and agree any changes to it as appropriate.

3.	**REASONS FOR THE RECOMMENDATION**

3.1	The work programme should be updated at each meeting to accurately reflect the workload of the Committee.

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.

6.	**RISKS**

6.1	This Committee contributes to the effective minimisation of risk by scrutinising the various functions and work of the Council, often in a statutory capacity. It is therefore important that the Committee's work programme is kept up to date.

7.	**ALTERNATIVE OPTION(S) CONSIDERED**

7.1	There are no alternative options.

Finance and Audit Scrutiny Committee
WORK PROGRAMME 2013/14 & 2014/15

7 MAY 2014

SCRUTINY ITEMS

1	End of Term Report	Report	Chairman / Peter Dixon	Executive 11.01.12 minute 115 F&A 09.07.13 minute 30

No scheduled audit items

10 JUNE 2014

AUDIT ITEMS

1	Annual Governance Statement	Report	Mike Snow	Annual report
2	Treasury Management Activity Report 2013/14	Report	Roger Wyton	2nd Half Year Biannual report
3	Internal Audit Annual Report 2013/14	Report	Richard Barr	Annual report
4	Internal Audit Quarterly Report – Quarter 4 2013/14	Report	Richard Barr	Quarterly report
5	Review of Effectiveness of Internal Audit	Report	Richard Barr	Annual report

SCRUTINY ITEMS

6	Housing Business Plan Performance Management	Report	Abigail Hay	Biannual report
7	Progress report on Enterprise Projects	Report	Joe Baconnet	Annual report

1 JULY 2014

AUDIT ITEMS

1	Anti-Fraud and Corruption Progress Report	Report	John King	Annual report
2	Draft Statement of Accounts 2013/14	Report	Mike Snow	Annual report

SCRUTINY ITEMS

3	Service Risk Register Presentation – Democratic Services	Report	Richard Barr	Executive approved 11.01.12 minute 115
4	Procurement Biannual Report	Report	Susan Simmonds	Biannual report

29 JULY 2014

AUDIT ITEMS

1	Treasury Management 2013/14 Annual Report	Report	Roger Wyton	Annual report

No scheduled scrutiny items

2 SEPTEMBER 2014

AUDIT ITEMS

1	Internal Audit Quarterly Report Quarter 1 2014/15	Report	Richard Barr	Quarterly report
2	Housing Benefit Fraud Investigation - Performance	Report	Andrea Wyatt	Annual report
3	Risk Management Annual Report	Report	Richard Barr	Annual report

No scheduled scrutiny items

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

SCRUTINY ITEMS

2	Service Risk Register Presentation – Neighbourhood Services	Report	Richard Barr	Approved Executive 11.01.12 minute 115

4 NOVEMBER 2014

AUDIT ITEMS

1	Annual Audit Letter	Report	Mike Snow	Annual report

No scheduled scrutiny items

2 DECEMBER 2014

AUDIT ITEMS

1	Treasury Management Activity Report 2014/15	Report	Roger Wyton	1st 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

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	Service Risk Register Presentation – Corporate & Community Services	Report	Richard Barr	Approved by 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 Strategy & Plan 2015/16 – 2017/18	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

SCRUTINY ITEMS

1	Service Risk Register Presentation – Housing & Property Services	Report	Richard Barr	Executive 11.01.12 minute 115 F&A 09.07.13 minute 30

SCRUTINY ITEMS

2	End of Term Report	Report	Peter Dixon / Chair	Annual report

DATES TO BE ARRANGED

Contract registers reviews – agreed 25 March 2014 (minute 174)
Presentation on Disabled Adaptations – agreed 11 December 2012 (minute 97, Executive item 5)

FUTURE SERVICE RISK REGISTER PRESENTATIONS

July 2015 – Cultural Services
October 2015 – Development Services