



## Audit and Governance Committee

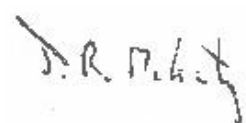
**Meeting: Monday, 18th January 2016 at 6.30 pm in Committee Room 1,  
North Warehouse, The Docks, Gloucester, GL1 2EP**

<b>Membership:</b>	Cllrs. Llewellyn, Gravells, McLellan, Hobbs, Taylor, Patel and Hampson
<b>Contact:</b>	Atika Tarajiya Democratic and Electoral Services Officer 01452 396192 atika.tarajiya@gloucester.gov.uk

### AGENDA

<b>1.</b>	<b>APOLOGIES</b>  To receive any apologies for absence.
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>  To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.
<b>3.</b>	<b>MINUTES (Pages 7 - 12)</b>  To approve as a correct record the minutes of the meeting held on 23 November 2015.
<b>4.</b>	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>  To receive any questions from members of the public provided that a question does not relate to: <ul style="list-style-type: none"> <li>• Matters which are the subject of current or pending legal proceedings, or</li> <li>• Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers</li> </ul>
<b>5.</b>	<b>PETITIONS AND DEPUTATIONS (15 MINUTES)</b>  To receive any petitions and deputations provided that no such petition or deputation is in relation to: <ul style="list-style-type: none"> <li>• Matters relating to individual Council Officers, or</li> <li>• Matters relating to current or pending legal proceedings</li> </ul>
<b>6.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN (Pages 13 - 14)</b>  To consider the Action Plan.

7.	<b>KPMG ANNUAL REPORT ON GRANTS AND RETURNS WORK 2014/15</b> (Pages 15 - 22)  To consider the report of KPMG relating to the Annual Grants and Return work 2014/15.				
8.	<b>INTERNAL AUDIT PLAN 2015/16 - MONITORING REPORT</b> (Pages 23 - 34)  To consider the report of the Audit, Risk and Assurance Manager relating to the 2015/16 Internal Audit Plan monitoring report.				
9.	<b>BUSINESS RATES POOLING ANNUAL REPORT</b> (Pages 35 - 38)  To consider the report of the Head of Finance relating to the Annual Business Rates Pooling.				
10.	<b>ANNUAL STANDARDS REPORT</b> (Pages 39 - 42)  To consider the report of the Monitoring Officer relating to the Annual Standards reports.				
11.	<b>LOCAL GOVERNMENT OMBUDSMAN DECISIONS</b> (Pages 43 - 52)  To consider the report of the Monitoring Officer relating to a recent Ombudsman investigation resulting in a finding of fault or injustice on the part of the Council.				
12.	<b>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME</b> (Pages 53 - 54)  To consider the Work Programme.				
13.	<b>EXCLUSION OF THE PRESS AND PUBLIC</b>  <b>To resolve:-</b>  "That the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended".  <table border="0"> <thead> <tr> <th><b>Agenda Item No.</b></th> <th><b>Description of Exempt Information</b></th> </tr> </thead> <tbody> <tr> <td>14</td> <td>Paragraphs 7: Information relating to any action taken or to be taken in connection with the prevention or prosecution of crime.</td> </tr> </tbody> </table>	<b>Agenda Item No.</b>	<b>Description of Exempt Information</b>	14	Paragraphs 7: Information relating to any action taken or to be taken in connection with the prevention or prosecution of crime.
<b>Agenda Item No.</b>	<b>Description of Exempt Information</b>				
14	Paragraphs 7: Information relating to any action taken or to be taken in connection with the prevention or prosecution of crime.				
14.	<b>COUNCIL IT- LESSONS LEARNED</b> (Pages 55 - 58)  To consider the report of the Head of Finance and Business Improvement updating Members on the lessons learned from issues arising from the Council's IT.				
15.	<b>DATE OF NEXT MEETING</b>  Monday, 14 <sup>th</sup> March 2016 at 6.30pm.				



**Jon McGinty**  
**Managing Director**

**Date of Publication: Friday, 8 January 2016**

## NOTES

### Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area.  For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and (b) either – i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with

whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, "securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

### **Access to Information**

Agendas and reports can be viewed on the Gloucester City Council website: [www.gloucester.gov.uk](http://www.gloucester.gov.uk) and are available to view five working days prior to the meeting date.

For further details and enquiries about this meeting please contact Lucy Hamilton, 01452 396192, [lucy.hamilton@gloucester.gov.uk](mailto:lucy.hamilton@gloucester.gov.uk).

For general enquiries about Gloucester City Council's meetings please contact Democratic Services, 01452 396126, [democratic.services@gloucester.gov.uk](mailto:democratic.services@gloucester.gov.uk).

If you, or someone you know cannot understand English and need help with this information, or if you would like a large print, Braille, or audio version of this information please call 01452 396396.

### **Recording of meetings**

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Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the Public and Press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

### **FIRE / EMERGENCY EVACUATION PROCEDURE**

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.



## AUDIT AND GOVERNANCE COMMITTEE

**MEETING** : Monday, 23rd November 2015

**PRESENT** : Cllrs. Llewellyn (Chair), Gravells (Vice-Chair), McLellan, Hobbs, Taylor, Patel and Hampson

**Others in Attendance**

Shirin Wotherspoon, Solicitor

Jon Topping, Head of Finance

Terry Rodway, Audit, Risk and Assurance Manager

Mary Hopper, Homelessness & Housing Advice Service Manager

Sarah Tilling, Senior Client Officer

Darren Gilbert KPMG LLP

### 35. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 36. MINUTES

The minutes of the meeting held on 21 September 2015 were approved and signed by the Chair as a correct record.

### 37. PUBLIC QUESTION TIME (15 MINUTES)

There were no questions from members of the public.

### 38. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

### 39. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN

The Committee considered the Action Plan.

The Audit, Risk and Assurance Manager advised the Committee that there had been no change to the status of Minute No. 17 Purchase of Software with a modern stock control facility at The Guildhall. He informed the Committee that Minute No.

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**23.11.15**

10 would be removed from the Action Plan and that Minute Nos. 28 and 31 would now be marked as completed.

Councillor McLellan suggested the status of Minute No. 17 should be amended so that only the most recent update was included.

**RESOLVED that the Action Plan be updated with the suggested amendments.**

**40. UPDATE ON BENEFITS ACCURACY RATE**

The Senior Client Officer updated Members on the benefits accuracy rate. She advised the Committee that the Council's error rate had improved and that further benchmarking had been undertaken to compare the error rate. The Committee noted that daily reports were now produced and could be accessed by staff to monitor the error rate.

The Senior Client Officer advised the Committee that Cheltenham Borough Council did not record errors under £3 as financial errors and that if this approach was adopted the Council's error rate would improve. Councillor Hobbs suggested it was important for the Council to improve the error rate before making a decision on whether a similar policy should be introduced. The Senior Client Officer agreed and confirmed that Cheltenham Borough Council was the only district known to adopt such a policy.

Councillor Patel requested further information on the nature of the errors and questioned whether a system enhancement could be introduced to reduce the error rate. He was advised that the errors were largely due to keying mistakes and that any system enhancement would require significant resource and would be unlikely to improve the accuracy rate as the mistakes were due to human error.

The Senior Client Officer advised the Committee that the errors would be monitored regularly and that further work would be undertaken to continue to reduce the error rate.

**RESOLVED that the report be noted.**

**41. UPDATE ON CHOICE BASED LETTINGS AUDIT**

The Homelessness & Housing Advice Service Manager provided Members with details of the Choice Based Lettings (CBL) Scheme and an update on the implementation of the agreed audit recommendations.

Councillor McLellan suggested that some of the concerns raised related to joint working, he commented that further joint working would be expected and stated that it was important to establish guidelines for future joint projects.

The Audit, Risk and Assurance Manager advised the Committee that the Forest of Dean District Council was the host authority for the CBL system and his understanding was that it was the host authority that would normally be responsible for completing an audit of the system controls. However, he had been requested to send them a copy of the Council's internal audit report to consider the issues that

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had been identified, therefore it would appear that it had not been considered as part of their risk based plan.

The Homelessness & Housing Advice Service Manager advised the Committee that there had been no requests for personal data to be removed from the system. It was noted that if a request was received, the Council would have to contact the system provider to have the data removed which would result in a cost.

The Committee noted that the service offered assisted bidding for adapted homes and language line to service users to ensure the allocation of social housing was consistent.

Councillor Gravells requested further information on the measures taken to ensure that social housing was fairly allocated to those living in the districts that were members of the Gloucestershire Homeseeker Partnership. He was advised that the majority of district councils allocated housing using the same policy and processes. An agreement had been made that the Cotswolds and West Oxfordshire District Councils could be included in the partnership whilst operating different policies.

The Committee suggested the difference in policies highlighted a lack of consistency and noted that this was unfair on residents as it provided some with an advantage. Members of the Committee requested clarity on the decision making process in this case, in particular, the City Council representatives involved in agreeing to the variation in policies.

Councillor Hobbs suggested it would be more appropriate to refer the Committee's concerns to the Overview and Scrutiny Committee for investigation.

Councillor Patel requested further information on the number of housing assessment appeals that had been received. He was advised that there had been between 40-50 appeals and that very few of these had successfully overturned the initial decision.

The Homelessness & Housing Advice Service Manager agreed to share the Committee's concerns with the Management Board.

**RESOLVED that the report be noted.**

**42. LOCAL GOVERNMENT OMBUDSMAN DECISION**

The Monitoring Officer summarised the report from the Ombudsman which detailed a finding of fault or injustice on the part of the Council.

The Monitoring Officer advised that there had been no findings of fault regarding missing payments and that the Ombudsman had determined that the Council had offered a reasonable resolution by inviting the complainant to visit the Council's offices. It was noted that fault had been identified regarding the recovery of council tax specifically with regard to the recovery of fees. Although the Council had deducted the summons costs from the outstanding council tax account it was at fault by not, also, deducting bailiff fees.

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The Senior Client Officer confirmed that in future cases summons and bailiff costs would be deducted from accounts where liability orders had been cancelled.

Councillor Gravells expressed concern at the issues raised by the case, he suggested greater clarity was needed when dealing with members of the public and questioned why the arrears incurred by the complainant had not been pursued sooner.

The Senior Client Officer advised that a recovery payment plan had been set up but had not been monitored by Officers. She informed the Committee that correspondence had been sent to the complainant and her husband on a number of occasions encouraging them to visit the Council's office. The Committee noted that discussions had been held with Civica regarding the monitoring of payment plans and that further assurances would be sought.

**RESOLVED that the report be noted.**

**43. ANNUAL AUDIT LETTER 2014/15**

Darren Gilbert, KPMG presented the City Council's Annual Audit Letter 2014-15.

**RESOLVED that the Annual Audit Letter 2014-15 be received.**

**44. TREASURY MANAGEMENT UPDATE QUARTER 2 REPORT 2015/16**

The Head of Finance summarised the report which provided Members with an update on treasury management activities for Quarter 2, 1 July 2015 – 30 September 2015.

**RESOLVED that the report be noted.**

**45. ZURICH RISK MANAGEMENT UPDATE**

The Head of Finance summarised the Zurich Risk Management review and report, which included ensuing action by Officers to improve the Council's position.

The Head of Finance advised the Committee that the Council had achieved a good standard in the Combined Liability and Property areas, but had been rated below minimum for Motor. The Committee noted Officers were taking immediate steps to address the issues raised and that self-certifying forms had been circulated to all officers for completion by those who use a vehicle for Council business.

The Committee noted that the review had not included the services provided by Amey.

Councillor Gravells requested further information on the areas of improvement suggested for the Council's Fire Control System. He was advised that the servers were currently being reviewed and that it would not be necessary to implement the areas for improvement as the Council had already achieved a good standard.



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**23.11.15**

Councillor D. Norman suggested the fire authority should be invited to complete an assessment of the Council's Fire Control systems.

Councillor Hobbs expressed concerns over the Council's building controls and suggested there was insufficient support for Members and visitors when attending evening meetings. The Head of Finance stated that he would share the concerns raised with the Health and Safety Adviser.

The Committee noted that the self-certify forms would be completed by those using fleet vehicles and casual use drivers. It was also noted that managers would be responsible for ensuring staff had completed the forms.

**RESOLVED that the report be noted.**

**46. STRATEGIC RISK REGISTER**

The Head of Finance presented the Strategic Risk Register to Members for their awareness and consideration. He advised the Committee that the Register was reviewed by Senior Management Team (SMT) on a monthly basis and that there had been a number of changes since it had last been presented to the Committee.

The Chair questioned why the risk regarding the resilience of the senior management structure had been removed. She was advised that all statutory officers were now in post and that if this were to change it could be added to the Register again as an emerging risk.

Councillor D. Norman advised that he had expressed similar concerns but had been reassured by Officers that the risk could be added again should concerns arise over the resilience of the senior management structure.

Councillor McLellan questioned who had been appointed as the Council's Risk Champion. The Audit, Risk and Assurance Manager advised the Committee that he would confirm who had been appointed Risk Champion.

Councillor McLellan questioned why the waste and recycling review had been removed from the register when work on the review was still ongoing. The Head of Finance commented that he would seek clarity over the decision to remove the waste and recycling review and update Members accordingly.

The Committee noted that devolution had been added as a potentially emerging risk due to potential financial risks and the uncertainty of the outcomes of devolution for the Council.

The Head of Finance confirmed that SMT owned the Strategic Risk Register.

**RESOLVED TO RECOMMEND to Cabinet that the Strategic Risk Register be noted and endorsed.**

**AUDIT AND GOVERNANCE COMMITTEE**  
**23.11.15**

**47. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Committee considered the Work Programme.

Councillor McLellan questioned whether the Annual Complaints Monitoring Report would be presented to the Committee. He was advised that the report was traditionally presented to the Committee in June.

**RESOLVED that the Work Programme be noted.**

**48. DATE OF NEXT MEETING**

Monday, 18 January 2016 at 6:30pm

**Time of commencement: 18:30 hours**

**Time of conclusion: 20:00 hours**

**Chair**

**AUDIT AND GOVERNANCE COMMITTEE – 23 November 2015**

**ACTION PLAN**

MINUTE NO.	MATTER	CURRENT STATUS	RAG	TARGET DATE	OWNER
<b><u>Actions arising from meeting held on 24 September 2012:</u></b>					
17  Page 11	Purchase of software with a modern stock control facility at The Guildhall.	A review of the Guildhall operations, including IT requirements, has been undertaken by Consultants and a cross party working group of Members. A decision on whether to purchase new EPOS software with stock control functionality has been made and a new system will be implemented in March 2016.	A	31.03.14	SG
				30.11.14 (revised date)	MS
				June 2015 (revised date)	MS
				Implementation date March 2016	JT

MINUTE NO.	MATTER	CURRENT STATUS	RAG	TARGET DATE	OWNER
<b><u>Actions arising from meeting held on 21 September 2015:</u></b>					
28	Benefit Audit Follow up on Accuracy Rate	The Committee requested quarterly updates on the Benefit accuracy rate. Updates added to work programme.	Action Complete	23.11.15	ST
31	Internal Audit Plan Monitoring Report- Choice Based Lettings	The Committee requested a report on the Choice Based Letting audit be presented at the meeting in November. Report added to work programme.	Action Complete	23.11.15	MH

**PLEASE NOTE:** Rolling agenda items requested by the Committee have not been included above but have been included on the Audit and Governance Work Programme.



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# KPMG Annual Report on grants and returns work 2014/15

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Gloucester City Council

January 2015

Agenda Item 7

**The contacts at KPMG  
in connection with this  
report are:**

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■ Fees	4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk) After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

<p>Introduction and background</p>	<p><b>This report summarises the results of work we have carried out on the Council’s 2014/15 grant claims and returns.</b></p> <p><b>This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed for 2014/15 is:</b></p> <ul style="list-style-type: none"> <li>■ Under the Public Sector Audit Appointment arrangements we certified one claim – the Council’s 2014/15 Housing Benefit Subsidy claim. This had a value of £46.1 million.</li> <li>■ Under a separate assurance engagement we certified the Pooling of Housing Capital Receipts return. This had a value of £1.26 million.</li> </ul>	<p>-</p>
<p>Certification results</p>	<p><b>Our work on the Council’s Housing Benefit Subsidy claim was unqualified.</b></p> <p><b>Our work on the Pooling of Housing Capital Receipts return resulted in a qualification letter.</b></p>	<p><b>Pages 3 – 4</b></p>
<p>Audit adjustments</p>	<p><b>One adjustment was necessary to the Council’s Housing Benefit Subsidy as a result of our certification work this year.</b></p> <ul style="list-style-type: none"> <li>■ Testing of Non-HRA Rent Rebates identified an error in how overpayments were classified between claimant error overpayments and Local Authority error overpayments. Following additional testing, an extrapolated error of £4,214 was calculated and an amendment made to the claim to reduce the figure for claimant error overpayments and increase Local Authority error overpayments. The impact of this was a reduction in the amount of subsidy received of £1,686.</li> </ul>	<p><b>Pages 3 – 4</b></p>
<p>Fee</p>	<p><b>The indicative fee for our work on the Council’s 2014/15 Housing Benefit Subsidy was set by Public Sector Audit Appointments at £9,390. The actual fee for this work was £9,390.</b></p> <p><b>Our fees for the other ‘assurance’ engagements were subject to agreement directly with the Council and were:</b></p> <ul style="list-style-type: none"> <li>■ £3,000 for the certification of the Pooling of Housing Capital Receipts return.</li> </ul>	<p><b>Page 5</b></p>

Overall, we carried out work on two grants and returns:

- one was unqualified but required some amendment to the final figures; and
- one required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2014/15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments arrangements</b>					
■ Housing Benefit Subsidy	1				
<b>Other assurance engagements</b>					
■ Pooling of Housing Capital receipts	2				
		1	0	1	1



## Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p><b>Housing Benefit Subsidy</b></p> <ul style="list-style-type: none"> <li>Sample testing of Non-HRA Rent Rebates identified an error in how overpayments were classified between claimant error overpayments and LA error overpayments. Following additional testing, an extrapolated error of £4,214 was calculated and an amendment made to the claim to reduce the figure for claimant error overpayments and increase Local Authority error overpayments. The impact of this was a reduction in the amount of subsidy received of £1,686..</li> <li>This issue has not been identified in previous years.</li> </ul>	- £4,214
2	<p><b>Pooling of Housing Capital Receipts</b></p> <ul style="list-style-type: none"> <li>The return was qualified as the relevant prime housing records used to populate the Council's housing records spreadsheet, such as evidence of the number of bedrooms or valuations as at 1999, could not be located by the Council.</li> <li>Our testing did confirm that the return was consistent with the Council's supporting spreadsheet, so the issue is therefore just about the absence of the prime evidence to support these figures.</li> </ul>	-

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2014/15 was £12,390.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2014/15 (£)	2013/14 (£)
Housing Benefit Subsidy claim	9,390	11,364
Pooling of Housing Capital Receipts	3,000	1,186
<b>Total fee</b>	<b>12,390</b>	<b>12,550</b>

### Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2014/15 of £9,390. Our actual fee was the same as the indicative fee, and this compares to the 2013/14 fee for this claim of £11,364.

### Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2014/15 were more than those in 2013/14. The reason for the increase was a change in the level of work required by DCLG for this year.



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<b>Meeting:</b>	<b>Audit &amp; Governance Committee</b>	<b>Date:</b>	<b>18 January 2016</b>
<b>Subject:</b>	<b>Internal Audit Plan 2015/16 – Monitoring Report</b>		
<b>Report Of:</b>	<b>Audit, Risk &amp; Assurance Manager</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Terry Rodway, Audit, Risk &amp; Assurance Manager</b>		
	<b>Email:</b>	<b><a href="mailto:Terry.Rodway@gloucester.gov.uk">Terry.Rodway@gloucester.gov.uk</a></b>	<b>Tel:</b> 396430
<b>Appendices:</b>	<b>1. Appendix 1:- List of the audits completed as part of the 2015/16 Internal Audit Plan: September 2015 – December 2015.</b>		
	<b>2. Appendix 2:- List of Rank 1 ‘High Priority’ Recommendations not implemented by the agreed date.</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To inform Members of the audits completed as part of the agreed Internal Audit Plan 2015/16.

### 2.0 Recommendations

- 2.1 Audit & Governance Committee is asked to **RESOLVE** that the audit work undertaken to date, and the assurance given on the adequacy of internal controls operating in the systems audited be endorsed.

### 3.0 Background and Key Issues

- 3.1 At the Audit & Governance Committee meeting held on 16<sup>th</sup> March 2015, Members approved the Internal Audit Plan 2015/16. In accordance with the Public Sector Internal Audit Standards, this report details the outcomes of internal audit work carried out in accordance with the approved Plan.

- 3.2 This report includes details of the audits completed during the period September 2015 to December 2015. The performance monitoring information is based on the number of completed audits vs. the number of planned audits (i.e. an output measure). The indicator for the 9 month period April to December 2015 is 63% (15 out of 24 planned audits completed) compared to a target of 90% (21 out of 24 planned audits completed).

- 3.3 The above figures do not include one audit that was at draft report stage as at 31<sup>st</sup> December 2015.

3.4 The main reason for the non-achievement of the target number of completed audits is due to a vacancy in the Audit & Assurance team. Arrangements have been made to use contract staff during the 4<sup>th</sup> quarter of the financial year (January – March 2016) to help meet the 90% target by the end of the financial year.

3.5 Details of the audits completed, together with the overall conclusion reached on each audit, have been provided in **Appendix 1**. This should provide Members with a view on the adequacy of the controls operating within each area audited.

#### **4.0 Results from Follow-Up Audits**

4.1 It has previously been agreed that Members would be notified of all 'Rank 1 Fundamental' recommendations that have not been fully implemented within the agreed timescale. During the period covered by this report, there were two agreed recommendations identified that had not been implemented by the agreed date. Details have been provided in **Appendix 2**.

#### **5.0 Other Audit Work Completed**

5.1 Audit of Gloucester UK Parliamentary Election Fee Accounts for 2015

5.1.1 As requested by the Acting Returning Officer, an audit review was completed on the draft Gloucester UK Parliamentary election fee accounts for 2015, prior to sign off by the Acting Returning Officer and submission to the Election Claims Unit (ECU).

5.1.2 The audit review resulted in an increase of £6,673 to the total election fee claimed (from £91,569 to £98,242), due to the net impact of the identified individual adjustments made to the draft fee accounts.

#### **6.0 Asset Based Community Development (ABCD) Considerations**

6.1 there are no ABCD implications as a result of the recommendation made in this report.

#### **7.0 Alternative Options Considered**

7.1 No other options have been considered as the purpose of the report is to inform the Committee of the audit work undertaken to date, and the assurance given on the adequacy of internal controls operating in the systems audited.

#### **8.0 Reasons for Recommendations**

8.1 The Public Sector Internal Audit Standards state that the Audit, Risk & Assurance Manager should report on the outcomes of internal audit work, in sufficient detail, to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address.

8.2 The Standards also require the Audit, Risk & Assurance Manager to communicate the impact of resource limitations on the Internal Audit Plan to senior management and the Audit & Governance Committee.

## **9.0 Future Work and Conclusions**

- 9.1 The role of the Audit & Assurance service is to examine, evaluate and report upon the adequacy of internal controls. Where weaknesses have been identified, recommendations have been made to improve the level of control.

## **10.0 Financial Implications**

- 10.1 With the exception of the additional election fee claimed there are no specific financial implications arising from this report.

(Financial Services have been consulted in the preparation this report.)

## **11.0 Legal Implications**

- 11.1 None directly arising from this report

(One Legal have been consulted in the preparation this report.)

## **12.0 Risk & Opportunity Management Implications**

- 12.1 Delays in response to acceptance/implementation of audit recommendations lead to weaknesses continuing to exist in systems, which has the potential for fraud and error to occur.

## **13.0 People Impact Assessment (PIA):**

- 13.1 A requirement of the Accounts & Audit Regulations 2015 is for the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The internal audit service is delivered by the in house team. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.

- 13.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **14.0 Other Corporate Implications**

### Community Safety

- 14.1 There are no community safety implications arising out of the recommendations in this report.

### Sustainability

- 14.2 There are no sustainability implications arising out of the recommendations in this report.

### Staffing & Trade Union

14.3 There are no staffing and Trade Union implications arising out of the recommendations in this report.

**Background Documents:** Internal Audit Plan 2015/16  
Public Sector Internal Audit Standards



## Appendix 1: List of the audits completed as part of the 2015/16 Internal Audit Plan

Audit	Comments	Level of Assurance
Contract Audit	<p><u>Audit Objective</u>            The objective of the audit was to ensure the following controls were in place and operating effectively:-</p> <ul style="list-style-type: none"> <li>• The contract was let in accordance with Contract Standing Orders with the key areas considered to be project initiation, invitation to tender, handling of tenders, and awarding the contract;</li> <li>• There is a signed in-date contract in place with the original being stored in a secure location and a copy being retained by the contract manager for ease of reference;</li> <li>• The contract provides clear guidance for any contract extensions and renewals, and if applicable this guidance has been followed;</li> <li>• The City Council Contract Register and the South West Portal have been populated with the correct information;</li> <li>• Contract management is being undertaken in line with the contract management arrangements detailed within the contract;</li> <li>• Relevant budgets to be reviewed to establish whether incurred costs are in line with contract values;</li> <li>• Orders are raised in line with constitutional requirements, invoiced works are reviewed to verify value and quality prior to authorisation for payment, and payments are not being unnecessarily delayed</li> </ul> <p>The audit covered the following contracts:-            Energy Supply contract; Kings Square Paving contract;            Repairs &amp; Maintenance contract</p> <p><u>Audit Opinion</u>            On the basis of the work carried out during this audit review, and the number and classification of recommendations identified through audit testing the audit opinion is that there is a <b>Good</b> level of assurance on the adequacy and operating effectiveness of controls in place for all areas covered by the audit except for the adequacy and operating effectiveness of controls in place for the procurement process for which a <b>Satisfactory</b> level of assurance has been provided.</p> <p>The main areas of weakness identified, for which one Rank 1 'High Priority' recommendation has been made, relates to:-</p> <ul style="list-style-type: none"> <li>• Non-compliance with a constitutional requirement for obtaining approval from the appropriate Cabinet</li> </ul>	Good/ Satisfactory

Audit	Comments	Level of Assurance
	Member for the proposed contract award procedures in instances where the procurement value is between £50k and the EU threshold.	
Non-Domestic Rates	<p><u>Audit Objective</u> The objective of the audit was to ensure the following controls were in place and operating effectively:-</p> <ul style="list-style-type: none"> <li>• Periodic reconciliation of the NNDR system to the Valuation Office listings;</li> <li>• Periodic reconciliation of the NNDR system to the cash receipting system;</li> <li>• Periodic reconciliation of the NNDR system to the Financial Management System;</li> <li>• Periodic review of exceptions: e.g. rateable value changes, suppressed accounts, overpayments and refunds;</li> <li>• Periodic production and independent review of NNDR arrears and collection reports;</li> <li>• Adequate password-based access restrictions to the NNDR system;</li> <li>• Regular evidenced, independent review of user access rights to the NNDR system;</li> <li>• Recovery and enforcement procedures are carried out in accordance with statutory requirements and Council policy regulations;</li> <li>• Write-offs are bona fide and in accordance with Council policy;</li> </ul> <p><u>Period of Audit</u> The period of the audit covered the period April 2015 to November 2015.</p> <p><u>Audit Opinion</u> On the basis of the work carried out during this audit review, and the number and classification of recommendations identified through audit testing the audit opinion is that there is a <b>Good</b> level of assurance on the adequacy and operating effectiveness of controls in place for controls in relation to 'Reconciliations', 'production and review of arrears and collection reports', 'recovery &amp; enforcement procedures', and, 'write offs'; and a <b>Satisfactory</b> level of assurance on the adequacy and operating effectiveness of controls in place for all other areas covered by this audit.</p> <p>The main areas of weakness identified, for which one Rank 1 'High Priority' recommendation has been made, relate to:-</p> <ul style="list-style-type: none"> <li>• Actions are required to demonstrate that the City</li> </ul>	Good/ Satisfactory

Audit	Comments	Level of Assurance
	<p>Council is verifying the validity of the refund requests and providing authorisation for the refunds as per the requirement of the Managed Services contract.</p> <p>The recommendations made as a result of this audit have been agreed by management with the latest implementation date for the recommendations being March 2016.</p>	
Commercial Rents	<p><u>Audit Objective</u> The objective of the audit was to ensure the following controls were in place and operating effectively:-</p> <ul style="list-style-type: none"> <li>• The Terrier system is up to date;</li> <li>• Lease renewals (Section 25's) are clearly identified, and the files contain adequate supporting documentation to determine actions to date;</li> <li>• The rent reviews (Mid-term) are completed within the agreed timescale and rents are invoiced promptly;</li> <li>• Void properties are effectively monitored and re-let as soon as reasonably possible;</li> <li>• Land and property sales are processed in accordance with the Council's disposal policy;</li> <li>• The title of ownership is registered in the Council's name with the deeds being securely stored;</li> <li>• Commercial properties are adequately insured;</li> <li>• Review of user access rights to the Terrier system;</li> <li>• Compliance with the Employee Code of Conduct relating to Declarations of Interest.</li> </ul> <p><u>Period of Audit</u> The period of the audit covered the period April 2015 to October 2015.</p> <p><u>Audit Opinion</u> On the basis of the work carried out during this audit review, and the number and classification of recommendations identified through audit testing the audit opinion is that there is a <b>Good</b> level of assurance on the adequacy and operating effectiveness of controls in place for the 'security of assets' and, 'land &amp; property sales'; there is a <b>Satisfactory</b> level of assurance on the adequacy and operating effectiveness of controls in place for the 'terrier system', 'lease renewals', 'rent reviews', and, 'monitoring of voids'; and a <b>Limited</b> level of assurance on the adequacy and operating effectiveness of controls in place relating to 'Staff Declaration of Interests' .</p>	Good/ Satisfactory/ Limited

Audit	Comments	Level of Assurance
	<p>The main areas of weakness identified, for which one Rank 1 'High Priority' and five Rank 2 'Medium Priority' recommendations have been made, relate to:-</p> <ul style="list-style-type: none"> <li>• The current approach of recording the land terrier data on 2 separate software applications should be reviewed;</li> <li>• Asset Management are to complete the set up and use of shared access email folders for each property / land asset from which the latest position relating to any negotiations can be readily established by any of the Surveyors;</li> <li>• Actions should be taken to reduce the amount of outstanding debts for nominal value invoices so that the report for outstanding debt clearly focusses upon debts of a more significant value;</li> <li>• Void Inspection Checklists are to be completed and retained with key information being transferred onto the vacant voids spreadsheet in order to demonstrate when the latest inspections have been performed and the condition of each site;</li> <li>• The intention for updating the Land and Property disposals Policy with a requirement to apply a fixed charge prior to any investigative actions pertaining to a purchase enquiry are to be seen through to completion;</li> <li>• Officers are to declare any financial and non-financial interests as per the requirement of the Employee Code of Conduct.</li> </ul> <p>The recommendations made as a result of this audit have been agreed by management with the latest implementation date for the recommendations being March 2016.</p>	
Council Tax	<p><u>Audit Objective</u></p> <p>The objective of the audit was to ensure the following controls were in place and operating effectively:-</p> <ul style="list-style-type: none"> <li>• Periodic reconciliation of the C.Tax system to the Valuation Office listings;</li> <li>• Periodic reconciliation of the C.Tax system to the cash receipting system;</li> <li>• Periodic reconciliation of the C.Tax system to the Financial Management System;</li> <li>• Periodic review of exceptions: e.g. rateable value changes, suppressed accounts, overpayments and refunds;</li> <li>• Periodic production and independent review of C.Tax arrears and collection reports;</li> </ul>	Good/ Satisfactory/ Limited

Audit	Comments	Level of Assurance
	<ul style="list-style-type: none"> <li>• Adequate password-based access restrictions to the C.Tax system;</li> <li>• Regular evidenced, independent review of user access rights to the C.Tax system;</li> <li>• Recovery and enforcement procedures are carried out in accordance with statutory requirements and Council policy regulations;</li> <li>• Write-offs are bona fide and in accordance with Council policy.</li> </ul> <p><u>Period of Audit</u> The period of the audit covered the period April 2015 to November 2015.</p> <p><u>Audit Opinion</u> On the basis of the work carried out during this audit review, and the number and classification of recommendations identified through audit testing the audit opinion is that there is a <b>Good</b> level of assurance on the adequacy and operating effectiveness of controls in place for controls in relation to 'Reconciliations', 'production and review of arrears and collection reports', 'recovery &amp; enforcement procedures', and, 'write offs'; a <b>Satisfactory</b> level of assurance on the adequacy and operating effectiveness of controls in place for controls in relation to 'software access restrictions', 'software access reviews', and, 'security of data'; and a <b>Limited</b> level of assurance on the adequacy and operating effectiveness of controls in place for controls in relation to reviewing 'exception reports'.</p> <p>The main areas of weakness identified, for which one Rank 1 'High Priority' and two Rank 2 'Medium Priority' recommendations have been made, relate to:-</p> <ul style="list-style-type: none"> <li>• Actions are required to ensure that reports such as the Recovery Inhibit Reports are only run in the relevant users' spool manager.</li> <li>• Actions are required to ensure that CTax recovery inhibit reports are reviewed and actioned in line with the reporting timeframe to ensure that recovery is not being unnecessarily inhibited.</li> <li>• Actions are required to demonstrate that the City Council is verifying the validity of the refund requests and providing authorisation for the refunds as per the requirement of the Managed Services contract.</li> </ul> <p>The recommendations made as a result of this audit have been agreed by management with the latest</p>	

Audit	Comments	Level of Assurance
	implementation date for the recommendations being March 2016.	
Capital Accounting	<p><u>Audit Objective</u> The objective of the audit was to ensure the following controls were in place and operating effectively:-</p> <ul style="list-style-type: none"> <li>• Five year rolling programme of revaluation for fixed assets held;</li> <li>• Annual impairment review of tangible and intangible fixed assets;</li> <li>• Periodic review of capital expenditure against the capital programme;</li> <li>• Periodic reconciliation of the fixed asset register to the general ledger;</li> <li>• Periodic reconciliation of corporate property (asset management system) and the fixed asset register;</li> <li>• Periodic physical verification of fixed assets;</li> <li>• Controls in relation to accuracy of depreciation, e.g. reconciliation of movement in depreciation from prior year to movement in fixed asset balances.</li> </ul> <p><u>Period of Audit</u> The period of the audit covered the 2015/16 financial year up to the point of audit (December 2015).</p> <p><u>Audit Opinion</u> On the basis of the work carried out during this audit review, and the number and classification of recommendations identified through audit testing the audit opinion is that there is a <b>Satisfactory</b> level of assurance on the adequacy and operating effectiveness of controls in place for all areas covered by the audit.</p> <p>The main areas of weakness identified, for which two Rank 2 'Medium Priority' recommendations have been made, relate to:-</p> <ul style="list-style-type: none"> <li>• The Council should consider reconciliation of the complete fixed asset register to the asset management system on an annual basis, to ensure completeness and accuracy of both systems</li> <li>• The Constitution's Financial Regulations capital programme content should be reviewed and updated (where applicable) to ensure a consistent approach is detailed for new capital project review and approval.</li> </ul> <p>The recommendations made as a result of this audit have been agreed by management with the latest implementation date for the recommendations being</p>	Satisfactory

<b>Audit</b>	<b>Comments</b>	<b>Level of Assurance</b>
	January 2017.	

The report includes an audit opinion on the adequacy of controls in the area that has been audited, classified in accordance with the following descriptions:-

<b>CONTROL LEVEL</b>	<b>DESCRIPTION</b>
<b>Good</b>	Robust framework of controls – provides substantial assurance. A few minor recommendations (if any) i.e. Rank 3 (Low Priority).
<b>Satisfactory</b>	Sufficient framework of controls – provides satisfactory level of assurance – minimal risk. A few areas identified where changes would be beneficial. Recommendations mainly Rank 3 (Low Priority), but one or two Rank 2 (Medium Priority).
<b>Limited</b>	Some lapses in framework of controls – provides limited level of assurance. A number of areas identified for improvement. Mainly Rank 2 (Medium Priority) recommendations, but one or two Rank 1 (High Priority) recommendations.
<b>Unsatisfactory</b>	Significant breakdown in framework of controls – provides an unsatisfactory level of assurance. Unacceptable risks identified – fundamental changes required. A number of Rank 1 (High Priority) recommendations.

Ranking of Recommendations:-

<b>RANK</b>		<b>DESCRIPTION</b>
1	High Priority	Necessary due to statutory obligation, legal requirement, Council policy or major risk of loss or damage to Council assets, information or reputation, or, compliance with External Audit key control.
2	Medium Priority	Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist.
3	Low Priority	Current procedure is not best practice and could lead to minor in-efficiencies.

**Appendix 2: List of Rank 1 'High Priority' Recommendations not implemented by the agreed date**

<b>Audit</b>	<b>Date</b>	<b>Recommendation</b>	<b>Agreed Action</b>	<b>Responsible Officer</b>	<b>Agreed Implementation Date</b>	<b>Management Comment</b>	<b>Revised Implementation Date</b>
Guildhall	Jan 2015	Officers are required to raise orders for the purchase of goods or services in advance of the provision of the goods / services, in line with the requirements of the Councils Financial Regulations.	Procurement and Finance officers to run refresher course with staff and to clarify any 'grey' areas.	Guildhall Service Manager (GSM)	ASAP, but to be fully actioned by 1st April 2015	Finance have already done a review of process with staff in October. GSM to reinforce process and push for compliance.	Immediate
Guildhall	Jan 2015	Actions are required to review and address aged commitments within the Financial Management System on a regular basis	Regular review of commitments – monthly when lists are sent round.	Guildhall Service Manager (GSM)	Already begun in January 2015	GSM to go through list of commitments and remove outstanding or defunct orders	End of January 2016





<b>Meeting:</b>	Audit & Governance	<b>Date:</b> 18 January 2016
<b>Subject:</b>	Business Rates Pooling Report 2014-15	
<b>Report Of:</b>	Cabinet Member for Performance and Resources	
<b>Wards Affected:</b>	All	
<b>Key Decision:</b>	No	<b>Budget/Policy Framework:</b> No
<b>Contact Officer:</b>	Jon Topping, Head of Finance	
	Email: jon.topping@gloucester.gov.uk	Tel: 396242
<b>Appendices:</b>	None	

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The Gloucestershire Business Rates Pool was set up to maximise the business rate income retained within the County and to support economic growth within the area of the Local Enterprise Partnership.
- 1.2 2014/15 was the second year of operation of the Pool and this report sets out the outturn position for the year.

### 2.0 Recommendations

- 2.1 Audit & Governance is asked to **RESOLVE** that The 2014/15 outturn position and performance of the Gloucestershire Business Rates Pool be noted.

### 3.0 Background and Key Issues

- 3.1 The Business Rates Retention Scheme was introduced on 1<sup>st</sup> April 2013. Under the Scheme, the Council retains some of the business rates raised locally.
- 3.2 The Gloucestershire Business Rates Pool governance arrangements determine how surpluses and deficits are distributed or recovered.
- 3.3 Gloucester City Council has been a member of the Gloucestershire Business Rates Pool since the inception of the retained Business Rates scheme in April 2013. Pool governance arrangements were put in place and the scheme commenced in the 2013/14 financial year. That year saw additional growth generated in businesses across Gloucestershire and as a result the Pool retained an extra £775k of business rates for the benefit of Gloucestershire as a whole. This money would have been paid to central government if pooling was not in place.
- 3.4 During the 2014/15 financial year, Tewkesbury Borough Council suffered significant losses within this scheme mainly as a result of successful appeals by Virgin Media.

This resulted in the Pool incurring a substantial deficit which was needed to be met by the individual authorities of Gloucestershire, including Gloucester.

- 3.5 As a result of this appeal a deficit on the pool of £2.3m resulted. This was partly funded by the retained pool surplus from 2013/14, and, in line with the pool's governance arrangements, additional contributions from the members of the pool. The share that Gloucester City Council contributed was £345k.
- 3.6 In addition to the issue above the Government placed a deadline for receipt of appeals against the 2010 ratings list of 31<sup>st</sup> March 2015 which consequently saw a significant number of appeals lodged in the final weeks of the year. This is a national issue and councils have had to increase their provisions significantly this also had a significant impact on the outturn of the pool
- 3.7 Table 1 sets out the finances for the Gloucestershire Business Rates Pool for the year ended 2014/15.

**Table 1 - Pooling Distribution 2013/14, 2014/15 (NND3)**

	<b>2013/14 Outturn (£)</b>	<b>2014/15 Outturn (£)</b>
<b>Retained Business Rates (outside pool)</b>	81,602,905	82,218,871
<b>Retained Business Rates (within pool)</b>	82,377,767	79,882,443
<b>Total Amount to Distribute</b>	<b>774,862</b>	<b>(2,336,563)</b>
<b>Share of gains/losses</b>		
Cheltenham	52,824	(284,955)
Cotswold	25,326	(228,988)
Forest of Dean	47,687	(267,340)
Gloucester	72,954	(345,190)
Stroud	37,547	(273,831)
Tewkesbury	67,573	(225,077)
County	75,978	(411,182)
Reserve Movement	300,000	(300,000)
SEDF Contribution	94,972	
<b>Total Gain/Loss (Distributed)</b>	<b>774,861</b>	<b>(2,336,563)</b>

- 3.8 The forecast position for 2015/16 is possible further retention for Gloucester City. The final outturn position will not be known until May 2016 when the NND3 is completed.
- 3.9 Following work undertaken by each authority a recommendation was made for Cabinet to resolve the current pool be disbanded to enable Tewkesbury Borough Council to be withdrawn from the Gloucestershire Business Rates Pool for the financial year 2016/2017.

3.10 The withdrawal of Tewkesbury Borough Council from the Gloucestershire Business Rates Pool on a temporary basis was recommended to protect both Gloucester City Council and the members of the Pool from the full effect of further successful appeals or single assessment requests of Virgin Media.

3.11 Government were notified of this by the statutory deadline of 31<sup>st</sup> October 2015 by Stroud District Council (pool lead authority), and the pool will be re-established without Tewkesbury Borough Council for 2016/17.

#### **4.0 Asset Based Community Development (ABCD) Considerations**

4.1 There are no ABCD implications as a result of this report.

#### **5.0 Alternative Options Considered**

5.1 There are no alternative options

#### **6.0 Reasons for Recommendations**

6.1 To review the performance of the Gloucestershire Business Rates Pool in 2014/15.

#### **7.0 Financial Implications**

7.1 Contained in the body of the report.

(Financial Services have been consulted in the preparation this report.)

#### **8.0 Legal Implications**

7.1 There are no legal implications from this report

(One Legal have been consulted in the preparation this report.)

#### **9.0 Risk & Opportunity Management Implications**

9.1 Contained in the body of the report

#### **10.0 People Impact Assessment (PIA):**

10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, there a full PIA was not required.

#### **11.0 Other Corporate Implications**

##### Community Safety

11.1 Nil

##### Sustainability

11.2 Nil

Staffing & Trade Union

11.3 Nil

**Background Documents:** None



<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>18 January 2016</b>
<b>Subject:</b>	<b>Annual Standards Report</b>		
<b>Report Of:</b>	<b>Monitoring Officer</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Shirin Wotherspoon, Monitoring Officer</b>		
<b>Email:</b>	<b>shirin.wotherspoon@teWKesbury.gov.uk</b>	<b>Tel:</b>	<b>01684 272017</b>
<b>Appendices:</b>	<b>None</b>		

**FOR GENERAL RELEASE**

**1.0 Purpose of Report**

1.1 To consider the report of the Monitoring Officer in respect of breaches of the Code of Conduct by Gloucester City Councillors and Quedgeley Parish Councillors during the period 1<sup>st</sup> April 2015 to the date of this meeting.

**2.0 Recommendations**

2.1 The Audit and Governance Committee is asked to **RESOLVE** that:

- (1) That the contents of the report be noted and
- (2) The date when the Annual Standards Report of the Monitoring Officer be considered in future years.

**3.0 Background and Key Issues**

3.1 The Terms of Reference of this Committee include the following responsibilities in respect of Standards:

- (xxxv) To receive allegations and any accompanying report from the Monitoring Officer and to refer the allegation to the Monitoring Officer for formal investigation or informal resolution.
- (xxxvi) To set up, where necessary, a Hearings Panel to consider any alleged breach of the Members' Code of Conduct.
- (xxxvii) To promote and maintain high standards of conduct by Councillors and co-opted Members.
- (xxxviii) To assist Councillors and co-opted Members to observe the Members' Code of Conduct.
- (xxxix) To advise the Council on the adoption, revision of, or publicity on the Members' Code of Conduct.
- (xl) To advise, train or arrange to train Councillors and co-opted Members on matters relating to the Members' Code of Conduct.

- (xli) To grant dispensations to Councillors and co-opted Members from the requirements relating to interests set out in the Members' Code of Conduct or other Council codes and protocols where:
  - (a) without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter;
  - (b) the Committee considers that the dispensation is in the interests of persons living in the Council's area; or
  - (c) the Committee considers that it is otherwise appropriate to grant a dispensation.
- (xlii) To consider appeals against decisions made by the Monitoring Officer in exercise of their dispensation powers;
- (xliii) To set up, where necessary, a Sub-Committee to shortlist and interview candidates for the role of Independent Person and to make recommendations to Council regarding the appointment of Independent Persons.
- (xliv) To provide such advice and assistance as appropriate regarding the appointment of the Independent Person as required under Part 7 of the Localism Act 2011.
- (xlv) To set the allowances and expenses payable to the Independent Person and Reserve Independent Persons.

3.2 During the period 1<sup>st</sup> April 2015 to the end of June 2015, the previous Monitoring Officer received 2 formal complaints against Members. One was resolved informally and the other held to be unfounded.

3.3 For the period July 2015 to the date of this report, Members are informed:

- No formal complaints have been received;
- There has been no reason the contact the Independent Person.
- There has been no reason to convene the Hearings Panel; and
- There have been no dispensations requested.

#### **4.0 Asset Based Community Development (ABCD) Considerations**

4.1 None

#### **5.0 Alternative Options Considered**

5.1 None

#### **6.0 Reasons for Recommendations**

6.1 To provide Committee with an annual review of breaches of the Code of Conduct by Gloucester City Councillors and Quedgeley Parish Councillors.

#### **7.0 Future Work and Conclusions**

- 7.1 Members may wish to consider when it would be most appropriate to receive this annual report on Standards in future years.
- 7.2 At this Committee's meeting on 18<sup>th</sup> March 2013, the previous Monitoring Officer advised that the annual letter from the Ombudsman, which was previously reported to the Standards Committee, would be presented to this Committee in future years. This letter is generally received when the Local Government Ombudsman publishes the LGO Annual Report on Local Government Complaints in June each year. It may, therefore, be appropriate for the Monitoring Officer's annual report on Standards to be brought to Committee at the same time as the presentation of the Ombudsman's Annual Report. This will enable Committee to review, at the same meeting, both Standards and Maladministration matters in respect of the previous complete municipal year.

## **8.0 Financial Implications**

8.1 [None]

(Financial Services have been consulted in the preparation this report.)

## **9.0 Legal Implications**

9.1 None

(One Legal have been consulted in the preparation this report.)

## **10.0 Risk & Opportunity Management Implications**

10.1 Failure to have and maintain high ethical standards can lead to significant reputational damage. However, there is also the opportunity for the Council to set and maintain high standards of behaviour amongst its Members which can enhance reputation and reduce the risk of wrongdoing.

## **11.0 People Impact Assessment (PIA):**

11.1 None.

## **12.0 Other Corporate Implications**

### Community Safety

12.1 None

### Sustainability

12.2 None

### Staffing & Trade Union

12.3 None

**Background Documents:** None

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<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>18 January 2016</b>
<b>Subject:</b>	<b>Local Government Ombudsman Decisions</b>		
<b>Report Of:</b>	<b>Monitoring Officer</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Shirin Wotherspoon, Monitoring Officer</b>		
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<b>Appendices:</b>	<b>1. Report of the Local Government Ombudsman no 15 007 314</b> <b>2. Report of the Local Government Ombudsman no 15 009 401</b>		

**FOR GENERAL RELEASE**

**1.0 Purpose of Report**

1.1 To consider the report of the Ombudsman in respect of two recent Ombudsman investigations resulting in a finding of fault or injustice on the part of the Council.

**2.0 Recommendations**

2.1 Audit and Governance Committee is asked to **RESOLVE** that:

- (1) The contents of the report be noted;
- (2) It is satisfied that appropriate steps have been taken to address the findings in each case and that no further action needs to be taken by the Council.

**3.0 Background and Key Issues**

3.1 The Local Government Ombudsman investigates and reports on complaints from members of the public who claim to have sustained injustice as a result of maladministration. Maladministration can encompass a number of failings by a local authority, including inattention, neglect and delay. Where the Ombudsman decides that injustice has been caused by an authority’s maladministration, the authority concerned must consider the Ombudsman’s report. The Ombudsman’s final reports on the cases referred to in this report were published on 23 November 2015 and 8 December 2015.

3.2 The Council has 3 months from the publication of the final report to notify the Ombudsman of the action that has been taken or will be taken in response to the report.

#### Complaint by Mr A - 15 007 314

- 3.3 In this case, Mr A complained that the Council failed to properly handle a dispute about his council tax liability after his property was damaged by a fire in May 2013 which led to enforcement action being taken against him for unpaid council tax.
- 3.4 Mr A's case continued over an extended period of time and there was a complicated chain of communication; however, the Council has accepted that the communication it received from Mr A should have led to his account being put on hold instead of recovery action being taken. In recognition of this fault the Council has refunded all of the costs relating to recovery on the account totalling £133.
- 3.5 The Council has also acknowledged the inconvenience its delays in responding to his correspondence caused to the complainant and has paid Mr A a further £47 as a goodwill gesture.
- 3.6 The Ombudsman's decision was that there was fault by the Council which caused injustice to Mr A, but they were happy that the Council had taken appropriate steps to rectify situation and did not require that any further action be taken.

#### Complaint by Mr A - 15 009 401

- 3.7 Mr A complained about the Council's handling of matters relating to his council tax liability for two properties he rents out to tenants. He considered that the Council had wrongly held him liable for a specific period of time when, in his view, it was the tenants who were liable. He also complained that the Council had failed to deal with his complaint about the matter in a timely manner.
- 3.8 On being notified of the complaint by the Ombudsman, the Council reviewed its handling of Mr A's case and, while decision with regards to liability was confirmed, officers realised that they had failed to inform him of his right to appeal against its decision to the Valuation Tribunal. In recognition of this fault the Council has paid Mr A £50 as a goodwill gesture and advised him he can still appeal to the Tribunal.
- 3.9 The Ombudsman's decision was that there was fault by the Council in its handling of Mr A's council tax complaint, but they considered that the steps taken to rectify the situation was satisfactory and that no further action was required.

#### **4.0 Alternative Options Considered**

- 4.1 There are no alternative options relevant to this matter.

#### **5.0 Reasons for Recommendations**

- 5.1 There is a statutory requirement to respond to an Ombudsman report that identifies maladministration and a need for the Council to consider what action needs to be taken as a result of the report.
- 5.2 Audit and Governance Committee is responsible for reviewing the Council's corporate governance arrangements and for monitoring the operation of the

Council's codes and protocols and the Council's complaints process and to advise the Council on the adoption or revision of such codes.

## **6.0 Future Work and Conclusions**

- 6.1 In respect of Case 15 007 314, there is no intention to review processes; however, staff have been briefed in respect of this case as a learning exercise to highlight the importance of judging each case individually on its merits.
- 6.2 In respect of Case 15 009 401, the failure to inform the complainant of his right of appeal to the Valuation Tribunal was a human error and staff have made aware of importance of considering whether a the right of appeal exists.

## **7.0 Financial Implications**

- 7.1 In both cases the relevant costs and goodwill gestures have been paid to the complainants and the details are contained in the main body of the report.

(Financial Services have been consulted in the preparation this report.)

## **8.0 Legal Implications**

- 8.1 The Local Government and Housing Act 1989 places a duty on the Monitoring Officer to report the Ombudsman's findings to the Council.
- 8.2 The Ombudsman's reports are available for members of the public to inspect.
- 8.3 The Ombudsman's recommendations are not legally enforceable although it is extremely unusual for an authority not to accept them. If the Ombudsman is not satisfied with the action proposed, she can publish a further report and can compel an authority to publicise her views.
- 8.4 In both cases, Officers identified the faults, reimbursed costs incurred and awarded compensation prior to knowing the Ombudsman's decisions. The Ombudsman was satisfied with the Council's actions in both cases and required no further action to be taken.

(One Legal have been consulted in the preparation of this report)

## **9.0 Risk & Opportunity Management Implications**

- 9.1 The findings highlight the need thoroughly consider all aspects of a complaint to ensure that all relevant factors are taken into account before any action is taken.

## **10.0 People Impact Assessment (PIA):**

- 10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety

11.1 There are no community safety implications.

### Sustainability

11.2 There are no sustainability implications.

### Staffing & Trade Union

11.3 There are no staffing implications.

**Background Documents:** None.

**Complaint reference:**  
15 007 314

**Complaint against:**  
Gloucester City Council

## **The Ombudsman's final decision**

Summary: Mr A complains the Council failed to properly handle a dispute about his council tax liability which led to enforcement action being taken against him. There was fault by the Council which caused Mr A injustice. As it has now agreed to refund the enforcement costs and make a compensation payment, an amount totalling £180, and is willing to review the period of a council tax discount, the Ombudsman will not pursue the complaint any further.

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## **The complaint**

1. Mr A complains the Council failed to properly handle a dispute about his council tax liability after his property was damaged by a fire in May 2013 which led to enforcement action being taken against him for unpaid council tax.

## **The Ombudsman's role and powers**

2. The Ombudsman investigates complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. She must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused an injustice, she may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1)*)

## **How I considered this complaint**

3. In considering the complaint I reviewed the information both Mr A and the Council provided. Both Mr A and the Council were given the opportunity to comment on my draft decision.

## **What I found**

4. In May 2013 Mr A's property was badly damaged by a fire which left it uninhabitable while works to repair it were completed. Mr A informed the Council of the situation which then verified the property's condition and granted a council tax discount of approximately £300 as the property was accepted as being unoccupied and uninhabitable.
5. In April the following year, as a result of information the Council received from Mr A in connection with a dispute about his mother's council tax liability for her home, the Council revised the discount and reduced it to cover a period of only two weeks. It did this because in April Mr A told the Council he had lived at his

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mother's house for two weeks after the fire and the rest of the time he had mostly spent living at his own home.

6. Having revised Mr A's council tax bill, and having received no payment from him, the Council pursued the debt and was granted a liability order in July 2014. Mr A says he had no knowledge of the Council's actions or that the order had been granted.
7. When he became aware of the liability order made against him Mr A contacted the Council and asked it to send him the evidence it was relying on to support its view he had only been unable to live at his property for two weeks. He told the Council he could provide evidence to prove he had not been living at the house and had been living elsewhere but he received no proper response from the Council.
8. As the debt remained outstanding the Council passed the debt on to bailiffs for collection. Bailiffs visited Mr A at home in October and, while still disputing his liability, he paid the amount asked for to prevent any further escalation.
9. In November Mr A complained to the Council. It explained it had reduced the discount to two weeks because in April 2014 he had advised that this was the period of time he had been living with his mother, and the rest of the time he had been at his property. There followed a stream of correspondence between the two parties but matters remained unresolved so Mr A complained to the Ombudsman.

### **Analysis**

10. Having received my enquiries the Council reviewed its handling of Mr A's case. It explained it had based its actions in reducing the discount to two weeks on the information Mr A had given a year later when he had contacted the Council about his mother's council tax. It confirmed that as Mr A had now advised he had also been living elsewhere at the time works were being carried out to his property, besides the two weeks at his mother's, it would apply the discount to cover these periods on receipt of information confirming this.
11. The Council has accepted that the communication it had received from Mr A should have led to his account being put on hold instead of recovery action being taken. In recognition of this fault the Council has confirmed it will refund all the costs relating to recovery on the account totalling £133.
12. The Council has also acknowledged the inconvenience its delays in responding to his correspondence caused Mr A and it has offered a further £47 in recognition of this fault.

### **Agreed action**

13. As the Council has agreed to remove enforcement costs of £133, pay Mr A the compensation payment of £47 and is willing to look at any additional information he provides about where he was living during the period works were being carried out at his property, the complaint is viewed as settled by the Ombudsman.

### **Final decision**

14. There was fault by the Council which caused Mr A injustice. However, it has taken the action detailed above to address this fault and the Ombudsman will not pursue the complaint any further.

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**Investigator's decision on behalf of the Ombudsman**

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**Complaint reference:**  
15 009 401

**Complaint against:**  
Gloucester City Council

## **The Ombudsman's final decision**

Summary: Mr A complains about the Council's handling of matters relating to his council tax liability for two properties he rents out to tenants. There was some delay by the Council in responding to Mr A's complaint, and, until prompted, in notifying him of his right to appeal to the Valuation Tribunal. However, as the Council has offered Mr A £50, and given details about how to appeal to the Tribunal, the complaint is viewed as satisfactorily settled and there are no remaining issues which warrant further investigation by the Ombudsman.

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## **The complaint**

1. Mr A complains about the Council's handling of matters relating to his council tax liability for two properties he rents out to tenants. It has wrongly held him liable for a specific period of time when in his view it is the tenants who are liable and it has failed to deal with his complaint about the matter in a timely manner.

## **What I have investigated**

2. I have considered the parts of Mr A's complaint which concern the Council's delay in responding to his complaint and its failure to inform him of his right to appeal to the Valuation Tribunal. The last paragraph of this statement explains why I have not looked at the issue of liability.

## **The Ombudsman's role and powers**

3. If the Ombudsman is satisfied with a council's actions or proposed actions, she can complete her investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i)*)
4. The law says the Ombudsman cannot normally investigate a complaint when someone can appeal to a tribunal. However, she may decide to investigate if she considers it would be unreasonable to expect the person to appeal. (*Local Government Act 1974, section 26(6)(a)*)
5. The Valuation Tribunal deals with appeals against decisions on council tax liability and council tax support or reduction.

## **How I considered this complaint**

6. In considering the complaint I reviewed the information provided by Mr A and the Council. Both Mr A and the Council were given the opportunity to comment on my draft decision.

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## **What I found**

7. Mr A owns two properties which he rents out to tenants. In advance of the tenancies ending, tenants from both properties moved out. Using the dates provided by the tenants of when they moved out, the Council informed Mr A he was now liable for council tax at both properties from the moving out dates.
8. Mr A contacted the Council to dispute the dates the tenants had given. He emailed the Council at the end of April 2015 disputing his liability.
9. At the beginning of June the Council responded to Mr A and asked him for details about the tenancy agreements in question. Mr A provided the information and at the end of the month the Council told him it had considered the information he and the tenants had provided but decided he was the liable person for the period in question.
10. Mr A told the Council he disagreed with its decision and that he would be complaining to the Ombudsman. On being notified of the complaint by the Ombudsman the Council reviewed its handling of Mr A's case and, while it confirmed its decision with regards to liability, it realised it had failed to inform him of his right to appeal against its decision to the Valuation Tribunal. In recognition of its fault the Council offered Mr A £50 as a goodwill gesture and advised him he could still appeal to the Tribunal.

## **Analysis**

11. Once the Council received the complaint details from the Ombudsman it reviewed matters and realised it had failed to notify Mr A of his appeal rights. It apologised for its fault here, offered him £50 and provided him with details about how to appeal.
12. There was also some delay by the Council in responding to Mr A's complaint. However, given the action taken by the Council above, I consider the complaint to have been adequately and appropriately addressed and there are no grounds which warrant any further investigation by the Ombudsman.

## **Final decision**

13. There was fault by the Council in its handling of Mr A's council tax complaint but as it has now apologised for this, informed him of his appeal rights and offered £50 compensation, the complaint is viewed as satisfactorily addressed and the Ombudsman will not pursue it any further.

## **Parts of the complaint that I did not investigate**

14. The restriction highlighted in paragraph 4 applies to the part of Mr A's complaint which concerns the question of his liability for the council tax after the tenants left. As he can challenge the Council's decision by way of an appeal to the Valuation Tribunal, the Ombudsman would reasonably expect him to make use of this alternative remedy and for this reason this matter falls outside her jurisdiction and will not be pursued.

## **Investigator's decision on behalf of the Ombudsman**

**Gloucester City Council  
Audit and Governance Work Programme 2015-16  
(Updated 30 November 2015)**

Item	Format	Lead Officer	Comments
<b>14 March 2016:</b>			
1. Audit and Governance Committee Action Plan	Timetable	-----	Standing agenda item requested by the Committee
2. KPMG – External Audit Plan 2015/16	Written Report	KPMG	Part of the Committee’s annual work programme
3. Benefit Audit Update on Accuracy Rate	Written Report	Senior Client Officer	Part of the Committee’s annual work programme
4. KPMG – External Audit Technical Update	Written Report	KPMG	Part of the Committee’s annual work programme
5. Treasury Management Strategy	Written Report	Head of Finance	Part of the Committee’s annual work programme
6. Treasury Management Quarter 3 Report	Written Report	Head of Finance	Part of the Committee’s annual work programme
7. Annual Risk Management Report	Written Report	Audit, Risk & Assurance Manager	Part of the Committee’s annual work programme
8. Internal Audit Plan 2015/16 – Monitoring Report	Written Report	Audit, Risk & Assurance Manager	Part of the Committee’s annual work programme
9. Internal Audit Plan 2016/17	Written Report	Audit, Risk & Assurance Manager	Part of the Committee’s annual work programme
Audit and Governance Committee Work Programme	Timetable	-----	Standing Agenda Item

**FUTURE AUDIT & GOVERNANCE COMMITTEE MEETING DATES:**

- Monday, 20 June 2016
- Monday, 19 September 2016
- Monday, 21 November 2016

**FUTURE AUDIT & GOVERNANCE COMMITTEE AGENDA ITEM – DATE TO BE AGREED:**

- Update report on Peer Review visit

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