



## **Audit and Governance Committee**

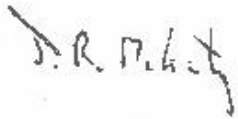
**Meeting: Monday, 23rd January 2017 at 6.30 pm in Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP**

<b>Membership:</b>	Cllrs. Gravells (Chair), Melvin (Vice-Chair), Stephens, Wilson, Taylor, Patel and Pullen
<b>Contact:</b>	Atika Tarajiya Democratic and Electoral Services Officer 01452 396127 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</b> (Pages 7 - 10)  To approve as a correct record the minutes of the meeting held on 21 <sup>st</sup> November 2016.
<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</b> (Pages 11 - 12)  To consider the Action Plan.
<b>7.</b>	<b>KPMG GRANTS AUDIT REPORT</b> (Pages 13 - 18)  To consider the report from KPMG updating Members on the Grants Audit report.
<b>8.</b>	<b>INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2016/17</b> (Pages 19 - 52)  To consider the report of the Head of Audit Risk Assurance updating Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2016/17.
<b>9.</b>	<b>ANNUAL GOVERNANCE STATEMENT IMPROVEMENT PLAN 2015/2016</b> (Pages 53 - 62)  To consider the report of the Head of Audit Risk Assurance providing assurance to the Committee that the improvement areas and associated actions identified as part of the annual review of governance arrangements operating within the Council, have been and are being addressed.
<b>10.</b>	<b>SELF ASSESSMENT OF RISK MANAGEMENT ARRANGEMENTS AT GLOUCESTER CITY COUNCIL AGAINST ISO31000 RISK MANAGEMENT - PRINCIPLES AND GUIDELINES AND ASSOCIATED ACTION PLAN.</b> (Pages 63 - 72)  To consider the report of the Head of Audit Risk Assurance seeking independent assurance on the adequacy of the Council's Corporate Risk Management framework.
<b>11.</b>	<b>RISK MANAGEMENT POLICY STATEMENT AND STRATEGY 2017-2020</b> (Pages 73 - 92)  To consider the report of the Head of Audit Risk Assurance proposing an updated Risk Management Policy Statement and Strategy to become effective from 1st April 2017.
<b>12.</b>	<b>ANTI FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY (INCLUDING THE ANTI BRIBERY POLICY AND ANTI MONEY LAUNDERING POLICY) 2017-2019 AND THE CONFIDENTIAL REPORTING PROCEDURE (WHISTLEBLOWING POLICY).</b> (Pages 93 - 130)  To consider the report of the Head of Audit Risk Assurance seeking independent assurance on the adequacy of the Council's Anti Fraud and Corruption response and framework.
<b>13.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME</b> (Pages 131 - 132)  To consider the Work Programme.
<b>14.</b>	<b>DATE OF NEXT MEETING</b>  13 <sup>th</sup> March 2017 at 6:30pm in Civic Suite, North Warehouse.



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

**Date of Publication: Friday, 13 January 2017**

## 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 <ul style="list-style-type: none"> <li>(a) under which goods or services are to be provided or works are to be executed; and</li> <li>(b) which has not been fully discharged</li> </ul>
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) – <ul style="list-style-type: none"> <li>(a) the landlord is the Council; and</li> <li>(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</li> </ul>
Securities	Any beneficial interest in securities of a body where – <ul style="list-style-type: none"> <li>(a) that body (to your knowledge) has a place of business or land in the Council's area and</li> <li>(b) either –               <ul style="list-style-type: none"> <li>i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</li> <li>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</li> </ul> </li> </ul>

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 Atika Tarajiya, 01452 396127, [atika.tarajiya@gloucester.gov.uk](mailto:atika.tarajiya@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**

Please be aware that meetings may be recorded. There is no requirement for those wishing to record proceedings to notify the Council in advance; however, as a courtesy, anyone wishing to do so is advised to make the Chair aware before the meeting starts.

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**

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- 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.

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## AUDIT AND GOVERNANCE COMMITTEE

**MEETING** : Monday, 21st November 2016

**PRESENT** : Cllrs. Gravells (Chair), Melvin, Stephens, Wilson, Taylor, Pullen and Cook (substitute ex-Officio)

**Others in Attendance**

Jonathan Lund, Corporate Director and Monitoring Officer

Jon Topping, Head of Finance

Theresa Mortimer, Head of Audit, Risk and Assurance

Stephanie Payne, Group Manager, Audit Risk and Assurance

**APOLOGIES** : Cllrs. Patel, D. Norman (ex-Officio)

### 36. ELECTION OF VICE CHAIR

Councillor Gravells (Chair) moved that Councillor Melvin be appointed as Vice Chair of the Audit and Governance Committee. Councillor Taylor seconded the motion, which was put to the vote and was carried.

### 37. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 38. MINUTES

The minutes of the meeting held on 19 September 2016 were approved and signed by the Chair as a correct record.

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

There were no public questions.

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

There were no petitions or deputations.

**AUDIT AND GOVERNANCE COMMITTEE**  
**21.11.16**

**41. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN**

Jon Topping, Head of Finance, updated the Committee on minute no. 17 and reported that the new system at the Guildhall had successfully gone live on 7 November 2016. It was agreed that this action was closed.

Jonathan Lund, Corporate Director and Monitoring Officer, asked, in relation to minute no. 27 that the Committee reconsider its request to receive copies of the notes arising from the Marketing Gloucester Performance Monitoring Meetings. The meetings were not public meetings and the notes were not drafted in the expectation that they would be widely circulated. The meetings were effective because of the ability to have a frank and wide ranging conversation about performance and this was reflected in the notes. This might be curtailed in the future if there was a likelihood that the notes would be more widely available. After discussion, it was agreed that the notes of the MGL performance management meetings would be circulated to members of the committee as an exception and it was acknowledged that these were confidential.

Theresa Mortimer, Head of Audit, Risk and Assurance, confirmed that the MGL audit report had been circulated to members of the Committee.

**42. ANNUAL AUDIT LETTER 2015/16**

Apologies were received from Darren Gilbert of KPMG who was unable to attend the meeting due to a family bereavement. The Chair asked that the condolences of the Committee be passed to Mr Gilbert.

**RESOLVED** – That the Annual Audit Letter 2015/16 be noted.

**43. TREASURY MANAGEMENT UPDATE – MID YEAR REPORT 2016/17**

The Committee considered the report of the Cabinet Member for Performance and Resources updating Members on treasury management activities for the period 1 April-30 September 2016.

Jon Topping, Head of Finance, highlighted key elements of the report.

**RESOLVED** – That the contents of the report be noted.

**44. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) - ANNUAL REVIEW OF PROCEDURAL GUIDE**

The Committee considered the report of the Head of Paid Service concerning the annual review of the Council's Regulation of Investigatory Powers Act (2000) (RIPA) Procedural Guide.

Jon Topping, Head of Finance, highlighted the changes to the Senior Authorising Officer and the Authorising Officers in Appendix A to reflect changes in personnel.

The Chair asked if the Audit and Governance Committee should be included in the review of RIPA use procedures referenced in 5.5 of the Regulation of Investigatory



**AUDIT AND GOVERNANCE COMMITTEE**  
**21.11.16**

Powers Act 2000 Procedural Guide (Appendix 1 of the report). The Head of Finance agreed to check on this and report back to the Committee.

**RESOLVED** – That the proposed changes to the Council's RIPA Procedural Guide be noted.

**45. INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2016-17**

The Committee considered the report of the Head of Audit, Risk and Assurance informing Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2016/17.

Theresa Mortimer, Head of Audit, Risk and Assurance, summarised the report and highlighted key areas of activity. She drew particular attention to the status report at the end of the report and confirmed that there were no limited assurance opinions up to the end of October 2016.

In response to a question from Councillor Stephens regarding the maximum recoverable amount for the EU referendum costs, Jonathan Lund, Corporate Director and Monitoring Officer, explained that, in common with other Councils, due to an increase in the number of registered electors the costs of the EU referendum exceeded the maximum recoverable amount. A claim for the shortfall had been submitted to the Election Claims Unit and it was anticipated that the claim would be settled in the Council's favour. Mr Lund undertook to report back once the outcome of the claim was known.

In response to a question from the Chair, Theresa Mortimer advised that the Amey – Streetcare contract audit would be reported to the January 2017 meeting of the Committee.

The Chair and Vice Chair raised concerns regarding liaison and communication in the event of variations of S106 agreements for cross boundary developments. Theresa Mortimer, Head of Audit, Risk and Assurance, highlighted that the development of internal guidance setting out roles and responsibilities was a management action arising from the audit, which audit colleagues will follow up.

**RESOLVED -**

1. That progress against the Internal Audit Plan 2016/17 be noted.
2. That the assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date be noted.

**46. RISK MANAGEMENT UPDATE**

The Committee considered the report of the Head of Audit, Risk and Assurance concerning the Strategic Risk Register and risk management activity at Gloucester City Council.

**AUDIT AND GOVERNANCE COMMITTEE**  
**21.11.16**

Stephanie Payne, Group Manager Audit, Risk & Assurance Shared Service, advised Members that a risk management update was brought to the Committee twice a year. She summarised the report and emphasised that the Strategic Risk Register was as at 8 November 2016.

In response to a question from Councillor Stephens challenging the current risk score of the Joint Core Strategy risk on the Strategic Risk Register, Ms Payne agreed to raise this with the Senior Management Team who assessed and scored strategic risks.

The Vice Chair highlighted the risk associated with the loss of parking revenue as a result of regeneration developments. Jon Topping, Head of Finance, confirmed that financial risk of this nature was covered in Number 1 of the Strategic Risk Register – ‘non achievement of the Money Plan – including the annual savings / income targets and the result of a balanced budget’.

**RESOLVED TO RECOMMEND** – That the Strategic Risk Register be noted and endorsed.

**47. INTERNAL AUDIT CHARTER**

The Committee considered the report of the Head of Audit, Risk and Assurance which outlined revisions to the Public Sector Internal Audit Standards (PSIAS) and subsequent revisions to the Internal Audit Charter.

**RESOLVED** – That the revised Internal Audit Charter be formally adopted.

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

The Committee noted the Audit and Governance Committee Work Programme 2016/17.

It was confirmed that the MGL value for money audit will be included in the 2017/18 work programme, as requested by the Committee.

**49. DATE OF NEXT MEETING**

Monday 23 January 2017 at 6.30pm.

**Time of commencement: 6.30 pm hours**  
**Time of conclusion: 7.05 pm hours**

**Chair**

# AUDIT AND GOVERNANCE COMMITTEE – 13 JANUARY 2017

## ACTION PLAN

MINUTE NO.	MATTER	CURRENT STATUS	RAG	TARGET DATE	OWNER
<b><u>Actions arising from meeting held on 19 September 2016:</u></b>					
27	Circulate minutes of the MGL Performance management meetings to Committee	Democratic and Electoral Services Manager circulated confidential minutes to Committee members on 29/11/16 (ACTION COMPLETED)	G	November 2016	JL
<b><u>Actions arising from meeting held on 21 November 2016:</u></b>					
44	Confirm whether the Committee should be included in the review of RIPA use procedures.	Head of Finance to report back to the Committee.	A	January 2016	JT
45	Report back to the Committee on the outcome of the claim to the Election Claims Unit in respect of the EU Referendum and the additional spend over the maximum recoverable amount.	Corporate Director to report back to the Committee when the accounts have been settled. Unlikely to hear before March 2017 at the earliest.	A	March 2017	JL
46	Refer the A&GC challenge of the Joint Core Strategy risk score to the Senior Management Team for consideration within the Strategic Risk Register.	Group Manager, Audit, Risk and Assurance Service to refer the matter to SMT.	A	January 2017	SP

**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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Our ref dg/cs

12 January 2017

## Gloucester City Council - Certification of claims and returns - annual report 2015/16

Public Sector Audit Appointments requires its external auditors to prepare an annual report on the claims and returns certified for each audited body. This letter is our annual report for the certification work we have undertaken for 2015/16.

In 2015/16 we carried out certification work on only one claim/return, the Housing Benefit Subsidy claim. The certified value of the claim was £44.3 million, and we completed our work and certified the claim on 30 November 2016.

## Matters arising

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Our work identified a number of errors and as such we certified the claim with qualifications. There were six qualifications in total which are summarised below:

### **1) Failure to submit RBV policy for approval by Members**

The Authority assesses a proportion of its claims under a Risk Based Verification policy (RBV).

Risk Based Verification is applicable where one of the following circumstances have been met:

- (i) New Claims.
- (ii) Claimants who have newly moved into the Gloucester area.
- (iii) Where there has been a significant break between the previous and current claim.

Our testing identified that, contrary to the requirements of Housing Benefit and Council Tax Benefit Circular S11-2011, the RBV policy had not been submitted for formal Members' approval and sign-off along with a covering report confirming the Section 151 Officer's agreement/recommendation.

The Authority has already addressed this issue by taking the report to members at the Cabinet meeting on 7 December 2016.

### **2) Failure to apply the RBV Policy in three sampled cases**

Our testing identified 3 cases across our initial and additional samples (amounting to £3,209 in total) which had not been verified to evidence required by the RBV policy or where supporting evidence had not been retained; in one case the identity had not been verified in accordance with the policy, and in the two other cases the Council could not provide any evidence that capital had been verified. Due to the nature of the issue, we were unable to quantify the impact of the error.

### **3) Benefit Software Risk Based Classification Issue**

The Authority encountered issues during certain periods in the 2015/16 financial year whereby the Civica system was unable to provide a risk rating under the RBV approach (which dictates the level of verification required) for cases where RBV was required. During the system classification failure, the Authority automatically classified claims as medium risk and requested the documents in accordance with that risk level per the RBV policy.

As such, at the time of this system failure, claims that should have been classified as high risk would have been classified as medium risk instead. Due to the nature of the issue, we were unable to quantify the cases affected and the impact of the error.

#### **4) Overpaid benefit due to incorrect recording of weekly rent liability**

Testing of our rent rebates initial and extended samples identified 3 cases where the benefit had been overpaid as a result of the Authority incorrectly recording the weekly rent liability, resulting in a total overpayment of £214 across all 3 cases.

#### **5) Underpaid benefit due to incorrect deductions and adjustments**

Testing of the initial rent rebates and rent allowances samples identified 3 cases where benefit had been underpaid. In two cases, this was due to the Authority incorrectly including a deduction in the benefit calculation. The other underpayment was due to an incorrect manual adjustment being made to reduce a current year underpayment with a prior year claimed underpayment.

As there is no eligibility to subsidy for benefit which has not been paid, the 3 underpayments identified do not affect subsidy in the 2015/16 return and have not, therefore, been classified as errors for subsidy purposes. They were, however, reported to DWP as a qualification, as required.

#### **6) Misclassification of overpayments**

As a result of similar misclassification errors identified in 2014/15, a random sample of 40 overpayments was selected for specific consideration of the classification of the overpayments. This classification is important as the amount of subsidy the Authority receives from DWP depends on how an overpayment has been recorded. Testing of these 40 cases identified:

- 2 cases where the dates had been incorrectly applied and part of the overpayment should have been classified as local authority error overpayments, instead of subsidy eligible overpayments.
- 1 case where the date had been incorrectly applied and the total overpayment should have been classified as local authority error overpayments instead of subsidy eligible overpayments.

The total error across these three cases amounted to £644 of subsidy eligible overpayment which should have been classified as local authority errors.

#### **Summary**

As a result of the errors identified in our initial testing, we were required to perform additional testing which amounted to 80 additional cases across all cells. This was further to our initial sample of 60 cases plus 40 additional cases carried out because of the prior year area documented in point 6 above. In addition, it should be noted that as the Council transferred its housing stock to Gloucester City Homes as at 16 March

2015, all 20 rent rebates cases tested this year related to adjustments from historic claims which were more complex in nature, increasing the amount of time required for testing and risk of error.

The qualifications were reported to DWP without amendment to the grant claim, but instead with extrapolated error statistics where relevant in order for the Department to consider whether any adjustment or further work is required. The total extrapolation of overpayments found in issues 4 and 6 was a £3,320 extrapolated error across a combined population of £54,955. It should be noted that we were unable to extrapolate the impact of the three issues relating to Risk Based Verification because of the nature of the errors and the inability to isolate the total population of claims to which RBV should apply.

We have made three recommendations to the Council reflecting the results of this year's work to improve its benefits administration process as set out in Appendix 1.

There were no formal recommendations made last year and all but one of the issues noted this year are newly identified during the 2015/16 audit (issue 6 relating the misclassification of overpayments was also identified during 2014/15).

There are no further matters to report to you regarding our certification work.

### **Certification work fees**

Public Sector Audit Appointments set an indicative fee for our certification work in 2015/16 of £8,523. Our actual fee is likely to be £3,340 higher than the indicative fee (which is based on a sample of 60 claims) as a result of the additional testing as outlined above; this is still subject to determination by PSAA and therefore not final at this stage.

This compares to the 2014/15 fee for this claim of £9,390.

Yours sincerely

Darren Gilbert  
Director, KPMG LLP



## Appendix 1 – 2015/16 Certification of Claims and Returns Action Plan

Priority rating for recommendations		
❶ Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	❷ Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	❸ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
1	There were a number of Risk Based Verification (RBV) cases tested where evidence had not been checked or retained in accordance with the RBV policy.	Review and reinforce the guidance to staff regarding RBV policy to ensure that documentation is checked and retained appropriately and ensure quality assurance testing has sufficient focus in this area.	❷	Agreed. Original and reviewed RBV policy has been resolved at Cabinet 7 <sup>th</sup> December 2016 and is in place. Additional guidance for evidence required has been provided to staff and will be monitored regularly via 10% checking of claims.  Stacey Jellyman, Senior Client Officer.

2	There were periods during the year when the Civica RBV assessment software was not functioning appropriately so RBV classification did not work. This results in a risk of incorrect RBV categorisation.	Investigate the reasons for this downtime and resolve it as soon as possible.  Consider establishing a formal procedure/policy for when RBV system is not functioning e.g. applying 'non-RBV' verification checks	②	Agreed. All issues with software are recorded and repeat errors can be identified and investigated. A clause of the RBV policy in place now confirms action when RBV software is unavailable.  Stacey Jellyman, Senior Client Officer
3	A number of cases tested had specific overpayment or underpayment errors as a result of incorrect rent liabilities being input, deductions being applied incorrectly, manual adjustments being applied incorrectly or overpayments being incorrectly classified.	Analyse how these individual errors occurred in order to consider any controls or training that could reduce this risk and ensure that quality assurance testing has sufficient focus in this area.	②	Agreed. Training has been provided to all staff on overpayment subsidy classification on 15th November 2016. The errors around rent liabilities and deduction input errors are being monitored regularly via 10% checking.  Stacey Jellyman, Senior Client Officer



Meeting:	Audit and Governance Committee	Date:	23 <sup>rd</sup> January 2017
Subject:	Internal Audit Activity Progress Report 2016/17		
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Theresa Mortimer - Head of Audit Risk Assurance		
	Email:	Tel: 01452 326338	
	<a href="mailto:Theresa.Mortimer@gloucester.gov.uk">Theresa.Mortimer@gloucester.gov.uk</a>		
Appendices:	1: Internal Audit Activity Progress Report 2016/17		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2016/17.

### 2.0 Recommendations

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

- (1) Progress against the Internal Audit Plan 2016/17 be accepted.
- (2) The recommendations contained in the Streetcare Audit Report Action Plan, as outlined below, be endorsed, and appropriate officers report back to the Committee after 6 months and 12 months on progress to implement the Action Plan:
  - a. Review and revise the purpose, terms of reference and arrangements for strategic oversight of the service;
  - b. Formally document and regularly maintain and review key service conditions, specifications and variations to ensure contract compliance;
  - c. Implement a formal contract change process, reflecting past changes where practical, including a up to date Adopted Land Schedule;
  - d. Clarify currently undocumented contract charges and ensure that procedures are appropriate to demonstrate “good value for money”;
  - e. Implement an annually updated Service Plan which documents key service delivery data and in particular costs, staff levels, fleet, H&S, quality measurement, site locations, working methods;
  - f. Review key performance indicators to include strategic, operational and quality related targets and sanctions for non-compliance; and
  - g. Implement appropriate arrangements to monitor/check and document performance.

- (3) Assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date be noted.

### **3.0 Background and Key Issues**

- 3.1 Members approved the Internal Audit Plan 2016/17 at 14<sup>th</sup> March 2016 Audit and Governance Committee meeting. In accordance with the Public Sector Internal Audit Standards 2016 (PSIAS), this report (through **Appendix 1**) details the outcomes of Internal Audit work carried out in accordance with the approved Plan.
- 3.2 The Internal Audit activity progress report 2016/17 at **Appendix 1** summarises:
- The progress against the 2016/17 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
  - The outcomes of the Internal Audit activity during the period November and December 2016; and
  - Special investigations/counter fraud activity.
- 3.3 The report is the third progress report in relation to the Internal Audit Plan 2016/17.

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

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

### **5.0 Alternative Options Considered**

- 5.1 No other options have been considered as the purpose of this report is to inform the Committee of the Internal Audit work undertaken to date, and the assurances given on the adequacy and effectiveness of the Council's control environment operating in the areas audited. Non completion of Internal Audit activity progress reports would lead to non compliance with the PSIAS and the Council Constitution (see report section 6.2 and 6.3).

### **6.0 Reasons for Recommendations**

- 6.1 The role of the Audit Risk Assurance shared service is to examine, evaluate and provide an independent, objective opinion on the adequacy and effectiveness of the Council's internal control environment, comprising risk management, control and governance. Where weaknesses have been identified, recommendations have been made to improve the control environment.
- 6.2 The PSIAS state that the Chief Internal Auditor 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.
- 6.3 Consideration of reports from the Chief Internal Auditor on Internal Audit's performance during the year, including updates on the work of Internal Audit, is also

a requirement of the Audit and Governance Committee's terms of reference (part of the Council Constitution).

## **7.0 Future Work and Conclusions**

- 7.1 In accordance with the PSIAS, and reflected within the Audit and Governance Committee's work programme, Internal Audit Activity Progress Reports against the 2016/2017 audit plan, are scheduled to be presented to the Audit and Governance Committee at the March and June 2017 meetings.

## **8.0 Financial Implications**

- 8.1 There are no direct financial costs arising out of this report.

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

## **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations.

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

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

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

- 11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance. The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Gloucester City Council, Stroud District Council and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.
- 11.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

Staffing & Trade Union

- 12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

**Background Documents:** Internal Audit Plan 2016/17  
PSIAS  
CIPFA Local Government Application Note for the UK PSIAS

# INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2016/2017



Gloucester  
**City Council**



## **(1) Introduction**

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Gloucester City Council, Stroud District Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions.

## **(2) Responsibilities**

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

## **(3) Purpose of this Report**

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- the progress against the 2016/2017 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- the outcomes of the Internal Audit activity during the period November and December 2016; and
- special investigations/counter fraud activity.



#### (4) Progress against the 2016/2017 Internal Audit Plan, including the assurance opinions on risk and control

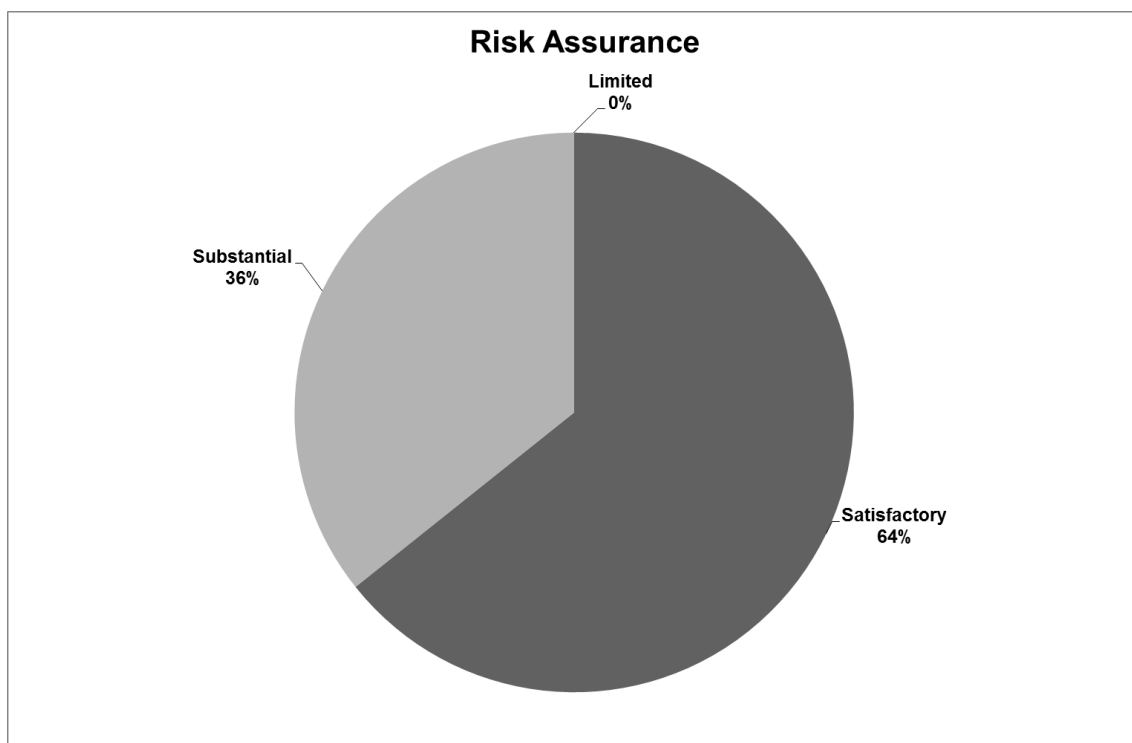
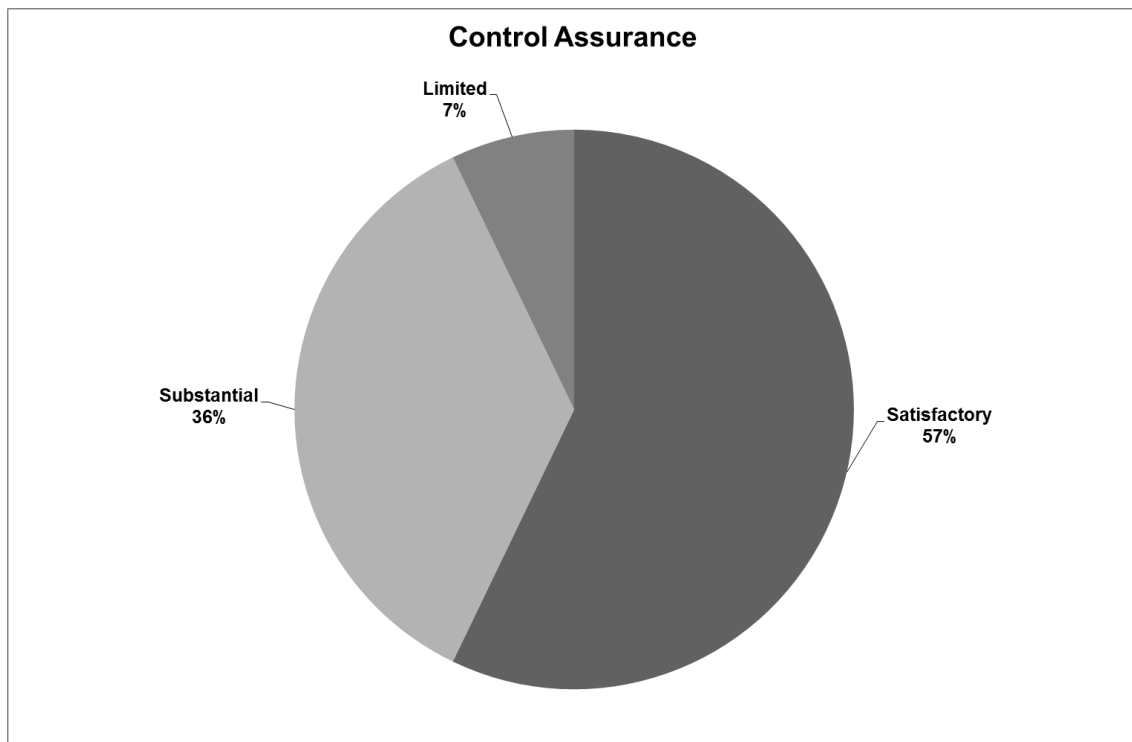
The schedule provided at **Appendix 1** provides the summary of 2016/17 audits which have not previously been reported to the Audit and Governance Committee, including, very importantly one limited assurance audit opinion on control.

The schedule provided at **Appendix 2** contains a list of all of the audit activity undertaken during 2016/2017, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee. Explanations of the meaning of these opinions are shown below.

Assurance Levels	Risk Identification Maturity	Control Environment
<b>Substantial</b>	<b>Risk Managed</b> Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Strategy.	<ul style="list-style-type: none"> <li>• System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved</li> <li>• Control Application – Controls are applied continuously or with minor lapses</li> </ul>
<b>Satisfactory</b>	<b>Risk Aware</b> Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Council's Risk Management Strategy.	<ul style="list-style-type: none"> <li>• System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger</li> <li>• Control Application – Controls are applied but with some lapses</li> </ul>
<b>Limited</b>	<b>Risk Naïve</b> Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Strategy, the service area has not demonstrated an satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.	<ul style="list-style-type: none"> <li>• System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls</li> <li>• Control Application – Significant breakdown in the application of control</li> </ul>

#### (4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the audit activity undertaken during the period April 2016 to December 2016.



#### **(4b) Limited Control Assurance Opinions**

Where audit activity record that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

#### **(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control**

During the period November and December 2016, one audit review has been provided with a limited assurance opinion on control which relates to the Streetcare Contract (pages 6 - 9 of this report).

It is important to note that whilst a limited assurance opinion has been provided in these instances, management have responded positively to the recommendations made and actions are being taken to address them.

#### **(4d) Satisfactory Control Assurance Opinions**

Where audit activity record that a satisfactory assurance opinion on control has been provided, where recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

#### **(4e) Internal Audit Recommendations**

During November and December 2016 Internal Audit made, in total, 39 recommendations to improve the control environment, 8 of these being high priority recommendations i.e. 31 being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

#### **(4f) Risk Assurance Opinions**

During the period November and December 2016, it is pleasing to report that no limited assurance opinions on risk have been provided on completed audits from the 2016/17 Internal Audit Plan.

In the cases where a limited assurance opinion has been given, the Shared Service Senior Risk Management Advisor is provided with the Internal Audit reports, to enable the prioritisation of risk management support.

**Completed Internal Audit Activity during November to December 2016****Summary of Limited Assurance Opinions on Control****Service Area: Neighbourhood Services****Audit Activity: Streetcare contract****Background**

The Streetcare Partnership was set up in January 2007 with Accord Operations Ltd, for an initial annual value of £5.4m and a contract expiry date of 31st March 2022 (extension option is available). Following a number of corporate takeovers the services for waste collection and recycling, street cleansing and grounds maintenance is now delivered by Amey. The annual contract sum for 2015-16 was £5.8m with additional contractual charges of £147k (TUPE staff pension contributions) and £323k (recycling top-up payment) being made.

**Scope**

The objectives for this audit were set to confirm that:

- Governance arrangements are appropriate and effective;
- The costs of the service provision are fully known and are as per the contract; and
- Performance measures have been determined, results regularly reported and effectively monitored and managed.

**Risk Assurance - Satisfactory****Control Assurance – Limited****Key findings****Governance:**

- Strategic and operational committees have been created to provide oversight and manage the contracted service. However the two strategic committees were duplicating areas of discussion and were too involved in operational matters.
- The Risk Register is reviewed quarterly by the Strategic Partnering Board. Although health and safety matters are discussed at operational meetings the risks relating to an accident or a fatality to operatives or members of the public was not reflected in the risk register. Internal Audit considers that given the impact should this risk materialise it is crucial the risk remains visible at Board level and subject to regular review of the controls to mitigate the exposure.

- A contract Variation Register or completed variation form covering all changes to the terms and conditions of the contract is not held. Neighbourhood Services has created a Service Change Register, which Internal Audit was advised is also intended to be used for contract variations and referenced accordingly.
- Management were unaware that the Performance Bond, held with the contract, had expired on 11th January 2014. The Performance Bond was subsequently renewed on 29th February 2016 and a certified copy has now been received by the Council.

Service provision and charges:

- Annually the contracted charge for the service provision is recalculated by Amey to take into account the movement in labour, plant and fuel costs and any approved changes to the service provision. Finance perform various checks on the information to confirm the calculations are correct and that Amey have correctly taken into account any approved change in the service provision. However, the indices used for the labour, plant and fuel costs are not checked to independent sources, but instead full reliance is placed on Amey to use the correct figures. Although there is no indication that incorrect indices have been applied it would be good control practice for independent checks to be completed.
- Within the annual contract sum is an annual charge of £53,824 noted as “bins for remainder of contract”. It is unclear what this charge relates to but both Finance and Amey believe that it represents a significant bin purchase made by Amey on the Council’s behalf, which is being spread over the life of the contract. Management have requested Amey to provide the appropriate supporting documentation for this purchase / charge. This was outstanding at the time of the audit.
- During 2015, a Service Change Request and Adopted Land Registers were created with appropriate forms to account for all such changes. However, Internal Audit identified a recent case where the service change was performed outside of this process. Whilst it may not be possible to go back to identify all historic cases it does mean that there is no complete central record of service provision changes. Consequently management may not be aware of the full extent of the changes and the effect on the service provision since the start of the contract.
- Operational Delivery Statements (ODSs) provide management with a high level view of the service provision Amey should be providing. ODSs have been drafted in April 2016 and copies were provided to the appropriate Members of the Strategic Partnership Board, outside of the meeting. The Head of Neighbourhood Services has confirmed that whilst the Amey Account Director did approve the ODSs, this was not formally documented.
- The main areas of the service delivery and the cost of each service provision, regulatory, legal matters and monitoring are not documented on a central record. Therefore it is difficult to gain assurance of how the annual contract sum is calculated to enable effective monitoring of the contracted work, confirmation of compliance with the law, meeting health and safety obligations and demonstrate value for money.

The Head of Neighbourhood Services has acknowledged that there is a need to hold this information in some form and has stated that the Annual Service Delivery Plan will now be considered for this purpose.

**Performance:**

- Provisional Key Performance Indicators (KPIs) and sanctions were included in the contract but were not approved at commencement in 2007, which has to some degree adversely impacted on management's ability to hold Amey to account. In 2013/14 a series of revised KPIs were approved by the Strategic Partnering Board and these are currently operating. However, they do not include strategic or quality related KPIs or any financial sanctions for poor performance.
- Amey are contractually obliged to complete and report on their own performance (against the KPIs), which includes complaints information to the strategic committees for review and discussion. However, some discrepancies with the information have been identified and there is a general awareness by Neighbourhood Managers that the performance results have, on occasion, been incorrect. This would indicate that formal periodic checks are required to ensure accurate performance data is presented to management and the strategic committees.
- Council officers primarily undertake reactive monitoring checks on work performed by Amey and also perform informal checks when they are out on site. However, the findings are not documented, but fundamentally the monitoring regime would be further enhanced by management formalising expectations and requirements.

**Conclusions**

Improvements to the management of the contract have been introduced, which have been taken forward by the current Neighbourhood Services management team from 2015. There were issues with the original contract in that the documented KPIs and sanctions for poor performance were never approved and a financial breakdown of the individual services was not provided. Also there was an absence of a central register for variations and changes in service provision from the start of the contract to date, which if held would have enabled officers (current and future) to understand what changes had been approved and what should be delivered.

These historic issues should be recognised plus there has been a period of strategic management instability, which clearly contributed to the difficulties and constraints that the current Neighbourhood Services management have faced. In addition, management place a lot of reliance on Amey to manage the contract, monitor performance and service delivery and to provide accurate information. Whilst the contract management arrangements are moving in the right direction, from a control perspective, there is still the potential for further improvement.

## Management Actions

Management have responded positively to the audit findings and have agreed an action plan to address the issues raised from this review. In addition, to provide the relevant assurances, Internal Audit will undertake a follow up review during 2017/2018 to ensure all agreed actions have been implemented.

## Summary of Satisfactory Assurance Opinions on Control

### Service Area: Planning

### Audit Activity: Gloucestershire Building Control Partnership (GBCP)

#### Background

Gloucester City Council (GCityC) and Stroud District Council (SDC) have collaborated to provide a shared local government building control service known as the GBCP. The Partnership was established on 1<sup>st</sup> July 2015 through a Section 101 Agreement, with staff becoming employed by Stroud District Council acting as the host Authority. The Building Control function comprises of two elements:

- Plan vetting and inspection of applications, which is a statutory Council function in direct competition with the private sector; and
- Enforcement of Building Control legislation and regulations.

The total value of fees received for building control applications since the start of the Partnership in July 2015 to 31<sup>st</sup> March 2016 was approximately £350k.

#### Scope

The focus of this review was to determine whether:

- There are effective governance, risk management and monitoring arrangements in place to confirm that the Partnership is being managed effectively;
- The effectiveness of the service is regularly monitored and reviewed to confirm it achieves the main aims and objectives of the Partnership;
- The fees are correctly approved and comply with regulations;
- The costs of the service are correctly determined/calculated and apportioned to the partners;
- Income is correctly accounted for within the case management and financial general ledger systems; and

- The IT systems and data are integrated and appropriately accessible by officers and customers.

**Risk Assurance - Satisfactory****Control Assurance – Satisfactory****Key Findings**

- A post implementation review had not been performed to evaluate whether the main aims and objectives for the Partnership have been achieved.
- There has been a delay in the implementation of some of the strategic elements (specified in the Section 101 Agreement and Business Case) of managing the shared service as significant resources have been required to maintain operations during the Partnership implementation phase.
- Prior to the formation of the GBCP, SDC generated surpluses and GCityC deficits on their respective 'trading' accounts over a five year period. Both Councils agreed to take a pragmatic approach to not take forward these balances into the new shared service arrangements.
- In 2015/16, the Partnership achieved a surplus on its 'trading' account of approximately £43k as a result of not filling a staff vacancy and pooled the surplus into a ring-fenced reserve. The 2016-17 budget has been set to make a deficit financial position of £1.5k (although it is possible that other known non-budgeted costs will increase this deficit position) which will be covered by reserves.
- The Council has not published (as required under the Building Regulations 2010), a financial statement at the end of the financial year setting out the costs, income and any surplus or deficit position.
- In May 2016, management assessed the risk of loss of service continuity and functionality from the migration of the GCityC Building Control case management data to SDC systems to be low and as a result formalisation of appropriate controls was not performed. At the point of audit, there were no reported issues following migration.
- Discussions about service risks have taken place at Board meetings. However, a joint Risk Register for the Partnership is yet to be created (as required by the Section 101 Agreement) for presentation and regular discussion at the Partnership Board meetings.

**Conclusion**

There is an appropriate control framework in place for the Partnership, which is defined within the Section 101 Agreement. It is however acknowledged by management that there are still a number of areas that need to be resolved in order for the Partnership to ensure that they fully meet the Agreement requirements and expectations, but these will need to be balanced against the cost of implementation/completion.



Overall it is evident that the two Council's Building Control functions and services have been successfully merged and further system enhancements are being explored to improve the service offering.

**Management Actions**

The following actions have been agreed with management to further strengthen the GBCP internal control environment:

- To continue to progress the implementation of the requirements/expectations captured within the Section 101 Agreement and other supporting documents (Business Case and Partnership Board minutes) and regularly report progress to the Partnership Board.
- Management to periodically review the Building Control expenditure apportionment to confirm that the 'trading' account associated chargeable costs, particularly relating to officer time and support charges are correctly and accurately determined and accounted for.
- To publish a financial statement for the GBCP 2015-16 'trading' account as soon as possible.
- The Building Control Manager (SDC) to determine the standard/expectation for the GBCP fee reconciliation to include the following:
  - a) Frequency of the reconciliation;
  - b) Expected timeframe for completion; and
  - c) Who will act as the monitoring control to review the reconciliation for correct and prompt completion, clearance of differences and approval.
- To determine a data owner for the GBCP systems and to ensure that any future changes to the systems have been properly tested, documented and results of the tests are satisfactory before formally approving the update to the 'live' environment.

**Service Area: Financial Services****Audit Activity: Civica Governance - Revenues and Benefits****Background**

The City Council entered into a contract with Civica in 2011, with the intention to grow the partnership during its original seven year contract period to include other councils and potentially other services. This has been achieved, and in 2012 the Severn Service Centre was established to provide services to other local authorities. In addition, the Forest of Dean District Council joined the City Council to use the services provided by Civica.

The City Council extended its own agreement with Civica in 2015 for a further three years between October 2018 and October 2021, with the intention of delivering annual savings of £110,000 over the three-year extension period.

**Scope**

This audit was designed to assess the effectiveness and consistency of the contract management arrangements in place that oversee the delivery of services provided by Civica. The agreed audit objectives were:

- Governance arrangements are appropriate and effective;
- The costs of the service provision are fully known and are as per the contract; and
- Performance measures have been determined, results regularly reported and effectively monitored and managed.

**Risk Assurance – Satisfactory****Control Assurance – Satisfactory****Key findings**

- A contract is in place covering key service requirements, has been signed by all parties, is available to staff who need it, and contains details of governance, service standards, payment mechanisms and change control.
- Following a restructure and post vacancies a Client Team responsible for day-to-day oversight of contracted services is now in place. Formal oversight is provided by two Boards at officer level, covering strategic and operational elements. Members of the Overview and Scrutiny Committee provide annual oversight.
- Governance arrangements relating to risk management, business continuity and insurance to support the contract require updating.

- The combined fixed cost for services covering the Council and its partner the Forest of Dean District Council, totals in excess of £2.5million per annum. Fixed contract costs for 2015/16 and 2016/17 were accurate and payments for the direct costs of providing supplemental services to the Forest of Dean District Council have been recovered in full.
- The Council is entitled to royalty income payments for facilitating additional supplier business. Royalty payments for contract years 2012/13 and 2013/14 have been received but no payment for contract year 2014/15 was evident. Payment for 2015/16 is due in February 2017.
- The contract requires a Performance Monitoring System to be agreed. This has not been completed and consequently key elements of the performance system are not established. The Key Performance Indicators for 2016/17 were not evidenced as formally agreed.
- In the absence of a formal Performance Monitoring System, Civica provides monthly performance reports of sufficient information to monitor trends in agreed areas. An annual report is provided to Members and is publically available.

### Conclusions

The Council has adopted appropriate governance arrangements for the contract with Civica for the delivery of revenues, benefits and payment services. A dedicated Client Team oversees the day-to-day operation of the contract and Officers of increasing seniority are involved in monitoring service delivery. Capacity for improvement was identified in areas that contribute to the core contract, such as risk reporting and insurance.

Management of core and supplemental contract costs was found to be operating effectively overall.

Performance is subject to appropriate scrutiny, with monthly reports provided by Civica and an annual review presented to the Overview and Scrutiny Committee. However, no Performance Monitoring System has been documented, and the 2016/17 KPIs could not be evidenced as approved. Consequently, although systems are in place and the level of oversight meets the contract's requirements, further work is required to combine and work jointly with Civica in agreeing and documenting what constitutes good performance.

### Management Actions

One High Priority action was agreed with Management in the following area:

- The Performance Monitoring System required by the contract should be reviewed and adopted, so that the performance oversight arrangements in place are formally agreed and approved.

Management have responded positively to the audit findings and have agreed an action plan to address all issues raised from this review.

**Service Area: Neighbourhood Services****Audit Activity: Garden Waste****Background**

The garden waste collection service is a chargeable service that commenced in April 2011. The fees have remain unchanged at £36 a year since the scheme inception with a concessionary discount of 50% being applied if a resident is in receipt of Housing Benefit or Council Tax support. Collections are set as a fortnightly event but are not available in areas where there are access restrictions for refuse collection vehicles. Garden Waste is a contributing element of National Indicator 192 'Household waste recycled and composted' which measures the percentage of household waste that has been sent by the Authority for re-use, recycling, composting or treatment by anaerobic digestion.

**Scope**

A follow up review to the 2015-16 Garden Waste audit has been carried out with the main objective being to establish what actions have been taken by management to address the four recommendations, how these actions are working in practice and whether any other related matters have been highlighted. Review was also performed upon the following two points:

- Financial break even evidence; and
- Outcomes from the collection delay in Abbeydale on Wednesday 13th July 2016.

**Risk Assurance - Satisfactory****Control Assurance – Satisfactory****Key findings**

- Positive actions have been taken to address the reported matters with two of the original recommendations now being considered to be closed after it was established that the Councils' liability for the storage of garden waste bins has been addressed, and that the rollout of Universal Credit has obstructed the effective verification of concession claims.
- Accomplishment of the two remaining recommendations has been impacted by a delay in the implementation of the Civica Financials software (now scheduled for February 2017) through which the issues highlighted by the previous audit will hopefully be addressed. In particular the issues being:

- 1) Within the online Direct Debit (DD) registration process the hub is registering the DD indicator but is still not loading every applicant's bank details. In these instances the transaction does not complete and contact has to be made with the customer to acquire the missing information.
  - 2) The interface problems between the ASH Debtor and Focus systems which restrict the automatic relay of cancellation information to the collection company (Amey). The latest position for resolving the matter is to look into linking the hub direct to Amey's 'Works Manager' software by removing Focus from the process.
- There is no regulatory requirement to restrict the service costings to a 'break even' position. However to obtain precise costs for an accurate surplus/deficit account would be difficult due to Amey also collecting recyclables and Civica's Sundry Debtor team also working on other organisations' sundry debt. Based on the data available, Internal Audit were advised that garden waste is generating a surplus and has been targeted to increase its income by £75,000 per year for both 2017-2018 and 2018-2019 to assist with the Council's money plan. The additional revenue will contribute towards offsetting the Streetcare Contract costs which are currently circa £6.4 million per year, from within which the garden waste collection service is delivered.
- The non-completion of a garden waste collection round in Abbeydale on Wednesday 13th July 2016 is attributed to Garden Waste Membership being at its highest point ever at over 19,800. The increased tonnage of waste collected on that day required extra trips to the recycling facility, which took significantly more time than normal. Internal Audit was advised that the crews had not finished work until 6pm but were still unable to complete the round. The delay affected just under 100 properties for which the collections were completed the following morning. Moving forward Neighbourhood Services have agreed with Amey the following actions aimed at limiting the potential for any future occurrence and to provide prompt notification to the general public and Councillors should there be a recurrence.
- 1) Amey supervisors have been notified to inform the Council by mid-afternoon if rounds are unlikely to be completed. This action would allow same day information dissemination to both the Ward and Cabinet Member.
  - 2) A website message will be drafted as and when required by the Environment Protection Officer and relayed to the Communications Team for insertion onto the Council website.
  - 3) The Strategic Partnership meetings have reviewed the resource and productivity levels, and have assessed whether short term measures were required to meet the current demand. It was decided that scheme membership would initially be capped at 20,000 to ensure that collection levels can be achieved from current resource. Any increase to resource would require the provision of an extra truck and crew which would not be a cost effective way of addressing isolated events.

**Conclusions**

Positive actions to address the issues identified during the original Audit have improved the Garden Waste control environment. Following the incident in July, procedures are now in place in the event that crews are unable to complete a collection round on the due day and for the Council to be immediately notified.

**Management Actions**

The further actions to implement the remaining two recommendations from the 2015/16 audit are evidently software related for which Neighbourhood Services have had no direct control. The position is being monitored by management.

**Service Area: Regeneration and Economic Development****Audit Activity: Off-Street Car Park Income****Background**

Gloucester City Council is responsible for 16 Pay and Display Car Parks including three Multi-Storey Car Parks.

The car parks provide approximately 2,275 parking spaces across the city, and play a vital role in supporting the city centre economy providing essential facilities for shoppers, tourists and businesses.

Charges for the use of car parks have been made under the Road Traffic Regulation Act 1984. The budgeted total income for 2016/17 from car parks is £2.25m.

The income from car parks is collected via Pay and Display Machines and Pay on Exit Machines. The income from these machines is collected by an external contractor. In addition, users are able to make remote payments using mobile phone SMS, smartphone application, online or by telephone.

**Scope**

The purpose of this audit was to review the effectiveness of the controls in place to ensure that all income due from car park fees only is collected, banked, and correctly accounted for. In particular, this audit assessed whether:

- Car park fees have been approved at the appropriate level;
- Cash received is collected, banked promptly and securely, accounted for correctly and in accordance with contractual arrangements;
- Income from methods of payment other than cash is received and processed promptly and securely;

- Casual users of off-street car parks receive information and support when paying to use a car park;
- Permits and season tickets are held securely and issued only following receipt of income; and
- Income levels are monitored against the annual budget.

**Risk Assurance - Satisfactory****Control Assurance – Satisfactory****Key findings**

Car park fees are confirmed annually by the Council. Orders are in place to support the use of car parks under the Road Traffic Regulation Act 1984, but the use of parking permits is not specified.

The main supplier for cash collection has suitable arrangements in place to provide appropriate security, segregation of duties, cash counting and banking of car park income taken from machines.

Car park services for cash collection, software and enforcement are delivered by suppliers. The contract documentation for all suppliers relating to car park services requires update and formalisation, which the service intends to do as part of a current review into car park arrangements.

Signage to the public is good, although one car park tariff board understates the correct fee for an hour's stay by £0.30; the estimated financial impact per year is negligible.

Permits and season tickets for third parties are held in secured areas and are controlled to prevent loss or misappropriation. Season tickets are currently issued on a quarterly basis rather than the specified 12 weeks.

The Transparency Code requires the Council to publish specific information relating to car parks as soon as the authority's annual accounts are finalised, with an interim estimates published by the end of April. The Council did not publish all required information within these deadlines.

**Conclusions**

The main risk associated with car park income is that the Council may not receive all income it is due. This review has concluded that for the period under review sufficient controls were in place that this risk is mitigated to minimal levels. Sampling found that the income received from the Council's main car parking estate was treated appropriately by the supplier and provided to the Council as expected.

## Management Actions

One High Priority action was agreed with Management in the following area:

- Contractual arrangements to be reviewed and updated so that the Council has assurance that all contracts have suitable governance arrangements including performance management and Council oversight.

Management have responded positively to the audit findings and have agreed an action plan to address all issues raised from this review.

## Summary of Substantial Assurance Opinions on Control

### Service Area: Neighbourhood Services

#### Audit Activity: Community Support Grants

#### Background

As part of Gloucester City Council's (the Council) commitment to supporting the Voluntary and Community Sector (VCS) within Gloucester it provides a grants scheme through which funding is available to organisations who can demonstrate that they meet set criteria.

Two of the categories for which grants can be awarded are through Community Grants (CG), available to voluntary organisations for set projects, and through Service Level Arrangements (SLA), available to Advice Centres.

#### Scope

The main objectives of the audit were to review controls relating to the administration of Community Support Grants and Service Level Agreements:

- An up to date strategy is in place for the Community Support Grants scheme;
- Suitable guidance is available to assist with making grant applications;
- Eligibility criteria have been set and are verified;
- The assessment process can be readily demonstrated;
- Payments are in line with the grant awards;
- Expected performance is defined and monitored; and
- Budgets are monitored.



Areas subjected to recommendations during the previous audit performed during the 2015-16 financial year are also to be reviewed to establish whether agreed actions have been implemented and whether they continue to work as intended.

**Risk Assurance - Satisfactory****Control Assurance – Substantial****Key Findings****General:**

- The strategy for the scheme is led by a combination of budgetary availability and changes within the VCS with there being a move towards consolidating different organisations and steering applicants towards other sources of funding;
- Funding for the 2016-17 VCS grants were passed by Cabinet on 9th March 2016 where it was resolved that CG's would be allocated a budget of £47,000 and SLA's £139,600; and
- The Council website advises that Community Grants of up to £10,000 are available to any voluntary or community group for projects within Gloucester City, with there being a requirement that the project must be completed by 31st March 2017.

**Community Grants:**

- Applicants can apply more than once but each application must be for a different project with application forms, guidance and conditions being available direct from the Council website;
- Eligibility for the assessment stage required that organisations meet each of the seven eligibility criteria, which were recorded within the 2016-17 Community Grants Guidance document as being:
  - 1) Are a voluntary, community organisation or social enterprise that is/intending to run activities in Gloucester for at least 12 months.
  - 2) Are non-profit making.
  - 3) Have a constitution setting out the organisation's aims and how they operate.
  - 4) Operate to the benefit of Gloucester and its residents, and normally be located in the City.
  - 5) Are able to provide annual accounts and an annual report for the last financial year or a 12 month financial budget.
  - 6) Have a Bank or Building Society account that requires at least two signatures on cheques.

7) If applying for more than £2,500 they must be formally regulated or registered, for example: a registered charity or company limited by guarantee.

- Monitoring is a combination of officer visits throughout the year combined with responses to annual monitoring forms where each organisation is required to evidence what they have achieved against their original application form; and
- The grant is paid out in a single payment.

#### Service Level Arrangements:

- These are open ended agreements that were subject to compliance tests when the agreements were first initiated. Whilst ongoing eligibility is not subject to formal assessment the ongoing eligibility is indirectly assessed when reviewing the quarterly monitoring data and conducting the annual funding review. The number of organisations in receipt of SLA's has reduced since their inception as have the levels of funding in line with required cuts to budget provision.
- Monitoring is a combination of officer visits combined with monitoring forms with organisations being required to demonstrate achievement against target on a quarterly basis.

This SLA monitoring is known as 'quarterly updating' and is subjected to review by both the Deputy Leader and the Director with the incentive for completion being the financial leverage that further payments will not be made until the quarterly monitoring data has been received and reviewed.

- The grant is paid out in quarterly payments upon receipt of the monitoring information.

#### Implementation of recommendations from 2015/16 audit:

- From a review of the 11 recommendations agreed during the 2015-16 Audit seven of the original recommendations have been implemented, two were given due consideration prior to it being decided not to change the related processes, one could not be enacted due to closure of the relevant ledger, with one having to be resubmitted due to a reoccurrence of a ledger miscoding.

#### **Conclusion**

There has been a significant improvement in system processes and the controls relating to strategy, guidance, eligibility, assessment and award, payments, and monitoring of the grant conditions.

#### **Management Actions**

The identified ledger miscoding has now been corrected and no further action is required.

## Summary of Consulting Activity and/or support provided where no Opinions are provided

### Service Area: Planning

### Audit Activity: Consultancy - Planning Application

#### Background

In September 2014 Gloucester City Council received an outline planning application for the erection of up to 420 dwellings in the Matson ward. The scheme was considered at Planning Committee in December 2015, and Members resolved to approve the scheme, subject to a number of conditions including the provision of 20% affordable housing secured through a Section 106 agreement.

The proportion of affordable housing suitable for the development is contested by the applicant, and a Section 106 agreement has not been agreed.

The applicant subsequently submitted the application to appeal for non-determination in May 2016. An inquiry was heard in December 2016, with the Planning Inspector's decision due early in 2017.

#### Scope

This audit was requested by the Corporate Director (Partnerships) for the Management Team in order to:

- Compose a timeline of key events, findings and decisions, including commissioning of additional viability studies; and
- Assess the appropriateness and timeliness of the course of action the Council took, in particular the commissioning process for the viability studies.

**Risk Assurance – N/A (non-opinion/consultancy audit)**

**Control Assurance – N/A (non-opinion/consultancy audit)**

#### Key findings

- Expected processes were followed in the work undertaken by Officers to assess the application prior to making a recommendation to Committee, and in subsequently obtaining additional evidence to assess the application.
- The application process has been lengthy (September 2014 to April 2016), largely due to establishing the necessary facts to assess the application, prepare the terms of the proposed S.106 Agreement, and coordinate with the schedule of the Planning Committee.

- The commissioning rationale behind the requirement for and selection of consultants to support Officers in specialist analysis is reasonable.
- The resolution of Members in the December 2015 and April 2016 Planning Committees was to approve the application (as recommended by Officers), but with amendment to the Officer recommendation on the terms of the accompanying S.106 Agreement.
- The applicant has informed the Council that the terms of the S.106 Agreement relating to the level of affordable housing to be provided onsite are not acceptable and has appealed to the Planning Inspectorate on the basis of non-determination.

**Conclusions**

The purpose of this audit was to review and assess the appropriateness and timeliness of actions taken by the Council in processing the planning application for 420 dwellings. This review was not intended to assess the technical content of the work by consultants in reaching their conclusions, but the operation of the Planning Service in fulfilling their responsibilities.

This review found that procedures had been followed as expected overall, although some recommendations have been made to further enhance the control environment. Some of the particulars of this application are not covered by the Planning and Development Code of Practice, and consequently the Council may wish to review this document to provide further guidance for any future occasion. Some general practices within the Planning Service were also identified where further review may be useful, and it is intended to propose inclusion of these in future Internal Audit plans.

**Management Actions**

Two High Priority actions were agreed with Management in the following areas, and Management has confirmed that both recommendations have since been completed:

- Monthly monitoring should identify and consider any planning application nearing 26 weeks without determination, in support of the national Planning Guarantee deadline.
- The working relationship between Officers and Members should be reinforced with regular dialogue and engagement so that planning matters are communicated and understood clearly and effectively.

Management have responded positively to the audit findings and have agreed an action plan to address all issues raised from this review.

**Service Area: Grant Certification****Audit Activity: Turnover Certificate for Blackfriars Priory****Background**

In March 2012 the Council entered into a lease with English Heritage for the use of the Blackfriars Priory site. The Council's main objectives for the venue were to open it as a visitor attraction, provide educational visits, develop a wide-ranging events programme (both commercial and non-commercial), run and facilitate workshops and develop a meetings and conference trade. There is now also a developed service as a wedding venue.

The lease allowed a peppercorn rent for the first two years of operation, with the following three years' rental to be a percentage of Gross Turnover, as defined in the lease agreement.

The Council is required to provide English Heritage with a Turnover Certificate signed by a professionally competent auditor, certifying the amount of Gross Turnover for the relevant year.

**Scope**

To provide assurance that, in all significant respects, the Gross Turnover values for 2014/15 and 2015/16 provided to English Heritage by Finance are accurate and in accordance with the requirements of the lease agreement and that a certificate confirming the Gross Turnover during each Turnover Period may be signed.

**Risk Assurance – N/A (Certification)****Control Assurance – N/A (Certification)****Key findings**

Provisional Gross Turnover figures were provided by Finance based on the net balances of income account codes across the two cost centres in use for Blackfriars Priory. This identified income of £68,883 in 2014/15 and £91,651 in 2015/16.

Detailed review identified a number of minor adjustments necessary in order to align the recorded figures to the requirements of the lease agreement.

Application of the adjustments to the Provisional Gross Turnover results in an increase of £160.33 and £111.30 to the rents payable for 2014/15 and 2015/16 respectively.

**Conclusions**

Following acceptance of the Revised Gross Turnover figures, Internal Audit is able to provide assurance that the requirements of the lease agreement have been met. As a result, the Turnover Certificate has been signed by the Group Manager – Audit Risk Assurance.

**Management Actions**

Finance has notified English Heritage of the agreed revisions and awaits an invoice for the rent payable.

**Summary of Special Investigations/Counter Fraud Activities****Current Status**

During April – December 2016 there have been no fraud/irregularity referrals to Internal Audit.

**Fraud Risk Assessment / Risk Register**

A fraud risk register has been produced, the outcome of which will inform future Internal Audit activity.

**National Fraud Initiative (NFI)**

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections were collected throughout October 2016 and reports will start to be received from the middle to the end of January 2017. Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

In addition, there is an annual data matching exercise undertaken relating to matching the electoral register data to the single person discount data held within the City Council. Once all relevant data has been uploaded onto the NFI portal, a data match report is instantly produced and available for analysis.

The key outcomes of the review will be provided to the Audit and Governance Committee.

The Committee can also take assurance that all special investigations/counter fraud activities are reported to the Managing Director, Monitoring Officer and Head of Finance as required, via the Corporate Governance Board.

**Anti-Fraud and Corruption Policy Statement and Strategy**

Effective governance requires the Council to promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour. To enable this, the Fighting Fraud and Corruption Locally 2016–2019 Strategy has been developed by local authorities and counter fraud experts and supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre. It is the definitive guide for council leaders, chief executives, finance directors and all those with governance responsibilities.

The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti fraud and corruption landscape.

The Chief Internal Auditor has undertaken a self-assessment against the new guidance to measure the Council's counter fraud and corruption culture and response and propose enhancements as required. As such, a revised Anti Fraud and Corruption Policy Statement and Strategy, Anti Bribery Policy, Anti Money Laundering Policy 2017 - 2019 and Confidential Reporting Procedure (Whistleblowing) has been developed and will be presented to the Audit and Governance Committee on 23<sup>rd</sup> January 2017.

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## Progress Report including Assurance Opinions

Department	Activity Name	Priority	Activity Status	Risk Opinion	Control Opinion	Reported to Audit and Governance Committee	Comments
Corporate	Code of Conduct for Employees	High	Planned				
Corporate	Consultancy Support	High	Planned				
Corporate	Delivery of Savings Targets	High	Planned				
Corporate	Grant Income	High	Planned				
Corporate	CIVICA Contract Revs & Bens	High	Final Report Issued	Satisfactory	Satisfactory	23/01/2017	
Corporate	Payroll - New Starters and Leavers Processes	High	Audit in Progress				
Corporate	Payroll - Zero Hours Contracts	High	Final Report Issued	Satisfactory	Satisfactory	19/09/2016	
Corporate	Shared Services - HR	High	Audit in Progress				
Corporate	Staff Appraisal System	High	Deferred				Deferral of staff appraisal system
Corporate	IT Disaster Recovery and Business Continuity	High	Deferred				Carried forward to 2017/18 plan
Corporate	Cyber Security	High	Audit in Progress				
Democratic	Election Accounts	High	Final Report Issued	Not Applicable	Not Applicable	21/11/2016	New Activity requested by Democratic and
Finance	Benefits - Uprating	High	Final Report Issued	Substantial	Substantial	19/09/2016	
Finance	Setting of Council Tax Charges	High	Final Report Issued	Substantial	Substantial	19/09/2016	
Finance	Capital Accounting	High	Audit in Progress				KPMG joint working protocol
Finance	Cash & Bank	High	Planned				KPMG joint working protocol
Finance	General Non-Pay Expenditure (Creditors)	High	Audit in Progress				KPMG joint working protocol
Finance	Network Access Controls	High	Draft Report Issued				KPMG joint working protocol
Finance	New Financial Management System	High	Audit in Progress				
Finance	National Non Domestic Rates (NNDR) Multipliers	High	Final Report Issued	Substantial	Substantial	19/09/2016	
Finance	Procurement Cards	High	Final Report Issued	Substantial	Substantial	21/11/2016	
Finance	Council Tax - Part 2	High	Audit in Progress				
Finance	National Non Domestic Rates (NNDR) - Part 2	High	Audit in Progress				
Finance	Benefits - Part 2	High	Audit in Progress				
Finance	Turnover Certificate for Blackfriars Priory	High	Final Report Issued	Not Applicable	Not Applicable	23/01/2017	New Activity
Planning	Building Control Shared Service	High	Final Report Issued	Satisfactory	Satisfactory	23/01/2017	
Planning	Section 106 Agreements	High	Final Report Issued	Satisfactory	Satisfactory	21/11/2016	
Planning	Planning Application	High	Final Report Issued	Not Applicable	Not Applicable	23/01/2017	New Activity - consultancy
Regeneration & Economic	Gloucester Supports Business Grants	High	Audit in Progress				
Regeneration & Economic	Townscape Heritage Initiative	High	Planned				
Neighbourhood Service	Community Support Grants	High	Final Report Issued	Satisfactory	Substantial	23/01/2017	
Neighbourhood Service	Garden Waste	High	Final Report Issued	Satisfactory	Satisfactory	23/01/2017	
Neighbourhood Service	Amey - Streetcare contract	High	Final Report Issued	Satisfactory	Limited	23/01/2017	
Public Protection	Markets and Street Trading	High	Final Report Issued	Satisfactory	Satisfactory	19/09/2016	
Other Services	Electoral Service	High	Planned				
Other Services	Homelessness	High	Deferred				Carried forward to 2017/18 plan due to referral
Other Services	New Box Office System	High	Planned				
Other Services	Off-Street Car Park Income	High	Final Report Issued	Satisfactory	Satisfactory	23/01/2017	
Other Services	Gloucester Guildhall	High	Final Report Issued	Not Applicable	Not Applicable	19/09/2016	
Corporate	Shared Services - Communications		Planned				
Regeneration & Economic	Follow up to Commercial Rents (brought forward)	High	Final Report Issued	Substantial	Satisfactory	19/09/2016	Brought forward from 15/16 plan

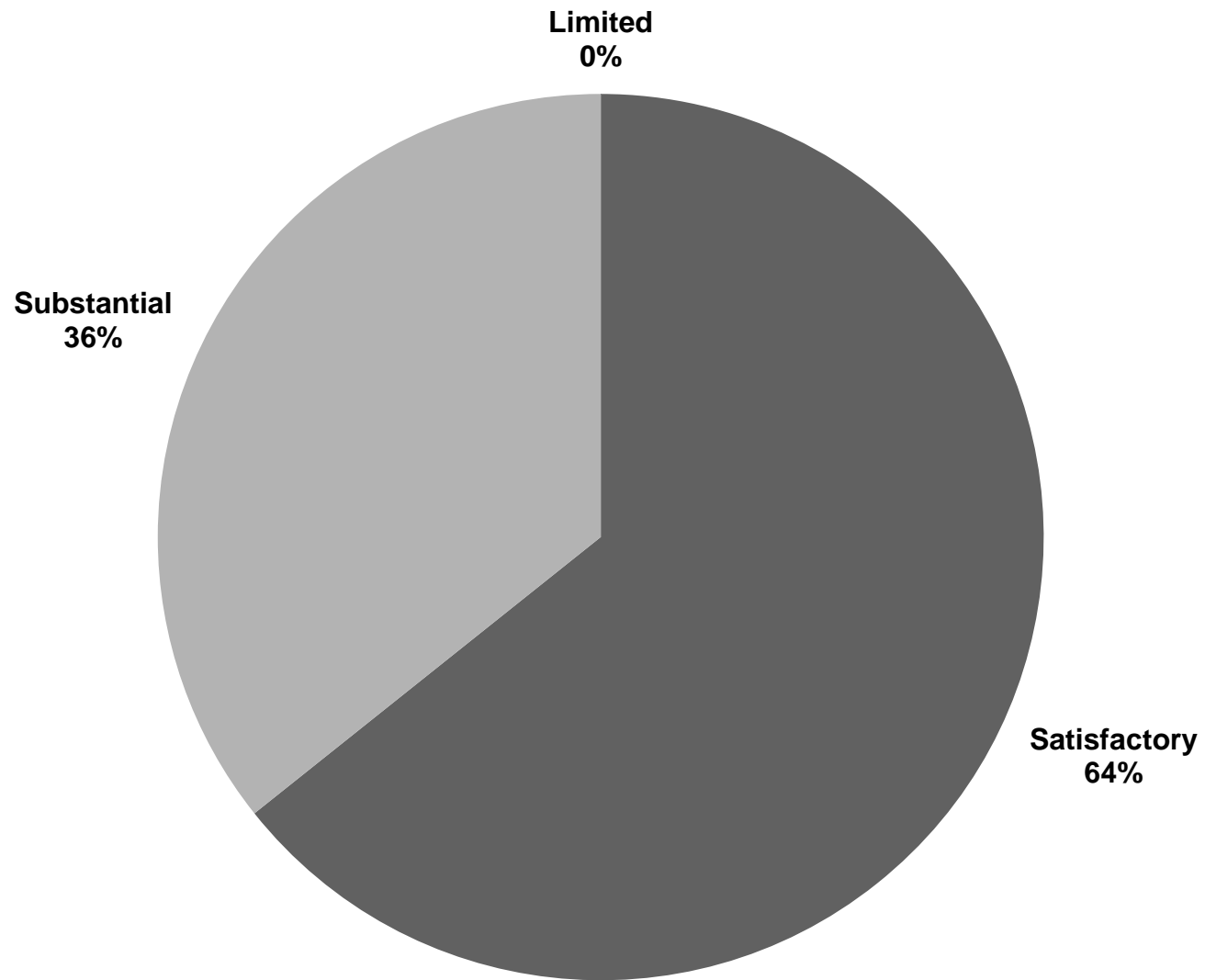
**Risk Assurance**

Satisfactory	9
Substantial	5
Limited	0

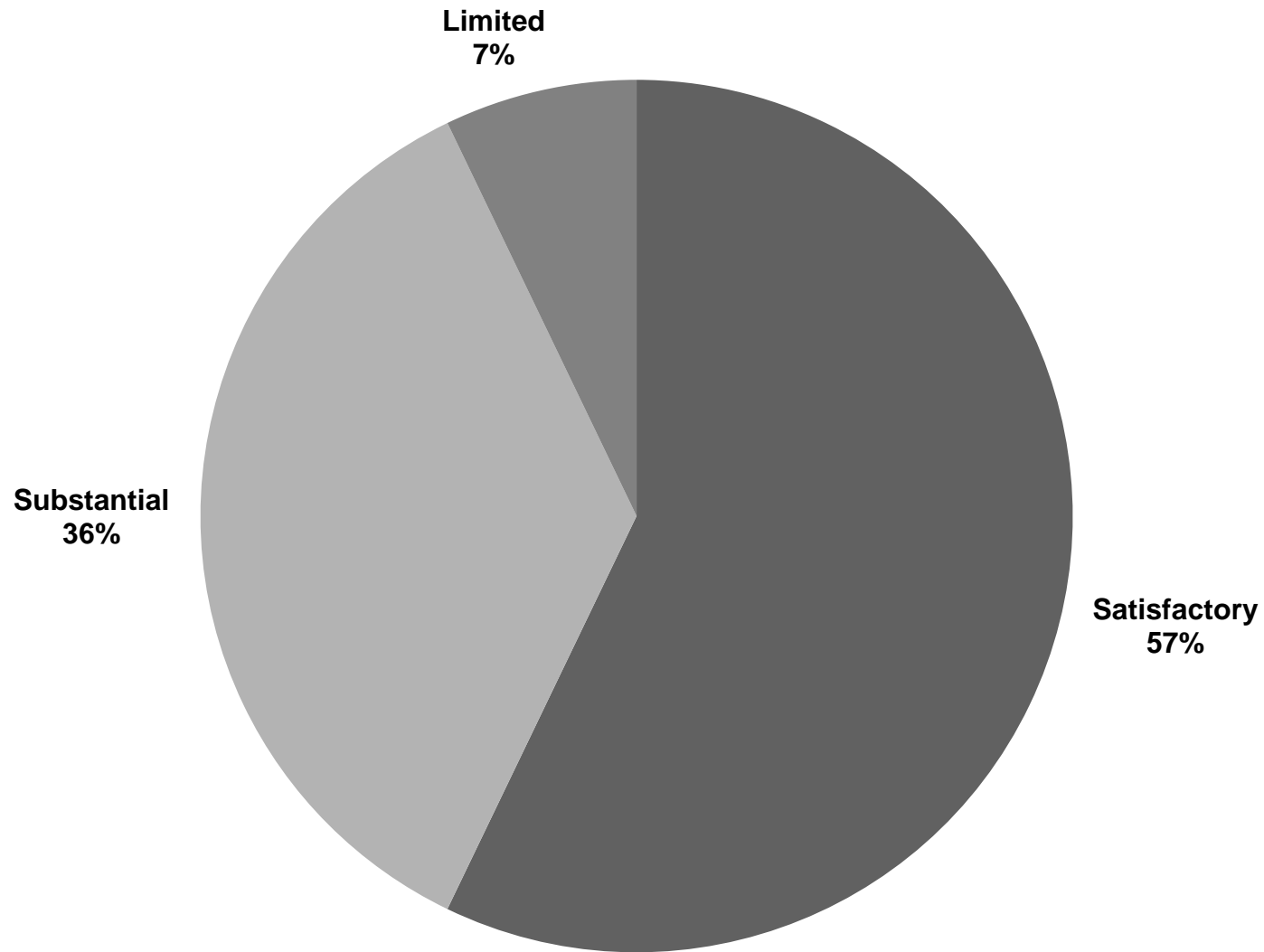
**Control Assurance**

Satisfactory	8
Substantial	5
Limited	1

## Risk Assurance



## Control Assurance





<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>23<sup>rd</sup> January 2017</b>
<b>Subject:</b>	<b>Annual Governance Statement 2015/16 Improvement Plan – Progress Report</b>		
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (Chief Internal Auditor)</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>Theresa Mortimer - Head of Audit Risk Assurance</b>		
	<b>Email:</b> <a href="mailto:Theresa.Mortimer@gloucester.gov.uk">Theresa.Mortimer@gloucester.gov.uk</a>		<b>Tel: 01452 396338</b>
<b>Appendices:</b>	<b>1: Annual Governance Statement 2015/16 Improvement Plan – Progress Report</b>		

### FOR GENERAL RELEASE

#### 1.0 Purpose of Report

- 1.1 To provide assurance to the Committee that the improvement areas and associated actions identified as part of the annual review of governance arrangements operating within the Council, have been/are being addressed.

#### 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that actions taken to address the governance improvement areas identified be reviewed and considered.

#### 3.0 Background and Key Issues

- 3.1 The Council is required by the Accounts and Audit Regulations 2015 to publish an Annual Governance Statement, in accordance with 'proper practices' in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance. This approach includes how the Council has monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.
- 3.2 The Annual Governance Statement is signed by the Leader and Managing Director (Head of Paid Service) and must accompany the Annual Statement of Accounts.
- 3.3 Members approved the Council Annual Governance Statement 2015/16 (including the Annual Governance Statement 2015/16 Improvement Plan) at the 20<sup>th</sup> June 2016 Audit and Governance Committee meeting.
- 3.4 This report is the first update presented to Members on the Council's progress (detailed in **Appendix 1**) against agreed actions from the Annual Governance Statement 2015/16 Improvement Plan.

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

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

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

- 5.1 There are no alternative options that are relevant to this matter.

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

- 6.1 The Council is required to produce an Annual Governance Statement under the Accounts and Audit Regulations 2015. Through the Council's Constitution, the Audit and Governance Committee has responsibility for review and approval of the Statement (including relevant Improvement Plans).

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

- 7.1 The Council's Annual Governance Statement 2016/17 is due to be presented to Audit and Governance Committee in June 2017, and will include a final progress report against the Annual Governance Statement 2015/16 Improvement Plan.

#### **8.0 Financial Implications**

- 8.1 There are no direct financial costs arising out of this report.  
(Financial Services have been consulted in the preparation this report).

#### **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations.  
(One Legal have been consulted in the preparation this report).

#### **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver an effective corporate governance framework prevents the Council in directing and controlling its resources effectively and efficiently, to enable the Council's objectives to be met.

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

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

#### **12.0 Other Corporate Implications**

##### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

### Staffing & Trade Union

- 12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

**Background Documents:** Annual Governance Statement 2015/16

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## Gloucester City Council's Progress on 2015/16 Governance Improvement Actions

AGS 2015/16 review reference	Action	Position as at December 2016
Local Code of Corporate Governance Core Principle 1	<p><b>Governance in working with others:</b> The Council is required to focus on the purpose of the authority and on outcomes for our customers and stakeholders and creating and implementing a vision for the local area.</p> <p>The Council has joined with ten of our public sector partners to have one conversation with government about how through devolution we can achieve better outcomes and reduced costs.</p> <p><b>Action:</b> The devolution bid, if successful, includes a commitment to a new governance arrangement. This is a statutory process and will be led by the Managing Director. The process will include consultation and engagement with the organisations involved and other stakeholders.</p> <p><b>Target date:</b> To be determined - depending upon outcome of bid.</p>	<p>Devolution bid outcome still to be determined.</p> <p>Action to remain within the Annual Governance Statement Improvement Plan.</p>
Revised CIPFA Guidance on Delivering Good Governance 2016	<p><b>CIPFA - Delivering Good Governance in Local Government : Framework (2016 Edition):</b> The Council currently prepares and publishes an Annual Governance Statement in accordance with the CIPFA Delivering Good Governance in Local Government 2007 (Addendum 2012).</p>	<p>The Council's revised Local Code of Corporate Governance, Annual Governance Statement and the associated assurance framework is currently being developed by the Chief Internal Auditor, which is in accordance with the principles contained within the CIPFA guidance i.e. Delivering Good Governance in Local Government 2016 Edition.</p>

AGS 2015/16 review reference	Action	Position as at December 2016
	<p>This guidance/framework has been refreshed and defines the principles that should underpin the governance arrangements of the Council and applies to the annual governance statements prepared for the financial year 2016/17 onwards.</p> <p><b>Action:</b> The Chief Internal Auditor to test the Council's governance arrangements and be able to demonstrate that its governance structures comply with the core and sub principles contained within the revised framework. To then develop and maintain, on behalf of the Council, a local code of governance / governance arrangements reflecting the principles set out.</p> <p><b>Target date:</b> 31<sup>st</sup> March 2017</p>	<p>The revised governance assurance framework will apply to the Annual Governance Statement 2016/2017.</p>
Local Code of Corporate Governance Core Principle 3	<p><b>Anti-Fraud and Corruption Strategy:</b> The Council is required to promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour.</p> <p>The Fighting Fraud and Corruption Locally 2016–2019 strategy has been developed by local authorities and counter fraud experts and supported by the CIPFA Counter Fraud Centre.</p> <p>It is the definitive guide for council leaders, chief executives, finance directors and all those with governance responsibilities.</p>	<p>A self assessment against the new counter fraud guidance has been undertaken by the Chief Internal Auditor, which has resulted in a refreshed Anti Fraud and Corruption Policy Statement and Strategy, Anti Bribery Policy, Anti Money Laundering Policy 2017 – 2019 and Confidential Reporting Procedure (Whistleblowing).</p> <p>Following Senior Management Team approval, the revised policies will be presented to the Audit and Governance Committee on the 23<sup>rd</sup> January 2017 and subsequently to Cabinet for formal approval.</p>

AGS 2015/16 review reference	Action	Position as at December 2016
	<p>The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti-fraud and corruption landscape.</p> <p><b>Action:</b> During 2016/17 the Chief Internal Auditor will undertake a self-assessment against the new guidance to measure the Council's counter fraud and corruption culture and response and propose enhancements as required.</p> <p><b>Target date:</b> 31<sup>st</sup> March 2017</p>	
Annual Governance Statement para 4.4	<p><b>Corporate performance management:</b> The Council Plan details the priorities and strategic objectives of the local authority. Performance review and management against the Corporate Plan is needed to ensure internal and external (e.g. stakeholder) awareness and understanding of the Council's progress against the objectives and further action required.</p> <p><b>Action:</b> The Corporate Director (Partnerships) will undertake a review of the Council's corporate performance management approach, to ensure that they reflect the needs and the structure of the organisation.</p> <p><b>Target date:</b> 30<sup>th</sup> September 2016</p>	<p>Review is in progress of the Council's corporate performance arrangements, with the objective to embed a 'golden thread' from corporate objectives through to individual accountability so that Members and staff can see a clear link between their work and what the Council is trying to achieve. The Council intends to embed a culture of performance management throughout the organisation, including the embedding of risk management.</p> <p>Purchase of a performance management system is being considered, for implementation and delivery for 2017/18.</p>

AGS 2015/16 review reference	Action	Position as at December 2016
Annual Governance Statement para 7.5	<p><b>Risk Management Strategy and approach:</b> Risk management is a core part of the Council's corporate governance framework and internal control environment. It is one of the six core principles within the Council's Code of Governance (part of the Council Constitution) – 'taking informed and transparent decisions which are subject to effective scrutiny and managing risk'.</p> <p>The Council's Risk Management Strategy should reaffirm and improve effective risk management in the Council, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its objectives. The Strategy should also support the consideration and auctioning of risk management within Council partnerships and contracts.</p> <p><b>Action:</b> The Chief Internal Auditor will review the Council's risk management arrangements (including the Risk Management Strategy) against the latest ISO 31000 risk management standard. The review findings will be reported to Audit and Governance Committee and will inform future risk management development at the Council.</p> <p><b>Target date:</b> 31<sup>st</sup> March 2017</p>	<p><u>Risk management arrangements:</u></p> <p>Self assessment of the Council's risk management arrangements has been completed against the latest ISO 31000 risk management standard. An update and action plan will be presented to Audit and Governance Committee on the 23<sup>rd</sup> January 2017.</p> <p><u>Risk Management Strategy:</u></p> <p>The update of the Council's Risk Management Policy Statement and Strategy has been led by the Chief Internal Auditor, in consultation with the Senior Management Team. The updated Risk Management Policy Statement and Strategy will be presented to the Audit and Governance Committee on the 23<sup>rd</sup> January 2017 and subsequently to Cabinet for formal approval.</p>

AGS 2015/16 review reference	Action	Position as at December 2016
Annual Governance Statement para 8.1	<p><b>Workforce and Organisational Development Strategy:</b> Key element for development of the capacity and capability of officers to be effective. A Strategy will mitigate the risk of a lack of competence, probity and professionalism within the authority leading to diminished performance, inappropriate behaviour, and failure to comply with governance arrangements.</p> <p><b>Action:</b> HR Business Partner and Managing Director to draft the Council Workforce and Organisational Development Strategy. Draft document to be reviewed by Senior Management Team prior to formal approval process and roll out.</p> <p><b>Target date:</b> 1<sup>st</sup> September 2017</p>	<p>Workforce and Organisational Development Strategy actions have been progressed to provide the Council with clear organisational values and a set of supporting staff behaviours. Work is continuing to embed these within organisational processes e.g. appraisals.</p> <p>Access to management and staff development has and continues to be achieved through access to Brilliant Basics training modules and the Aspiring Leaders Network and the Council has successfully recruited seven apprentices as part of its annual Apprenticeship Programme. Due to the current organisational redesign, the formal Strategy implementation target date has been extended to 1st September 2017.</p>
Annual Governance Statement para 16.7	<p><b>Manager Assurance Statements:</b> Governance areas for development and improvement within 2016/17 identified by the Managers Assurance Statements should be considered for further action by the Council.</p> <p>Areas identified within the Manager Assurance Statements 2015/16 but not included within the preceding identified 2015/16 Governance Improvement Actions Plan actions :</p>	<p><u>Business continuity management:</u></p> <p>The Audit and Governance Committee approved Risk Based Internal Audit Plan 2016/17 included an IT Disaster Recovery and Business Continuity internal audit.</p> <p>The internal audit has been deferred for consideration within the 2017/18, due to an in-house review of the area within 2016/17 led by Council senior management. The in-house review is due to include both IT and operational themes.</p>

AGS 2015/16 review reference	Action	Position as at December 2016
	<ul style="list-style-type: none"> <li>• Business Continuity Management; and</li> <li>• Sustainable development – climate change, environmental risk.</li> </ul> <p><b>Action:</b> Senior Management Team to consider the Business Continuity Management and sustainable development themes raised within the 2015/16 Managers Assurance Statements, and identify appropriate actions (with timescales) to aid improvement of the Council's governance arrangements.</p> <p><b>Target date:</b> 31<sup>st</sup> March 2017</p>	<p><u>Sustainable development:</u></p> <p>The updated Council Risk Management Policy Statement and Strategy and associated toolkits to support the application of risk management principles, includes sustainable development risk themes, for officer consideration when assessing the potential risks and opportunities present in delivery of the Council's objectives.</p>



<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>23<sup>rd</sup> January 2017</b>
<b>Subject:</b>	<b>Self Assessment of Risk Management arrangements at Gloucester City Council against ISO31000 Risk Management – Principles and Guidelines and associated Action Plan.</b>		
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (Chief Internal Auditor)</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>Theresa Mortimer, Head of Audit Risk Assurance</b>		
	<b>Email:</b>		<b>Tel: 01452 326338</b>
	<a href="mailto:Theresa.Mortimer@gloucester.gov.uk">Theresa.Mortimer@gloucester.gov.uk</a>		
<b>Appendix:</b>	<b>1: Self Assessment of Risk Management arrangements at Gloucester City Council against ISO31000 Risk Management – Principles and Guidelines and associated Action Plan.</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The Accounts and Audit Regulations 2015 state that ‘a relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk’.
- 1.2 The Audit and Governance Committee’s role is to provide independent assurance on the adequacy of the Council’s Corporate Risk Management framework. The report attached at Appendix A provides appropriate information to enable the Committee to reach a judgement in this area.

### 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that:
  - (1) the Risk Management Action Plan be accepted ; and
  - (2) Further updates and outcomes be provided to the Committee during 2017/2018, as appropriate.

### 3.0 Background and Key Issues

#### **Risk Management - Maximising Opportunities by taking Managed Risks**

- 3.1 It has always been important for organisations to identify and manage their risks. This view has been reinforced by public sector legislation i.e. the Accounts and Audit Regulations 2015 where it states ‘*A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its*

*functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.”*

- 3.2 In addition, the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016) notes seven key principles to enable the development of good governance within public services, one of which states that good governance is ‘*managing risks and performance through robust internal control and strong public financial management.*’

### **Review of Risk Management Arrangements**

- 3.3 In addition to providing an internal audit service, the Audit Risk Assurance Shared Service provides a risk management support service to Gloucester City Council. As part of this support service (not an internal audit), it was agreed with Senior Management, that a review of the risk management arrangements operating within the Council would be undertaken to provide the relevant assurances that risk management continues to operate effectively. All review progress updates are reported to the Audit and Governance Committee.
- 3.4 To enable the above and the identification of any improvement areas to the Council’s current risk management arrangements, a self assessment was undertaken against the International Standards Organisation ISO 31000:2009, Risk management – Principles and guidelines. The ISO 31000 provides principles, framework and a process for managing risk. It can be used by any organisation regardless of its size, activity or sector. Using ISO 31000 can help organisations increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.
- 3.5 Organisations using it can compare their risk management practices with an internationally recognised benchmark, providing sound principles for effective management and corporate governance.
- 3.6 Whilst the outcomes of the self assessment were positive, it is important that risk management continues to be fully embedded in the business operations of the Council. Adoption of the action plan will further enhance the current processes in place and further enable the risks associated with the achievement of the Council’s objectives and priorities to be managed.

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

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

### **5.0 Alternative Options Considered**

- 5.1 The self assessment process and the adoption of the Risk Management Action Plan will provide the relevant assurances that risk management continues to operate effectively within the Council.



## **6.0 Reasons for Recommendations**

### **Risk Governance**

- 6.1 In addition to the statutory requirements and codes of good practice as noted within paragraphs 3.1 and 3.2, the Council has responded to the above by incorporating these requirements into the Council's Constitution, specifically within Part 3 which defines the members / officers responsibilities in relation to risk management and also within Financial Regulations - Audit and the Control of Resources.

### **Audit and Governance Committee**

- 6.2 The Audit and Governance Committee has a specific role in relation to risk management which is to:
- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
  - Receive an annual report on risk management activity.

## **7.0 Future Work and Conclusions**

- 7.1 Attachment A to this report sets out the outcomes of the self assessment and associated action plan. The implementation of the action plan will help to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes.
- 7.2 The implementation of the Risk Management Action Plan will be monitored by the Senior Management Team and the Audit and Governance Committee.

## **8.0 Financial Implications**

- 8.1 Whilst there are no financial implications arising directly from this report, the review of risk management does highlight a number of delivery actions. However, this will be met from existing resources.

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

## **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations. In general terms, the existence and application of an effective risk management regime assists prudent decision making which is less susceptible to legal challenge

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

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver on effective risk management, particularly during periods of significant change, may have a detrimental effect on the achievement of the potential opportunities and adverse effects that challenge the assets, reputation and objectives of the Council, strategic decision making and the wellbeing of our stakeholders.

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

- 11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *‘ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.’*

The implementation of the risk management action plan will ensure compliance with the Council’s equality policies.

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

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no ‘Community Safety’ implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no ‘Sustainability’ implications arising out of the recommendations in this report.

### Staffing & Trade Union

- 12.3 There are no ‘Staffing and Trade Union’ implications arising out of the recommendations in this report.

## **Background Documents:**

- Accounts and Audit Regulations 2015;
- Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE);
- Gloucester City Council’s Constitution; and
- ISO31000 *Risk management – Principles and guidelines*.

# Proposed Risk Management Action Plan

22<sup>nd</sup> November 2016

Sally Coates – Senior Risk Management Advisor (Audit Risk Assurance)  
Tanya Davies – Democratic and Electoral Services Manager (Gloucester City Council)  
Paul Brown – Audit/Risk Technical Officer (Audit Risk Assurance)



**Gloucester**  
**City Council**  
*Transforming Your City*

**ARA**  
Audit Risk Assurance

Gloucester City Council  STROUD DISTRICT COUNCIL  Gloucestershire COUNTY COUNCIL 

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## Executive Summary

### Introduction

It has always been important for organisations to identify and manage their risks. This view has been reinforced by public sector legislation i.e. the Accounts and Audit Regulations 2015 where it states *‘A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.’*

In addition, the *Delivering Good Governance in Local Government 2007 (Addendum 2012)* – CIPFA/SOLACE guide notes 6 key principles to enable the development of a good governance framework within public services, one of which states that good governance is *‘taking informed and transparent decisions which are subject to effective scrutiny and managing risk’*.

Risk Management is about managing our threats and opportunities and striving to create an environment of ‘no surprises’. By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities we will be in a better position to improve services and better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally, or to our service delivery. It cannot therefore be ignored or avoided, but instead, it must be managed.

Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

### Review of Risk Management Arrangements

In addition to providing an internal audit service, the Audit Risk Assurance Shared Service provides a risk management support service to Gloucester City Council. As part of this support service (not an internal audit), it was agreed that a review of the risk management arrangements operating within the Council would be undertaken to provide the relevant assurances that risk management continues to operate effectively. All review progress updates, reported to the Audit and Governance Committee.

To enable the above and the identification of any improvement areas to the Council’s current risk management arrangements, a self assessment was undertaken against the International Standards Organisation ISO 31000:2009, *Risk management – Principles and guidelines*. The ISO 31000 provides principles, framework and a process for managing risk.

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It can be used by any organisation regardless of its size, activity or sector. Using ISO 31000 can help organisations increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.

Organisations using it can compare their risk management practices with an internationally recognised benchmark, providing sound principles for effective management and corporate governance.

The ISO 31000 consists of thirteen key areas (comprising of 59 questions) which are categorised between risk management responsibilities and key systems and processes which are summarised below.

- Responsibilities of Chief Executive/Governance (Officers and Members);
- Responsibilities of senior/middle management;
- Responsibilities for specialist risk management functions;
- Responsibilities for the Corporate Risk Manager;
- Responsibilities for the Chief Internal Auditor;
- Responsibilities for individual employees;
- Risk architecture;
- Risk strategy;
- Risk protocols;
- Planning and design;
- Implementing and benchmarking;
- Measuring and monitoring; and
- Learning and reporting.

## **Findings**

It is pleasing to report that the initial results of the self assessment indicated **75%** pure compliance with the standards. However, an action plan has been developed to further enhance existing arrangements which identifies key improvement areas. The proposed action plan is provided at pages 3 – 5 below.

## **Conclusion**

It is important that risk management continues to be fully embedded in the business operations of the Council. Adoption of the action plan, once finalised, will further enhance the current processes in place and further enable the risks associated with the achievement of the Council's objectives and priorities to be managed.

## Gloucester City Council - Risk Management Action Plan

Action	Action Owner(s)	Target Date
Refresh of the Council's Risk Management Policy Statement and Strategy to be effective from April 2017.	Head of ARA Shared Service	January 2017
Refresh of the Council's Anti Fraud and Corruption Policy Statement and Strategy to be effective from April 2017.	Head of ARA Shared Service	January 2017
To develop a risk management staff / member awareness communication plan.	Democratic and Electoral Services Manager (Gloucester City Council)  Senior Risk Management Advisor and Audit/Risk Technical Officer (ARA Shared Service)	March 2017
Update the risk management user guide / toolkit to align with the requirements of the revised strategy.  To include the introduction of opportunity management and the application of a risk appetite model within key operational business processes, performance and project management arrangements.	Democratic and Electoral Services Manager (Gloucester City Council)  Senior Risk Management Advisor and Audit/Risk Technical Officer (ARA Shared Service)	March 2017

## Gloucester City Council - Risk Management Action Plan

Action	Action Owner(s)	Target Date
Delivery of risk management refresher training / awareness briefings / drop in sessions provided to staff (both existing and new) and Members (as per the communication plan).	Democratic and Electoral Services Manager (Gloucester City Council)  Senior Risk Management Advisor and Audit/Risk Technical Officer (ARA Shared Service)	April - June 2017
Ongoing operational risk management support, advice and guidance to management in applying the principles of effective risk management within business planning, programme and project management arrangements	Democratic and Electoral Services Manager (Gloucester City Council)  Senior Risk Management Advisor and Audit/Risk Technical Officer (ARA Shared Service)	Ongoing

## Gloucester City Council - Risk Management Action Plan

Action	Action Owner(s)	Target Date
To develop and maintain a Risk Management information page on the Council's intranet to support the implementation and application of risk management principles.	Democratic and Electoral Services Manager (Gloucester City Council)  Senior Risk Management Advisor and Audit/Risk Technical Officer (ARA Shared Service)	April-June 2017





Meeting:	Audit and Governance Committee	Date:	23 <sup>rd</sup> January 2017
	Cabinet		8 <sup>th</sup> February 2017
Subject:	Risk Management Policy Statement and Strategy 2017-2020.		
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Theresa Mortimer - Head of Audit Risk Assurance		
	Email:	Tel: 01452 326338	
	<a href="mailto:Theresa.Mortimer@gloucester.gov.uk">Theresa.Mortimer@gloucester.gov.uk</a>		
Appendices:	1: Risk Management Policy Statement and Strategy 2017-2020.		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 3.1 To propose an updated Risk Management Policy Statement and Strategy to be effective from 1st April 2017.

### 2.0 Recommendations

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

- (1) The Risk Management Policy Statement and Strategy 2017 - 2020 be adopted and recommend its endorsement to Cabinet; and
- (2) The Strategy, once endorsed by Cabinet, be disseminated to managers in accordance with a Communications Plan, to reaffirm the Council's risk management objectives.

- 2.2 Cabinet is asked to **RESOLVE** that:

- (1) The Risk Management Policy Statement and Strategy 2017 – 2020 be endorsed; and
- (2) The Strategy, be disseminated to managers in accordance with a Communications Plan, to reaffirm the Council's risk management objectives.

### 3.0 Background and Key Issues

**Risk Management - Maximising Opportunities by taking Managed Risks**

- 3.1 It has always been important for organisations to identify and manage their risks. This view has been reinforced by public sector legislation i.e. the Accounts and Audit Regulations 2015 where it states *‘A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.’*
- a. In addition, the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016) notes seven key principles to enable the development of good governance within public services, one of which states that good governance is ‘managing risks and performance through robust internal control and strong public financial management.’
  - b. Risk Management is about managing our threats and opportunities and striving to create an environment of ‘no surprises’. By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities we will be in a better position to improve services and better value for money.
  - c. Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally, or to our service delivery. It cannot therefore be ignored or avoided, but instead, it must be managed.
  - d. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

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

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

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

##### **The Emerging Risk Landscape**

##### **National Context**

- 5.1 Unprecedented challenges for those tasked with delivering public services continue. Significant budgetary pressures continue to have an effect on all major services, at the same time demographic changes and an increased demand for services compound these pressures. Allied to this, is the increasing focus on alternative service delivery models which has seen more public services being delivered by, or in partnership with, other

public sector bodies, charities, communities or private sector organisations. The continuing shift in the structure of service provision creates real challenges and an increasingly complex matrix of competing risks and opportunities.

## **Local Context**

- 5.2 With reference to the above and taking into account the overall future strategic direction of the Council, its structure and its services, it is deemed an appropriate time to refresh and reaffirm our Risk Management Policy Statement and Strategy, to ensure that the Council's risk and assurance framework continues to build on our existing successes which reflects national good practice and standards. This should enable the Council to effectively manage the potential opportunities and threats, thus improving service delivery to our communities and enabling individuals to play a more active role in improving their lives. Therefore, no other options were considered.

## **6.0 Reasons for Recommendations**

### **Risk Governance**

- 6.1 In addition to the statutory requirements and codes of good practice as noted within paragraphs 3.1 and 3.2, the Council has responded to the above by incorporating these requirements into the Council's Constitution, specifically within Part 3 which defines the members / officers responsibilities in relation to risk management and also within Financial Regulations - Audit and the Control of Resources.

### **Audit and Governance Committee**

- 6.2 The Audit and Governance Committee has a specific role in relation to risk management which is to:
- 3 Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
  - 4 Receive an annual report on risk management activity.

## **7.0 Future Work and Conclusions**

- 7.1 Risk Management therefore needs to be taken into the heart of the Council and continue to build on the positive outcomes already achieved. For this to be done successfully, it needs to be structured and developed in a way that fits the culture of our organisation. We need to have the structures and processes in place to ensure the risks and opportunities of daily council activity are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to pro-actively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.
- 7.2 Attachment A to this report sets out the refreshed Risk Management Policy Statement and Strategy for 2017 - 2020, which aligns with the Council's Medium Term Financial Plan (MTFP).

The aims of this strategy are to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes.

## **8.0 Financial Implications**

- 8.1 There are no direct financial costs arising out of this report.

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

## **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations. In general terms, the existence and application of an effective risk management regime assists prudent decision making which is less susceptible to legal challenge.

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

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver on effective risk management, particularly during periods of significant change, may have a detrimental effect on the achievement of the potential opportunities and adverse effects that challenge the assets, reputation and objectives of the Council, strategic decision making and the wellbeing of our stakeholders.

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

- 11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*

The risk management policy statement, strategy and associated framework ensure compliance with the Councils' equality policies.

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

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

### Staffing & Trade Union

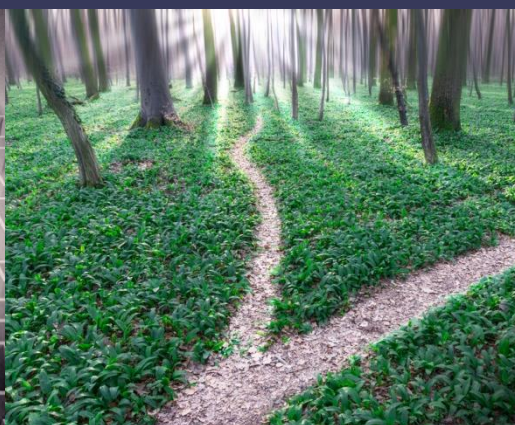
12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

### **Background Documents:**

- Accounts and Audit Regulations 2015;
- Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE)
- Gloucester City Council's Constitution; and
- ISO31000 *Risk management – Principles and guidelines*.

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# Gloucester City Council Risk Management Policy Statement and Strategy



2017 - 2020

# Risk Management Policy Statement

Gloucester City Council (GCC) recognises that Risk Management is one of the key principles of effective Corporate Governance. It is also a key contributor to a sound internal control environment and the Annual Governance Statement.

The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportional control of risks and opportunities to ensure that they are managed at acceptable levels. Risk management within GCC is about managing our threats and opportunities and striving to create an environment of 'no surprises'. By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities we will be in a better position to demonstrate improved services and better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided. Risk management therefore needs to be taken into the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to proactively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.

The Cabinet and the Senior Management Team are fully committed to effective risk management and see it as part of our responsibility to deliver an effective public service to the communities within Gloucestershire.



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# Risk Management Strategy

This strategy recognises that the next few years will present unprecedented challenges for the Council in delivering its services and corporate priorities.

Risk Management is a central part of the Council's strategic management. It is a cyclical process whereby the Council identifies, evaluates, monitors and controls potential opportunities and adverse effects that challenge the assets, reputation and objectives of the organisation. It enables the Council to effectively manage strategic decision-making, service planning and delivery, to safeguard the wellbeing of our customers and stakeholders.

The Council should not be afraid of identifying a risk or feel that identifying a risk is a failure. Identification of a risk provides an opportunity for improvement and success!

## What are the real benefits of managing risk?

Risk Management will strengthen the ability of the Council to achieve its corporate objectives and enhance the value of services provided by:

- Informing strategic and operational decision-making;
- Safeguarding all persons to whom the Council has a duty of care;
- Increasing our chances of success and reducing our chances of failure;
- Enhancing stakeholder value by minimising losses and maximising opportunities;
- Increasing knowledge and understanding of exposure to risk;
- Enabling not just backward looking review, but forward looking thinking;
- Contributing towards social value and sustainable development;
- Reducing unexpected and costly surprises;
- Minimising our vulnerability to fraud and corruption;
- Freeing up management time from 'fire-fighting';
- Providing management with early warnings of problems;
- Ensuring minimal service disruption;
- Ensuring statutory compliance;
- Better targeting of resources i.e. focus scarce resources on high risk activity;
- Reducing the financial costs due to, e.g. service disruption, litigation, insurance premiums and claims, and bad investment decisions;
- Delivering creative and innovative projects; and
- Protecting our reputation.

# Our Strategic Risk Management Objectives

- Strategic approach to risk management to make better informed decisions which is vital to successful transformational change;
- Setting the 'tone from the top' on the level of risk we are prepared to accept on our different service delivery activities and priorities. Understanding our 'risk appetite' and acknowledging that how we 'think about risk' will be different depending on the context of corporate impact and sensitivity;
- Risk management enables us be more consistent in options appraisals and more flexible/agile in delivering change. Risk aversion can result in the bar being set much higher for commissioning a change compared with maintaining the status quo;
- Acknowledging that even with good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to try to prevent it from happening again;
- Developing leadership capacity and skills in having a clear understanding of the risks facing the Council and how we manage them;
- Risk management should be integral to how we run Council business/services. Risk management processes provide effective arrangements that identify and achieve successful local and national priority objectives;
- Supporting a culture of well-measured risk taking throughout the Council's business, including strategic, programme, partnership, project and operational. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures;
- Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management and continues to be a key and effective contributor to Corporate Governance and a satisfactory Annual Governance Statement;
- Effective monitoring and Board intelligence on the key risks facing the Council; and
- Good practice tools to support the Council in the management of risks.

# What is the Council's Risk Appetite?

There are numerous definitions of organisational 'risk appetite', but it all boils down to how much of what sort of risk an organisation is willing to take. The HM Treasury definition being: 'The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time.' So why do we need to determine our risk appetite?

If managers are running the business with insufficient guidance on the levels of risk that are legitimate for them to take, or not seizing important opportunities due to a perception that taking on additional risk is discouraged, then business performance will not be maximised. At the other end of the scale an organisation constantly erring on the side of caution (or one that has a risk-averse culture) is one that is likely to stifle creativity and not necessarily encouraging innovation, nor seek to exploit opportunities.

A framework has been developed and implemented to enable risk judgements to be more explicit, transparent and consistent. By enhancing our approach to determining risk appetite we are able to raise the Council's capability to deliver on challenging targets to raise standards, improve service quality, system reform and provide more value for money.

This framework is considered by all levels of the business, from strategic decision making, to operational delivery.

# How are our objectives going to be met?

The Council's objectives will be achieved by:

- Adopting good practice risk management principles, in line with the Institute of Risk Management Professional Standards 2015 and the International Risk Management Standard (ISO 31000 - 2009). The application of the standards and principles within it will be reviewed annually and amended accordingly to reflect key changes;
- Establishing clear roles and responsibilities and reporting lines within the Council for risk management;
- Incorporating risk management into the council's decision making and strategic management processes;

- Incorporating risk management into service/business planning, option appraisals, programme and project management, partnerships and procurement processes;
- The provision of risk management training, advice, detailed guidance and support and providing opportunities for shared learning; and
- The provision of a risk governance framework to ensure the adequacy and effectiveness of the identification, assessment, control, monitoring and review arrangements in place to manage risk. The framework will ensure that risk management is dynamic and responsive to change.

## **Monitoring and Review of Risk Management Activities (minimum requirements)**

- A quarterly review of the Strategic Risk Register;
- A quarterly review of service area risk registers;
- A monthly review of programme/project/partnership risk registers;
- An annual review of the corporate Risk Management Policy Statement and Strategy;
- An annual report on risk management activity; and
- An annual review and report on the overall effectiveness of risk management and internal control by Internal Audit, which feeds into the Annual Governance Statement.

# Accountabilities, Roles and Responsibilities

There needs to be clarity in terms of 'who does what' otherwise we will be exposed to risks being unmanaged, causing us damage or loss that we could otherwise influence, control or avoid. The key roles and responsibilities are outlined below:

## Cabinet/Portfolio Holders

- Endorse the Risk Management Policy Statement and Strategy;
- Endorse the content of the Strategic Risk Register and proposed risk mitigation plans, and monitor implementation;
- Be aware of the risk management implications of decisions;
- Monitor key performance results including the production of an annual report on strategic risk management activity; and
- Nominate a Lead Member Risk Management Champion to be responsible for the championing, scrutiny and oversight of the risk management activities.

## Scrutiny

- Ensure that risks and opportunities within their portfolio are identified and effectively managed through discussions with Corporate Directors and Service Heads;
- Facilitate a risk management culture across the council;
- Contribute to the Cabinet review of risk and being proactive in raising risk from the wider Gloucestershire area and community; and
- Monitor and challenge key risk controls and actions.

## Audit and Governance Committee

- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
- Receive an annual report on risk management activity.

## **Senior Management Team (SMT) / Corporate Governance Board**

- Provide corporate leadership of risk management throughout the council;
- Agree an effective council-wide framework for the management of risks and opportunities;
- Advise Members on effective risk management and ensure Members receive relevant risk information;
- Ensure that the council complies with the corporate governance requirements relating to risk management;
- Own the council's Strategic Risk Register and ensure that risks are reviewed as part of the wider council's performance arrangements;
- Ensure that reports to support strategic and/or policy decisions include a risk assessment;
- Monitor the implementation of key mitigation plans and controls assurance programmes;
- Ensure processes are in place to report any perceived new/emerging (key) risks or failures of existing control measures; and
- Nominate a Corporate Director to be responsible for the championing, scrutiny and oversight of risk management activities.

## **Corporate Directors**

- Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Strategy;
- Assist in the preparation of the council's Annual Governance Statement by providing an assurance statement for the internal control framework operating within their service(s);
- Ensure that risks associated with the delivery of outcomes are identified and effectively managed by owning risk registers;
- Ensure regular review of the risk registers as part of wider council performance;
- Challenge relevant Heads of Service on relevant risks relating to their areas of responsibility;
- Proactively raise risk issues at management team meetings and with Scrutiny members; and
- Nominate a Risk Champion to work alongside the Corporate Risk Management Team, who will be the key interface in supporting the application of risk management principles within their service.

## **Heads of Service**

- Ensure that risk management, within their areas of responsibility, is implemented in line with the council's Risk Management Strategy;
- Own their risk register and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions;
- Ensure regular review of the service risk register as part of wider council performance;
- Report to Corporate Directors on any perceived new and emerging risks or, failures of existing control measures;
- Promote and share good practice across service areas;
- Liaise with their service Risk Champion; and
- Challenge risk owners and actions to ensure that controls are operating as intended.

## **Managers**

- Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Strategy;
- Communicate the risk management arrangements to staff;
- Liaise with their service Risk Champion;
- Identify training needs and report these to their service Risk Champion;
- Take accountability for actions and, report to their Head of Service; and
- Report any perceived new and/or emerging risks or, failure of control measures to their Head of Service.

## **Staff/Other Stakeholders**

- Maintain risk awareness, assessing and managing risks effectively in their job and, report risks to their manager.

## **Corporate Risk Management Team (Audit, Risk, Assurance ARA)**

### **Strategic and Operational Risk**

- Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the council;
- Undertake an annual review of the council's Corporate Risk Management Strategy and update accordingly, presenting any revisions to the Audit and Governance Committee, senior management and Cabinet for approval;



- Spread the ethos and, promote the effectiveness of good risk management throughout the council;
- Facilitate the review and update of the Strategic Risk Register;
- Support the identification of cross-cutting risks and risk management issues;
- Support the development of the council's service, programme, project and partnership risk registers;
- Provide the council with guidance, toolkits, advice and support on the application of risk management principles and, support the Risk Champions in delivering their role;
- Lead, co-ordinate and develop risk management activity across the council with the support of the Risk Champions;
- Ensure that all relevant staff and Members are adequately trained in risk management and risk assessment techniques;
- Moderate and challenge the application of risk management principles accordingly;
- Liaise with external consultants and risk management organisations and review national standards to identify, share and maintain best practice within the council; and
- Liaise with both internal and external audit with regard to risk management.

### **Financial Services - Risk Financing and Insurance**

- Lead on the development and implementation of the council's insurance programme;
- Provide advice and guidance with regards to insurance requirements, indemnities and legal liabilities; and
- Lead on claims management and investigation services for claims made against the council.

### **Corporate Risk Management (virtual) Group**

The virtual group is made up of senior officers within the following:

- Corporate Risk Management;
- Legal Services;
- Finance;
- Performance;
- Service area risk champions;
- Information Management; and
- Health and Safety.

The key aims of the virtual group are to:

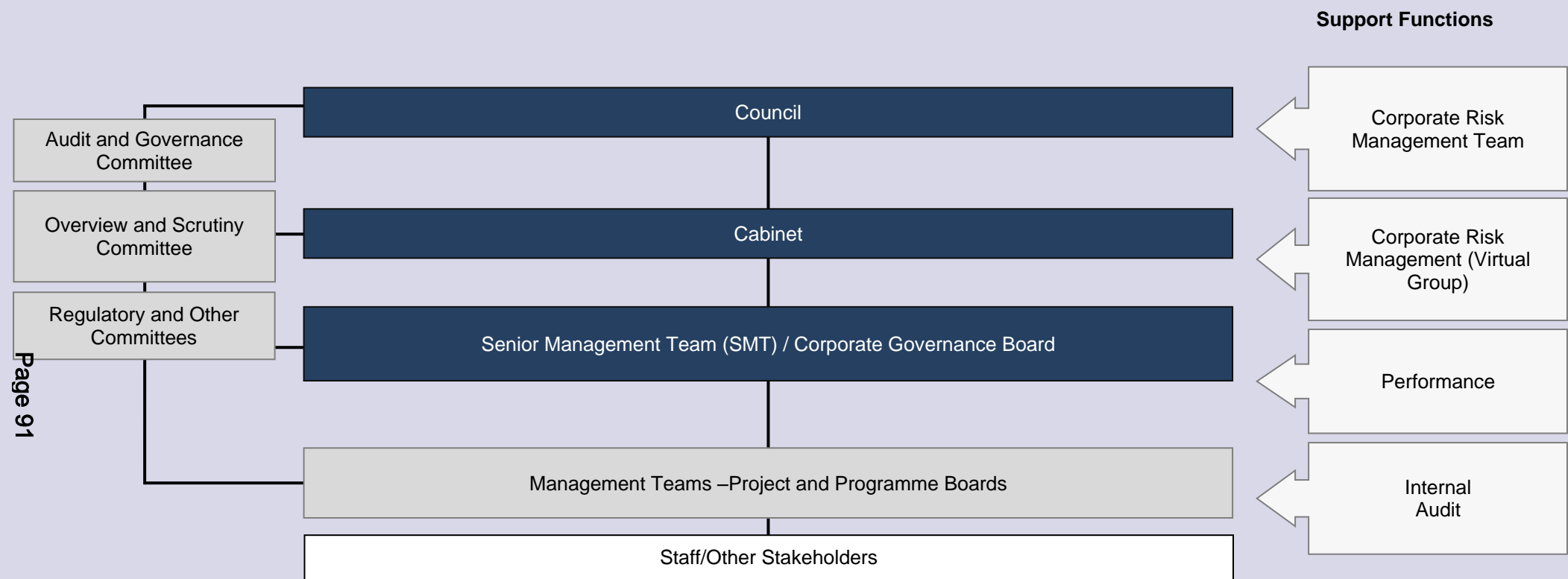
- Act as the main risk management contact/advisor for their service areas, ensuring that corporate information and requirements are communicated throughout the service areas and that key service risk information is escalated, to enable appropriate action to be taken by the Corporate Risk Management Team i.e. 'top down – bottom up' approach;
- Support the development and implementation of the council's Risk Management Policy and Strategy;
- Support the development of the Strategic Risk Register;
- Support the development of and advise on the adequacy of the service, programme, project and partnership risk registers;
- Identify and address cross cutting risks and risk management issues;
- Provide support on risk management to Corporate Directors, Service Heads and other managers within their service area;
- Promote the benefits of risk management across their service areas;
- Identify their service areas training needs and notify the Corporate Risk Management Team;
- Maintain, on behalf of their services, risk registers that comply with corporate guidelines;
- Promote and share best practice/lessons learned across the service areas; and
- Report on the progress and development of the risk management strategy within the council.

## **Internal Audit**

The role of Internal Audit in respect of risk management is to:

- Provide an annual independent, objective assessment/opinion of the effectiveness of the risk management and control processes operating within the council which feeds into the council's Annual Governance Statement;
- Provide advice and guidance on risk and control; and
- Ensure that the Internal Audit activity is focused on the key risks facing the council.

# Risk Management Governance Structure







<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b> 23 <sup>rd</sup> January 2017 8 <sup>th</sup> February 2017
<b>Subject:</b>	<b>Anti Fraud and Corruption Policy Statement and Strategy (including the Anti Bribery Policy and Anti Money Laundering Policy) 2017-2019 and the Confidential Reporting Procedure (Whistleblowing Policy).</b>	
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (Chief Internal Auditor)</b>	
<b>Wards Affected:</b>	<b>Not applicable</b>	
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework: No</b>
<b>Contact Officer:</b>	<b>Theresa Mortimer, Head of Audit Risk Assurance</b>	
	<b>Email:</b> <a href="mailto:Theresa.Mortimer@gloucester.gov.uk">Theresa.Mortimer@gloucester.gov.uk</a>	<b>Tel: 01452 326338</b>
<b>Appendices:</b>	<b>A: Anti Fraud and Corruption Policy Statement and Strategy 2017 - 2019</b> <b>1: Key Fraud Indicators</b> <b>2 Types of Fraud</b> <b>3 GCC's Fraud Response Plan</b> <b>4 Anti Bribery Policy 2017 - 2019</b> <b>5 Anti Money Laundering Policy 2017 - 2019</b> <b>6 Confidential Reporting Procedure (Whistleblowing)</b>	

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The purpose of this report is for the Audit and Governance Committee to consider and comment on the refreshed Council's Anti Fraud and Corruption Policy Statement and Strategy, including the Anti Bribery Policy, Anti Money Laundering Policy 2017-2019 and the Confidential Reporting Procedure (Whistleblowing). The strategy is based upon three key themes: Acknowledge, Prevent and Pursue and adheres to the Local Government Counter Fraud and Corruption Strategy 2016 - 2019: Fighting Fraud and Corruption Locally, which is supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre.
- 1.2 The Audit and Governance Committee's role is to provide independent assurance on the adequacy of the Council's Anti Fraud and Corruption response and framework. The strategy and associated policies attached at Appendix A, provides appropriate information to enable the Committee to reach a judgement in this area.

## 2.0 Recommendations

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

- (1) the Anti Fraud and Corruption Policy Statement and Strategy, the Anti Bribery Policy, Anti Money Laundering Policy 2017-2019 and the Confidential Reporting Procedure (Whistleblowing) be adopted and recommend its endorsement to Cabinet; and
- (2) The strategy and policies, once endorsed by Cabinet, be disseminated to managers in accordance with a Communications Plan, to reaffirm the Council's anti fraud culture and objectives.

2.2 Cabinet is asked to **RESOLVE** that :

- (1) The Anti Fraud and Corruption Policy Statement and Strategy, the Anti Bribery Policy, Anti Money Laundering Policy 2017-2019 and the Confidential Reporting Procedure (Whistleblowing) be endorsed; and
- (2) The strategy and policies be disseminated to managers in accordance with a Communications Plan, to reaffirm the Council's anti fraud culture and objectives.

## 3.0 Background and Key Issues

- 3.1 It has always been important for organisations to identify and manage their risks. This view has been reinforced by public sector legislation i.e. the Accounts and Audit Regulations 2015 where it states *'A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*
- 3.2 In addition, the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016) notes seven key principles to enable the development of good governance within public services, one of which states that good governance is 'managing risks and performance through robust internal control and strong public financial management.' Fraud risk being one of the key categories of risk.
- 3.3 The strategy is based upon three key themes: Acknowledge, Prevent and Pursue and adheres to the Local Government Counter Fraud and Corruption Strategy 2016 - 2019: Fighting Fraud and Corruption Locally, which is supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre.

### **Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy 2016 – 2019**

#### **Context**

- 3.4 Fraud has a serious impact on all parts of the economy and costs the UK in the region of £193 billion per year. The cost of fraud to the public sector is estimated at £37.5 billion a year. This is money that could be used for local services.

- 3.5 Radical changes continue as to how local services are to be delivered. The change of emphasis from the Council being a provider to a commissioner of services changes the risk profile of fraud, as well as the control environment in which risk is managed. More arms length delivery of services by third parties in the voluntary and not-for-profit sector and personal control of social care budgets, for example, will mean that more public money is entrusted to more stakeholders, whilst the controls the Council previously exercised are removed or reduced. Without new safeguards, preventing, detecting and investigating fraud will become more difficult.
- 3.6 All of these changes are happening against a backdrop of depressed economic activity in which the general fraud risk tends to increase. Harder times tend to lead to an increased motivation to defraud by some clients, suppliers and employees who are feeling the squeeze.
- 3.7 These factors suggest that this is the time to review the approach to tackle fraud against the Council and reaffirm the arrangements to ensure that Gloucester City Council (GCC) has a resilient response to the changed conditions.

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

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

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

- 5.1 In order to further enhance our current arrangements, Internal Audit is proposing the attached revised Anti Fraud and Corruption Policy Statement and Strategy, Anti Bribery Policy, Anti Money Laundering Policy 2017 - 2019 and Confidential Reporting Procedure (Whistleblowing), which has been developed in line with revised national public sector codes of practice. Once approved, the strategy and policies will be promoted via a communications plan, to raise awareness and help us to further reduce the risk of fraud within GCC. No other options were considered.

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

##### **Fraud Risk Governance**

- 6.1 In addition to the statutory requirements and codes of good practice as noted within paragraphs 3.1, 3.2 and 3.3, the Council has responded to the above by incorporating these requirements into the Council's Constitution, specifically within Financial Regulations - Audit and the Control of Resources, with the Head of Finance being responsible for the development and maintenance of an anti-fraud and anti-corruption policy.
- 6.2 In addition, the Statutory Officers namely, The Chief Executive, The Head of Finance and the Monitoring Officer, review all irregularities and cases on a regular basis and External Audit annually assesses the effectiveness of the Council's anti fraud and corruption arrangements.

## **Audit and Governance Committee**

- 6.3 The Audit and Governance Committee has a specific role in relation to fraud and irregularity, which is to monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.

## **7.0 Future Work and Conclusions**

- 7.1 Attachment A to this report sets out the anti fraud strategy and policies, which set out the Council's required anti fraud culture and associated responses. The aims of these policies are to protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Gloucester's residents and visitors.
- 7.2 The implementation of the fraud policies will be monitored by the Senior Management Team and the relevant assurances provided to the Audit and Governance Committee.

## **8.0 Financial Implications**

- 8.1 There are no financial implications arising directly from this report. Implementation and delivery actions will be met from existing resources.

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

## **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations. In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

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

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Non compliance with legislation/mandatory professional standards / Codes of Practice.
- 10.2 Failure to fight fraud and implement an effective Anti Fraud and Corruption culture means that for every pound lost through fraud cannot be spent on providing public services.

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

- 11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*

The implementation of the fraud policies will ensure compliance with the Council's equality policies.



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

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

### Staffing & Trade Union

- 12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

## **Background Documents:**

- Accounts and Audit Regulations 2015;
- Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE);
- Gloucester City Council's Constitution; and
- Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy 2016 – 2019.

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# Anti-fraud and Corruption

Policy Statement and Strategy  
2017-2019

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# Anti Fraud and Corruption Policy Statement

Fraud costs the UK economy around £193 billion a year – equating to more than £6,000 lost per second every day. It dwarfs previous estimates produced by the UK Government which put the figure at around £50 billion in 2013. Fraud in the public sector is around £37.5 billion and is equivalent to 5.5 per cent of the £694 billion spent annually.

This statement sets out the Council's policy in relation to fraud and corruption. It has the full support of the Council, the Council's Audit and Governance Committee and Senior Management Team.

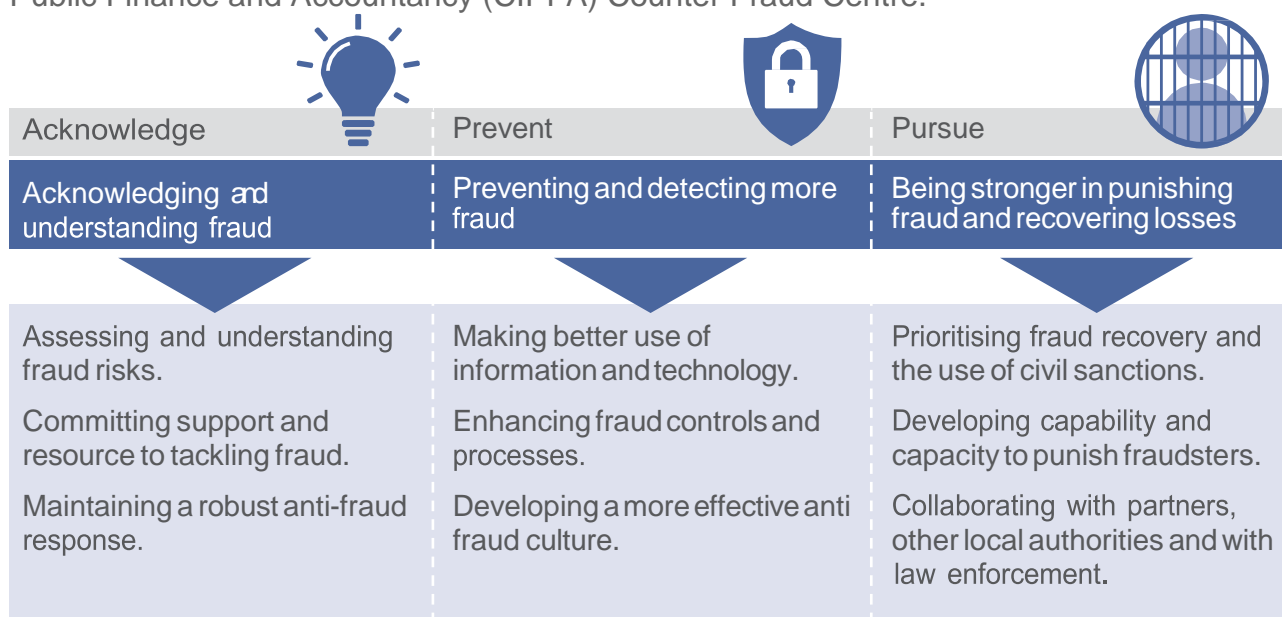
The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, bribery or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.

To fulfil the Council's Strategy, we need to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and misappropriation to zero.

This policy statement is underpinned by an Anti Fraud and Corruption Strategy, which sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

The strategy is based upon three key themes: **Acknowledge, Prevent and Pursue** and adheres to the Local Government Counter Fraud and Corruption Strategy 2016 - 2019: Fighting Fraud and Corruption Locally, which is supported by the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre.



# Anti Fraud and Corruption Strategy

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Gloucester City Council has a **zero tolerance** stance to all forms of fraud, bribery, corruption and theft, both from within the Council and from external sources. We recognise fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and services available for the residents of Gloucester; and
- Result in major consequences which reduce public confidence in the Council.

## What is Fraud?

**Fraud:** Is defined by the [Fraud Act 2006](#) (at [UK Legislation](#)) as follows:

A person is guilty of fraud if she/he is in breach of any of the following:

- Fraud by false representation: that is if a person:
  - (a) Dishonestly makes a false representation; and
  - (b) Intends, by making the representation:
    - (1) To make a gain for him/herself or another; or
    - (2) To cause loss to another or to expose another to the risk of loss.
- Fraud by failing to disclose information: that is if a person:
  - (a) Dishonestly fails to disclose to another person information which she/he is under a legal duty to disclose; and
  - (b) Intends, by failing to disclose the information:
    - (1) to make gain for him/herself or another; or
    - (2) to cause loss to another or to expose another to the risk of loss.
- Fraud by abuse of position: that is if a person:
  - (a) Occupies a position in which he is expected to safeguard, or not to act against the financial interests of another person;
  - (b) Dishonestly abuses that position; and
  - (c) Intends, by means of the abuse of that position to:
    - (1) Make a gain for her/himself or another; or
    - (2) Cause loss to another or to expose another to the risk of loss.

In addition the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business, and obtaining services dishonestly, personally or for another.

## What is Corruption?

Corruption is the deliberate misuse of your position for direct or indirect personal gain. “Corruption” includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else. [The Bribery Act 2010](#) (at [UK Legislation](#)) makes it possible for Senior Officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

The Act also created the Corporate Offence of “Failing to prevent bribery on behalf of a commercial organisation” (corporate liability).

To protect itself against the corporate offence, the Act also requires organisations to have “adequate procedures in place to prevent bribery”. This strategy, the GCC Codes of Conduct (Members and Officers) and the Council’s Confidential Reporting Procedure (Whistleblowing) are designed to meet that requirement.

## What is Bribery?

The Bribery Act 2010 came into force in the UK on 1st July 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. This applies to both individual staff and the Council corporately.

The Bribery Act creates the following offences:

- Active bribery: promising or giving a financial or other advantage;
- Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribery of foreign public officials; and
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years. These responsibilities are set out within the Council’s Anti Bribery Policy (Appendix 4).

## What is Theft?

Theft is the physical misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly takes property belonging to another, with the intention of permanently depriving the other of it.

## What is Money Laundering?

Money Laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origin and ownership whilst retaining use of the funds.

The burden of identifying and reporting acts of money laundering rests within the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Money Laundering Reporting Officer.

The Council recognises its responsibilities under the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002. These responsibilities are set out within the Council's Anti Money Laundering Policy (Appendix 5).

## Scope

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This strategy applies to:

- All Gloucester City Council employees (including volunteers and agency staff);
- Councillors;
- Staff and Committee Members of council funded voluntary organisations;
- Gloucester City Council partners;
- NHS partners;
- Gloucester City Council's suppliers, contractors and consultants;
- Service Users; and
- Gloucester City residents.



## What are the aims and objectives of the strategy?

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We aim to:

- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Gloucester's residents and visitors;
- Create and promote an 'anti fraud' culture which highlights the Council's **zero tolerance** of fraud, bribery, corruption and theft;
- Provide a Counter Fraud Service which:
  - Ensures that the resources dedicated are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards;
  - Proactively deters, prevents and detects fraud, bribery, corruption and theft;
  - Investigates suspected or detected fraud, bribery, corruption and theft;
  - Enables the Council to apply appropriate sanctions and recover all losses. In addition wherever possible the Council seeks to recover all proven financial losses through court action or by invoicing an individual. Where an employee is a member of the Local Government Pension Scheme, then in accordance with the provisions of those pension schemes, the Council will seek to recover any money owing as a result of that employee's grave misconduct, criminal, negligent or fraudulent acts or omission from the employee's pension benefits. Alternatively and again in accordance with the provisions of those pension schemes, the Council will seek full forfeiture of that members pension benefits where applicable.
- Provides recommendations to inform policy, system, risk management and control improvements, thereby reducing the Council's exposure to fraudulent activity;
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

# What is GCC's approach to Countering Fraud?

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## Managing the Risk of Fraud and Corruption

- As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plan, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than the actual incidence of fraud having occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.
- Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase the risk or otherwise change the risk of fraud, bribery and corruption, are properly taken into account.
- Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.
- Whilst all stakeholders in scope have a part to play in reducing the risk fraud, GCC's Members, Corporate Directors and Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.
- GCC will fulfil the responsibility to reduce fraud and protect our resources by a strategic approach consistent with that outlined in the Local Government Counter Fraud and Corruption Strategy 2016-2019 and CIPFA's Fighting Fraud and Corruption Locally publication.

# Fighting Fraud and Corruption Locally: Acknowledge, Prevent, Pursue

ACKNOWLEDGE	Committing Support	The Council's commitment to tackling the threat of fraud is clear. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations.
	Assessing Risks	We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities. In addition, Internal Audit will carry out work in these high risk areas to assist management in detecting existing and new types of fraudulent activity. <b>Examples of fraud indicators are provided at Appendix 1 and types of fraud are provided at Appendix 2.</b>
	Robust Response	We will strengthen measures to prevent fraud. Internal Audit will work with our internal partners such as management, HR, Finance, Legal, policy makers and external partners, to ensure new and existing systems and policy initiatives are adequately fraud proofed.
PREVENT	Better use of Information Technology	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
	Anti Fraud Culture	We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning tool and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.
PURSUE	Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
	Enforcement	Appropriately trained investigators will investigate any fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders, or received via the confidential reporting procedure (whistleblowing). We will also work with relevant internal and external partners/external agencies/organisations.

# Responsibilities

Stakeholder	Specific Responsibilities
Chief Executive	Accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Conduct/Practice. Overall responsibility for the maintenance and operation of the Confidential Reporting Procedure for Employees (Whistleblowing).
Head of Finance (Section 151 Officer)	To ensure the Council has adopted and implemented an appropriate Anti Fraud and Corruption Policy/Strategy and that the Council has an adequately resourced and effective Internal Audit service to deliver "counter fraud" activity.
Audit and Governance Committee	To monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
Members	To comply with the Members Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.
Internal Audit	Responsible for developing and promoting to the Council the requirements of the Anti Fraud and Corruption Strategy and monitoring and/or undertaking the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence. <b>Please see Appendix 3 – Fraud Response Plan.</b>
Heads of Service / Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to the Monitoring Officer and/or the Chief Internal Auditor. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management, the Monitoring Officer, Chief Internal Auditor or via the Whistleblowing procedure.
Public, Service Users, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

## Reporting, Advice and Support

The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If you believe that someone is committing a fraud or you suspect corrupt practices, these concerns should be raised, in the first instance, directly with your supervisor/business unit manager.

Alternatively, you may raise any concern with the Council's Monitoring Officer, or the Council's Internal auditor in accordance with the Council's confidential reporting procedure (whistleblowing). We will treat all concerns or suspicions with discretion and in confidence. The whistleblowing policy can be found at Appendix 6.

### Employees

Employees who wish to raise a serious concern, require advice and/or support, should do so verbally or in writing (marked 'Confidential') to either of the following:

Role	Officer Name/Co.	Tel. No.	E-mail Address
Monitoring Officer	Jonathan Lund	01452 396276	<a href="mailto:Jonathan.Lund@gloucester.gov.uk">Jonathan.Lund@gloucester.gov.uk</a>
Head of Finance (Section 151 Officer)	Jon Topping	01452 396242	<a href="mailto:jon.topping@gloucester.gov.uk">jon.topping@gloucester.gov.uk</a>
GCC's Chief Internal Auditor	Theresa Mortimer	01452 396338	<a href="mailto:theresa.mortimer@gloucester.gov.uk">theresa.mortimer@gloucester.gov.uk</a>
Public Concern at Work	(Independent whistleblowing charity)	Helpline: (020) 7404 6609	E-mail: <a href="mailto:whistle@pcaw.co.uk">whistle@pcaw.co.uk</a> Website: <a href="http://www.pcaw.co.uk">www.pcaw.co.uk</a>

## Members of the Public / External Providers / Partners

If the informant is a member of the public, external contractor or partner they should contact the Council's Chief Internal Auditor to report any concerns of fraudulent activity.

### Housing Benefit Fraud

Allegations relating to Housing Benefit fraud will be passed to the Civica Benefits Team for initial investigation. Under the new Single Fraud Investigation Service (SFIS), the investigation of Benefit fraud is undertaken by the Department of Work and Pensions (DWP). If this initial investigation carried out identifies that a benefit claim maybe fraudulent, then it will be passed to the DWP for formal investigation.

All concerns in relation to possible financial impropriety will be reported to the Head of Finance and/or the Chief Internal Auditor.

## Further Information

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Further information on relevant Council policy and practice and relevant publications can be found in the following documents:

- The Constitution (PDF) includes Financial Regulations, Members Code of Conduct and Contract Standing Orders;
- [Fraud Response Plan](#) (Appendix 3);
- [Anti Bribery Policy](#) (Appendix 4);
- [Anti Money Laundering Policy](#) (Appendix 5);
- [Confidential Reporting Procedure \(Whistleblowing\)](#) (Appendix 6);
- Risk Management Policy Statement and Strategy;
- Internal Audit Charter;
- Information Security Policy;
- Officers Code of Conduct;
- [The Local Government Transparency Code 2015](#) (at [Gov.uk](#));
- [National Fraud Initiative](#) (NFI) (at [Gov.uk](#)); and
- [Fighting Fraud and Corruption Locally](#) (at the [Chartered Institute of Public Finance & Accountancy](#)).

## Strategy Review

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The Head of Finance and the Audit and Governance Committee will ensure the continuous review and amendment of this strategy and the relevant associated policies as necessary to ensure that it remains compliant with good practice, national public sector Codes of Practice and meets the needs of the Council.

Responsible Officer: Chief Internal Auditor

Review date: Frequency as required by legislative changes / November 2018

## Appendix 1 Key fraud indicators

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A number of frauds can come to light because of suspicions aroused by, for instance, the behaviour of certain individuals. It is impossible to give a definitive list of fraud indicators or warning signs. However, the following are indicators that may, either alone or cumulatively with other factors, suggest the possibility of fraud and may therefore warrant further investigation or enquiry.

- **Unusual employee behaviour:** Refusal to comply with normal rules and practices, fails to take leave, refusing promotion, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regularly working long hours, job dissatisfaction / unhappy employee, secretiveness or undue defensiveness.
- **Financial irregularities:** Key documents missing (e.g. invoices, contracts); absence of controls and audit trails; missing expenditure vouchers and official records; general ledger out of balance; bank and ledger reconciliations are not maintained or cannot be balanced; excessive movements of cash or transactions between accounts; numerous adjustments or exceptions; constant overdue pay or expense advances; duplicate payments; ghost employees on the payroll; large payments to individuals; excessive variations to budgets or contracts.
- **Poor procurement practice:** Too close a relationship with suppliers/contractors; suppliers / contractors who insist on dealing with only one particular member of staff; unjustified disqualification of any bidder; lowest tenders or quotes passed over with minimal explanation recorded; defining needs in ways that can be met only by specific contractors; single vendors; vague specifications; splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval.
- **Disorganisation:** Understaffing in key control areas; consistent failures to correct major weaknesses in internal control; inadequate or no segregation of duties.
- **Inadequate supervision:** Policies not being followed; lack of senior management oversight; inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation); low staff morale, weak or inconsistent management.
- **Lax corporate culture:** Management frequently override internal control; climate of fear or a corporate culture; employees under stress without excessive workloads; new employees resigning quickly; crisis management coupled with a pressured business environment; high employee turnover rates in key controlling functions.
- **Poor work practices:** Lack of common sense controls; work is left until the employee returns from leave; post office boxes as shipping addresses; documentation that is photocopied or lacking essential information; lack of rotation of duties; unauthorised changes to systems or work practices.



## Appendix 2 Types of Fraud

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Local authorities have reported a wide range of fraud types. The main areas of fraud that were reported in Fighting Fraud Locally 2011 continue to feature as significant risks. However, there are also new fraud types emerging and some of these are more prevalent in particular parts of the country. It is clear that a one size fits all approach is not appropriate and therefore the Council needs to remain vigilant and be aware of these types of fraud risks.

### Known Fraud Risks Remaining Significant

**Council tax** – Discounts and exemptions, council tax support.

**Grants** – Work not carried out, funds diverted, ineligibility not declared.

**Identity fraud** – False identity / fictitious persons applying for services / payments.

**Internal fraud** – Diverting council monies to a personal account; accepting bribes; stealing cash; misallocating social housing for personal gain; working elsewhere while claiming to be off sick; false overtime claims; selling council property for personal gain; wrongfully claiming benefit while working.

**Payroll** – False employees, overtime claims, expenses.

**Pensions** – Deceased pensioner, overpayments, entitlement overstated.

**Procurement** – Tendering issues, split contracts, double invoicing.

**Tenancy** – Fraudulent applications for housing or successions of tenancy, and subletting of the property.

### Emerging / Increasing Fraud Risks

**Business rates** – Fraudulent applications for exemptions and reliefs, unlisted properties.

**Commissioning of services** – Including joint commissioning, third sector partnerships – conflicts of interest, collusion.

**Cyber dependent crime and cyber enabled fraud** – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

**Disabled Facility Grants** – Fraudulent applications for adaptations to homes aimed at the disabled.

**Immigration** – Including sham marriages. False entitlement to services and payments.

**Insurance Fraud** – False claims including slips and trips.

**Local Enterprise Partnerships** – Voluntary partnerships between local authorities and businesses. Procurement fraud, grant fraud.

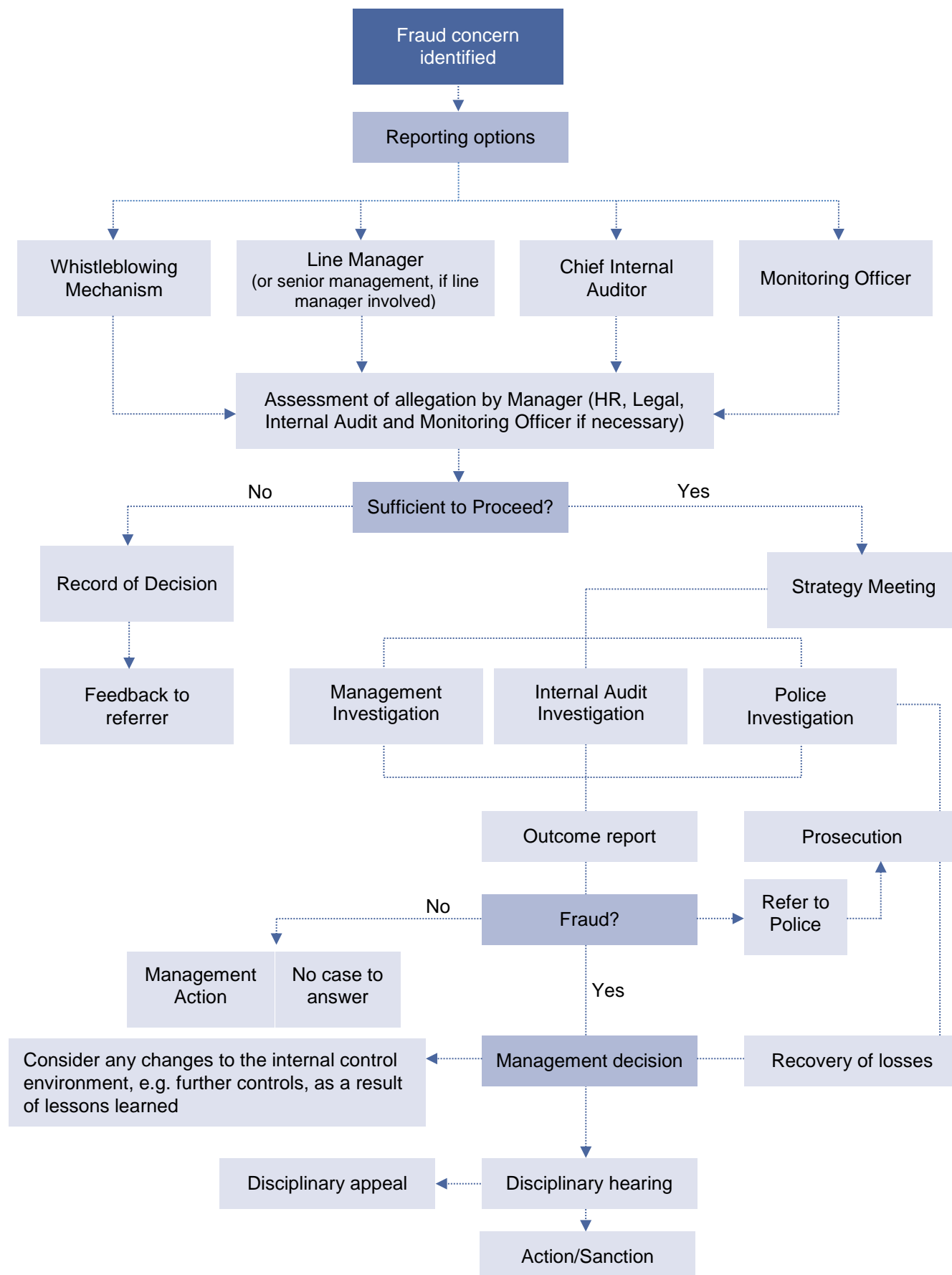
**New Responsibilities** – Areas that have transferred to local authority responsibility e.g. Public Health grants, contracts.

**Money laundering** – Exposure to suspect transactions.

**No recourse to public funds** – Fraudulent claim of eligibility.

**Right to buy** – Fraudulent applications under the right to buy/acquire.

## Appendix 3 GCC's Fraud Response Plan



## Appendix 4 Anti-Bribery Policy

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### Introduction

The Council is committed to implementing and enforcing effective systems to counter bribery. Therefore, it is the council's policy to conduct all aspects of its business in an honest and ethical manner at all times.

### Bribery Act 2010

The Bribery Act 2010 came into force in the UK on 1st July 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. This applies to both individual staff and the council corporately. The Bribery Act creates the following offences:

- Active bribery: promising or giving a financial or other advantage;
- Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribery of foreign public officials; and
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

Full details of the Act can be found at:

<http://www.legislation.gov.uk/ukpga/2010/23/contents>

### Policy

The aim of this policy is to help the Council act in accordance with the Bribery Act 2010, maintain the highest possible standards of business practice, and advise individuals of the Council's 'zero-tolerance' to bribery.

This policy applies to all councillors, permanent and fixed-term staff employed by the Council, and any contractors, consultants or other persons acting within or on behalf of the Council.

The Council will not:

- Make contributions of any kind with the purpose of gaining any commercial advantage;
- Provide gifts or hospitality with the intention of persuading anyone to act improperly, or to influence a public official in the performance of their duties; and
- Make, or accept, inducements of any kind.

## **Council Responsibility**

The Council will:

- Keep appropriate internal records that will evidence the business reason for making any payments to third parties;
- Encourage employees to raise concerns about any issue or suspicion of malpractice at the earliest possible stage; and
- Ensure that anyone raising a concern about bribery will not suffer any detriment as a result, even if their concerns are not validated, providing there is no malicious intent.

## **Employee Responsibility**

Employees must not:

- Accept any financial or other reward from any person in return for providing some favour;
- Request a financial or other reward from any person in return for providing some favour; and
- Offer any financial or other reward to any person in return for providing some favour.

## **Non Compliance**

All employees have a role to play in enforcing the policy and are required to report any suspected breach in accordance with the Council's whistleblowing policy.

The Council will not tolerate bribery or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of bribery or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution under the Bribery Act 2010.

## Appendix 5 Anti-Money Laundering Policy

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### Introduction

The Proceeds of Crime Act (POCA) 2002, Money Laundering Regulations 2007 and the Terrorism Act 2000 place obligations on the Council and its employees with respect to suspected money laundering. These obligations impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering. This Policy sets out how any concerns should be raised.

Whilst the majority of money laundering activity in the UK falls outside of the public sector, vigilance by employees of the Council can help identify those who are or may be perpetrating crimes relating to the financing of terrorism and money laundering.

### Scope of the Policy

This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

### What is Money Laundering?

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. In other words, the process of changing 'bad' money into 'good' money in order to hide the fact that the money originated from criminal activity. Formally, the following acts constitute money laundering:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Proceeds of Crime Act 2002); or
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328);
- Acquiring, using or possessing criminal property (section 329); or
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorism Act 2000).

These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the primary offences and tipping off. Tipping off is where someone informs a person or people who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

Potentially any member of staff could be implicated by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it.

### Failure to disclose (section 330)

A person commits an offence if each of the following three conditions are satisfied;

- they know or have reasonable grounds to suspect that another person is engaged in money laundering;
- the information or knowledge in which they have grounds for suspicion is received in the course of business in the regulated sector; and
- the required disclosure is not made as soon as is practicable after the information comes to them.

A person does not commit an offence under this section if:

- there is a reasonable excuse for not disclosing this information or other matter;
- they provide professional legal advice and the information came to them in privileged circumstances; and
- they do not know or suspect money laundering, or have not been provided with such training as specified by the Secretary of State.

Whilst the risk to the Council of contravening the legislation is low, ***it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation.***

### What are the Obligations on the Council?

Organisations conducting "relevant business" must:

- appoint a Money Laundering Reporting Officer ("MLRO") to receive disclosures from employees of money laundering activity (their own or anyone else's);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.

Not all of the council's business is "relevant" for the purposes of the legislation. It is mainly the accountancy and audit services carried out by the financial service functions within the council and the financial, company and property transactions undertaken by Legal Services.

However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in the [Disclosure Procedure](#) section below.

## **The Money Laundering Reporting Officer (MLRO)**

The officer nominated to receive disclosures about money laundering activity within the Council is the Chief Financial Officer Contact details are provided below:

Jon Topping  
Head of Finance (S151 Officer),  
Gloucester City Council,  
Herbert Warehouse,  
The Docks,  
Gloucester,  
Gloucestershire.  
GL1 2EQ

Email: [Jon.Topping@gloucester.gov.uk](mailto:Jon.Topping@gloucester.gov.uk)  
Telephone: 01452 396242 (direct line)

In the absence of the MLRO, the Monitoring Officer is authorised to deputise.

## **Disclosure Procedure**

### **Cash Payments:**

No payment to the council will be accepted in cash (including notes, coins or travellers cheques in any currency) if it exceeds £5,000. Cash payments in excess of £10,000 received in more than one transaction within a twelve month period must also be treated as suspicious.

Even if the cash value is less than £5,000 and there is suspicion that the monies are from proceeds of crime then it should still be reported to the MLRO.

Any officer involved in a transaction of this kind should ensure that the person(s) provide satisfactory evidence of their personal identity.

## Reporting to the Money Laundering Reporting Officer

Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO.

Your disclosure should be made to the MLRO using the pro-forma report form on Staffnet Money Laundering page. The report must include as much detail as possible.

The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.

The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering otherwise you may commit a criminal offence of "tipping off". They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion, through a request to see their file. The MLRO will keep the appropriate records in a confidential manner.

Full details of the people involved (including you, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc. will be required. If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 - 329 of the 2002 Act, then your report must include all relevant details, as you will need consent from the National Crime Agency (NCA) via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given.

You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline;

Once you have reported the matter to the MLRO you must follow any directions he may give you. You must **not** make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the Serious Organised Crime Agency (SOCA) if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

## Client Identification Procedure (Customer Due Diligence)

Where the Council is carrying out relevant business (e.g. accountancy, audit and certain legal services) it must apply customer due diligence measures:

- a) when you establish a business relationship;
- b) when you carry out an 'occasional transaction' worth €15,000 (approximately £10,000) or more;
- c) when you suspect money laundering or terrorist financing;



- d) when you have doubts about a customer's identification information that you obtained previously;
- e) when it's necessary for existing customers - for example if their circumstances change.

A business relationship is one that you enter into with a customer where both of you expect that the relationship will be ongoing. It can be a formal or an informal arrangement.

When a new business relationship is established the Council needs to obtain information on:

- the purpose of the relationship;
- the intended nature of the relationship - for example where funds will come from, the purpose of transactions, and so on.

The type of information that you need to obtain may include:

- details of your customer's business or employment;
- the source and origin of funds that the customer will be using in the relationship;
- copies of recent and current financial statements;
- details of the relationships between signatories and any underlying beneficial owners;
- the expected level and type of activity that will take place in the relationship.

**Please note that unlike the reporting procedure, the client identification procedure is restricted to those operating relevant business, i.e. Financial Services and Legal Services.**

In the above circumstances, staff in the relevant unit of the Council must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after instructions are received (unless evidence of the client has already been obtained). This applies to existing clients, as well as new ones, but identification evidence is not required for matters entered into prior to 1 March 2004.

Once instructions to provide relevant business have been received, and it has been established that any of paragraphs (a) to (e) apply, evidence of identity should be obtained.

With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.

In all cases, the evidence should be retained for at least five years from the **end** of the business relationship or transaction(s).

**If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.**

## Record Keeping Procedures

The MLRO should retain records of all referrals made to them and of any action taken. The precise nature of these records is not set out in law but should be capable of providing an audit trail during any subsequent investigation.

All records should be retained for at least five years. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

## Guidance and Training

In support of this policy, the Council will:

- make staff aware of the requirements and obligations under the anti-money laundering policy legislation; and
- provide training to those most likely to encounter money laundering.

## Conclusion

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written to support the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.

Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

## Further Information

Further information relating to the anti-money laundering policy can be found at the following links:

- [National Crime Agency \(NCA\)](#)
- [Money Laundering Regulations 2007](#)
- [Terrorism Act 2002 - Code of Practice](#)
- [CIPFA Guidance on Money Laundering](#)
- [Proceeds of Crime Act 2002](#)
- Money Laundering Disclosure Form
- Guidance for MLRO

## Appendix 6 Whistleblowing Policy

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### About this policy

We are committed to conducting our business with honesty and integrity, and we expect all staff to maintain high standards in accordance with Gloucester City Council's Codes of Conduct. However, all organisations face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential in order to prevent such situations occurring and to address them when they do occur.

The aims of this policy are:

- To encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- To provide staff with guidance on how to raise those concerns; and
- To reassure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken, providing they have reasonable belief that they have raised a concern in the public interest.

This policy covers all employees, Members, apprentices, consultants, contractors, volunteers, interns, casual workers, partner organisations and agency workers.

This policy takes account of the [Whistleblowing Arrangements Code of Practice](#) issued by the [British Standards Institute](#) and [Public Concern at Work](#).

This policy maybe amended at any time.

### Responsibility for the policy

The Monitoring Officer has overall responsibility for this policy, and for reviewing the effectiveness of actions taken in response to concerns raised under this policy.

The Monitoring Officer has day-to-day operational responsibility for this policy, and must ensure that all managers and other staff who may deal with concerns or investigations under this policy receive regular and appropriate training.

The Monitoring Officer, in conjunction with The Audit and Governance Committee should review this policy from a legal and operational perspective at least once a year.

All staff are responsible for the success of this policy and should ensure that they use it to disclose any suspected irregularity, danger or wrongdoing.

## What is whistleblowing?

Whistleblowing is the disclosure of information which relates to suspected irregularity, wrongdoing or dangers at work. This may include:

- Criminal activity;
- Failure to comply with any legal or professional obligation or regulatory requirements;
- Miscarriages of justice;
- Danger to health and safety;
- Damage to the environment;
- Bribery;
- Financial fraud or mismanagement;
- Negligence;
- Breach of our internal policies and procedures including our Code of Conduct;
- Conduct likely to damage our reputation;
- Unauthorised disclosure of confidential information;
- The deliberate concealment of any of the above.

A whistleblower is a person who raises a genuine concern relating to any of the above. If you have any genuine concerns related to suspected irregularity affecting any of our activities (a whistleblowing concern) you should report it under this policy.

This policy should not be used for complaints relating to your own personal circumstances, such as the way you have been treated at work. In those cases you should use the Grievance Procedure or the Dignity and Respect at Work Policy, as appropriate.

If you are uncertain whether something is within the scope of this policy you should seek advice from the Monitoring Officer whose contact details are at the end of this policy.

## Raising a whistleblowing concern

We hope that in many cases you will be able to raise any concerns with your line manager. You may tell them in person or put the matter in writing if you prefer. They may be able to agree a way of resolving your concern quickly and effectively. In some cases they may refer the matter to the Monitoring Officer.

However, where the matter is more serious, or you feel that your line manager has not addressed your concern, or you prefer not to raise it with them for any reason, you should contact one of the following:

- a) The Monitoring Officer;
- b) Head of Finance (Section 151 Officer);
- c) Chief Internal Auditor;
- d) Head of Service.

Contact details for a), b) and c) are set out at the end of this policy. If you do not know who the relevant Head of Service is for your role this can be obtained from the Monitoring Officer.

Employees who wish to make a written statement/report are invited to set out:

- the background and history of the concern;
- relevant dates, person/s involved; and
- details of supporting evidence.

Although employees are not expected to prove an allegation they will need to demonstrate that the disclosure is in the public interest.

## **How the Council will respond**

Once you have raised a concern, we will carry out an initial assessment to determine the scope of any investigation. We will inform you of the outcome of our assessment.

You may be required to attend additional meetings in order to provide further information.

In some cases we may appoint an investigator or team of investigators including staff with relevant experience of investigations or specialist knowledge of the subject matter. The investigator(s) may make recommendations for change to enable us to minimise the risk of future wrongdoing. The overriding principle which the Council will take into account is public interest; however, the Council has a zero tolerance attitude to any fraudulent activity

We will aim to keep you informed of the progress of the investigation and its likely timescale. However, sometimes the need for confidentiality may prevent us giving you specific details of the investigation or any disciplinary action taken as a result. You should treat any information about the investigation as confidential.

Within 10 working days of a concern being raised, the Monitoring Officer will write to the employee concerned at their private address:

- acknowledging that the concern has been received;
- indicating how s/he proposes to deal with the matter;
- telling the employee whether any initial enquiries have been made; and
- telling the employee whether further investigations will take place and, if not, why not.

A representative of a trade union recognised by the Council or work place colleague may accompany an employee during any stage of an investigation conducted under this Procedure. Your companion must respect the confidentiality of the disclosure and any subsequent investigation.

The Council will take steps to minimise any difficulties which may be experienced as a result of raising a concern. For instance, where an employee is required to give evidence in criminal or disciplinary proceedings the Council will arrange for them to receive advice about the procedures involved.

The Council accepts that employees need to be assured that matters of concern have been properly addressed and therefore, subject to legal constraints, employees will be informed of the outcome of any investigation.

If we conclude that a whistleblower has made false allegations maliciously or with a view to personal gain, the whistleblower will be subject to disciplinary action.

The Monitoring Officer will keep a record of reported whistleblowing concerns (whistleblowing record) under their obligations. All line managers, persons listed on page 30 and investigator(s) are responsible for updating the Monitoring Officer with the necessary details for maintaining the whistleblowing record.

## **Confidentiality**

We hope that staff will feel able to voice whistleblowing concerns openly under this policy. However, if you want to raise your concern confidentially, we will make every effort to keep your identity secret. If it is necessary for anyone investigating your concern to know your identity, we will discuss this with you.

We do not encourage staff to make disclosures anonymously. Proper investigation may be more difficult or impossible if we cannot obtain further information from you. It is also more difficult to establish whether any allegations are credible. Whistleblowers who are concerned about possible reprisals if their identity is revealed should come forward to the Monitoring Officer or one of the other contact points listed on page 30, and appropriate measures can then be taken to preserve confidentiality. If you are in any doubt you can seek advice from Public Concern at Work, the independent whistleblowing charity, who offer a confidential helpline. Their contact details are at the end of this policy.

## **If you are not satisfied**

While we cannot always guarantee the outcome you are seeking, we will try to deal with your concern fairly and in an appropriate way. By using this policy you can help us to achieve this.

If you are not happy with the way in which your concern has been handled, you can raise it with one of the other key contacts in the [contacts](#) section. Alternatively you may contact our external auditors (who may liaise with officers of the Council). Contact details are set out at the end of this policy.

## **External disclosures**

The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. In most cases you should not find it necessary to alert anyone externally.

The law recognises that in some circumstances it may be appropriate for you to report your concerns to an external body such as a regulator. It will very rarely, if ever, be appropriate to alert the media. We strongly encourage you to seek advice before reporting a concern to anyone external. The independent whistleblowing charity, Public Concern at Work, operates a confidential helpline. They also have a list of prescribed regulators for reporting certain types of concern, such as health and safety, financial conduct, etc. Their contact details are at the end of this policy.

Whistleblowing concerns usually relate to the conduct of our staff, but they may sometimes relate to the actions of a third party, such as a customer, supplier or service provider. In some circumstances the law will protect you if you raise the matter with the third party directly. However, we encourage you to report such concerns internally first. You should contact your line manager or one of the other individuals set out in [contacts](#) section for guidance.

## **Protection and support for whistleblowers**

It is understandable that whistleblowers are sometimes worried about possible repercussions. We aim to encourage openness and will support staff that raise genuine concerns under this policy, even if they turn out to be mistaken.

Whistleblowers must not suffer any detrimental treatment as a result of raising a concern. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Monitoring Officer immediately. If the matter is not remedied you should raise it formally using our Grievance Procedure.

You must not threaten or retaliate against whistleblowers in any way. If you are involved in such conduct you may be subject to disciplinary action.

## **Contacts**

Monitoring Officer: Jonathan Lund  
01452 396276  
[jonathan.lund@gloucester.gov.uk](mailto:jonathan.lund@gloucester.gov.uk)

Head of Finance (Section 151 Officer): Jon Topping  
01452 396242  
[jon.topping@gloucester.gov.uk](mailto:jon.topping@gloucester.gov.uk)

Chief Internal Auditor: Theresa Mortimer  
01452 396338  
[theresa.mortimer@gloucester.gov.uk](mailto:theresa.mortimer@gloucester.gov.uk)

Gloucester City Council's external auditors  
KPMG LLP (UK)  
0808 101 5341  
[www.kpmg.com/uk](http://www.kpmg.com/uk)

Public Concern at Work  
(Independent whistleblowing charity)  
Helpline: (020) 7404 6609  
E-mail: [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk)  
Website: [www.pcaw.co.uk](http://www.pcaw.co.uk)







**Gloucester City Council**  
**Audit and Governance Work Programme 2017**  
**(Updated 13 January 2017)**

Item	Format	Committees	Lead Officer	Comments
<b>23 January 2017</b>				
1. Audit and Governance Committee Action Plan	Timetable	-----	-----	Standing agenda item requested by the Committee
2. KPMG Grants Audit Report	Written Report	Audit and Gov	KPMG	Part of the Committee's annual work programme
3. Internal Audit Plan 2016/17 – Progress Report (Including Amey Audit Report)	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's annual work programme
4. Risk Management Policy Statement and Strategy 2017 - 2020	Written report	Audit and Gov Cabinet	Head of IA&RM Shared Service	Part of the Committee's annual work programme
5. Self Assessment of Risk Management arrangements at Gloucester City Council against ISO31000 Risk Management – Principles and Guidelines and associated Action Plan.	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's work programme
6. Annual Governance Statement Improvement Plan 2015/2016	Written report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's work programme
7. Anti Fraud and Corruption Policy Statement and Strategy, Anti Bribery Policy, Anti Money Laundering Policy 2017 – 2019 and Confidential Reporting Procedure (Whistleblowing)	Written report	Audit and Gov Cabinet	Head of IA&RM Shared Service	Part of the Committee's work programme
8. Audit and Governance Committee Work Programme	Timetable	-----	-----	Standing Agenda Item
<b>13 March 2017</b>				
1. Audit and Governance Committee Action Plan	Timetable	-----	-----	Standing agenda item requested by the Committee

2. KPMG Technical Audit	Written Report	Audit and Gov	KPMG	Part of the Committee's annual work programme
3. KPMG – External Audit Plan 2016/17	Written Report	Audit and Gov	KPMG	Part of the Committee's annual work programme
4. Benefit Audit Update on Accuracy Rate	Written Report			Part of the Committee's annual work programme
5. KPMG – External Audit Technical Update	Written Report	Audit and Gov	KPMG	Part of the Committee's annual work programme
6. Treasury Management Strategy	Written Report	Audit and Gov  Cabinet  Council	Head of Finance	Part of the Committee's annual work programme
7. Annual Risk Management Report	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's annual work programme
8. Internal Audit Plan 2016/17 – Monitoring Report	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's annual work programme
9. Internal Audit Plan 2017/18	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's annual work programme
10. KPMG Grants Audit Report	Written report	Audit and Gov	KPMG	Part of the Committee's annual work programme
11. Anti-Fraud Corruption Strategy Review.	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's annual work programme
12. Audit and Governance Committee Work Programme	Timetable	-----	-----	Standing Agenda Item

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

- Update report on Peer Review visit
- Review of Benefit Audit Accuracy Rate (June 2017)