

# Finance and Audit Scrutiny Committee

Wednesday 2 September 2015

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A meeting of the above Committee will be held at the Town Hall, Royal Leamington Spa on Wednesday 2 September 2015 at 6.00pm.

Membership:

	Councillor Barrott (Chair)	
Councillor Butler		Councillor Illingworth
Councillor Day		Councillor Mann
Councillor Gifford		Councillor Quinney
Councillor Harrington		Councillor Rhead
Councillor Heath		Councillor Thompson

## 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.

**\*3. Minutes**

To confirm the minutes of the meeting held on 28 July 2015.

**(Item 3/Page 1)**

**Part B – Audit Items**

**\*4. Internal Audit Quarter 1 2015/16 Progress Report**

To consider a report from Finance

**(Item 4/Page 1)**

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

To consider a report from Finance

**(Item 5/Page 1)**

**\*6. Annual Governance Statement Action Plan 2015/16 – Review of Progress**

To consider a report from Finance

**(Item 6/Page 1)**

**Part C – Scrutiny Items**

**\*7. Review of Neighbourhood Services Contracts Register**

To consider a report from Neighbourhood Services

**(Item 7/Page 1)**

**\*8. The Monitoring of Section 106 Contributions**

To consider a report from Development Services

**(Item 8/Page 1)**

**\*9. Comments from the Executive**

To receive a report from Civic & Committee Services

**(Item 9/Page 1)**

**\*10. Review of the Work Programme & Forward Plan**

To consider a report from Civic & Committee Services

**(Item 10/Page 1)**

**\*11. Executive Agenda (Non Confidential Items and Reports) – Thursday 3 September 2015**

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

**\*12. 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 item 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.

**\*13. Executive Agenda (Confidential Items and Reports) – Thursday 3 September 2015**

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).

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

Published Monday 24 August 2015

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

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Facsimile: 01926 456121  
E-Mail: [committee@warwickdc.gov.uk](mailto: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](mailto: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](http://www.warwickdc.gov.uk/committees)

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

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

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 28 July 2015 at the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillor Barrott (Chair): Councillors Ashford, Butler, Mrs Falp, Gifford, Harrington, Mann, Illingworth, Quinney, Rhead and Thompson.

**Also Present:** Councillors Mrs Gallagher, Phillips and Whiting.

## 22. **Substitutes**

Councillor Mrs Falp substituted for Councillor Heath and Councillor Ashford substituted for Councillor Day.

## 23. **Declarations of Interest**

### Minute Number 28 – Review of Cultural Services Risk register

Councillor Mrs Falp declared a prejudicial interest in this item because her son worked for the Service Area and was referred to in the report.

### Minute Number 30 – Executive Item 3 – Budget Review to 30 June 2015

Councillor Gifford declared a Disclosable Pecuniary Interest in this item because he was a member of the Warwickshire Local Government Pension Scheme advisory Board for Warwickshire County Council, and left the room during the consideration of this item.

### Minute Number 32 – Executive Item 4 – Gypsies and Travellers – update on the progress of the Development Plan Document to allocate sites

Councillor Mrs Falp declared a personal interest in this item because her son was a shareholder in the club and because she knew the land owner of one of the proposed sites.

### Minute Number 32 – Executive Item 5 – Exemption from the Code of Procurement Practice – Provision of Support and Re-settlement Service

Councillor Gifford declared a Disclosable Pecuniary Interest in this matter because it involved Warwickshire County Council and he was a Warwickshire County Councillor. He left the room for the duration of this item.

## 24. **Minutes**

The minutes of the meeting of 30 June 2015 were taken as read and signed by the Chairman as a correct record.

## 25. **Grant Thornton Audit Committee Update**

The Committee received a report from Finance that set out the work undertaken for this Council by its external auditor, Grant Thornton, as well as key emerging issues.

The external auditors have been undertaking work in preparation for the 2014/15 Accounts. In addition, they have been unable to complete all work required to complete the 2013/14 audit and issue the relevant audit certificate as detailed in their report.

John Gregory, of Grant Thornton attended the meeting and responded to questions from members, he explained that:

- Three of the four objections to the previous sets of accounts have been resolved with no action for the Council. The decisions on these aspects had all been issued;
- The fourth objection cannot be resolved until a separate legal hearing had taken place, the date of which was outside the control of both the auditor and the Council;
- the additional fee for three objections was over £12,800 and while this had been agreed informally with the Council needed to be agreed by the relevant independent body;
- the cost of the fourth objection was likely to increase the overall cost by £3000 to £4,000; and
- there was a change in legislative arrangements from 2015/16 accounts onwards which would make the process, for the external auditor, of refusing an objection to the accounts much easier.

### **Resolved** that

- (1) the Committee asked the Deputy Chief Executive & Monitoring Officer to disclose, to them, copies of the decisions on the objections to the Committee, as the Audit Committee for the Council so that they can be fully informed about any matters relating to the accounts of this Council.
- (2) the report be noted.

## 26. **2014/15 Annual Treasury Management Report**

The Committee received a report from Finance which detailed and reviewed the Council's treasury management performance for 2014/15.

Consideration of the Council's Treasury Management activities was within the remit of the Finance and Audit Scrutiny Committee hence, it is appropriate to report the Council's annual performance direct to this Committee.

The report follows the format used in the Treasury Management Strategy Plan and comments, where appropriate, on the Council's actual performance against what was forecast in the Strategy Plan. The Council

also has to comment upon its performance against its Annual Investment Strategy for the year

The 2014/15 Treasury Management Strategy and the Council's Treasury Management Practices, in accordance with the Code of Practice for Treasury Management, require that the Treasury Management function reports upon its activities during the year by no later than 30<sup>th</sup> September in the year after that which is being reported upon

**Resolved** that the Council's 2014/15 Treasury Management activities, be noted.

27. **Statement of Accounts and Annual Governance Statement 2014/15**

The Committee received a report from Finance which set out the draft Statement of Accounts 2014/15.

The accounts have been closed in respect of the financial year 2014/15 and the outturn duly reported to the Executive in June.

The draft Statement of Accounts 2014/15 had been produced and would be subject to Audit up to the end of September. The Audited Statement of Accounts would be presented to this Committee and Council in September for formal approval

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

**Resolved** that the pre-audit Statement of Accounts, be noted.

28. **Review of Cultural Services Risk register**

The Committee considered the Cultural Services Risk Register as part of their responsibility for managing the risks of the Council.

The Head of Service for Culture and Portfolio Holder for this item attended to respond to questions.

The Committee were pleased with the risk register which in their view was very good.

There were concerns over the Golf contract and welcomed the proposal that a detailed report is brought back to them in September.

The Committee also welcomed the update, from the Head of Housing & Property Services on the planned works for the Pump Room roof and that a procurement of a contract to assess the issues and how to manage them was underway.

**Resolved** that the

- (1) the risk register be noted;
- (2) a report be brought back to the Committee in September regarding the Golf Contract.

(Councillor Harrington left the meeting during this item)

## 29. **Progress Report on Enterprise Projects**

The Committee considered a report from Development Services that updated them on the operational performance of the Enterprise Projects, principally: Althorpe Enterprise Hub (AEH), & Court Street Creative Arches (CSCA). Brunswick Enterprise and Employment Zone (BEEZ) and Spencer Yard Phase 1 (SY) are included for financial purposes. In addition, this report provided an update on 26HT and also the business support and skills initiatives.

**Resolved** that

- (1) the report be noted;
- (2) in future this information is contained within the Portfolio Holder Statements.

## 30. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 1 July 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 1 July 2015:

### Agenda Item 3 - Budget Review to 30 June 2015

The Committee noted the report.

### Agenda Item Number 8A. Significant Business Risk Register

The Committee asked the Executive to reconsider the wording on the register item for the Local Plan, because it has been found as unsound and there are risks associated now associated with this which should be recorded.

(Councillor Butler left the meeting during this item)

## 31. **Business Plan Performance Management**

The Committee considered a report Housing & Property Services that updated them on the Housing Revenue Account (HRA) Business Plan Performance.

Since the original HRA Business Plan was approved by in March 2012, performance reports had been presented to Finance and Audit Scrutiny Committee on a bi-annual basis.

In addition the base business plan had been revised to reflect changes in performance and assumptions, with the latest business plan having been

approved by the Executive in March 2015. This was now the base business plan against which performance is measured.

A further review of the HRA Business Plan would take place in 2015/16 and be presented later this year to the Executive for approval. This would:

- Update the base business plan with all changes that had taken place
- Revise assumptions for the forthcoming period based on current information and knowledge.
- Take account of any housing policy changes proposed by the Government.

The HRA Business Plan Financial Framework for 2014/15, Appendix 1 to the report, set out the performance of the Business Plan for 2014/15. All numbers reflect the principal change effect and the consequent impact on cash flows and interest over the fifty year life of the Business Plan.

Compared to the HRA Business Plan projections approved in March 2015, there was a projected favourable variance of £4,114,000 for 2014/15, predominantly due to unavoidable delays in the development of Sayer Court slipping costs into 2015/16. There was an adverse variance of £27,933,000 over the remaining life of the 50 year life of the Business Plan, which was the equivalent of approximately £140,000 per year on average in current prices.

The Business Plan Financial Framework Exception Report attached at Appendix 2 detailed reasons and mitigations for the significant variations.

The adverse variance was due to a combination of internal and external factors.

### **Resolved**

- (1) the performance outturn of the HRA Business Plan for 2014/15, be noted; and
- (2) the emerging Government policy changes detailed in the report, be noted.

### **32. Executive Agenda (Non Confidential Items & Reports) – Wednesday 1 July 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 1 July 2015:

#### Agenda Item 5. Exemption from the Code of Procurement Practice – Provision of Support and Re-settlement Service

The Committee expressed disappointment in another request for an exemption to the procurement practice. While they noted the late decision by WCC on this matter they felt this report could have come forward to the Executive earlier.

The Committee recognised that if the WCC remove this funding there would be tough choices on this area of work.



That said the Committee supported the recommendations of the report.

Agenda Item Number 6. Exemption from the Code of Procurement Practice – Cost Management Services

The Committee were of the opinion that the Housing & Property Services contract register should have identified this issue earlier and ideally before the contract expired in May 2015.

That said the Committee supported the recommendations of the report.

Agenda Item 4. Gypsies and Travellers – update on the progress of the Development Plan Document to allocate sites

The Committee supported the recommendations in the report but had concerns about the wording of recommendation 2.4 regarding the use of compulsory purchase orders.

The Committee therefore recommended that recommendation 2.4 be amended so that it is explicit that Compulsory Purchase Options should only be a last resort.

Agenda Item 8B. Rural / Urban Capital Improvement Scheme (RUCIS) Application

The Committee asked the Executive that as there would be a significant underspend for this year, therefore could the Executive confirm that this money will be rolled over to next years' budget?

(Councillor Mann left the meeting during this item)

**31. Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 1 July 2015.

**Resolved** that the contents of the report be noted.

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

The Committee considered its work programme for 2015/16 and the latest published version of the Forward Plan.

**Resolved** that

- (1) the report be noted;
- (2) a report be brought back to the Committee in September regarding the Golf Contract; and
- (3) the scrutiny of infrastructure costs associated with developments, should remain on the agenda, the first part of which should be the

S106 report to be considered at the next meeting.

33. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

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(The meeting ended at 9.34 pm)

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**Resolved** that the contents of the report be noted.

(The meeting ended at 9.34 pm)

 <b>Finance and Audit Scrutiny Committee</b> <b>2 September 2015</b>		<b>Agenda Item No. 4</b>
<b>Title</b>	Internal Audit Quarter 1 2015/16 Progress Report	
<b>For further information about this report please contact</b>	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk	
<b>Service Area</b>	Finance	
<b>Wards of the District directly affected</b>	Not applicable	
<b>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</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Finance and Audit Scrutiny Committee – 10 June 2015	
<b>Background Papers</b>	Internal Audit Reports	

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

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive	14 Aug 2015	Chris Elliott
Section 151 Officer	14 Aug 2015	Mike Snow
Monitoring Officer	14 Aug 2015	Andrew Jones
Human Resources		
Finance	14 Aug 2015	As Section 151 Officer
Portfolio Holder	14 Aug 2015	Councillor Whiting
<b>Consultation and Community Engagement</b>		
None other than consultation with members and officers listed above.		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1 **SUMMARY**

- 1.1 Report advises on progress in achieving the Internal Audit Plan 2015/16, summarises the audit work completed in the first quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

## 2 **RECOMMENDATIONS**

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

## 3 **REASON FOR THE RECOMMENDATIONS**

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

## 4 **ALTERNATIVE OPTIONS CONSIDERED**

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

## 5 **BUDGETARY FRAMEWORK**

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

## 6 **POLICY FRAMEWORK**

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

## 7 **RISKS**

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

## 8 **ROLE AND RESPONSIBILITIES OF AUDIT COMMITTEES**

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

- 8.2 Essentially, the purpose of an audit committee is:
- To provide independent assurance of the associated control environment.
  - To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
- 8.3 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- 8.4 The following sections provide information to satisfy these requirements.

## 9 **PROGRESS AGAINST PLAN**

- 9.1 At the start of each year Members approve the Audit Plan setting out the audit assignments to be undertaken. An analysis of progress in completing the Audit Plan for 2015/16 is set out as Appendix 2.
- 9.2 As can be seen, satisfactory progress is being made in respect of completing the Plan.

## 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**

<b>Level of Assurance</b>	<b>Definition</b>
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, there are weaknesses in the system that leaves some risks not addressed together with non-compliance with some of the controls, including key ones.
Limited Assurance	The system of control is weak and there is non-compliance with the controls that do exist.

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

## 11 **INTERNAL AUDIT ASSIGNMENTS COMPLETED DURING QUARTER**

- 11.1 Five audits were completed in the first quarter of 2015/16. 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 quarter in question.
- 11.4 One of the audits completed during the quarter was awarded a lower than substantial assurance opinion. The audit was Building Cleaning Services. In line with agreed protocol the report relating to this audit is set out as Appendix 4 for specific scrutiny.

## 12 **IMPLEMENTATION OF RECOMMENDATIONS ISSUED PREVIOUSLY**

- 12.1 Managers are required to implement recommendations within the following timescales:
  - (a) Recommendations involving controls assessed as high risk to be implemented within three months.
  - (b) Recommendations involving controls assessed as low or medium risk to be implemented within nine months.
- 12.2 The state of implementation of **low and medium risk** recommendations made in the **second quarter of 2014/15** and **high risk** recommendations issued in the **fourth quarter of 2014/15** is set out as Appendix 5 to this report.
- 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 these earlier quarters.

## 13 **REVIEW**

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

**GUIDANCE ON THE ROLE AND RESPONSIBILITIES OF AUDIT COMMITTEES**

**Public Sector Internal Audit Standards 2013**

Independence and Objectivity

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

Glossary

Definition: Audit Committee

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

**Audit Committees: Practical guidance for Local Authorities (CIPFA)**

Core Functions

Audit committees will:

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

Suggested Audit Committee Terms of Reference

Audit Activity:

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

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

### Monitoring Audit Performance

#### *Auditor/officer collaboration*

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

#### *Management response*

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

#### *Implementation*

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

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

## **CIPFA Technical Information Service Online**

### Audit Reporting

#### *Introduction*

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

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

### *Periodic Internal Audit Reports*

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

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

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



**INTERNAL AUDIT PROGRESS 2015/16: QUARTER 1****ANALYSIS OF PERFORMANCE****Time Spent: Audit Plan – Planned Vs Actual**

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
<u>Planned Audit Work</u>	262.0	65.5	53.3	+12.2
<u>Other Time</u>				
Sundry audit advice	25.0	6.2	5.3	+0.9
Special investigations (e.g. Fraud/Irregularities)	28.0	7.0	7.3	-0.3
Corporate and departmental Initiatives	35.0	8.8	19.9	-11.1
Non-chargeable activities	112.0	28.0	31.8	-3.8
Leave and other absences	110.0	27.5	25.2	+2.3
<i>Total Other Time</i>	310.0	77.5	89.5	-12.0
<i>Total Time</i>	572.0	143.0	142.8	+0.2

**Time spent: Assignments Completed – Planned Vs Actual**

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Performance Management	10.0	8.6	+1.4
Collection of Council Tax	5.0	5.9	-0.9
Payment of Creditors	Contracted-out audit		
Sports Development	8.0	8.8	-0.8
Building Cleaning Services	11.0	10.8	+0.2

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

Not applicable.

**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.	%
36	5	15.0	5	15.0	0	0.0

**SUMMARY OF RECOMMENDATIONS AND MANAGEMENT RESPONSES FROM INTERNAL AUDIT REPORTS  
ISSUED QUARTER 1, 2015/16**

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>1</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date</b>
<b>Performance Management – 24 June 2015</b>				
4.2.9	Measures relating to corporate complaints should be included within the corporate measures.	Low	Deputy Chief Executive (AJ)	Agreed. 1 September 2015.
4.3.4	Consideration should be given to increasing the prominence of the service measures information on the council’s website and a review should subsequently be performed to ascertain whether its continued publication is relevant.	Low	Deputy Chief Executive (AJ)	Agreed. 1 September 2015.

<sup>1</sup> Risk Ratings are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.

Report Reference	Recommendation	Risk Rating	Responsible Officer	Management Response and Target Implementation Date
<b>Collection of Council Tax – 27 May 2015</b>				
3.2.3	Exception reporting to highlight Council Tax Reduction awards credited to closed council tax accounts should be explored.	Low	Exchequer Manager / Benefits Manager	We have approached Civica with regard to this issue. Their response "We do not currently have a report for this. I will however approve your change request to the CTS Balancing Report to have a marker to indicate if the account is closed." 1 October 2015.
<b>Payment of Creditors – 26 June 2015</b>				
4.1.3	The Creditors manual should be updated to include sufficient detail relating to the process in place for goods and service receipting and the creditor reports available to the Financial Services staff, in order to assist with the managing of the creditor function and to document the complete creditor control environment.	Low	Finance Administration Manager	The creditor's manual is an FSTeam procedure manual, the FSTeam do not receive goods and therefore there is no need for a goods and receipting process. The manual isn't a corporate document; it details tasks that are only relevant to the FSTeam. However, the manual will be added to in respect of reports and in particular the year-end Orders process. Following the audit this has been discussed and agreed with the Auditor. October 2015.

Report Reference	Recommendation	Risk Rating	Responsible Officer	Management Response and Target Implementation Date
4.7.3	An invoice grid stamp should be forwarded to the Royal Spa Centre.	Low	Finance Administration Manager	<p>The Spa Centre already had a “voucher” stamp in use which is signed by an appropriate officer to authorise payment which naturally should only be when goods have been received. However, the FSTeam had two spare stamps, same as they use, that clearly has wording for goods received, internal reference and batch numbers, they have already been forwarded to the Spa Centre and an email sent to Laura Bates (Deputy Manager) on 2<sup>nd</sup> June 2015 requesting that these new stamps are used from now on. I have also forwarded this email to David Guilding (Spa Centre Manager) on 29<sup>th</sup> June 2015 to reiterate stamp usage on invoices.</p> <p>June 2015 – cleared.</p>

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>2</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date</b>
<b>Sports Development – 30 June 2015</b>				
4.4.5	Further efforts should be made to obtain the outstanding monitoring forms for 2014/2015.	Low	Active Communities Officer	Further emails to be sent out to all the non returns in July 2015 to request monitoring forms, and to be followed up by phone calls in August 2015. By end August 2015.
4.4.7	The scheme of virement should be applied when necessary to transfer funds between budgets.	Medium	Active Communities Officer / Business Support Manager	Budgets will be reviewed monthly and the scheme of virement will be applied as necessary for the remainder of the financial year. Monthly throughout the financial year.

<sup>2</sup> Risk Ratings are defined as follows:

- High: Issue of significant importance requiring urgent attention.  
Medium: Issue of moderate importance requiring prompt attention.  
Low: Issue of minor importance requiring attention.

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>3</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date</b>
<b>Building Cleaning Services – 26 June 2015</b>				
4.1.4	Copies of emails / quotes relating to additional works ordered should be retained.	Low	Sustaining Tenancies Manager	A system to retain all copies of e-mails and quotes, relating to additional works, has been set up (25/06/15). Completed.
4.1.5	Formal monitoring documents should be drawn up and used.	Low	Sustaining Tenancies Manager	Will be discussed at the next meeting with Ocean on 29/06/15. August 2015.
4.1.9	Formal performance meetings are held in the future which are minuted appropriately.	Low	Sustaining Tenancies Manager	All future meetings will be minuted appropriately and the minutes will be retained, starting with the next meeting (29/06/15). July 2015.
4.1.12	A formal log of complaints received should be maintained, including details as to how they have been investigated and resolved as appropriate.	Low	Sustaining Tenancies Manager	A system to log complaints, including details of how they have been investigated and resolved, has been set up. Completed.

<sup>3</sup> Risk Ratings are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>3</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date</b>
4.1.15	For both rectification & default notices, formal numbering should be introduced, along with a summary document, to track what has been issued & when.	Low	Sustaining Tenancies Manager	A system to number the rectification and default notices has been set up. Completed.
4.2.3	The budget for Town Hall cleaning should be amended in line with the actual contract value.	Low	Sustaining Tenancies Manager	A meeting is to be arranged with the relevant Principal Accountant to discuss the issue. July 2015.
4.2.4	The current situation with regards to the services provided at the Althorpe Enterprise Hub and the Glasshouse and the associated costs should be formalised by issuing a new variation order.	Low	Sustaining Tenancies Manager	The situation with the Althorpe Enterprise Hub and the Glasshouse is to be confirmed and a new variation order will be issued. August 2015.
4.2.5	The next payment to Ocean should be amended to take into account all of the penalties that have been levied as per the default notices issued.	Low	Sustaining Tenancies Manager	We are currently carrying out an exercise to check which penalties, relating to the default notices issued, are outstanding so that we can amend the payment to Ocean. August 2015.
4.3.4	A performance bond should be obtained in relation to the contract, whether or not it is re-let.	Low	Sustaining Tenancies Manager	A performance bond has been requested from Ocean (26/06/15). September 2015.
4.3.6	Up-to-date insurance documentation should be obtained from Ocean.	Medium	Sustaining Tenancies Manager	Up to date insurance documentation has been obtained from Ocean and is on file. Completed.

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>3</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date</b>
4.3.6	An officer should be appointed to obtain new insurance documents following the annual insurance renewals.	Low	Sustaining Tenancies Manager	A generic electronic diary / calendar is to be set up for the Cleaning Contract administration and renewal dates will be entered onto the calendar to remind the contract administrator to obtain new insurance documents following the annual insurance renewals. July 2015.
4.3.6	The insurance documents, once received, should be checked to ensure that insurance is held in line with the contract requirements.	Medium	Sustaining Tenancies Manager	Insurance documents were checked by the Insurance Officer on 18/06/15. Completed.
4.3.8	Risks relating to the cleaning of buildings should be included in the Housing & Property Services risk register as appropriate.	Low	Sustaining Tenancies Manager	To be added to the risk register. September 2015.
4.3.10	Updated method statements should be obtained and these should be reviewed for adequacy once received.	Low	Sustaining Tenancies Manager	Method statements have been obtained from Ocean and these are to be reviewed for adequacy. September 2015.
4.3.11	Ocean should be made aware of the issues encountered during the recent fire drill and should be provided with details of the fire evacuation procedures for all buildings in which they work.	Medium	Sustaining Tenancies Manager	Ocean were made aware of the issues at a meeting in May 2015 and have been provided with fire evacuation procedures. A request for an update / confirmation will be made from Ocean at the next meeting on 29/06/15. July 2015.



**AUDIT REPORTS WITH MODERATE OR LOW LEVEL OF ASSURANCE  
ISSUED QUARTER 1 2015/16**

**Building Cleaning Services – 26 June 2015**

**1 Introduction**

- 1.1 In accordance with the Audit Plan for 2015/16, 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 August 2013.
- 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 cooperation received during the audit.

**2 Background**

- 2.1 Building cleaning was incorporated into the major contract re-let project undertaken by Neighbourhood Services, with the new contract with Ocean coming into force in April 2013. Following the award of the contract, the management of these services has transferred to Housing and Property Services (H&PS).
- 2.2 The contract covers the cleaning at corporate properties, communal areas of housing blocks, car parks, public conveniences and sports pavilions and includes window cleaning at relevant buildings.

**3 Scope and Objectives of the Audit**

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following areas:
- Service provision and monitoring
  - Finance
  - Contingency planning and risk management
- 3.3 The audit programme identified the expected controls. The control objectives examined were:
- Contractors are aware of the services to be provided
  - Works are undertaken to agreed standards
  - Budget variances are limited as the budgets are set appropriately in line with known areas of expenditure

- Payments are valid and accurate and processed in accordance with the appropriate conditions of contracts
- The council only pays for work that has been previously agreed
- Contingency plans exist to ensure that the service continues to be provided
- The council would not be financially disadvantaged should the contractor fail to provide a service
- The council will not be liable for any claims received due to the work of the contractor
- The council is aware of the risks in relation to the cleaning of the buildings that it is responsible for and has taken steps to address them
- The contractor is aware of the risks in relation to undertaking the contracted services and has taken steps to address them.

## **4 Findings**

### **4.1 Service Provision & Monitoring**

4.1.1 As highlighted above (see 2.1), a contract for building cleaning services is held with Ocean. A detailed specification is in place for the contract, with the supporting appendices showing the buildings that require cleaning along with details of what is required and the frequencies.

4.1.2 Method statements were provided at the time of the contract tendering although the Senior Estates Supervisor (SES) advised that updated method statements have been requested (see 4.3.10 below).

4.1.3 A deed of agreement is in place for the contract and this is signed and sealed by the council and signed as a deed by a director and a witness from Ocean Contract Cleaning Limited.

4.1.4 The SES advised that formal variation orders would be issued for permanent changes to the contract and a sample was provided. He also highlighted that temporary changes (e.g. ad-hoc works) would be communicated via email, with quotes being requested, although he advised that he would not necessarily retain the emails.

#### **Risk**

**Queries relating to the scope and cost of ad-hoc works cannot be resolved.**

#### **Recommendation**

**Copies of emails / quotes relating to additional works ordered should be retained.**

4.1.5 The specification and associated appendices of the contract include standards to be adhered to and the relevant cleaning methods for each location. The SES advised that there are no formal monitoring documents, but any issues identified would be supported by photos and emails to Ocean.

**Risk**

**A formal record is not in place to enable service standard issues to be raised and rectified.**

**Recommendation**

**Formal monitoring documents should be drawn up and used.**

- 4.1.6 He suggested that he will ensure that all sites included on the contract are visited, but doesn't use a formal rota so that the cleaning staff cannot spot any patterns indicating when he will be inspecting.
- 4.1.7 He advised that he has tried to get joint inspections undertaken with staff from Ocean but these have never happened. He suggested that this was mainly due to management changes at the contractor.
- 4.1.8 Some updates are also sought from staff in other council buildings as to any issues that they have come across. A specific request for information relating to the current standard of service delivery was also made to the relevant building managers when the council was looking into alternative service delivery options due to the issues that were being encountered (see 4.3.1 below).
- 4.1.9 The SES suggested that performance management meetings have taken place with the contractor, although recently these have been with Legal Services to try to resolve contract issues. Notes of a meeting held in October 2014 were provided, although these were not formal minutes.

**Risk**

**Performance issues are not raised at the earliest opportunity.**

**Recommendation**

**Formal performance meetings are held in the future which are minuted appropriately.**

- 4.1.10 The SES advised that any complaints made regarding the standard of cleaning and the conduct of the contractor's staff are investigated and acted upon as appropriate. Some documents were held on his network drive, although there was little detail held and these were mainly related to accidents / incidents as opposed to the standard of cleaning.
- 4.1.11 Other email evidence was held in the specific Cleaning Defects email account, with some emails being received via the 'contactus' email. The SES also advised that some complaints are addressed directly to him when he is out on site.
- 4.1.12 He advised that the complaints would be dealt with as and when they were received, although evidence was not generally being retained.

**Risk**

**Further enquiries relating to complaints made cannot be resolved.**

**Recommendation**

**A formal log of complaints received should be maintained, including details as to how they have been investigated and resolved as appropriate.**

- 4.1.13 As noted above, there is no formal monitoring paperwork maintained. However, during the opening meeting, the SES advised that regular rectification notices were being issued due to underperformance against the contract. Default notices were also having to be issued when these rectifications were not being dealt with appropriately.
- 4.1.14 The SES maintains folders on his network drive of the notices that have been issued. It was not clear, however, if copies of all notices were held, as they were not numbered and no summary documentation was maintained. Monthly folders were in place for January 2014 to October 2014 for rectification notices and January 2014 to May 2014 for default notices with only ad-hoc notices after this.
- 4.1.15 The SES advised that, due to the ongoing contract issues and the attempts to reshape the contract (see 4.3.2 below), grace periods had been given, so there were periods where rectification and default notices were not being issued.

**Risk**

**The council is unable to ensure that all rectification and default notices have been addressed.**

**Recommendation**

**For both rectification & default notices, formal numbering should be introduced, along with a summary document, to track what has been issued & when.**

**4.2 Finance**

- 4.2.1 Two extracts were run from TOTAL to identify all cost centres where the contract cleaning subjective code (2705) had been used and all payments that had been made to Ocean relating to 2014/15 invoices. The budgets and payments were then checked to the figures included on the bill of quantities that had been submitted by Ocean.
- 4.2.2 The budgets generally tie in with the figures on the bill of quantities and the payments made, although there were two specific issues noted.
- 4.2.3 The budget for cleaning at the Town Hall was approximately £5,000 above the actual costs, and this variance had been carried forward for a number of years. The relevant Principal Accountant was not able to provide an explanation as to why this variance existed.

**Risk**

**Budgets cannot be accurately monitored.**

**Recommendation**

**The budget for Town Hall cleaning should be amended in line with the actual contract value.**

- 4.2.4 The variation order that had been agreed with regards to the Althorpe Enterprise Hub (AEH) and the Glasshouse at the Jephson Gardens did not tie in with the amounts being charged or the current situation with regards to the cleaning provided by Ocean at the AEH.

**Risk**

**The contractor will be unsure as to what is required of them.**

**Recommendation**

**The current situation with regards to the services provided at the Althorpe Enterprise Hub and the Glasshouse and the associated costs should be formalised by issuing a new variation order.**

- 4.2.5 It was also noted that, despite a number of default notices being issued which included penalties, there was no evidence on the invoices received that these had been actioned by Ocean, with standard monthly invoices being submitted and paid. Only two credit notes could be located at the time of the audit, and neither of these related to the default notices issued since April 2014.

**Risk**

**The council is paying for a substandard service.**

**Recommendation**

**The next payment to Ocean should be amended to take into account all of the penalties that have been levied as per the default notices issued.**

- 4.2.6 The SES advised that he had initially been signing some of the invoices, but he was not an authorised signatory. A sample of invoices was chosen from the payments made and all, except those signed by the SES, had been signed by an appropriately authorised individual.
- 4.2.7 Upon review of the payments made to Ocean for 2014/15, two ad-hoc jobs had been paid for. As highlighted above (see 4.1.4), the SES advised that he would have sent emails asking for these works to be undertaken and he confirmed that the jobs had been agreed prior to payment, although nothing had been retained to confirm these requests.
- 4.2.8 Invoices in relation to the provision of attendants for sports pavilions vary each month, based on the number of fixtures. The SES advised that he passes the invoices to the Business Support Manager(BSM) in Cultural Services to check that the details agree to the fixture lists he holds. The BSM confirmed that these checks are undertaken, and he signs the invoices to confirm the amounts.

### **4.3 Contingency Planning & Risk Management**

- 4.3.1 Whilst not a formal contingency plan as such, alternative methods of delivering the services have been looked at, with both in-house and other contractor options being explored, due to issues encountered with the current service provider. A project group has been established to look into these options, with the actual termination of the contract having been considered.
- 4.3.2 At the end of the audit testing, the position was clarified with the Sustaining Tenancies Manager who is managing the project. She advised that Ocean had suggested working to a reduced specification. However, Legal Services had advised that the change to the contract was too material to go ahead without re-procurement, so Ocean had been advised that they should continue working to the original specification. The service was, therefore, being reviewed and a new procurement exercise was being planned for this autumn.
- 4.3.3 As highlighted above, the building cleaning contract was let as part of an integrated waste contract (see 2.1). The need for performance bonds were set out in the terms of contract for each lot.
- 4.3.4 It has recently been identified, during an audit undertaken on one of the other contract lots (refuse collection and recycling), that copies of the performance bonds could not be located. The Head of Neighbourhood Services has been liaising with Legal Services (WCC) to try to track these down as emails were held which suggested that these had been deposited. However, a CMT briefing paper, which was drawn up with regards to the potential contract termination, suggests that the performance bond was not lodged for this contract.

#### **Risk**

**The council is financially disadvantaged.**

#### **Recommendation**

**A performance bond should be obtained in relation to the contract, whether or not it is re-let.**

- 4.3.5 The Senior Estates Supervisor advised that he did not hold a copy of Ocean's insurance documentation and he had not chased for updates, as he was not aware of the annual renewal dates.
- 4.3.6 During the course of the audit, Ocean were asked for copies of their relevant documents but these had not been provided by the time of the completion of the audit.

#### **Risk**

**The council becomes liable for claims related to the work of the contractor.**

## **Recommendations**

**Up-to-date insurance documentation should be obtained from Ocean.**

**An officer should be appointed to obtain new insurance documents following the annual insurance renewals.**

**The insurance documents, once received, should be checked to ensure that insurance is held in line with the contract requirements.**

4.3.7 The risk register for Housing & Property Services has recently been reviewed and presented to the Finance & Audit Scrutiny Committee. Upon review, it was noted that there is no direct mention of cleaning.

4.3.8 Some general risks could be related to the cleaning contract, such as failure to meet contractual obligations, although the actions suggested indicate that these were considered more in line with repairs and maintenance contracts, but no specific risks (e.g. risks relating to the use of various cleaning chemicals) were included.

## **Risk**

**The council does not identify relevant actions to address the risks associated with the provision of these services.**

## **Recommendation**

**Risks relating to the cleaning of buildings should be included in the Housing & Property Services risk register as appropriate.**

4.3.9 As part of the tender submission, one method statement included details of risks that the council had identified in relation to the provision of the services. Tenderers were asked to submit details of who they thought the risk should be allocated to, along with the mitigation measures that they would implement and any additional risks that they thought were relevant. This had been provided by Ocean as part of their tender submission.

4.3.10 The SES advised that each area should have its own health and safety folder and these would include the relevant method statements and items such as COSHH records for the different cleaning chemicals that were being used. However, he also advised that he had asked for updates to be provided for these, as he was aware that changes had been made, but they had not been forthcoming. As with the insurance documents, these records had still not been provided by the completion of the audit.

## **Risk**

**Council staff will not be able to identify inappropriate working practices during the monitoring performed.**

## **Recommendation**

**Updated method statements should be obtained and these should be reviewed for adequacy once received.**

4.3.11 The Civil Contingencies Officer (CCO) had separately advised Internal Audit that cleaning staff had been unsure what to do during a recent fire drill, with some cleaners staying in the building. The CCO was to ensure that the SES received a copy of the report relating to the drill.

**Risk**  
**Injury or loss of life.**

**Recommendation**  
**Ocean should be made aware of the issues encountered during the recent fire drill and should be provided with details of the fire evacuation procedures for all buildings in which they work.**

## **5 Summary & Conclusion**

5.1 Following our review, we are able to give a MODERATE degree of assurance that the systems and controls in place in respect of Building Cleaning Services are appropriate and are working effectively.

5.2 A number of issues were identified during the course of the audit relating to:

- The retention of emails and quotations relating to ad-hoc works undertaken
- A lack of formal monitoring documentation and the need for minuted performance meetings
- The need for logging complaints, rectification and default notices
- The budget for the Town Hall cleaning being overstated
- The current specification and costs relating to works at the Althorpe Enterprise Hub and the Glasshouse not being accurately reflected
- Penalties not being imposed in relation to the default notices issued
- A performance bond not being lodged
- The lack of insurance documentation being provided
- Risks relating to cleaning services not being included in the Housing & Property Services risk register
- Out of date method statements being held
- The awareness of fire evacuation procedures by cleaning staff.

## **6 Management Action**

6.1 The recommendations arising above are reproduced in the Action Plan for management attention.

6.2 Some recommendations are relevant irrespective of whether a new contract is let and others will need to be taken into account when the new contract is being procured to ensure that the contract is appropriately specified.



**CURRENT IMPLEMENTATION POSITION FOR LOW AND MEDIUM RISK RECOMMENDATIONS**  
**ISSUED IN QUARTER 2 2014/15**

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Committee Services – 26 September 2014</b>		
<p>Future phases for both CMIS development and Councillor iPad roll-out (if pursued) should follow PRINCE2 methodology utilising the corporate project resources.</p>	<p><i>Democratic Services Manager:</i>                      Agreed. The development of CMIS is currently at a pause to enable discussions with our supplier on this area. When development resumes this will be built around a robust business case and plan.                      iPad project December 2014                      With regard to the iPad project this will be developed as part of the review of the current trial in December 2014.                      CMIS project as required.</p>	<p>No further planned development of CMIS as yet, this will be subject to discussions and investigations during the year.                      iPad project, is to an extent, on hold. The intention is to reissue the previously purchased ipads proportionally (to the Council) then establish a review Group to manage the process and evaluate the works before going forward.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Shared Legal Services – 20 August 2014</b>		
Management should ensure that budget setting for Shared Legal Services takes due account of the Agreement commitment and that any significant variation from the sum provided for is by mutual agreement between Warwick District Council and Warwickshire County Council.	<i>Deputy Chief Executive and Monitoring Officer / Head of Finance:</i> Agreed. This will be remedied for 2015/16 budget setting. February 2015 (WDC budget setting).	This was remedied for 2015/16 budget setting.
The Shared Legal Services User Guide should be refreshed including update of content and expansion to cover (where applicable) standing mandates and internal expectations including financial responsibility and ensuring compliance with relevant Council policies.	<i>Deputy Chief Executive and Monitoring Officer:</i> Agreed. WCC refreshing User Guide for WDC/WCC sign-off. 30 September 2014.	Guide has been updated to take on board, among other things, audit recommendations.
The documents accompanying the Shared Legal Services User Guide on the Intranet should be updated.	<i>Deputy Chief Executive and Monitoring Officer:</i> Agreed. This has been done and will accompany refreshed User Guide. 31 October 2014.	Guide is updated and published on the Intranet.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>The refreshed Shared Legal Services User Guide should be relocated, together with the accompanying documents, to a more appropriate and prominent Intranet site and all authorised commissioning officers notified.</p>	<p><i>Deputy Chief Executive and Monitoring Officer:</i>            Agreed. Will be done once User Guide refreshed.            31 October 2014.</p>	<p>Guide is accessed via "useful links" on the home page of the intranet.</p>
<p>All newly authorised commissioning officers should be advised of the Shared Legal Services User Guide and instructed to familiarise themselves with it.</p>	<p><i>Deputy Chief Executive and Monitoring Officer:</i>            Agreed. Will now be done on a rolling basis.            30 September 2014.</p>	<p>This is done as I am advised of new officers to be added to the "Authorised Officers" list.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Corporate Properties Repair and Maintenance – 30 September 2014</b>		
<p>A procurement exercise needs to be undertaken regarding door entry works at corporate properties covering the works currently being undertaken by Baydale and Dorma.</p>	<p><i>Asset Manager / Building, Surveying &amp; Construction Manager:</i></p> <p>It was agreed with the previous Procurement Manager that the service should be absorbed into the current contract with Baydale as no response was received from suppliers during the unsuccessful procurement exercise undertaken in 2012/13.</p> <p>It is proposed to confirm this approach with the current Procurement Manager and act accordingly.</p> <p>December 2014.</p>	<p>In discussion with the Procurement Manager the service has been included in electrical repair and maintenance contract specification due to commence on 1<sup>st</sup> April 2016. Service covered by Baydale contract until this date.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>The out-of-hours situation should be investigated to ascertain if Pinner's can provide this service. If not, procurement options should be investigated.</p>	<p><i>Asset Management Team:</i> The risk of challenge is considered, by the Asset Manager, to be very low. Whilst the out-of-hours work could be split between contractors, the current arrangements are considered to be the most efficient for WDC, as it removes the need to pay several contractor duty officers. Provision for the service is made in relevant contracts. Out-of-hours instructions are carefully managed to ensure that assets are made safe and secure in the first instance and then all follow-on work is redirected to the principal contractors. N/A.</p>	<p><i>Audit &amp; Risk Manager:</i> Update not applicable.</p>
<p>The use of the Electric Centre by Warwick Plant Maintenance staff should be formalised or consideration should be given to the use of a procurement card if appropriate.</p>	<p><i>Asset Manager / Energy Manager:</i> Agreed. Officer time will be dedicated to following up this action. April 2015.</p>	<p>Procurement Cards have been provided for the Warwick Plant Maintenance team.</p>
<p>The procurement options around the use of Ser-Tec Systems Ltd should be investigated, with a formal contract being put in place if no other suppliers are able to provide the service.</p>	<p><i>Asset Manager / Energy Manager:</i> Agreed. Work will be undertaken to ascertain if other suppliers are available and the contract issue will be resolved accordingly. April 2015.</p>	<p>In discussion with the Procurement Manager, the service will be reviewed by April 2016. It is accepted that the specialist equipment will be serviced and maintained by Ser-tec until the review is complete.</p>


RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Royal Spa Centre – 17 September 2014</b>		
The petty cash imprest should be reduced to £100 with the balance of £350 being repaid.	<i>Theatre and Town Hall Manager:</i> Laura Bates (Deputy Manager) will arrange for the £350 to be banked and liaise with Finance. 1 <sup>st</sup> October 2014.	Implemented October 2014.
Merchant copies of debit and credit receipts displaying the full 16 digit account number should have the first 12 digits obliterated.	<i>Theatre and Town Hall Manager:</i> Debbie Hanks (Customer Services Manager) will enquire of HSBC whether it is possible for the terminals to blank out the 12 digits. If not – will implement procedure to obliterate the numbers manually. 1 <sup>st</sup> October 2014.	Debbie Hanks investigated with HSBC whether new PDQ terminals could be sourced for the box office at the Town Hall and Spa Centre in October 2014. It was found to be not possible at the time. Staff have been manually oblitterating the first 12 digits of card number since we were made aware in September 2014.  ** Debbie Hanks is currently re-looking at the possibility of now sourcing new PDQ terminals with HSBC**

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>Appropriate measures should be taken to remedy the present difficulties with the monitoring and allocation of Royal Spa Centre income.</p>	<p><i>Head of Finance:</i> Meeting with John Gould, Stephen Falp, Philippa Sheasby and David Guilding to address? TBC.</p>	<p>Detailed instructions and guidance has been given to all staff involved in the process. Accountancy have currently taken the reconciliations from Culture and are bringing them up to date. It is intended that On Line Returns (currently due to be rolled out in the Autumn), will automate much of the process.</p>
<p>Invoices for hirings of the Royal Spa Centre should be raised regularly and no more than a month after the event has taken place.</p>	<p><i>Theatre and Town Hall Manager:</i> David Guilding and Laura Bates to implement in weekly procedures. Immediately (17/09/14).</p>	<p>Implemented.</p>
<p>Consideration should be given to demanding payment in advance for hirings unless there are good reasons why this may be inappropriate.</p>	<p><i>Theatre and Town Hall Manager:</i> David Guilding and Laura Bates to implement in weekly procedures – where appropriate. Immediately (17/09/14).</p>	<p>Implemented.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Development Management – 30 September 2014</b>		
Ensure all appropriate records are retained on IDOX.	<p><i>Development Management Team Leader:</i></p> <p>This is important in ensuring transparency within the service. This will be highlighted to all relevant officers and monitored at an appropriate level to ensure compliance.</p> <p>30 Nov 2014.</p>	<p>Officers (and managers) have been reminded of the importance of this and this will be regularly picked up at team meetings/1-1s etc. as necessary.</p> <p>Occasional ad hoc monitoring has been undertaken and where any occurrence has been identified, this has been addressed.</p>
Ensure Site Visit Reports are completed with sufficient detail.	<p><i>Development Management Team Leader:</i></p> <p>As above.</p> <p>30 Nov 2014.</p>	<p>Officers have been reminded of the importance of this. Inevitably due to the number of officers undertaking this work, there remains variation in the amount of information included. However, the Team Leader does sample checks on these to ensure that there is a common format.</p>
Ensure all relevant consultation responses are included in reports.	<p><i>Development Management Team Leader:</i></p> <p>This is important in demonstrating that all appropriate consultation responses have been properly taken into account in the decision making process.</p> <p>Action as above.</p> <p>30 Nov 2014.</p>	<p>Officers are very aware of this and the implications for this and it is rare for consultation responses to be missed. Managers, Senior Officers and Case Officers double check this when reviewing reports.</p>



RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>Ensure that the scheme of delegation is adhered to for all planning applications received.</p>	<p><i>Development Management Team Leader:</i>  This is crucial in ensuring that decisions are made at the appropriate level.  Action as above.  30 Nov 2014.</p>	<p>Officers are fully aware of the scheme of delegation and ensure that decisions are made in accordance with the delegated agreement. All officers are vigilant in that respect and will continue to be so.</p>

 <b>Finance and Audit Scrutiny Committee 2<sup>nd</sup> September 2015</b>		<b>Agenda Item No. 5</b>
<b>Title</b>	Benefit Fraud Investigation - Performance	
<b>For further information about this report please contact</b>	Andrea Wyatt 01926 456831	
<b>Wards of the District directly affected</b>	Not applicable	
<b>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?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Finance and Audit Scrutiny Committee 2 <sup>nd</sup> September 2014	
<b>Background Papers</b>		

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

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Chris Elliott/Andrew Jones/Bill Hunt
Head of Service		Mike Snow
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)		Cllr Whiting
<b>Consultation &amp; Community Engagement</b>		
Not Applicable		
<b>Final Decision?</b>		Yes/No
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 The purpose of this report is to provide information regarding the performance of the Benefit Fraud Service for the financial year 2014/15.

## 2. **Recommendation**

- 2.1 That the Committee note the contents of this report making any recommendations to officers that it considers appropriate.

## 3. **Reasons for the Recommendation**

- 3.1 The Finance and Audit Scrutiny Committee receives an annual report on the Benefits Fraud Service. Whilst this is a factual report for information, members may wish to comment or make recommendations.

## 4. **Policy Framework**

- 4.1 **Policy Framework** – Until February 2015, the Council was required to maintain a Benefits Fraud team as part of administering housing benefits, council tax benefits, and from 1<sup>st</sup> April 2013, council tax reduction. Investigating fraud is a requirement of the Council's Anti-Fraud and Corruption Strategy, however housing benefit and council tax benefit fraud is now investigated by the Single Fraud Investigation Service within the Department for Work and Pensions. To ensure that we continue to comply with our anti-fraud and corruption strategy a new Corporate Fraud Officer post was agreed by Employment Committee.
- 4.2 **Fit for the Future** – This report ensures the work that the Council undertakes to combat fraud receives the appropriate scrutiny. Preventing and tackling fraud and error across the District helps to ensure that the right people get the right access to public funds thereby supporting all aspects of the Sustainable Community Strategy. Failure to identify and deal with fraud and error across the District could reduce the availability of funds for those who have a genuine need and could also lead to an increase in council tax for residents across the District.
- 4.3 **Impact Assessments** – Not Applicable – the report does not propose any changes, it is an information only report.

## 5. **Budgetary Framework**

- 5.1 The budget for the fraud team was provided for by the administration grant received from central Government. This has reduced from February 2015 when the work was transferred to the Single Fraud Investigation Service. However, funds are available within the current benefits budget to ensure that cases of council tax reduction fraud can continue to be investigated.

## 6. **Risks**

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

## 7. Alternative Option(s) considered

7.1 No alternative options to submitting this report were considered.

## 8. Background

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

## 8.2 Performance


8.3 Investigations where fraud is proven are punishable either by issuing a formal caution or an administrative penalty. An administrative penalty is an agreement with the claimant that in addition to the repayment of the debt they will pay a further amount. This amount is determined by legislation and is calculated as a % of the debt, however the level of the % differs depending on the period in which the overpayment occurred, neither of these sanctions result in a criminal record. In more severe cases, a claimant will be prosecuted, during 2014/15, 131 cases resulted in a sanction and of these there were 55 administrative penalties issued, 35 cautions and 41 prosecutions.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Administrative Penalties</b>	61	34	16	67	50	55
<b>Official Cautions</b>	49	36	19	51	40	35
<b>Prosecutions</b>	13	14	27	27	43	41

8.4 The table below details the total benefit found to have been fraudulently paid for each of the financial years. There was a significant increase in fraudulent overpayments identified during 2014/15 and this was largely due to a number of high value overpayments.

	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
<b>Housing Benefit</b>	167,513	215,454	202,791	378,909	376,072	514,346
<b>Council Tax Benefit</b>	57,431	58,160	57,556	93,527	89,240	67,427
<b>Council Tax Reduction</b>	N/A	N/A	N/A	N/A	2,572	29,138
<b>Administrative Penalties</b>	30,120	26,211	25,317	36,624	28,353	44,170

- 8.5 The authority receives subsidy of 40% on any overpayment which has occurred as a result of fraudulently claimed housing benefit or an error by the claimant. The total overpayments identified during 2014/15 which occurred as a result of either a claimant error or fraudulently paid benefit amounted to £1,195,467. The authority does seek to recover the overpayments from claimants either by reducing their ongoing benefit or by sundry debt. Housing benefit overpayments recovered during the year were around £1.3m, this amount includes any recovered administrative penalties.
- 8.6 As a result of our Fraud Investigation staff transferring to the Single Fraud Investigation Service, Employment Committee approved a new Corporate Fraud Investigator post, there have been significant delays in recruiting to this post for a number of reasons, however, we have now made a successful appointment starting early September. In addition to investigating council tax reduction fraud, the post holder will be responsible for investigating other frauds such as business rates, council tax discounts and exemptions and tenancy fraud. The fraud policy and prosecutions and sanctions policy will be revised to reflect these changes and submitted to Committee in due course.
- 8.7 We recently submitted a successful bid in partnership with the County Council and the other Districts and Boroughs within the County for funding from the DCLG to procure a new system to match customer data Countywide which will enable us to identify discrepancies in information held. It is expected that this will help us to identify fraudulent activity within the District and eventually enable us to take a more proactive approach in preventing fraud and error from entering the system, by carrying out checks prior to public funds being made available. If this project is successful, sufficient savings should be realised to enable the use of the software to continue once the central funding has been withdrawn.

 <b>FINANCE &amp; AUDIT SCRUTINY COMMITTEE</b> <b>2 SEPTEMBER 2015</b>		<b>Agenda Item No. 6</b>
<b>Title</b>	Annual Governance Statement Action Plan 2015/16: Review of Progress	
<b>For further information about this report please contact</b>	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk	
<b>Wards of the District directly affected</b>	All	
<b>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?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Not applicable – new report	
<b>Background Papers</b>	Accounts and Audit (England) Regulations 2011 Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2007) Delivering Good Governance in Local Government: Framework (Addendum) (CIPFA/SOLACE 2012) Delivering Good Governance in Local Government: Framework and Guidance Note for English Authorities (CIPFA/SOLACE 2012) The Annual Governance Statement – Rough Guide for Practitioners (CIPFA Financial Advisory Network) Minutes of Senior Management Team	

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

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	14 Aug 2015	Chris Elliott / Andrew Jones
Head of Service	22 July 2015	SMT
CMT	22 July 2015	CMT
Section 151 Officer	14 Aug 2015	Mike Snow
Monitoring Officer	14 Aug 2015	Andrew Jones
Finance	14 Aug 2015	As S151 Officer
Portfolio Holder(s)	14 Aug 2015	Councillor Mobbs

<b>Consultation &amp; Community Engagement</b>	
Senior Management Team review of Annual Governance Statement Action Plan	
<b>Final Decision?</b>	Yes
<b>Suggested next steps (if not final decision please set out below)</b>	

## 1 **SUMMARY**

- 1.1 The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2014/15. The appendix accompanying this report sets out the progress in addressing the Significant Governance Issues.

## 2 **RECOMMENDATIONS**

- 2.1 That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issues relating to the Annual Governance Statement 2014/15.

## 3 **REASONS FOR THE RECOMMENDATIONS**

- 3.1 To help fulfil Members' responsibility for effective corporate governance within the Council.
- 3.2 To provide assurance to Members that governance issues identified as part of the compilation of the Annual Governance Statement are being addressed.

## 4 **POLICY FRAMEWORK**

- 4.1 The Annual Governance Statement describes governance arrangements relating to the Council's corporate priorities and key strategic projects that are reflected in Fit for the Future. The Fit for the Future programme is also based on an agreed set of values amongst which are the ones of openness and honesty. This is integral to the consideration of governance in an organisation; governance issues needs to be discussed and debated and mitigations put in place in order to prevent or rectify weaknesses.
- 4.2 The arrangements will assist the Council in furtherance of its priority of providing clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner.

## 5 **BUDGETARY FRAMEWORK**

- 5.1 Although there are no direct budgetary implications arising from this report, an effective Budgetary Framework is a key element of corporate governance. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

## 6 **RISKS**

- 6.1 Risk management is an intrinsic element of corporate governance. There are various risks associated with the Significant Governance Issues and these not being addressed satisfactorily.

## 7 **ALTERNATIVE OPTIONS CONSIDERED**

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



## 8 CORPORATE GOVERNANCE IN LOCAL AUTHORITIES

- 8.1 CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

*"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."* CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

- 8.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

- a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;
- members and officers are working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

## 9 ANNUAL GOVERNANCE STATEMENT

- 9.1 The production of an Annual Governance Statement is a statutory requirement for local authorities.
- 9.2 Regulation 4 of The Accounts and Audit (England) Regulations 2011 states:

### **Responsibility for financial management**

**4.**—(1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

(3) The findings of the review referred to in paragraph (2) must be considered—

(a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and

(b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and

following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

(4) The relevant body must ensure that the statement referred to in paragraph (3) accompanies—

(a) any statement of accounts it is obliged to prepare in accordance with regulation 7, or

(b) any accounting statement it is obliged to prepare in accordance with regulation 12.

9.3 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

9.4 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. In order to achieve this they will rely on many sources of assurance, such as that from:

- Deputy Chief Executives and Service Area Managers
- the Responsible Financial Officer
- the Monitoring Officer
- Members
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- external audit and other review agencies.

## 10 THE SIGNIFICANT GOVERNANCE ISSUES

10.1 The governance issues facing the Council have been identified from production of the statutory Annual Governance Statement.

10.2 The Significant Governance Issues are summarised in the Annual Governance Statement Action Plan for 2015/16 that forms part of the Annual Governance Statement for 2014/15.

- 10.3 The Annual Governance Statement (incorporating the Action Plan setting out the Significant Governance Issues) has been approved by Full Council.
- 10.4 The appendix accompanying this report sets out the progress in addressing the Significant Governance Issues.
- 10.5 The progress in addressing these governance issues is reported by the officers that are leading on them.


## Annual Governance Statement 2014/15: Action Plan for Significant Governance Issues

### Review of Progress for Quarter 1

AGS Ref.	Significant Governance Issue (SGI)	Responsible Officer	Progress Implementing SGI: Position for Quarter 1
3.4.1	All constitution-related documents that have not been reviewed in the previous twelve months to be reviewed.	Civic & Committee Services Manager (DMO) (Overseen by Deputy Chief Executive (AJ))	<p>While it does not form part of the Constitution the Code of Corporate Governance review needs to be completed.</p> <p>Articles 1-16 need to be looked at; however, at most, minimal amendments will be required. The Officer Employment Procedure Rules need to be considered but this should wait for update on national negotiations DIP/Independent Person roles on statutory officers.</p> <p>We also need to look at members' allowances but I see this as the back end of the financial year.</p>
3.6.2	Service-specific contract management training to be delivered to relevant managers.	Head of Finance	HR/Procurement Manager arranging full day training session for September. Meeting held with agreed provider 15 July.
3.6.3	Procurement training to be provided to new Members.	Head of Finance	Training carried out 8 July 2015.

AGS Ref.	Significant Governance Issue (SGI)	Responsible Officer	Progress Implementing SGI: Position for Quarter 1
3.6.11	Service risk registers to be reviewed by service management teams and portfolio holders on at least a quarterly basis.	Service Area Managers (Overseen by CMT)	Service Risk Registers reviewed by Heads of Service and respective Portfolio Holders on an ongoing basis.
3.6.13	Business Continuity Plans for services to be updated.	Service Area Managers (Overseen by CMT)	<p>As per Sam Collins, Civil Contingencies Officer:</p> <ul style="list-style-type: none"> <li>• Neighbourhood Services – outstanding as of 10/07/2015. Expected 01/08/2015 to include Bereavement Services / Crematorium procedures.</li> <li>• Health &amp; Community Protection – Updated July 2015</li> <li>• Finance – Reviewed April 2015 however in need of further review regarding Revenues &amp; Benefits functions. Expected 01/09/2015.</li> <li>• Housing &amp; Property Services – Updated July 2015</li> <li>• Cultural Services – Updated July 2015</li> <li>• Development Services – Updated July 2015.</li> </ul> <p>A programme for the services under the management of the Chief Executive’s Office will begin in September 2015.</p>

AGS Ref.	Significant Governance Issue (SGI)	Responsible Officer	Progress Implementing SGI: Position for Quarter 1
3.8.4	Budget monitoring systems to continue to be improved.	Head of Finance	Following on from 2014/15 outturn, main area of concern is the variances for Property Services, relating to the use of the Active H and Total systems. The use of how these 2 systems work together is being considered as a project, for which a project team is currently being set up by the Head of Housing & Property Services.
3.10.5	Training to be provided to Portfolio Holders and Shadow Portfolio Holders to help them fulfil their role effectively.	Civic & Committee Services Manager (DMO) (Overseen by Deputy Chief Executive (AJ))	Comprehensive training programme is being delivered and will continue for the remainder of the financial year.
4.4.1	The Code of Corporate Governance to be reviewed and updated. (Brought forward from last year.)	Audit & risk Manager (Overseen by CMT)	The review has been completed and a new Code of Corporate Governance has been produced. It is currently being consulted on and will then need issuing.
4.7.3	To ensure that the necessary management actions emanating from the internal audit reviews of Corporate Procurement, Shared Legal Services and Section 106 Agreements (which all received moderate assurance opinions) are acted upon in accordance with the required timescales.	CMT / Head of Finance	Corporate Procurement issues being addressed as part of Procurement Action Plan. Legal Service management actions are on track.

 <b>FINANCE &amp; AUDIT SCRUTINY COMMITTEE</b> <b>2<sup>nd</sup> September 2015</b>		<b>Agenda Item No. 7</b>
<b>Title</b>	Review of Neighbourhood Services Contracts Register by Finance & audit Scrutiny Committee	
<b>For further information about this report please contact</b>	Rob Hoof Head of Neighbourhood Services Tel: 01926 456302	
<b>Wards of the District directly affected</b>	N/A	
<b>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?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	N/A	
<b>Background Papers</b>	None	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	20/8/2015	Bill Hunt
Head of Service	12/8/2015	Rob Hoof
CMT		
Section 151 Officer	20/8/2015	Mike Snow
Monitoring Officer		
Finance	20/8/2015	Mike Snow
Portfolio Holder(s)	20/8/2015	Cllr David Shilton
<b>Consultation &amp; Community Engagement</b>		
N/A		
<b>Final Decision?</b>		N/A
<b>N/A</b>		

## 1. **Summary**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Neighbourhood Services Contracts Register, and highlights any issues which need to be addressed in the next 12 months.

## 2. **Recommendation**

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

## 3. **Reasons for the Recommendation**

- 3.1 The review of Neighbourhood Services Contract Register allows members of the Finance and Audit Scrutiny Committee the opportunity to consider the robustness of the register, make appropriate suggestions on how the register could be improved, and consider the document within the context of promoting sound procurement practice across the Council.

## 4. **Policy Framework**

- 4.1 **Policy Framework** – Under the Council’s Code of Procurement Practice, details of all contracts for the supply of goods, services and supplies should be held on the Council’s central Contracts Register. The Code also states the tender process to be used by officers when procuring goods and services.
- 4.2 **Fit for the Future** – By following the Council’s Code of Procurement Practice in procuring goods, services and supplies, officers will be contributing to the Council’s vision, and key policy priorities included within the Sustainable Community Strategy. The following specific benefits should arise:-
- The Council will be sure it is obtaining value for money from its expenditure, in the provision of all its services for local council tax payers.
  - Opportunities will be given to local employers to tender for Council contracts, thus contributing to the Prosperity Agenda.
  - It will be demonstrable that the Council, and officers, are operating fairly, in an open and transparent manner.

## 5. **Budgetary Framework**

- 5.1 There are no direct budgetary implications arising from this report. All of the Council’s expenditure should be made in accordance with the requirements of the Council’s Code of Procurement Practice. This should help the Council to ensure that it achieves value for money from its expenditure through the correct tendering of contracts, and the subsequent management of those contracts.

## 6. **Risks**

- 6.1 It is important that all procurement across the Council complies with the relevant procurement regulations and directives and also the Council’s Code of Procurement Practice. By following this approach the Council will reduce the risk of challenge.



- 6.2 Contract Management is an important element of procurement. Contracts need to be properly managed to ensure compliance with the contract, whilst considering all relevant aspect that may affect the performance of the contract. Also, it is important that contract managers pro-actively plan ahead to ensure the procurement of future contracts is properly managed.

## **7. Alternative Option(s) considered**

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

## **8. Background**

- 8.1 The Terms of Reference for the Finance and Audit Scrutiny include "Promote value for money and good procurement practice". This is a role that the Committee has actively pursued. In carrying out this role the Committee appointed three of its members to act as Procurement Champions to assist and advise the Procurement Manager. Partly as a result of these actions, the status and knowledge of procurement has increased substantially across the organisation in recent years.
- 8.2 In March 2014 the Finance and Audit Scrutiny Committee requested that it review each departmental Contract Register in turn. These reviews were intended to follow the approach used to review the Risk Register, whereby the relevant Portfolio Holder and Head of Service are available to answer the Committee's questions.

## **9. Neighbourhood Services Contract Register**

- 9.1 The latest version of the Neighbourhood Services elements of the Corporate Contracts Register is set out as Appendix 1.

Contract Reference Number	Procurement Procedure	Status	Contract Title	Description	Contract Type	Supplier	SME/ Enterprise/ Voluntary/ Community	Company Registration Number	Lead Department	Contact	Stakeholders	Start date	End date	Review Dates	Annual value	Contract value	Irrecoverable VAT	2014 - 2015 Spend against contract	Extension Option	Comments - including price change provisions and review dates.	Signed Contract Agreement is with DMC (Deed Store)
NS06CF0408	Framework: Direct Award	Live	Parking machine maintenance	As stated in contract details	Services	Metric Group ESPO ( Contract 509 )	Small	2560839	Neighbourhood Services	Gary Charlton		01/04/2008	01/03/2016	Ongoing	£20,404	£163,232	N/A	£18,786	Rolling Contract	Contract taken to be renewed using the ESPO framework. Bespoke equipment with IPR associated software. Within Action plan. Contract tender submission with Procurement but no signed contract received.	NO
NS12NK0610	Direct Award	Live	Collection & Recycling of orthopaedic implants	Specialist supplier for crematorium	Services	ICCM	Small	610299	Neighbourhood Services	Pam Chilvers	various local authority and private crematoria in UK	01/06/2010	01/06/2015	Ongoing	Nil	Nil	N/A	nil	contract rolls over unless cancelled	ICCM take away waste material and pay us a proportion of the money they raise from recycling. This amounts to approximately £4000 per annum which is paid into the Chairman's charity each year.	NO
NS07MC0411	Framework: Mini Competition	Live	Pay on foot car parking maintenance	As stated in contract details	Services	Parkare	Small	2276171	Neighbourhood Services	Gary Charlton		01/04/2011	31/03/2016	31/09/2015	£14,280	£71,400	N/A	£14,280	No	To be re-tendered September 2015. Procured through ESPO. Procurement Team checking for documentation. Call off against framework for additional 18 month period, procurement in process of extending contract before the end of September. Contract lost on-street parking in Nov 2015 which has seen the net spend decrease against the contract amount. Contract tender submission with Procurement but no signed contract located.	NO
CO090J1011	Restricted: Published Invitation to Tender	Live	Cash Collections Parking	Collections of cash from WDC car parks both on and off street	Services	Jade Security Services	Small	3549438	Neighbourhood Services	Gary Charlton		01/10/2011	01/10/2016	30/04/2016	£95,000	£475,000	N/A	£50,526	Option to extend 1+1		NO
EH04LV1011	Invitation to Quote (2+ Suppliers)	Live	Inspection and repair of unsafe memorials	Inspection and repair of unsafe memorials at specified sites	Services	Memsafe LTD	Small	4832101	Neighbourhood Services	Pam Chilvers		01/10/2011	30/09/2015	n/a	£25,000	£100,000	N/A	£13,616	For 12 months initially. Annually renewable for a further extension upto 4 years	contract was let via procurement, following staff changes since then a signed copy of the contract can not be located. The contract is to inspect and repair cemetery memorials, as failure rates and cost of repair varies depending on the nature of the structure and age of the stone there are some variances each year with the cost of repairs. The contract was let with indicative values with no guarantee of the value of works being carried out in any one particular year. the contract will be put out for tender in late 2015.	NO
NS18LV0412	Open: Published Invitation to Tender	Live	Maintenance of Temperate House	Maintenance and education provision for the temperate House in Jephson Gardens	Services	Debbie Williams Trading as Horticultural Services	Small	UTR 27679 42100	Neighbourhood Services	Neighbourhood Services		01/04/2015	31/03/2016	Annual	£20,800	£20,800	N/A	£21,084	Yes	Rolling 12 month contract, renewed every year, subject to annual reviews.	YES
CO19CF0413	Open: Published Invitation to Tender	Live	Warwickshire Direct Telephony Service	Telephony service for Warwickshire Direct contact centres.	Services	Ctalk Limited	Medium	6875341	Neighbourhood Services	Martin Court	Warwickshire County Council, Warwick District Council, Nuneaton and Bedworth Borough Council	22/03/2013	21/03/2015	Talk out of contract - 22 March 2015. Will be re-tendered Autumn 2015, with plan to run from Jan 2016	£139,265	£375,701	N/A	£139,708	Per month after 24 months	Contract being drawn up at the moment by Martin Court. Annual value excludes set up costs of £97,171	YES
CS26LV0413	Open: Published Invitation to Tender	Live	Mini golf income to WDC	Collection of income received from the paying public	Services	Warwick Tearooms Ltd	Small	7967921	Neighbourhood Services	Simon Richardson		01/04/2013	01/03/2016	31/12/2015	Various over term of contract	£4,000	N/A	N/A	No	the contract will be re-tendered in late 2015	YES
NS14OJ1012	Restricted: Published Invitation to Tender	Live	WDC Waste contracts	Lot 1 Waste & Recycling	Services	SITA UK	Medium	2291198	Neighbourhood Services	Gary Charlton		01/04/2013	31/03/2021	30/09/2019	£2,090,020	£16,720,163	N/A	£2,115,886	Option to extend for a further 8 years	Although mainly fixed price contract does include some variable elements such as bin deliveries, bulk collections etc	YES
NS14OJ1012	Restricted: Published Invitation to Tender	Live	WDC Waste contracts	Lot 2. Grounds Maintenance	Services	The Landscapes Group	Medium	06539986	Neighbourhood Services	Gary Charlton		01/04/2013	31/03/2021	30/09/2019	£887,421	£7,099,365	N/A	£1,019,262	Option to extend for a further 8 years	Materials are not part of the core contract but are purchased where this offers value for money eg bedding plants	YES
NS14OJ1012	Restricted: Published Invitation to Tender	Live	WDC Waste contracts	Lot 3. Street Cleaning	Services	Veolia ES (UK) Ltd	Medium	3709317	Neighbourhood Services	Gary Charlton		01/04/2013	31/03/2021	30/09/2019	£1,630,386	£13,043,088	N/A	£1,744,277	Option to extend for a further 8 years	Additional cost due to the implementation of dedicated playground maintenance team, additional weed spraying and events.	YES
CO20EA0413	Open: Published Invitation to Tender	Live	Leased lines for Warwickshire Direct Telephony Service	Leased lines to support for Telephony service for Warwickshire Direct contact centres.	Services	Ctalk Limited	Medium	6875341	Neighbourhood Services	Martin Court	Warwickshire County Council, Warwick District Council, Nuneaton and Bedworth Borough Council	26/04/2013	25/04/2015	Talk out of contract - 22 March 2015. Will be re-tendered Autumn 2015, with plan to run from Jan 2016	£21,000	£54,000	N/A	£21,000	Per month after 24 months	Annual value excludes setup costs of £12,000	YES
CC03CF1213	Open: Published Invitation to Tender	Live	Warwickshire Direct CRM System	CRM System for Warwickshire Direct	Services	FirmStep Ltd	Medium	4283951	Neighbourhood Services	Martin Court	Warwickshire County Council, Warwick District Council, Rugby Borough Council, Nuneaton and Bedworth Borough Council	06/01/2014	05/01/2016	Expires 5 Jan 2016, will be re-tendered in Autumn 2015	£112,644	£379,954	N/A	£219,977		Contract being drawn up at the moment by Martin Court. Contract includes £154,666 set up costs paid over 2 years. Costs are shared amongst 5 authorities.	YES
CP04LV0114	Open: Published Invitation to Tender	Live	Crematorium Calligraphy	Provision of Book of Remembrance Calligraphy and associated services at Oakley Wood Crematorium	Services	F G Marshall Ltd	Small	8327941	Neighbourhood Services	Pam Chilvers		22/01/2014	22/01/2018	22/01/2015	£12,000	£60,000	N/A	£11,617	12 months term with an annual review up to 4 years in total	The annual contract value is based on indicative figures for the entries into the book, which is dependant upon customers taking up this optional extra for the service. There is a corresponding income line in the budget (there is a surplus generated for each entry sold). The total value of the contract varies because it also includes the cost to purchase and extra 4 volumes (1 per quarter) based on previous usage these additional volumes will last for 30+ years.	NO
NS21LV1114	Open: Published Invitation to Tender	Live	Lead Consultant	Provision of a Lead Consultancy service for the Restoration of the Pump Room Gardens	Services	Ashmed Price Ltd	Small	6537592	Neighbourhood Services	David Anderson		01/10/2014	31/12/2015	31/08/2015	£52,684	£52,684	N/A	£40,700	Further 2 years	Upon the successful submission to HLF on the proposed development the project will move to the delivery stage with a current provisional sum of £87569 agreed for this phase with conditions. The contract has inclusion of hourly rates additional to the overall fixed fee for any additional works if required	YES
NS22LV1114	Open: Published Invitation to Tender	Live	Project Manager	Provision of a Project Manager for the Restoration of the Pump Room Gardens	Services	Redkite Network Limited		8169295	Neighbourhood Services	David Anderson		01/10/2014	31/12/2015	31/0815	£10,185	£10,185	N/A	£8,148		the contract also has the provision of hourly and service rates applicable as additional to the fixed fee if required	YES

Contract Reference Number	Status	Contract Title	Description	Supplier	Lead Department	Contact	Stakeholders	Start date	End date	Annual value	Contract value	Extension Option	Comments - including price change provisions and review dates.
TBC	Live	Tree Maintenance SLA with WCC Forestry Section	includes technical advice, tree inspections and works	Warwickshire County Council	Neighbourhood Services	Dave Anderson		01/04/2013	31/03/2021	£114,000.00	£912,000.00		



<b>Title</b>	The Monitoring of Section 106 Contributions
<b>For further information about this report please contact</b>	Gary Fisher
<b>Wards of the District directly affected</b>	All Wards
<b>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?</b>	No
<b>Date and meeting when issue was last considered and relevant minute number</b>	30 June 2015: Minute No. 19
<b>Background Papers</b>	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes
<b>Equality Impact Assessment Undertaken</b>	N/A

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	22/8/15	
Head of Service	22/8/15	
CMT	22/8/15	
Section 151 Officer	22/8/15	
Monitoring Officer	22/8/15	
Finance	22/8/15	
Portfolio Holder(s)	22/8/15	
<b>Consultation &amp; Community Engagement</b>		
N/A		
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 This purpose of this report is to advise Members of the progress that has been made in the development of a section 106 monitoring database.

## 2. **Recommendation**

- 2.1 That the Committee note the contents of the report.

## 3. **Reasons for the Recommendation**

- 3.1 As Members will be aware, in order to ensure that the requirements and financial contributions identified in legal agreements which have been completed in connection with specific grants of planning permission are undertaken, Officers have developed a detailed monitoring spread sheet.
- 3.2 That spread sheet comprises of an individual entry for each requirement or contribution in order that it's undertaking or payment can be tracked, and in the case of financial contributions to ensure that the funding is spent on the project for which it was required within an appropriate timescale.
- 3.3 In order to ensure transparency within this process, the spread sheet is published on the District Council's website and this has been the case since May 2015 although it is continuing to be updated and improved.
- 3.4 Since that time your Officers have, and are continuing to liaise with colleagues and partners including colleagues at Warwickshire County Council, the Police and the South Warwickshire NHS Foundation Trust in updating the spread sheet and significant progress has been made.
- 3.5 The spread sheet was most recently updated on the District Council's website on Monday 24 August and a further updated version will be shared with members at your meeting.
- 3.6 In particular, the key benefits of the development of this spread sheet include:-
- Transparency in the identification and handling of the contributions and other undertakings that are required in relation to specific developments.
  - Clarity in the identification of trigger points to ensure that contributions and undertakings are received/implemented at the appropriate stage of the development.
  - The ability to ensure that contributions are spent for the purposes identified within the section 106 agreement within the required timescale and that there is no risk of contributions remaining unspent and therefore at risk of being clawed back.
  - To enable service areas and other partners to plan their budgets particularly linked to capital projects arising from or related to specific developments.
  - To enable town and parish Councils to identify the availability of potential funding.
  - To enable members of the public to track the implementation of section 106 agreements in relation to developments that are of interest to them.
- 3.7 The spread sheet can be found on the District Council's website here: [Section 106 agreements - Warwick District Council](#)

#### **4. Policy Framework**

- 4.1 **Fit for the Future** – The delivery of section 106 contributions and requirements including, for example the infrastructure necessary to support major development schemes across the District will ensure that such infrastructure comes forward in the right manner and at the right time to support that development and will therefore contribute to the vision of making Warwick District a great place to live, work and visit as set out in the Sustainable Community Strategy and be consistent with the Fit for the Future programme.

#### **5. Budgetary Framework**

- 5.1 This monitoring work is being undertaken within existing budgetary frameworks and is also supported by financial contributions towards the cost of monitoring specific types of development which are identified within appropriate section 106 agreements.

#### **6. Risks**

- 6.1 In view of the nature and scale of the development proposals that are to be delivered across the District within the emerging Local Plan period, it is the absence of a robust and detailed monitoring regime, such as that which is being developed, that has been identified as the key risk.
- 6.2 Without such a regime, the risk of essential requirements and contributions not being provided, or of contributions that have been received remaining unspent and liable for repayment is increased.

#### **7. Alternative Option(s) considered**

- 7.1 For the reasons identified in paragraph 6.1 and 6.2 above, the option of not proceeding with an appropriate monitoring regime has been discounted.



<b>Title</b>	<b>Comments from the Executive</b>
<b>For further information about this report please contact</b>	Amy Carnall Committee Services Officer 01926 456114 <a href="mailto:committee@warwickdc.gov.uk">committee@warwickdc.gov.uk</a>
<b>Service Area</b>	Civic & Committee Services
<b>Wards of the District directly affected</b>	n/a
<b>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</b>	No
<b>Date and meeting when issue was last considered and relevant minute number</b>	n/a
<b>Background Papers</b>	Finance & Audit Scrutiny Committee minutes 28/7/2015 Executive minutes from 29/07/2015

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

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

<b>Consultation Undertaken</b>	
n/a	
<b>Final Decision?</b>	Yes
<b>Suggested next steps (if not final decision please set out below)</b>	

## **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 29 July 2015.

## **2. Recommendation**

- 2.1 That the responses made by the Executive be noted, as set out in Appendix 1 to the report.

## **3. Reasons for the Recommendation**

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

## **4. Alternative Options Considered**

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

## **5. Budgetary Framework**

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

## **6. Policy Framework**

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

## **7. Background**

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 30 June 2015, 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 29 July 2015 to the Finance and Audit Scrutiny Committee's comments**

<b>Item no</b>	3	<b>Title</b>	Budget Review to 30 June 2015
<b>Scrutiny Comment</b>	The Committee noted the report.		
<b>Executive Response</b>	No comment		

<b>Item no</b>	4	<b>Title</b>	Gypsies and Travellers – update on the progress of the Development Plan Document to allocate sites
<b>Scrutiny Comment</b>	<p>The Committee supported the recommendations in the report but had concerns about the wording of recommendation 2.4 regarding the use of compulsory purchase orders.</p> <p>The Committee therefore recommended that recommendation 2.4 be amended so that it is explicit that Compulsory Purchase Options should only be a last resort</p>		
<b>Executive Response</b>	The formal recommendation put forward by the Finance and Audit Scrutiny Committee was not supported and the reason for this will be detailed in the full minutes.		

<b>Item no</b>	5	<b>Title</b>	Exemption from the Code of Procurement Practice – Provision of Support and Re-settlement Service
<b>Scrutiny Comment</b>	<p>The Committee expressed disappointment in another request for an exemption to the procurement practice. While they noted the late decision by WCC on this matter they felt this report could have come forward to the Executive earlier.</p> <p>The Committee recognised that if the WCC remove this funding there would be tough choices on this area of work.</p> <p>That said the Committee supported the recommendations of the report.</p>		
<b>Executive Response</b>	The Executive felt the comments were unfair because the matter was outside the control of the Council due the County Council decision and purdah for the local elections in May 2015.		

<b>Item no</b>	6	<b>Title</b>	Exemption from the Code of Procurement Practice – Cost Management Services
<b>Scrutiny Comment</b>	<p>The Committee were of the opinion that the Housing &amp; Property Services contract register should have identified this issue earlier and ideally before the contract expired in May 2015.</p> <p>That said the Committee supported the recommendations of the report.</p>		
<b>Executive Response</b>	No comment		

<b>Item no</b>	8A	<b>Title</b>	Significant Business Risk Register
<b>Scrutiny Comment</b>	<p>The Committee asked the Executive to reconsider the wording on the register item for the Local Plan, because it has been found as unsound and there are risks associated now associated with this which should be recorded.</p>		
<b>Executive Response</b>	<p>Following the comment made by the Finance &amp; Audit Scrutiny Committee, it was agreed that officers would look at the wording relating to the description of risk 16, to ensure clarity.</p>		

<b>Item no</b>	8B	<b>Title</b>	Rural / Urban Capital Improvement Scheme (RUCIS) Application
<b>Scrutiny Comment</b>	<p>The Committee asked the Executive that as there would be a significant underspend for this year, therefore could the Executive could confirm that this money will be rolled over to next years' budget?</p>		
<b>Executive Response</b>	<p>Following the comment made by Finance &amp; Audit Scrutiny Committee, the Executive agreed that in light of the earlier budget report, and as it was only July, it would be premature to confirm that any monies would be rolled over to next year's budget.</p>		



<b>Title</b>	<b>Review of the Work Programme &amp; Forward Plan</b>
<b>For further information about this report please contact</b>	Graham Leach Democratic Services Manager & DMO 01926 456114 or <a href="mailto:committee@warwickdc.gov.uk">committee@warwickdc.gov.uk</a>
<b>Wards of the District directly affected</b>	n/a
<b>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?</b>	No
<b>Date and meeting when issue was last considered and relevant minute number</b>	n/a
<b>Background Papers</b>	n/a

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

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

## **1. Summary**

- 1.1 This report informs the Committee of its work programme for 2015/16 (Appendix 1) and the current Forward Plan (Appendix 2).

## **2. Recommendation**

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

## **3. Reasons for the Recommendation**

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

## **4. Policy Framework**

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

## **5. Budgetary Framework**

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

## **6. Risks**

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

## **7. Alternative Option(s) Considered**

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

## **8. Background**

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

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.
- 8.7 The Risk Management Annual Report listed on the Work Programme for 2 September is not yet ready and will be provided 29 September.

## Finance and Audit Scrutiny Committee WORK PROGRAMME 2015/16

### 2 SEPTEMBER 2015

#### AUDIT ITEMS

1	Internal Audit Quarterly Report Quarter 1 2015/16	Report	Richard Barr	Quarterly report
2	Benefit Fraud Investigation - Performance	Report	Andrea Wyatt	Annual report
3	Risk Management Annual Report (will be ready 29 September)	Report	Richard Barr	Annual report

#### SCRUTINY ITEMS

4	Neighbourhood Services Contracts Register	Report	Rob Hoof	Annual Report
5	Section 106 Scrutiny	Report	Tracy Darke	Quarterly report

### 22 SEPTEMBER 2015 (ACCOUNTS)

#### AUDIT ITEMS

1	Audit Findings Report from External Auditor	Report	Mike Snow / EA	Annual report
2	Statement of Accounts 2014/15	Report	Mike Snow	Annual report

**29 SEPTEMBER 2015**

**AUDIT ITEMS**

1	National Fraud Initiative Update	Report	Ian Wilson	Annual report
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**SCRUTINY ITEMS**

2	Development Services Risk Register	Report	Tracy Darke	Annual Report
3	Procurement Biannual Report	Report	Susan Simmonds	Biannual report
4	Golf Contract	Report	Rose Winship	Including a basic outline of the history of the contract with detail of the current position.
5	Scrutiny of Infrastructure Planning	Report	Tracy Darke	Agreed by F&A 10.02.15 minute 116 and reaffirmed by minute 32 of 28 July 2015. The aim is to see the flow of money from funds being approved, submitted and spent.

**3 NOVEMBER 2015**

**AUDIT ITEMS**

1	Annual Audit Letter	Report	Mike Snow	Annual report
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**SCRUTINY ITEMS**

2	Finance Contracts Register	Report	Mike Snow	
3	Presentation on Disabled Adaptations	Report	Andrew Thompson	Agreed 11 December 2012 (minute 97, Executive item 5)

**1 DECEMBER 2015****AUDIT ITEMS**

1	Treasury Management Activity Report 2015/16	Report	Roger Wyton	1 <sup>st</sup> Half Year Biannual report
2	Internal Audit Quarterly Report – Quarter 2 2015/16	Report	Richard Barr	Quarterly report

**SCRUTINY ITEMS**

3	Housing Business Plan Performance Management	Report	Abigail Hay	Biannual report
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**12 JANUARY 2016****AUDIT ITEMS**

1	2015/16 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	Procurement Biannual Report	Report	Susan Simmonds	Biannual report
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**9 FEBRUARY 2016****No scheduled audit items****SCRUTINY ITEMS**

1	Chief Executives Contracts Register	Report	Chris Elliott	
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**8 MARCH 2016****AUDIT ITEMS**

1	Internal Audit Strategy & Plan 2016/17 – 2018/19	Report	Richard Barr	Annual report
2	Internal Audit Quarterly Report Quarter 3 2015/16	Report	Richard Barr	Quarterly report
3	Auditing Standards	Report	Mike Snow	Annual report

**No scheduled scrutiny items****5 APRIL 2016**



**No scheduled audit items  
SCRUTINY ITEMS**

1	End of Term Report	Report	Peter Dixon / Chair	Annual report
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**Contracts Registers Reviews 2016/17**  
June 2016 - Health & Community Protection



## **Appendix 2 - FORWARD PLAN Forward Plan September 2015 to December 2015**

**COUNCILLOR ANDREW MOBBS  
LEADER OF THE EXECUTIVE**

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

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

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

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

**(730)**

### Section 1 – The Forward Plan September 2015 to December 2015

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
<b>3 September 2015</b>						
Assets Review by the LLP (Ref 721)	Part A and B reports		Executive 29/07/15 03/09/15	25/08/15	Duncan Elliott Cllr Cross	
HRA Stock Condition Survey (Ref 722)	Sets out the rationale for procuring a condition survey of the housing stock and investing in associated technology.		Executive 29/07/15 03/09/15	25/08/15	Matt Jones Cllr Phillips	
Proposed Creative Quarter (Ref 720)	Soft market testing		Executive 03/09/15	25/08/15	Duncan Elliott Cllrs Cross, Mrs Gallagher and Mobbs	Potential Developers / soft market testing
Sustainable Community Strategy & Fit For the Future Updates and Service Area Plans 2015/16 (Ref 724)	To propose amendments to the Sustainable Community Strategy & Fit For the Future programme of work and approve the Service Area Plans for 2015/16.		Executive 03/09/15	25/08/15	Andrew Jones Cllrs Mobbs & Coker	

RCW / Cadets Rent issue (Ref 713)	To update on the current position		Executive 29/07/15 03/09/15	25/08/15	Chris Elliott Cllr Mobbs	
<b>30 September 2015</b>						
Fees and Charges (Ref 697)	To propose the level of fees and charges to be levied from 2 <sup>nd</sup> January 2016		Executive 30/09/2015	22/09/15	Andy Crump Cllr Whiting	
Air Quality Action Plan 2015 (Ref 716)	To update and replace the Air Quality Action Plan 2008		Executive 30/09/2015	22/09/15	Grahame Helm Cllr Mrs Grainger	DEFRA, Environment Agency, Highways England, WCC, Neighbouring councils, community groups
Aids and Adaptations (Ref 726)	To consider a report on the future delivery of housing aids and adaptations services – HEART		30/09/15	22/09/15	Andy Thompson Cllr Phillips	None
Multi-storey car park update (Ref 728)	To consider a report on the structural repairs and refurbishment requirements of our multi-storey car parks		30/09/15	22/09/15	Gary Charlton Cllr Shilton	-
Becoming a Dementia Friendly Council (Ref 714)	To consider a report from Health and Community Protection		Executive 29/07/15 03/09/15	25/08/15	Rob Chapleo Cllr Mrs Grainger	
Strategic Opportunity Proposal	To update Members on the current position. <b>It is anticipated that this report</b>		Executive 03/09/15 30/09/15	22/09/15	Chris Elliott Cllrs Mobbs,	The Local Plan proposals have been subject to a number of public

(Ref 712)	<b>will be, in part, Confidential by virtue of the information relating to the financial or business affairs of any particular person (including the authority holding that information)</b>				Coker, Phillips, Whiting, Cross & Gallagher	consultations and planning applications involved have also been subject to public consultation. The proposal has been the subject of discussion privately and confidentially with a number of agencies but especially with the County Council. Submission version of Local Plan; Planning Application (W/14/1076); Planning Application (W/14/0967); Report to Executive in October 2014 re Council Housing Programme; Report to Executive in November 2014 re Sports and Leisure Review.  Reports to Council and Executive January & March 2015 re: SOP
Review of Service Area Plans 2014/15 (Ref 725)	To review the Council's performance as against the Service Area Plans for 2014/15.		Executive 03/09/15 30/09/15	25/08/15	Andrew Jones Cllrs Mobbs & Coker	
Tenants Incentive Grant Scheme	To approve a revised Policy (Moved because of reason 3 Waiting for further information)		Executive 29/07/15		Jacky Oughton Cllr	

(Ref 687)	from another body)		03/09/15 30/9/2015	22/9/2015	Phillips	
Asset Management Strategy (Ref 641)	To propose an Asset Management Strategy for all the Council's buildings and land holdings. (Moved Reason 6 Seeking further clarification on implications of report)		5 November 2014 Executive (03/09/15)	22/9/2015	Bill Hunt Cllrs Coker & Mobbs	
HQ Relocation (Ref 719)	Part A and B reports		Executive 30/09/15	22/9/2015	Duncan Elliott Cllr Mobbs	
Land at rear of Albion Street, Kenilworth (730)	This concerns access over WDC land <b>It is anticipated that this report will be, in part, Confidential by virtue of the information relating to the financial or business affairs of any particular person (including the authority holding that information)</b>		Executive 30/09/15	22/9/2015	Chris Makasis Cllr Phillips	
Future Delivery of Housing Aids and Adaptations Services - HEART			Executive 30/09/15	22/9/2015	Andy Thompson Cllr Phillips	

## 4 November 2015

Leisure Development Programme (Ref 688)	To seek approval on the next stage of the programme on investment and management options Delayed from 09/15 – Reason 3		<del>30 September</del> Executive 04/11/15	27/10/2015	Rose Winship Cllr Mrs Gallagher	Background Exec 05/11/14
Budget Review Q2 (Ref 698)	To report expenditure for current year and update financial projections		Executive 04/11/15	27/10/15	Jenny Clayton Cllr Whiting	
Supporting People Grant Changes (Ref 674)	To provide an update on the outcome of the Supporting People Funding consultation and its effect on Warwick District  (Moved Reason 2- Waiting for further information from a Government Agency)		<del>Executive</del> 11 <sup>th</sup> February 2015  Executive 04/11/15	27/10/15	Jacky Oughton Cllr Phillips	
Council Development Company (Ref 727)	To consider a report on establishing a Council Development Company		Executive 04/11/15	27/10/15	Andy Thompson Cllr Phillips	Executive report March 2015 – Establishing a Council Development Company for Warwick District
Procurement of Corporate Energy Supplies			Executive 30/09/15	22/9/2015	Andy Thompson Cllr Phillips	
Future Delivery of Repairs and Maintenance to Council-owned			Executive 30/09/15	22/9/2015	Matt Jones Cllr Phillips	

Homes						
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<b>2 December 2015</b>						
Private sector housing grants policy (Ref 658)	To propose a revised policy for the allocation of grant funding for private residents		Executive – <del>11<sup>th</sup> March</del> 2015 Executive – 02/12/15	24/11/15	Abigail Hay Cllr Phillips	TBC
General Fund Budgets 2016-17 to include Budget Review for the current year (Ref 699)	To consider the following year revenue budgets for the General Fund		Executive – 02/12/15	24/11/15	Marcus Miskinis Cllr Whiting	
HRA Budgets 2016-17 (Ref 700)	To consider the following year revenue budgets for the HRA		Executive – 02/12/15		Mark Smith Cllr Whiting	



**Section 2 Key decisions which are anticipated to be considered by the Council between January 2016 and March 2016**

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
<b>13 January 2016</b>						
HRA Business Plan Review			Executive 13/1/15	6/1/2015		
<b>10 February 2016</b>						
<b>9 March 2016</b>						

## 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
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 March 14 Reason 3)	<del>Executive 12 March 2014</del>  TBC	Rob Chapleo  Cllr Mrs Grainger	The strategy will need to take into account the approach of the new administration and County Health & Wellbeing Strategy		
Cleaning Services (Ref 659)	To approve a revised way of delivering the Cleaning Services to Council buildings.	<del>14<sup>th</sup> Jan 2015</del> <del>Executive 11<sup>th</sup> March 2015</del>  2 February 2015  2 March 2015	Jacky Oughton Cllr Phillips	Moved from January – Reason 5 – pending further legal advice on implications of report		

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

<b>Topic and Reference</b>	<b>Purpose of report</b>	<b>If requested by Executive – date, decision &amp; minute no.</b>	<b>Date of Executive, Committee or Council meeting</b>	<b>Publication Date of Agendas</b>	<b>Contact Officer &amp; Portfolio Holder</b>	<b>External Consultees/ Consultation Method/ Background Papers</b>
<b>23 September 2015</b>						
Statement of Accounts 2014-2015 (Ref 701)	To formally approve the Council's statutory accounts 2014/15		Council 23/09/15		Marcus Miskinis Cllr Whiting	
<b>30 September 2015</b>						
Significant Business Risk Register (Ref 729)	To inform members of the significant risks to the Council		Executive 30/09/15	22/09/15	Richard Barr Cllr Whiting	
<b>4 November 2015</b>						

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](http://www.warwickdc.gov.uk/committees)**

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