

# Governance Committee AGENDA



THE PUBLIC MAY ATTEND THIS MEETING

Please note this meeting will be webcast and audio recorded.

Date: Wednesday, 26 March 2014

Time: 19:15

Venue: Committee Room1, Braintree District Council, Causeway House,  
Bocking End, Braintree, Essex, CM7 9HB

## Membership:

Councillor S Canning  
Councillor H D Johnson  
Councillor D J Louis  
Councillor J M Money

Councillor I C F Parker  
Councillor D E A Rice  
Councillor V Santomauro  
Councillor C M Thompson

Members are requested to attend this meeting, to transact the following business:-

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## PUBLIC SESSION

### 1 Apologies for Absence

### 2 Declarations of Interest

To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.

### 3 Minutes of the Previous Meeting

To approve as a correct record the minutes of the meeting of the Governance Committee held on 15th January 2014 (copy previously circulated).

**4 Public Question Time**

(See paragraph below)

**Monitoring and Finance**

<b>5</b>	<b>Key Financial Indicators – 28th February 2014</b>	<b>5 - 14</b>
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**Audit and Governance**

<b>6</b>	<b>Internal Audit – Activity Report for the period to 5th March 2014</b>	<b>15 - 26</b>
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<b>7</b>	<b>Internal Audit Plan 2014-2015</b>	<b>27 - 32</b>
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<b>8</b>	<b>External Audit Plan 2013-2014</b>	<b>33 - 44</b>
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<b>9</b>	<b>Protecting the Public Purse 2013</b>	<b>45 - 68</b>
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<b>10</b>	<b>Strategic Risk Management</b>	<b>69 - 92</b>
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<b>11</b>	<b>Office of Surveillance Commissioners Inspection Report</b>	<b>93 - 94</b>
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**Committee Operation**

<b>12</b>	<b>Governance Committee Annual Report 2013-2014</b>	<b>95 - 98</b>
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<b>13</b>	<b>Forward Look – Twelve months to March 2015</b>	<b>99 - 104</b>
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<b>14</b>	<b>Fraud and Error Discussions with Those Charged with Governance</b>	<b>105 - 106</b>
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**15 Urgent Business - Public Session**

To consider any matter which, in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

**16 Exclusion of the Public and Press**

To agree the exclusion of the public and press for the consideration of any items for the reasons set out in Part 1 of Schedule 12(A) of the Local Government Act 1972.

*At the time of compiling this agenda there were none.*

**PRIVATE SESSION**

**17 Urgent Business - Private Session**

To consider any matter which, in the opinion of the Chairman, should be considered in private by reason of special circumstances (to be specified) as a matter of urgency.

A PEACE  
Member Services Manager

**Contact Details**

If you require any further information please contact Alison Webb on 01376 552525 or e-mail [alison.webb@braintree.gov.uk](mailto:alison.webb@braintree.gov.uk)

**Question Time**

Immediately after the Minutes of the previous meeting have been approved there will be a period of up to 30 minutes when members of the public can speak.

Members of the public wishing to speak should contact the Council's Member Services Section on 01376 552525 or email [chloe.glock@braintree.gov.uk](mailto:chloe.glock@braintree.gov.uk) at least 2 working days

prior to the meeting.

Members of the public can remain to observe the whole of the public part of the meeting.

### **Health and Safety**

Any persons attending meetings at Causeway House are requested to take a few moments to familiarise themselves with the nearest available fire exit, indicated by the fire evacuation signs. In the event of a continuous alarm sounding during the meeting, you must evacuate the building immediately and follow all instructions provided by a Council officer who will identify him/herself should the alarm sound. You will be assisted to the nearest designated assembly point until it is safe to return to the building.

### **Mobile Phones**

Please ensure that your mobile phone is either switched to silent or switched off during the meeting.

### **Comments**

Braintree District Council welcomes comments from members of the public in order to make its services as efficient and effective as possible. We would appreciate any suggestions regarding the usefulness of the paperwork for this meeting, or the conduct of the meeting you have attended.

Please let us have your comments setting out the following information

Meeting Attended..... Date of Meeting.....

Comment .....

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Contact Details: .....

<b>Key Financial Indicators – 28<sup>th</sup> February 2014</b>		<b>Agenda No: 5</b>
<p><b>Corporate Priority:</b> An organisation that delivers value – Providing value for money, Delivering excellent customer service, Improving out services through innovation</p> <p><b>Report presented by:</b> Trevor Wilson, Head of Finance <b>Report prepared by:</b> Trevor Wilson, Head of Finance</p>		
<b>Background Papers:</b> Agenda item 10 Audit Panel 21 <sup>st</sup> September 2006		<b>Public Report –</b>
<p><b>Options:</b> To accept or request further clarification on the financial performance indicators recorded as at 28<sup>th</sup> February 2014.</p>		<p><b>Key Decision:</b> <b>NO</b></p>
<p><b>Executive Summary:</b></p> <p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 28<sup>th</sup> February 2014.</p> <p>Commentary:</p> <ol style="list-style-type: none"> <li>The General Fund revenue account shows an underspend against profile of £327,000 for the year to 28<sup>th</sup> February 2014. This is an improvement and reflects higher levels of income received in January and February across a number of services including Development Control, Building Control, Recycling and Car Parks.</li> <li>The total budget for Salaries for the year is £13,851,500. Salaries are however over budget by £161,000 reflecting the non-achievement of the profiled efficiency factor for eleven months of £355,000, which had been expected would be achieved through turnover in staffing numbers.</li> <li>Expenditure on capital projects was £10.363million. Nearly two-thirds of the capital programme consists of the new leisure facility in Witham and local authority social housing grants. It is expected that expenditure of £2.159million will be incurred in March on these two specific grants and project.</li> <li>The collection rate as at the end of February is 97.43%, which compares to a rate of 98.17% for the same period last year. The rate is 0.74% lower and this is due in part to the introduction of the new local council tax support scheme and the introduction of the option to pay over twelve instalments rather than ten. The new support scheme requires all working age claimants to pay a minimum of 20% of their council tax liability. Additional actions are being taken to contact those residents who have not paid and to refer those that are experiencing financial hardship to the Citizens Advice Bureau for money advice. If after the referral it is determined that the resident is in exceptional financial hardship then an award from the Council's Exceptional Hardship Fund can be made. A total of 49 allocations have been approved from the Fund at a value of £11,630.</li> </ol>		

- e) The total Business Rates (National Non-Domestic Rates) debit for the year is £40.98million. The collection rate as at the end of February is 97.5%, which is 1.05% less than the rate achieved for the same period last year of 98.55%.
- f) A total of 1,390 write-offs of Council Tax, with a total value of £135,000, have been authorised in the period to 28<sup>th</sup> February: 543 in respect of the current year and 847 in respect of previous financial years.
- g) A total of 166 write-offs of Business Rates, with a value of £364,000, have been authorised in the period to 28<sup>th</sup> February: 40 in respect of the current year and 126 in respect of previous financial years.
- h) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £2.486million, of which £1.164million was in respect of Housing Benefit overpayments. The target for 2013/14 is to reduce the debt outstanding, excluding Housing Benefit overpayments, the Museum Trust debt (£116,000) and debts subject to a charging order (£41,000), to £575,000 or less by 31 March 2014.
- i) The summary of sundry debts in the attached schedule shows figures of: £125,000 for an invoice raised in respect of ground works at Wentworth Close, Braintree at the end of the month: and £94,000 to residents of Twin Oaks, Stisted. 343 sundry debts with small balances were authorised for write-off with a total value of approximately £9,000.
- j) Treasury Management. The rate of return achieved on investment of the Council's balances and funds in the year to 28<sup>th</sup> February was 0.62%, with new investments placed during February also achieving an average of 0.54%. Whilst this is below the budgeted return of 0.7% the amount of interest received is expected to be greater than the budget this is because the amount available for investment has been higher than expected (£42.8m compared to an estimate of £31.4m).
- k) Investments at Risk. Councillor McKee made a statement to Full Council, on 17<sup>th</sup> February 2014, on the outcome of the auction of Landsbanki investments held by a number of local authorities, including this Council. The statement also included detail of the positions regarding the Council's investments with Glitnir and Kaupthing, Singer and Friedlander. A copy of the statement is attached at Appendix B.
- l) Detail of the Council's investment portfolio as at 28<sup>th</sup> February 2014 is provided Appendix C.

### **Decision**

Members are asked to accept the report of the Key Financial Indicators as at 28<sup>th</sup> February 2014.

### **Purpose of Decision:**

To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

**Any Corporate implications in relation to the following should be explained in detail**

<b>Financial:</b>	Contained in the report.
<b>Legal:</b>	None
<b>Safeguarding</b>	None
<b>Equalities/Diversity</b>	None
<b>Customer Impact:</b>	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	Regular consideration of a suite of Financial Health Indicators is recommended good practice
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No.</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk





	Full Year Budget	Actual as at 28 Feb. 2014	Profile to 28 Feb. 2014	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	15,841	12,903	13,230	-327	-2.5%
Capital Programme (Excl. capital salaries incl. below)	15,296	10,363			
General Fund - Salaries	13,852	12,941	12,780	161	1.3%

	Full Year Target	Actual as at 28 Feb. 2014	Actual as at 28 Feb. 2013	Variance
Council Tax collection in year - %	98.00%	97.43%	98.17%	-0.74%
Council Tax collection - collectable for year - £m		£73.71	£73.64	£0.07
Write-offs in year (April to Feb.) - £'000		£29	£18	£11.0
Write-offs in year - (April to Feb.) - number		543	285	258
Write-offs all years (April to Feb.) - £'000		£135	£97	£38
Write-offs all years - (April to Feb.) - number		1390	1168	222
Business Rates collection in year - %	98.50%	97.50%	98.55%	-1.05%
Business Rates collectable for year - £m		£40.98	£39.76	£1.22
Write-offs in year (April to Feb.) - £'000		£83	£89	-£6
Write-offs in year - (April to Feb.) - number		40	33	7
Write-offs all years (April to Feb.) - £'000		£364	£536	-£172
Write-offs all years - (April to Feb.) - number		166	181	-15
Creditors - payment of invoices within 30 days of receipt	98.5%	99.15%	98.95%	0.20%

	31-Mar-12	31-Mar-13	30-Nov-13	28-Feb-14	Variance July to Nov.
Debtors - Balance Outstanding	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	59	17	189	218	15.3
Capital Projects - currently - development site, east of High Street, Halstead	2	3	5	6	20.0
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	35	9	248	125	-49.6
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	6	5	53	60	13.2
Development	57	23	33	37	12.1
Finance	373	411	270	265	-1.9
Leisure	90	261	230	234	1.7
Operations	869	785	630	267	-57.6
Housing	147	89	109	110	0.9
Sub-Total - excluding Hsg. Benefits	1,638	1,603	1,767	1,322	-25.2
Housing Benefits	606	851	1,126	1,164	3.4
Total	2,244	2,454	2,893	2,486	-14.1
Amount of Debt Outstanding at Year End excluding Housing Benefits, Museum Trust, charging orders in place and invoices raised in respect of the following year.	580	1,261	1,260	946	-25%
Target for 2013/14 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of November 2013) to be £0.575million by 31 March 2014				575	371
Profile by Recovery Stage:					
Invoice	1,543	1,526	1,490	727	
Reminder	135	210	501	452	
Final Notice	133	164	270	546	
Pre-legal	120	105	312	291	
Bailiff	270	403	275	409	
Tracing Agent	1	4	4	20	
Charging Order	42	42	41	41	
Total	2,244	2,454	2,893	2,486	
Write-offs in month - value - £'000	£0.0	£0.2	£4	£1	
Write-offs in month - number	0	7	11	47	
Write offs in year - value - £000	£53	£43	£10	£9	
Write-offs in year - number	464	533	206	343	

**Progress on achieving Efficiency Savings Targets**

The amount of the Efficiency Savings target included in the budget for 2013/14 is a net amount of £387,080. The overspend on salaries of £161,000, recorded above, is after offsetting £355,000 (i.e. 11/12th's) of the target.



**Statement by Councillor McKee to Council on 17<sup>th</sup> February 2014**

**Investments at Risk – Landsbanki Auction**

On 30<sup>th</sup> January 2014 this Council, together with over 80 other local authorities, sold its claims against the insolvent estate of Landsbanki Islands. The claims were sold through a competitive auction process. The price at which the claims were sold was based on a reserve price set by Braintree District Council on the basis of legal advice received from Bevan Brittan and financial advice procured by the Local Government Association and our own analysis of the financial position. The proceeds of the sale were paid in cash in Pounds Sterling on 4<sup>th</sup> February

The sale means that we have recovered £2.869million (or 95.65%) of the £3million that we originally deposited with Landsbanki in 2007 and 2008. We are delighted that we have recovered a very large portion of our Landsbanki deposits. The sale of our claims means that we have realized our funds earlier and eliminates the risk and uncertainty regarding future distributions and foreign exchange rates.

This now leaves two outstanding issues:

First, we are expecting further distributions in respect of our £1million deposit with Kaupthing Singer and Friedlander, to-date we have received £838,500; and

Second, part of the repayment of our £1million deposit with Glitnir was made in Icelandic Krona and this is being held in Iceland due to currency controls in that country. The Local Government Association is working on ours and other local authority's behalf to get these funds repatriated at the earliest opportunity. To-date we have received £836,500 in pounds sterling. The approximate value of the monies held in Iceland is £213,000.

The total amount recovered to-date is £4.545million with approximately £213,000 currently held in Icelandic Krona in Iceland.



**INVESTMENT PORTFOLIO AS AT 28 FEBRUARY 2014**
**APPENDIX C**

							Maturity Profile £m				
							Liquid	Mar-14	Apr-14	May-14	Jun-14
UK Banks		20.82									
Santander Group											
Santander UK PLC	1127	5.00	0.75%	Instant	Variable	Instant	5.00				
Lloyds TSB Group											
Bank of Scotland PLC	2400	0.00	0.75%	Instant	Variable	Instant	0.00				
Bank of Scotland PLC	3203	2.50	0.70%	Fixed	#####	3-Mar-14		2.50			
Bank of Scotland PLC	3201	2.50	0.75%	Fixed	16-Oct-13	16-Apr-14			2.50		
Barclays Bank PLC											
Barclays Bank PLC	3111	3.50	0.90%	Fixed	4-Mar-13	3-Mar-14		3.50			
Barclays Bank PLC	3174	1.50	0.88%	Fixed	2-Apr-13	1-Apr-14			1.50		
RBS Group											
Royal Bank of Scotland PLC	2355	5.00	0.70%	Instant	Variable	Instant	5.00				
Co-operative Bank PLC											
	3026	0.82	0.31%	Instant	Variable	Instant	0.82				
UK Building Societies		5.00									
Nationwide Building Society											
Nationwide Building Society	3028	2.50	0.70%	Fixed	21-Jun-13	20-Jun-14					2.50
Nationwide Building Society	3159	2.50	0.43%	Fixed	20-Jan-14	#####		2.50			
Other Local Authorities		0.00									
UK Debt Management Office		0.00									
UK Debt Management Office		0.00	0.00%	Fixed	-	-					
Non UK Institutions		2.50									
Australia & New Zealand Banking Corp											
Australia & New Zealand Banking Corp	3176	2.50	0.35%	Fixed	29-Jan-14	3-Mar-14		2.50			
Money Market Funds		7.50									
Goldman Sachs	2651	3.50	Variable	Instant	#####	Instant	3.50				
Deutsche Sterling	2856	0.50	Variable	Instant	4-Aug-10	Instant	0.50				
Ignis Liquidity	2857	3.50	Variable	Instant	4-Aug-10	Instant	3.50				
RBS Sterling	2844	0.00	Variable	Instant	21-Jul-10	Instant	0.00				
		35.82									
							18.32	11.00	4.00	0.00	2.50



Internal Audit – Activity Report for the period to 5 <sup>th</sup> March 2014		Agenda No: 6
Corporate Priority:	An organisation that delivers value	
Report presented by:	Lesley Day, Audit Insurance & Risk Manager	
Report prepared by:	Lesley Day, Audit Insurance & Risk Manager	
Background Papers: Internal Audit Assignments	Public Report Yes	
Options: N/a	Key Decision: No	
<b>Executive Summary:</b>		
To provide Members with details of and outcomes from the audit assignments completed during the period 20 <sup>th</sup> December 2013 to 5 <sup>th</sup> March 2014. This includes for each assignment:		
<ul style="list-style-type: none"><li>• the key controls covered</li><li>• number of recommended action points and their priority</li><li>• audit opinion</li><li>• brief details of the high priority recommendations (if applicable)</li></ul>		
An update on the Reportable recommendations is also attached.		
<b>Decision:</b>		
To accept the activity report for the period 20 <sup>th</sup> December 2013 to 5 <sup>th</sup> March 2014.		
<b>Purpose of Decision:</b>		
To advise Members of the audit assignments completed for the period 20 <sup>th</sup> December 2013 to 5 <sup>th</sup> March 2014.		
<b>Any Corporate implications in relation to the following should be explained in detail</b>		
Financial:	N/a	
Legal:	N/a	
Equalities/Diversity	N/a	
Customer Impact:	N/a	
Environment and Climate Change:	N/a	
Consultation/Community Engagement:	N/a	
Risks:	N/a	
Officer Contact:	Lesley Day	
Designation:	Audit, Insurance & Risk Manager	
Ext. No.	2821	
E-mail:	lesley.day@braintree.gov.uk	





**INTERNAL AUDIT**  
**COMPLETED ASSIGNMENTS to 5<sup>th</sup> March 2014**

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core System	NNDR	7.5		1	1	<ol style="list-style-type: none"> <li>1. The NDR billing list is accurate and amendments are up to date.</li> <li>2. Relief and allowances claimed by ratepayers are valid.</li> <li>3. Annual billing and amendments are properly calculated.</li> <li>4. Credit control and arrears recovery processes are adequate.</li> <li>5. Refunds of overpayments are valid and properly authorised.</li> <li>6. Write-offs of debt are properly authorised.</li> <li>7. Amounts due are properly recorded.</li> <li>8. There is adequate segregation in the NDR billing and cash receipting functions.</li> <li>9. Fraud &amp; Corruption checklist.</li> </ol>	Amend property exemption progression reports to update mode	Implemented	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.

				10. Information Security Management						
Core System	Payroll	6	<table><tr><td></td><td></td><td>1</td></tr></table>			1	<div>1. All employees on the payroll are valid and are employed by the organisation</div> <div>2. Payments are made only for hours worked or allowable expenses.</div> <div>3. Payroll costs and statutory or material voluntary deductions are properly calculated and in accordance with approved pay rates or staff contracts.</div> <div>4. Payments to staff and other collecting bodies are correct</div> <div>5. Payroll costs are properly accounted for in the main accounting system.</div> <div>6. Overpayment of salary is recovered.</div> <div>7. Segregation of duties is in place.</div> <div>8. Upgrades to PAYE tax tables and grade payrate updates are</div>	Ensure that electronic signatures are not simply a chosen 'computer text' signature, but a genuine signature emailed from the authorising officer's pc	Implemented	We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
		1								

				properly controlled. 9. Fraud & Corruption checklist. 10. Information Security Management.						
Core System	Housing Benefits	8	<table><tr><td></td><td>1</td><td></td></tr></table>		1		1. All benefit claims are captured and recorded in the system for processing. 2. Benefit awarded is supported by a valid claim. 3. Benefit awarded is correctly calculated. 4. Payments are made only in respect of awarded benefits. 5. Expenditure and payments are properly recorded. 6. Overpaid benefit is properly recorded. 7. There is adequate segregation in the assessment and payment process. 8. Local Council Tax Support has been implemented in accordance with the authorised Scheme. 9. Fraud & Corruption checklist 10. Information Security			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
	1									

				Management						
Income Stream Review	Recycling Credits	1.5	<table><tr><td></td><td></td><td>1</td></tr></table>			1	Invoices are raised accurately and promptly for all recycling credits due to the Authority	Implement a system of confirming that all invoices have been raised	Implemented	We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
		1								
Income Stream Review	Car Parks	3	0	<div>1. Correctness of cash banked by Colchester BC</div> <div>2. Correctness of records – tickets by tariff, meter readings etc</div> <div>3. Reconciliation of off-street parking income (PCN's)</div> <div>4. Reconciliation of season ticket income</div> <div>5. Income received is allocated to the correct income code</div>			We are satisfied that reliance can be placed on the key controls as described.			
Income Stream Review	Property & Commercial Rents	4	0	All expected rent from property and commercial rents is charged to lessees			We are satisfied that reliance can be placed on the key controls as described.			
Corporate	Member Council Tax Balance	1	0	Ensure members are not more than 2 months in arrears of			All Members entitled to vote			

				Council Tax			on Council Tax Resolution 2014/2015.
Non-core System	Extreme Hardship Fund	2	0	<ol style="list-style-type: none"> <li>1. All applications are supported by CAB and authorised by the Head of Finance</li> <li>2. Funding does not exceed the authorised budget</li> </ol>			We are satisfied that reliance can be placed on the key controls as described.
Non-core System	Mi-Community	10	0	<ol style="list-style-type: none"> <li>1. Review of the processes for applications under the scheme ensuring they have been examined using set criteria</li> <li>2. Application forms are completed in all cases</li> <li>3. Applications assessed by appropriate officers and approval of the grant by the authorised officers and the Mi-Community Working Group</li> <li>4. Legal agreements signed by the applicant and the Council</li> <li>5. Grant money paid directly to the name stated on the application</li> <li>6. Appropriate review processes in place to</li> </ol>			We are satisfied that reliance can be placed on the key controls as described.

				ensure grant money is spent in accordance with the legal agreement						
Non-core System	Post Entry Training	2	<table><tr><td></td><td>1</td><td></td></tr></table>		1		<div>1. All expenditure relating to PET is recorded and correctly approved</div> <div>2. All officers undertaking PET have signed all relevant paperwork</div> <div>3. The repayment of training fees is completed where necessary</div>			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
	1									
Non-core System	Recruitment	5	0	<div>1. The Recruitment and Induction programme is complied with including: Establishment control form Recruitment and selection programme Short listing and interviews Appointment Induction process</div> <div>2. Personal files containing all relevant information to employees</div> <div>3. Official orders are</div>			We are satisfied that reliance can be placed on the key controls as described.			

				placed for advertising costs and invoices approved by an authorised signatory			
Non-core System	Staff Related Matters	3	1	<ol style="list-style-type: none"> <li>1. The Recruitment and Induction programme is complied with including</li> <li>2. Accurate employee records are maintained</li> <li>3. Employee's records held securely and in accordance with the Data Protection Act</li> <li>4. Overtime, sickness processes are in place</li> <li>5. Proper processes in place for when an employee leaves the organisation including IT security arrangements</li> </ol>			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan
Non-core System	Dog Warden Service	5	0	<ol style="list-style-type: none"> <li>1. To ensure expenditure relates to the dog warden service</li> <li>2. Expenditure is approved by an authorised signatory</li> <li>3. Animal reclaim fees</li> <li>4. Boarding licences are issued correctly with the appropriate fee paid</li> </ol>			We are satisfied that reliance can be placed on the key controls as described.
Non-core System	Gift Guides	2	0	<ol style="list-style-type: none"> <li>1. All advertisers in the Braintree, Witham &amp; Halstead Christmas Gift Guides have been</li> </ol>			We are satisfied that reliance can be placed on the key controls

				<p>invoiced</p> <p>2. Advertisers were not in arrears with their business rate accounts at the time</p>			as described.
Non-core System	Concessionary Transport	2	0	<p>1. Invoices are raised promptly in respect of the hiring of minibuses</p> <p>2. Payments for social car mileage payments are recorded and accurate</p> <p>3. Payments in respect of concessionary transport are approved by an authorised signatory</p> <p>4. Official receipts are issued for all payments received by the minibus drivers</p> <p>5. Payments are received in respect of the dial-a-ride scheme membership</p>			We are satisfied that reliance can be placed on the key controls as described.
Operational	Cash Check	1	0	<p>1. Total of monies in till agree to cash receipting system total</p> <p>2. Floats held by Cashier agree to float records</p> <p>3. Floats held securely with restricted access</p>			We are satisfied that reliance can be placed on the key controls as described.



H=High            A significant weakness which if not addressed, has the potential to undermine the financial and operational management due to risk of serious error, irregularity or inefficiency

M=Medium    Where improvements in control are needed to further reduce the risk of undetected errors or irregularities occurring

L=Low            To strengthen the overall control environment by building upon existing controls in place or to improve to comply with best practice guidance

### Reportable Recommendations - Update

Area of review	Reported recommendations	Due Date	Status
Asset Management	Undertake an annual reconciliation of asset database rental values to invoices raised values.	January 2013	Completed by revised completion date
Debtors	Re-issue the reminder to all managers of the requirement that all fees and charges must be authorised by members	December 2013	Completed
	If invoice requests are received via any other route than the debtors inbox then ensure they are forwarded to ensure loading into workflow for action	December 2013	Implemented
	Credit notes to be raised only on receipt of a correctly authorised credit note request form, not on receipt of a memo	December 2013	Implemented
	Ensure all write-offs are authorised in accordance with the Constitution	December 2013	Implemented
Council Tax	Where the status of a property is unable to be visually confirmed, send canvass letter	January 2014	Agreed completion extended to end March 2014

<b>Internal Audit Plan 2014/2015</b>		<b>Agenda No: 7</b>
<b>Corporate Priority:</b>		<b>An organisation that delivers value</b>
<b>Report presented by:</b>		<b>Lesley Day, Audit Insurance &amp; Risk Manager</b>
<b>Report prepared by:</b>		<b>Lesley Day, Audit Insurance &amp; Risk Manager</b>
<b>Background Papers:</b>		<b>Public</b>
Internal Audit Assignments		
<b>Options:</b>		<b>Key Decision:</b>
N/a		<b>No</b>
<b>Executive Summary:</b>		
To advise Members of the proposed Internal Audit Plan for 2014/2015.		
A copy of the plan for 2014/2015 is attached as Appendix A.		
<b>Decision:</b>		
That Members endorse the Internal Audit Plan 2014/2015 as detailed in Appendix A.		
<b>Purpose of Decision:</b>		
To request Members to endorse the Internal Audit Plan for 2014/2015 to comply with the Public Sector Internal Audit Standards.		

Any Corporate implications in relation to the following should be explained in detail	
<b>Financial:</b>	The staffing costs required to deliver the Audit Plan will be covered by the approved budget for 2014/15
<b>Legal:</b>	The Council is required by law to maintain an effective Internal Audit function
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	Non-endorsement of the Audit Plan may lead to inadequate assurance of the internal control environment
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit Insurance & Risk Manager
<b>Ext. No.</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

## CONSULTATION

Management Board and Heads of Service are asked if they have any specific areas that they wish to be considered for auditing during the year. The Annual Audit Plan is also submitted to the Chief Executive, Corporate Director (S151 Officer) and the Head of Finance for their consideration.

## RISK ANALYSIS

The risk analysis that is applied to all audit subjects has been assessed and updated accordingly.

The Council's core financial systems are subject to a system audit every year using CIPFA matrices, internal key controls and the Audit Commission Fraud and Corruption checklist.

Non-core systems and Operational topics are based on a four year programme. Corporate topics are as and when required.

When assessing the risk, the following are also taken into account:

- The Strategic and Operational Risk Register
- Major changes to systems/processes
- Standard of internal control

- Known or perceived difficulties regarding software or service area
- Weighting factor if necessary

The risk analysis calculation remains, as in previous years, as follows:

<b>Risk</b>	<b>Score</b>	<b>Value</b>	<b>Score</b>
Low	3	Low	3
Medium	5	Medium	5
High	7	High	7

The combined scores are then used to determine the number of audit reviews over the four year period as follows:

<b>Total score</b>	<b>Frequency</b>
6 and 8	One year in four
10	Two years in four
12	Three years in four
14	Each year

## INTERNAL AUDIT SECTION

### PROJECTED TIME AVAILABILITY 2014/2015

	<b>Audit Manager</b>	<b>Auditor</b>	<b>Auditor</b>	<b>TOTAL</b>
Net time available	251	251	251	753
less: sickness cont.	2	2	2	6
	249	249	249	747
less: a/leave & stat days	32	32	32	96
less: a/leave b/fwd	0	2	3	5
Training/courses	3	3	3	9

	<b>214</b>	<b>212</b>	<b>211</b>	<b>637</b>
less Social Club	0	0	3	3
<b>Non-chargeable</b>	<b>214</b>	<b>212</b>	<b>208</b>	<b>634</b>
Corporate Groups/functions	35			35
Section/service management	30	5		35
Admin/general	5	10	10	25
Specials contingency	20	5	5	30
Un-allocatable		5	5	10
Risk Management	15			15
Business Continuity	10			10
Insurance	25			25
Corporate Quality & Compliance				
Reviews	5	5		10
Housing Benefit Fraud	40			40
Cashiers/Mail Room	10			10
<b>Net projected time availability for year</b>	<b>19</b>	<b>182</b>	<b>188</b>	<b>389</b>

**Braintree District Council**  
**Internal Audit Section**

**AUDIT PLAN**  
**2014/2015**

	Planned Days
<b>CORE SYSTEMS</b>	
Cash & Bank	8
Council Tax	10
Creditors	10
Debtors	10
Housing Benefits	10
Main Accounting	8
Payroll	8
NNDR:	8
Treasury Management	2
Income Stream reviews:	15
<b>NON-CORE SYSTEMS</b>	
Benefit Fraud	8
Building Control	10
Cemeteries	5
Commercial Properties	15
Concessionary Transport	2
Consultants (appointment of)	5
Contracts - invitation to tender	2
Contracts - receipt, opening of tenders accepted	2
Contracts - Monitoring & records	2
Contracts - administration & document security	2
Contracts - documentation	2
Fees & Charges	5
Grants - Plan& Dev + Tree planting	5
Homelessness	3
Home Ownership Initiatives	5
Leased cars	10
Leisure	10
Licensing	10
Members Allowances	5
Parking Partnership	3
Petty Cash	3
Procurement inc Hub	10
Refuse Collection inc Trade Waste	10
Strategic Housing - Choice Based Lettings	5
Superannuation	5
Town Hall Centre	5

Travelling & Subsistence	3
VAT	5
<b>CORPORATE</b>	
Business Continuity Management	5
Performance Indicators & Data Quality	5
Civil Emergencies	5
Contracts - final accounts	2
Financial Appraisals - Procurement Hub	5
Financial Consultancy	15
Floats and Imprests	1
Fraud, Corruption, Probity & Governance:	30
Whistleblowing Policy	
Fraud, Corruption & Dishonesty Policy	
Prosecution Policy	
Regulation of Investigatory Powers Act	
National Fraud Initiative	
Members/officers declarations of interests	
Gifts and Hospitality	
Authorised Signatories	
Money Laundering	
ICT covering:	30
New initiatives	
New systems	
Systems security & access	
Information Security	2
Partnership arrangements	5
FOI requests/Complaints	5
Project Governance	5
Mi-Community	5
<b>OPERATIONAL</b>	
Cash Checks	1
Markets	2
Security	As required
Telephones inc mobiles	5
Refreshments	2
Allowance for new topics	13
<b>Total time allocated (days)</b>	
	<b>389</b>



<b>External Audit Plan 2013/2014</b>		<b>Agenda No: 8</b>
<b>Corporate Priority:</b> An organisation that delivers value <b>Report presented by:</b> BDO, External Auditor <b>Report prepared by:</b> BDO, External Auditor		
<b>Background Papers:</b>  <b>BDO Audit Plan 2013/14</b>		<b>Public Report</b>
<b>Options:</b> N/a		<b>Key Decision:</b> NO
<b>Executive Summary:</b>  The external Audit Plan summarises the work that BDO (external auditors) propose to undertake in respect of the audit of Braintree District Council for the 2013/2014 financial period.  The external audit is designed to respond to significant risks and identify where resources will be focused in order to provide the opinion on the financial statements and the value for money conclusion.  The scope of the audit will cover: <ul style="list-style-type: none"> <li>• Purpose of the audit plan</li> <li>• Respective responsibilities</li> <li>• Code audit</li> <li>• Materiality and triviality</li> <li>• Value for money conclusion</li> <li>• Whole of Government Accounts</li> <li>• Certification of grant claims and returns</li> </ul>		

## Decision

To note the External Audit Plan for 2013/2014

## Purpose of Decision:

That Members are aware of the coverage of the External Audit Plan for 2013/2014

<b>Any Corporate implications in relation to the following should be explained in detail</b>	
<b>Financial:</b>	The estimated costs of the 2013/14 audit and grant certification work will be met from the approved budget allocation in 2013/14.
<b>Legal:</b>	N/a
<b>Safeguarding</b>	N/a
<b>Equalities/Diversity</b>	N/a
<b>Customer Impact:</b>	N/a
<b>Environment and Climate Change:</b>	N/a
<b>Consultation/Community Engagement:</b>	N/a
<b>Risks:</b>	N/a
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No.</b>	2801
<b>E-mail:</b>	trevor.wilson@braintree.gov.uk



# BRAINTREE DISTRICT COUNCIL

AUDIT PLAN 2013/14

Audit for the year ending 31 March 2014

# CONTENTS

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# EXECUTIVE SUMMARY

We are pleased to present our Audit Plan for the year ending 31 March 2014. This plan summarises the work that we propose to undertake in respect of our audit of Braintree District Council for the 2013/14 financial year.

## Significant Risks

Our audit is designed to respond to significant risks and identify where we intend to focus our resources in providing our opinion on the financial statements and our value for money conclusion. Summarised below are the significant risks that impact on our audit of which we are currently aware:

AREA OF AUDIT	SUMMARY OF SIGNIFICANT RISKS
Financial statements	<ul style="list-style-type: none"><li>Management override inherent risk: Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</li></ul>
Financial statements	<ul style="list-style-type: none"><li>Fair value of land and buildings: The calculation of the fair value of land and buildings is subject to a high level of estimation uncertainty in that there is a high susceptibility to an inherent lack of precision in its measurement. There is a risk of material misstatement if inappropriate or inaccurate estimates or assumptions are used in the calculation of these fair values.</li></ul>
Financial statements	<ul style="list-style-type: none"><li>Actuarial assumptions used for IAS19 purposes: The actuarial assumptions used for IAS19 purposes are subject to a high level of estimation uncertainty in that there is high susceptibility to an inherent lack of precision in their measurement. As a result there is a risk of material misstatement if the assumptions used by the Actuary are inappropriate.</li></ul>
Use of Resources	<ul style="list-style-type: none"><li>We have not identified any significant risks in relation to our use of resources work.</li></ul>

## Fees

As set out in our Planning Letter 2013/14, the proposed core audit fee for the year is £78,774 plus VAT, which agrees to the scale fee published by the Audit Commission. The proposed fee for the certification of claims and returns is £20,800 plus VAT, which agrees to the composite scale fee published by the Audit Commission.

## Key outputs

The key reports, opinions and conclusions from the audit will be:

REPORT	DATE
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	July 2014
Final report to those charged with governance	September 2014
Independent auditor's report including: <ul style="list-style-type: none"><li>Opinion on the financial statements</li><li>Value for money conclusion</li><li>Certificate</li></ul>	By 30 September 2014
Assurance statement on the Whole of Government Accounts return	By 3 October 2014
Summary of findings from the audit in the Annual Audit Letter	January 2015
Report on the results of our grant claims and returns certification work	January 2015

**Key:** ■ Normal risk ■ Significant risk

# SCOPE OF THE AUDIT

## Purpose of the audit plan

The purpose of this audit plan is to:

- Ensure that there is mutual understanding of the respective responsibilities relating to the audit
- Provide you with an overview of the planned scope of the audit for the year ending 31 March 2014
- Ensure that the areas of potential risk of material misstatement which we have identified are consistent with the areas which you perceive to be the key areas and to promote effective two-way communication between us.

We will also provide reports to management and those charged with governance on the findings of the audit which will focus on the significant matters arising from the audit of the Council regarding internal control, financial governance and reporting and accounting arrangements. We aim to provide management with clear recommendations that will add value to the Council.

## Respective responsibilities

Our responsibilities, as auditors, in relation to the audit of the financial statements and other Audit Commission requirements are set out below. The audit of the financial statements does not relieve you of your responsibilities which are outlined in the Statement of Responsibilities of Auditors and Audited Bodies (2010) available from the Audit Commission's website.

Auditing Standards require auditors to communicate relevant matters relating to the audit to 'those charged with governance' (the Governance Committee). Relevant matters include issues on auditor independence, audit planning information and findings from the audit.

We will communicate matters of governance interest that have come to our attention as a result of the performance of the audit. Communication may take the form of discussions or, where appropriate, be in writing. The audit is not designed to identify all matters that may be relevant to you.

Our contacts for communications will be the Head of Finance and the Governance Committee. When communicating with the Governance Committee we will consider all individuals representing those charged with governance as informed and our responsibilities for communicating relevant matters will be discharged.

The primary responsibility for ensuring that your internal control frameworks are robust enough to prevent and detect fraud and corrupt practices lies with management and those charged with governance.

We have a responsibility to consider specifically the potential risk of material misstatement of your financial statements as a result of fraud and error, including the risk of fraudulent financial reporting. We have discussed possible risk of material misstatement arising from fraud with the following individuals:

- Trevor Wilson -Head of Finance
- Lesley Day - Head of Internal Audit

Please let us know if there are any other actual, suspected or alleged instances of fraud of which you are aware.

For all fraud risks, and for any actual frauds that have been identified and we have been informed of, we will consider the possible impact on your financial statements and our audit programme.

## Code audit

The scope of the audit is determined by the Audit Commission's Code of Audit Practice for Local Government (2010) (the 'Code'), which covers two areas: provide an opinion on the financial statements, and to review the arrangements for securing economy, efficiency and effectiveness in the use of resources (value for money conclusion).

The financial statements audit requires that we obtain assurance:

- That the financial statements comply with statutory requirements
- That proper practices have been observed in compiling the financial statements
- That the financial statements give a true and fair view of the financial position and the expenditure and income for the year
- The information given in the Explanatory Foreword is consistent with the financial statements
- That the Annual Governance Statement is not inconsistent with our knowledge.

As part of our audit we obtain an understanding of the Council's system of internal control sufficient to plan the audit. We assess the adequacy of the design of specific controls that respond to significant risks of material misstatement and evaluate whether those controls have been implemented. Where we intend to place reliance on particular

controls for the purposes of our audit, we will carry out procedures to test the operating effectiveness of those controls and use the results of those procedures to determine the nature, timing and extent of further audit procedures to be performed.

In order to achieve an efficient and cost effective audit, we aim to work closely with Internal Audit to minimise duplication and the overall level of audit resource input.

We have planned the audit on the basis that we will be able to place full reliance on the work of Internal Audit where they intend to provide assurance over key controls within the financial systems.

We will communicate to management any deficiencies in internal control identified during the audit. Where those deficiencies are significant, we will also communicate to those charged with governance.

## Materiality and triviality

Materiality is the expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. In carrying out our work we will apply an appropriate level of materiality and as such the audit cannot be relied upon to identify all potential or actual misstatements.

For reporting purposes, we consider misstatements of less than £34,000 to be trivial, unless the misstatement is indicative of fraud. We are required to bring to your attention unadjusted audit differences that are more than trivial that the Governance Committee are required to consider and we will request that you correct them.

## Value for money conclusion

The Code requires auditors to issue a conclusion on whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

This is based on the following two reporting criteria:

- The organisation has proper arrangements in place for securing financial resilience; the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness; the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We will plan a programme of value for money audit work based upon our risk assessment.

## Whole of Government Accounts

Local authorities are required to prepare information to allow HM Treasury to prepare consolidated Whole of Government Accounts (WGA) based on the statutory financial statements.

The WGA return is audited in accordance with Audit Commission specified procedures. We provide an assurance report to the National Audit Office to confirm that the WGA return is consistent with the audited financial statements and that it is properly prepared.

## Certification of grant claims and returns

As an agent of the Audit Commission we will undertake a review of grant claims and returns in accordance with the certification instruction issued by the Audit Commission. We express a conclusion as to whether the claim or return: is in accordance with the underlying records (claims and returns above the minimum level and below the threshold); or is fairly stated and in accordance with the relevant terms and conditions (claims and returns over the threshold).

## Engagement partner

Lisa Clampin is the engagement partner and is the person in the firm who is responsible for the audit engagement and its performance and for the report that will be issued on behalf of the firm.

We aim to provide a high quality of service to you at all times. If, for any reason or at any time, you would like to discuss how we might improve the service, or if you are in any way dissatisfied, please contact Lisa Clampin in the first instance. Alternatively you may wish to contact our Managing Partner, Simon Michaels. Any complaint will be investigated carefully and promptly.

If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales (“ICAEW”).

In addition, the Audit Commission’s complaints handling procedure is detailed in their leaflet “How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors”, which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>

## Independence and objectivity

We are required to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff.

In relation to the audit of the financial statements for Braintree District Council for the financial year ending 31 March 2014, we are able to confirm that the Audit Commission's requirements in relation to independence and objectivity have been complied with and we are not aware of any relationships that would affect our independence. Should this change we will update you accordingly.



# RISK ASSESSMENT

We are committed to targeting work to where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. The determination of significant risks is a matter for auditors' professional judgment.

For each of the significant risks identified, we consider the arrangements put in place to mitigate the risk and plan our work accordingly. Current and emerging risks that do not impact on our audit are also discussed with management so that we may add value to the risk assessment process and highlight any areas of concern to the Council.

If you consider there to be other significant risks of material misstatement in the financial statements or, arrangements for securing economy, efficiency and effectiveness in the use of resources, whether due to fraud or error, please let us know.

Summarised below are the significant audit risks that impact on our audit of which we are currently aware.

FINANCIAL STATEMENTS AUDIT RISKS			
RISK	RISK DETAIL	ACCOUNTS AREA AND ASSERTIONS	AUDIT RESPONSE
<b>MANAGEMENT OVERRIDE - SIGNIFICANT RISK OF MATERIAL MISSTATEMENT</b>	Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.	Financial statement level risk across all account headings and assertions.	We will carry out audit procedures to review significant journals and other adjustments in preparing the financial statements, review the reasonableness of assumptions used by management when including accounting estimates, and obtain an understanding of unusual transactions.
<b>FAIR VALUE OF LAND &amp; BUILDINGS - SIGNIFICANT RISK OF MATERIAL MISSTATEMENT</b>	The calculation of the fair value of land and buildings is subject to a high level of estimation uncertainty in that there is a high susceptibility to an inherent lack of precision in its measurement. There is a risk of material misstatement if inappropriate or inaccurate estimates or assumptions are used in the calculation of these fair values.	Valuation of property, plant and equipment.	We will review the estimates and assumptions used to calculating the fair value of land and buildings to ensure that those used by the valuer are reasonable. We will also compare the fair values used within the financial statements to industry suggested values to ensure that the balances used by the Council in their financial statements are reasonable.
<b>ACTUARIAL ASSUMPTIONS USED FOR IAS19 PURPOSES - SIGNIFICANT RISK OF MATERIAL MISSTATEMENT</b>	The actuarial assumptions used for IAS19 purposes are subject to a high level of estimation uncertainty in that there is high susceptibility to an inherent lack of precision in their measurement. As a result there is a risk of material misstatement if the assumptions used by the Actuary are inappropriate.	Valuation of pension assets and liabilities.	We will use an auditors' expert to assess the reasonableness of the assumptions used by the actuary of the Local Government Pension Fund.

USE OF RESOURCES AUDIT RISKS		
RISK	RISK DETAIL	AUDIT RESPONSE
USE OF RESOURCES	We did not identify any significant risks in relation to use of resources.	<p>Whilst there are no significant risks identified we intend to give particular regard to the Council's arrangements in the following areas where changes have occurred, when completing our use of resources work:</p> <ul style="list-style-type: none"> <li>• The Council's commitment to the cash backed Local Authority Mortgage Scheme (LAMS)</li> <li>• Compliance with the Public Sector Internal Audit Standards that came into effect from 1 April 2013.</li> </ul>


**Key:** ■ Normal risk ■ Significant risk

# AUDIT TIMETABLE

The timetable for key reports, opinions and conclusions from the audit will be:

OUTPUT	DATES
<b>FINANCIAL STATEMENTS</b>	
Review of internal controls	February - April 2014
Final audit visit	July 2014
Audit opinion covering: <ul style="list-style-type: none"> <li>• ‘True and fair’ opinion on the financial statements</li> <li>• Information in the Statement of Accounts being consistent with auditor’s knowledge</li> <li>• Annual governance statement is prepared in accordance with guidance and not inconsistent with auditor’s knowledge</li> <li>• Opinion on the Whole of Government Accounts return.</li> </ul>	Clearance meeting to be held late July 2014  By 30 September 2014   By 3 October 2014
<b>USE OF RESOURCES</b>	
Review of economy, efficiency and effectiveness	March - April 2014
Value for money conclusion	By 30 September 2014
<b>GRANTS</b>	
Audit of grant claims and returns	August - November 2014
<b>REPORTING</b>	
Report on any significant deficiencies in internal control (if required)	July 2014
Final report to those charged with governance	September 2014
Annual audit letter	January 2015

We will agree specific dates for our visits with officers in advance of each part of our programme, and we will work closely with officers during the year to ensure that all key deadlines are met. We will also meet regularly with senior officers to discuss progress on the audit and obtain an update on relevant issues.



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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<b>Protecting the Public Purse 2013</b>		<b>Agenda No: 9</b>
<b>Corporate Priority:</b> An organisation that delivers value <b>Report presented by:</b> Lesley Day, Audit, Insurance & Risk Manager <b>Report prepared by:</b> Lesley Day, Audit, Insurance & Risk Manager		
<b>Background Papers:</b> Protecting the Public Purse 2013 published by the Audit Commission in November 2013		<b>Public Report;</b> Yes
<b>Options:</b> N/a		<b>Key Decision:</b> NO
<b>Executive Summary:</b>  <p>The Audit Commission's recent publication – 'Protecting the Public Purse 2013' (which is available at: <a href="http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Protecting-the-public-purse-2013-Fighting-fraud-against-local-government.pdf">http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Protecting-the-public-purse-2013-Fighting-fraud-against-local-government.pdf</a>) is the latest report in the series on the extent of fraud against local government and is aimed at those responsible for governance in local government.</p> <p>The report (paragraphs 141 – 144) refers to the Audit Commission making available individually tailored fraud briefings to support the external auditors' communication with those responsible for governance. A copy of the briefing for this Council is attached at Appendix 1.</p> <p>On pages 6 and 7, the report gives recommendations including:</p> <ul style="list-style-type: none"> <li>• use the Audit Commission's checklist for councillors (page 48) and others responsible for governance to review their counter-fraud arrangements</li> <li>• actively pursue frauds identified through participation in the National Fraud Initiative (NFI)</li> </ul> <p>The other recommendations listed are covered in Appendices 2 and 3.</p> <p>Attached as Appendix 2 is a completed 'Fighting Fraud Checklist for Governance' for Members consideration and to note the current counter-fraud arrangements. The Council ensures that all NFI data matches are investigated, whether categorised as a high, medium or low match, and outcomes are reported to the Governance Committee.</p> <p>On page 54 there are "Questions for councillors to support 2013 individual fraud briefings". These questions are attached as Appendix 3 together with proposed responses against each question for Members to consider.</p>		

<b>Decision</b> <ol style="list-style-type: none"> <li>1. To acknowledge the Audit Commission's Protecting the Public Purse 2013 and the Audit Commission's Fraud Briefing</li> <li>2. To note the completed 'Fighting Fraud Checklist for Governance' and the current counter-fraud arrangements</li> <li>3. To consider "Questions for Councillors to support 2013 individual fraud briefings"</li> </ol>
<b>Purpose of Decision:</b> <p>To ensure Members are aware of the current and ongoing fraud risks and the counter fraud arrangements that are in place.</p>

Any Corporate implications in relation to the following should be explained in detail	
<b>Financial:</b>	N/a
<b>Legal:</b>	N/a
<b>Safeguarding</b>	N/a
<b>Equalities/Diversity</b>	N/a
<b>Customer Impact:</b>	N/a
<b>Environment and Climate Change:</b>	N/a
<b>Consultation/Community Engagement:</b>	N/a
<b>Risks:</b>	The absence of adequate counter-fraud actions could put the Authority at risk from fraud
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance & Risk Manager
<b>Ext. No.</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

# Protecting the Public Purse

## Fraud Briefing 2013

### Braintree District Council



# Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?

## *And do not forget*

- *Checklist for those charged with governance (Appendix 2 of PPP 2013)*
- *Questions councillors may want to ask/consider (Appendix 3 of PPP 2013)*



# Introduction

- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud

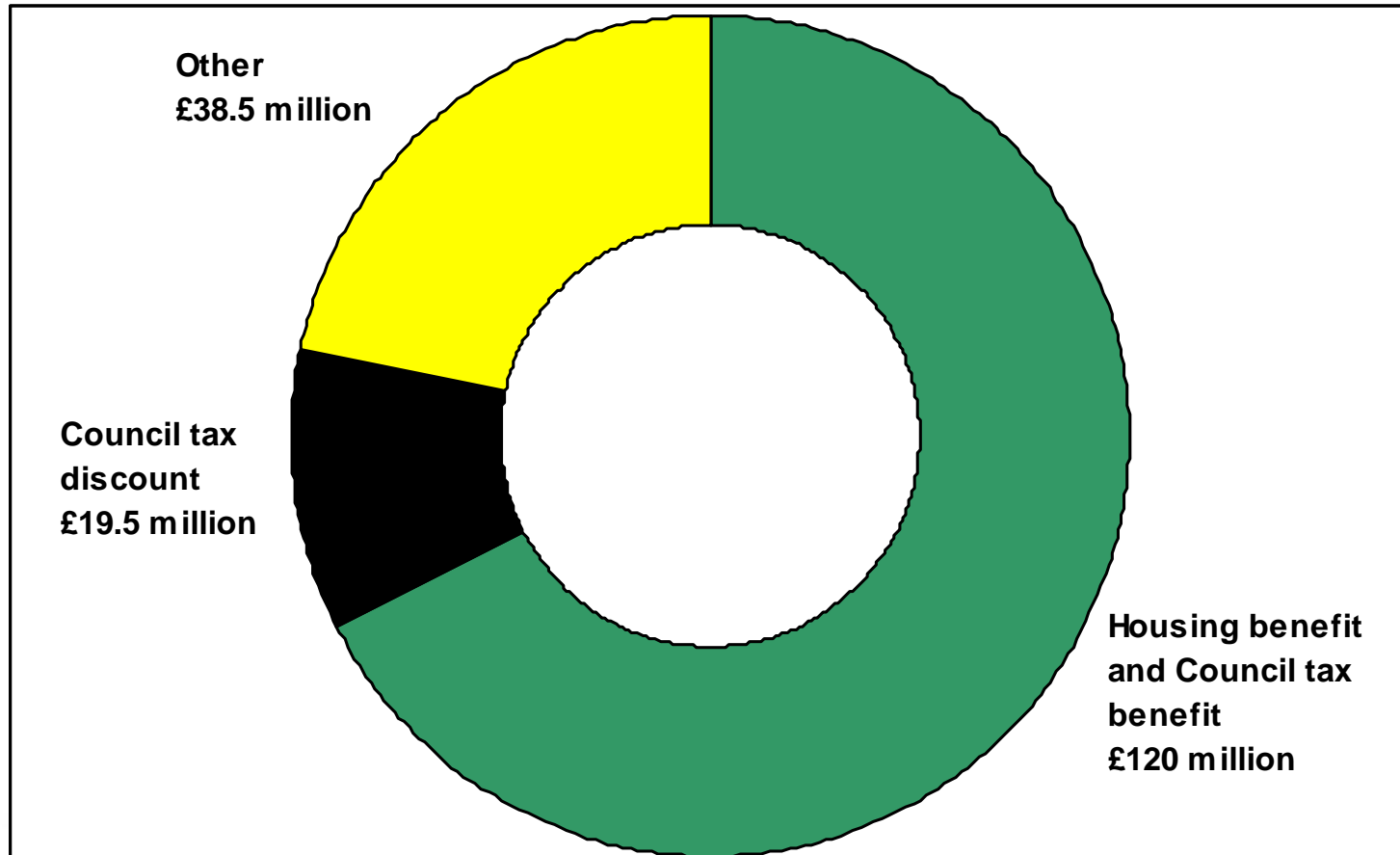


# Purpose of Fraud Briefing at your council

- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

# National Picture 2012/13

**Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)**



***Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%***

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# Interpreting fraud detection results

- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

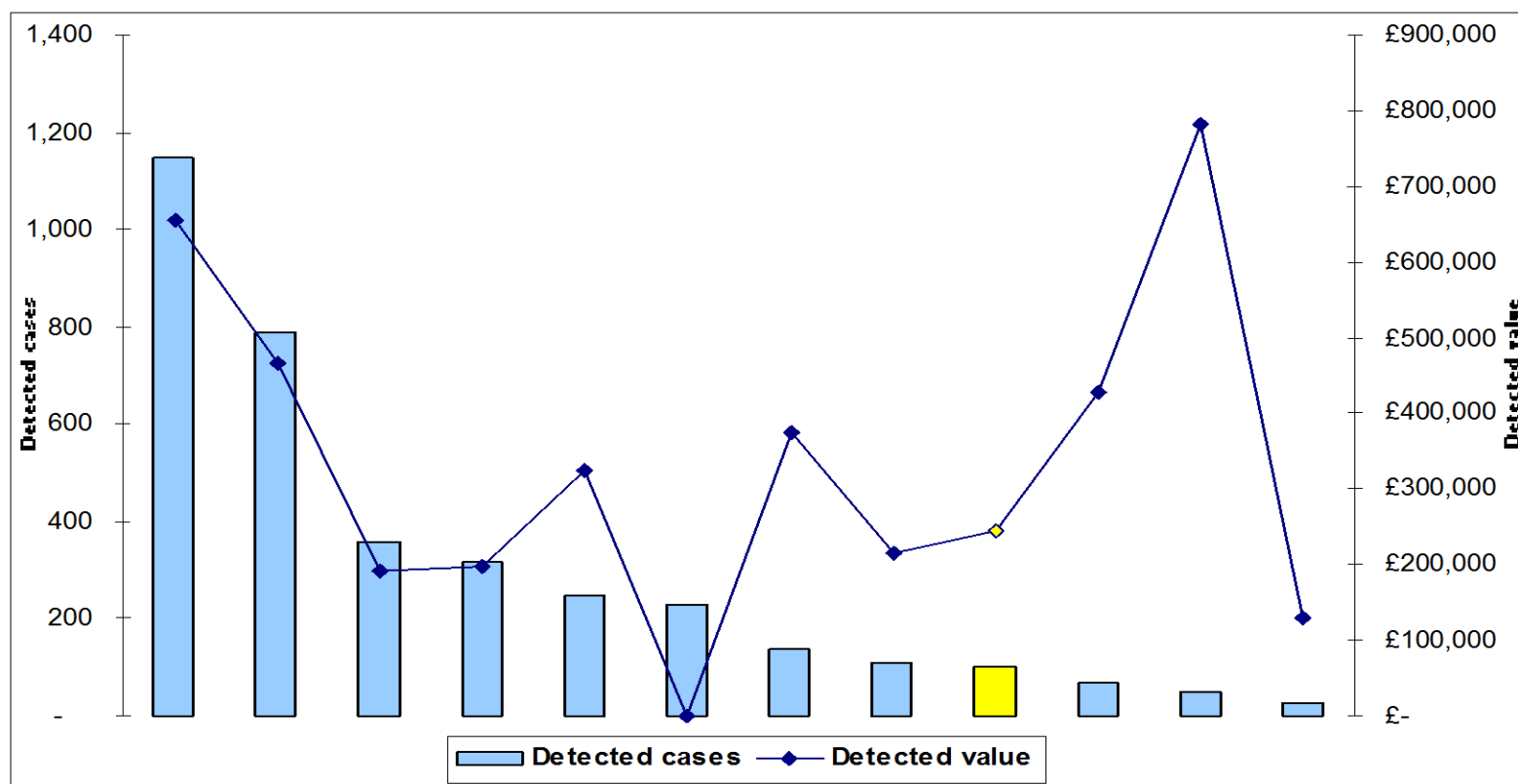
*Your council is highlighted in yellow in the graphs that follow*

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# The local picture

## How your council compares to other district councils in your county area

### Total detected cases and value 2012/13



Braintree detected: 99 cases, valued at £243,617

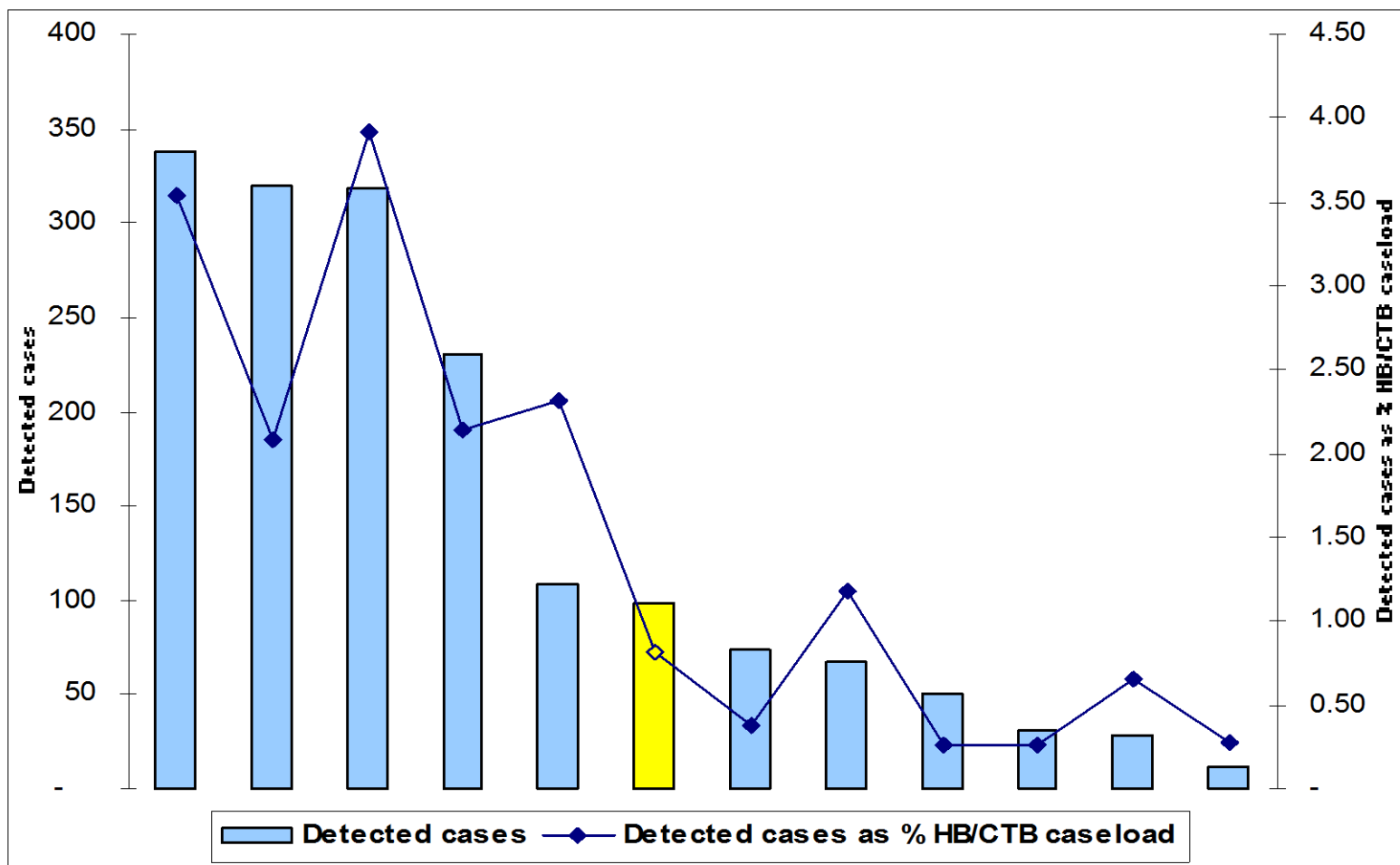
DC average for your county area: 299 cases, valued at £334,219

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## District councils in your county area 2012/13

### Housing benefit (HB) and Council tax benefit (CTB) fraud

#### Detected cases and detected cases as a percentage of HB/CTB caseload



Braintree detected: 98 cases, valued at £242,817

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DC average for your county area: 140 cases, valued at £261,802

## Detected value and detected value as a percentage of council tax income



# Braintree District Council

## Other frauds

- **Procurement:** no cases

*(Ave per DC in your county area: no cases)*

*Total for all local government bodies in your region: 6 cases, valued at £364,870)*

- **Insurance:** no cases

*(Ave per DC in your county area: no cases)*

*Total for all local government bodies in your region: 1 case, valued at £48,000)*

- **Economic & Third sector:** no cases

*(Ave per DC in your county area: <1 case, valued at £2,500)*

*Total for all local government bodies in your region: 1 case, valued at £30,000)*

- **Internal fraud:** 1 case, valued at £800

*(Ave per DC in your county area: 1 case, valued at £2,912)*

*Total for all local government bodies in your region: 58 cases, valued at £405,311)*

Correctly recording fraud levels is a central element in assessing fraud risk

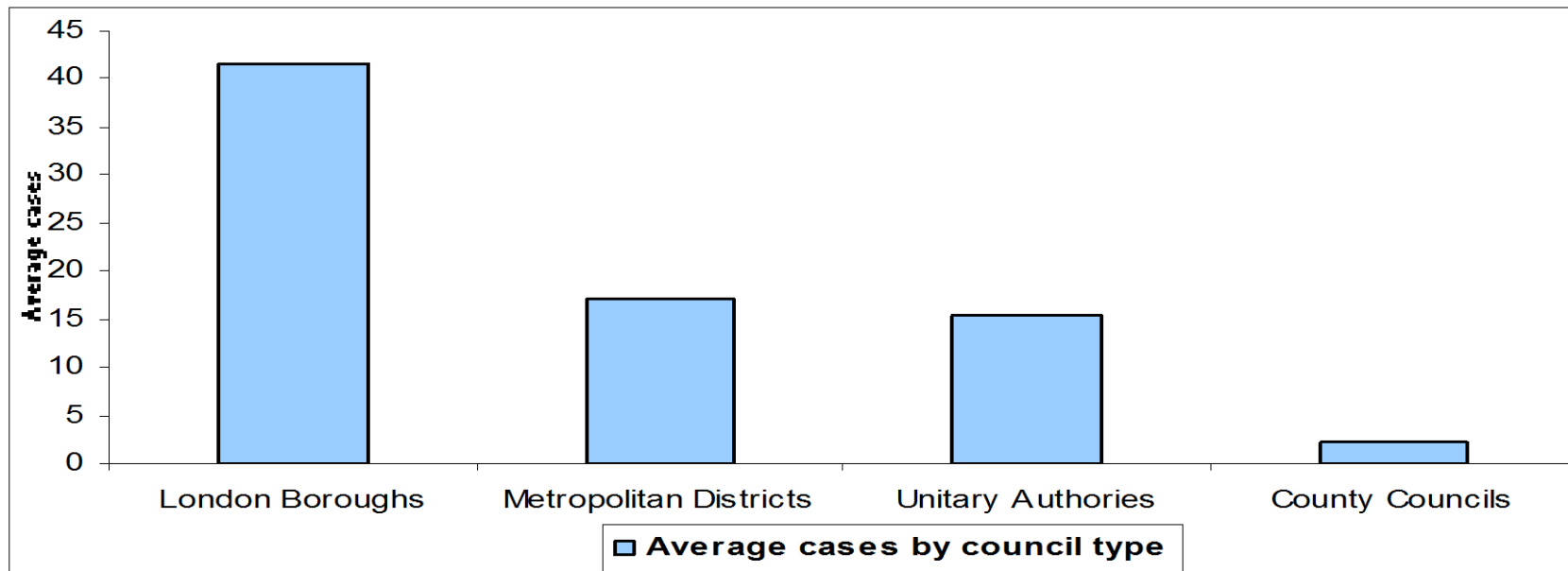
*It is best practice to record the financial value of each detected case*

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# Disabled parking (Blue Badge) fraud

## Detected cases by issuing council type



In two-tier areas:

- county councils have administrative responsibility for issuing blue badges
- district councils face reduced car parking income as a result of the fraudulent abuse of blue badges.

# District councils without housing stock 2012/13

## Social housing fraud

It is estimated that:

- 2 per cent of social housing stock outside London is subject to tenancy fraud;
- tenancy fraud represents the second largest financial loss to fraud in local government, costing £845 million in 2013; and
- when combined with the loss to tenancy fraud suffered by housing associations, the total value in England is £1.8 billion – making tenancy fraud five times greater than the annual loss due to housing benefit fraud.

The Prevention of Social Housing Fraud Act 2013 criminalises tenancy fraud

The legislation gives councils investigation powers and the ability to prosecute tenancy fraudsters on behalf of housing associations

Should you be using this legislation to work in partnership with local housing associations?

# Any questions?





## PROTECTING THE PUBLIC PURSE 2013

**FIGHTING FRAUD CHECKLIST FOR GOVERNANCE**

GENERAL	YES	NO
<p><b>1. Do we have a zero tolerance policy towards fraud?</b></p> <p>Counter Fraud Strategy approved by Governance Committee in March 2013.</p>	√	
<p><b>2. Do we have the right approach and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i>?</b></p> <p>Counter Fraud Strategy approved by Governance Committee in March 2013 which brings together our policies, plans and aligns to the <i>Fighting Fraud Locally</i>.</p>	√	
<p><b>3. Do we have dedicated counter-fraud staff?</b></p> <p>We have our dedicated Benefit Fraud Team and Internal Audit include in all aspects of their work.</p>	√	
<p><b>4. Do counter-fraud staff review all the work of our organisation?</b></p> <p>The Internal Audit Plan is produced on a risk analysis and Benefit Fraud covers Housing Benefit, Local Council Tax Support scheme.</p>	√	
<p><b>5. Does a councillor have portfolio responsibility for fighting fraud across the Council?</b></p> <p>Comes within the remit of the Cabinet Member for Performance and Efficiency.</p>	√	
<p><b>6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?</b></p> <p>Included in Audit Assignment reports, Internal Audit Annual Report and other ad-hoc reports as required.</p>	√	
<p><b>7. Have we assessed our management of counter-fraud work against good practice?</b></p> <p>Various checklists and control measures documents from a number of sources have been reviewed in line with our available resources.</p>	√	

<p><b>8. Do we raise awareness of fraud risks with:</b></p> <ul style="list-style-type: none"> <li>• <b>New staff (including agency staff)</b> – covered within staff Induction by Manager</li> <li>• <b>Existing staff</b> – periodic leaflets issued, fraud alerts to relevant staff and general fraud alerts to all staff, policies and procedures on Intranet</li> <li>• <b>Elected members</b> – policies on Members Portal, periodic leaflets issued and general fraud alerts if applicable</li> <li>• <b>Our contractors</b> – specific anti-collusion clauses in tender documents issued by Procurement</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	
<p><b>9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues</b></p> <p>National Anti-Fraud Network, DWP Fraud Investigation Service, Essex Audit Group, Cambridge Audit Group, Essex &amp; Hertfordshire Investigators Group, Local Authority Investigators Group, Essex Insurance &amp; Risk Group, Essex Insurance Officers Group, External Audit Commission.</p>	<p>√</p>	
<p><b>10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters</b></p> <p>National Fraud Initiative, DWP Fraud Investigation Service, National Anti-Fraud Network, Essex Audit Group.</p>	<p>√</p>	
<p><b>11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?</b></p> <p>From the Internal Audit assignments any control found not to be performing effectively is remedied with a time factor relevant to the level of risk.</p>	<p>√</p>	
<p><b>12. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?</b></p> <p>All matches, whether High, Medium or Low are reviewed with a report to the Governance Committee as appropriate. Results will also be include in the Internal Audit Annual Report for 2013/2014.</p>	<p>√</p>	
<p><b>13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?</b></p> <p>Prevention of Money Laundering procedure available to staff on the Intranet.</p>	<p>√</p>	
<p><b>14. Do we have effective arrangements for:</b></p> <ul style="list-style-type: none"> <li>• <b>Reporting fraud</b> – guidance within the Counter Fraud Strategy including Fraud, Corruption and Dishonesty Policy and Whistleblowing Policy.</li> <li>• <b>Recording fraud</b> – Fraud is recorded by the Audit, Insurance &amp; Risk Manager.</li> </ul>	<p>√</p> <p>√</p>	

<p><b>15. Do we have effective Whistleblowing arrangements? In particular, are staff:</b></p> <ul style="list-style-type: none"> <li><b>aware of our whistleblowing arrangements?</b> – Whistleblowing Policy is available to staff on the Intranet. Awareness also included in the Corporate Quality and Compliance reviews. Whistleblowing Policy is also available on the Council's website</li> <li><b>have confidence in the confidentiality of those arrangements?</b> We have not been made aware that staff do not have confidence.</li> <li><b>confident that any concerns raised will be addressed?</b> We have not been made aware that staff have concerns</li> </ul> <p><b>16. Do we have effective fidelity insurance arrangements?</b></p> <p>Policy in place which covers all staff but increased cover for specific senior posts.</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	
<p><b>FIGHTING FRAUD WITH REDUCED RESOURCES</b></p>		
<p><b>17. Have we reassessed our fraud risks since the change in the financial climate?</b></p> <p>We continually assess fraud risks in all areas of work.</p> <p><b>18. Have we amended our counter-fraud action plan as a result?</b></p> <p>We are awaiting further details and timings of the transfer of our Housing Benefit Fraud Investigators to the DWP under the Single Fraud Investigation Service. Consideration will then be given to re-assessed fraud risks in relation to the LCTS and resource availability.</p> <p><b>19. Have we reallocated staff as a result?</b></p> <p>See 18 above.</p>	<p>√</p> <p>√</p>	
<p><b>CURRENT RISKS AND ISSUES</b></p>		
<p><b>20. Do we take proper action to ensure that we only allocate social housing to those who are eligible?</b></p> <p>Choice Based lettings covered as per the Audit Plan.</p>	<p>√</p>	





Questions for Councillors to support 2013 individual fraud briefings

<p><b>TENANCY FRAUD</b></p> <ul style="list-style-type: none"> <li>• Has my organisation attempted to quantify the scale of tenancy fraud that our housing stock is subject to (at least 4% in London, 2% outside London)</li> <li>• Does my organisation have a strategic plan to tackle tenancy fraud?</li> <li>• Does my organisation have any dedicated investigative resources specifically allocated to tackling tenancy fraud?</li> <li>• Are the resources dedicated to tackling tenancy fraud proportionate to the scale of the problem?</li> <li>• Did my organisation receive any non-ring fenced government funding for 2013 and 2014 to tackle tenancy fraud?</li> <li>• If yes, has all that funding been allocated to tackle tenancy fraud?</li> <li>• If yes, has my organisation engaged with local housing associations to maximise the benefit of such funding for the community?</li> <li>• Is my organisation a member of the Tenancy Fraud Forum including any regional forum group?</li> <li>• Does my organisation maximise the benefits of participating in data matching, such as national Fraud Initiative, to identify tenancy frauds?</li> <li>• What assurances are there that any tenancy audits undertaken are robust, specifically intended to identify tenancy frauds and follow recognised best practice?</li> <li>• Has my organisation considered the Prevention of Social Housing Act, including the scope for greater partnership with housing associations?</li> </ul>	<p>Tenancy fraud refers to a situation where a registered tenant has breached certain terms of their tenancy agreement, generally defined using three headings:</p> <ol style="list-style-type: none"> <li>1. Not using the property as the 'sole or principal home'.</li> </ol> <p>This includes:</p> <ul style="list-style-type: none"> <li>• abandoning the property</li> <li>• succeeding or assigning the property, without the landlord's permission, after the registered occupier has moved out or died</li> <li>• unlawfully subletting the entire property</li> </ul> <p><i>This type of fraud will not affect this authority as the Housing stock was transferred to Greenfields Community Housing in November 2007, leaving BDC with direct 4 units used for homelessness purposes only.</i></p> <ol style="list-style-type: none"> <li>2. Attempting to obtain a property using false statements, e.g. falsely claiming to be homeless</li> </ol> <p><i>Homelessness and Choice Based lettings included in the Audit Plan.</i></p> <ol style="list-style-type: none"> <li>3. Attempting to obtain a property by using false documents, for example using a forged passport or claiming to be someone else in order to assess social housing.</li> </ol> <p><i>Housing staff have received training in the verification of relevant documents. Homelessness and Choice Based lettings included in the Audit Plan. We are actively seeking to arrange refresher training on falsification of documents. It is envisaged that this training will be for Housing, Housing Benefit staff and Reception staff.</i></p>
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## COUNCIL TAX

- How effectively does my organisation use data matching activities to tackle council tax discount fraud, including the National Fraud Initiative?
- How well does my organisation use all forms of sanction and punishment, including penalties, criminal action and targeting previous years fraudulently obtained discounts?
- Is my organisations policy on applying sanctions to deter council tax discount fraud effective?

## RIGHT TO BUY

- Does my organisation review all applications for Right to Buy discounts?

## HOUSING BENEFIT FRAUD

- Has my organisation considered the impact of Single Fraud Investigation Service (SFIS) implementation from April 2014 on capacity to investigate non-benefit fraud?
- Has my organisation considered how best to work with SFIS to ensure local priorities and risks continue to be reflected in local activities to tackle benefit fraud?

## COUNCIL TAX REDUCTION

- Does my council have a strategy to tackle Council tax reduction fraud?
- How well does this strategy combine proactive and reactive approaches to tackling fraud?

## SOCIAL CARE

*We participate in every NFI data matching exercise and investigate all matches whether high, medium or low risk.*

*Annual canvass on all exemptions and discounts and covered by the Revenues Inspector.*

*There is an ability to impose a 'fine' of £70 if changes are not notified to the Authority within 21 days but this is currently not invoked. To be considered in conjunction with the Portfolio holder.*

*See above.*

*Not applicable.*

*When current staff transfer to the DWP there will be an impact on LCTS fraud investigation. No definite date for the transfer is currently known but a review of resources will be carried out before transfer.*

*The Fraud Manager and a Fraud Officer will be attending the DWP Regional Road Show between March and May 2014 to ascertain future arrangements.*

*Counter Fraud Policy in place. LCTS fraud is currently incorporated into the work of the Benefit Fraud section however, upon transfer to DWP under SFIS this will cease. No definite date for the transfer is currently known but a review of resources will be carried out before transfer.*

*Considered sufficient but kept*

<ul style="list-style-type: none"> <li>• How effective is my council's fraud awareness training for all staff working in social care to identified suspected social care fraud?</li> <li>• How good are my council's whistle-blowing arrangements for all staff working in social care?</li> </ul> <p><b>BUSINESS RATE FRAUD</b></p> <ul style="list-style-type: none"> <li>• How effective is my council in maximising its income by tackling business rates fraud?</li> </ul> <p><b>BLUE BADGE FRAUD</b></p> <ul style="list-style-type: none"> <li>• How effectively does my council take action to tackle abuse of blue badge and other parking concessions?</li> </ul> <p><b>PREVENTING OTHER FRAUDS</b></p> <ul style="list-style-type: none"> <li>• How confident am I that staff in my council are aware of the risks of other high value, low frequency frauds and routinely apply all necessary controls to ensure that they do not occur?</li> </ul> <p><b>DETERRENCE</b></p> <ul style="list-style-type: none"> <li>• How effectively does my council detect fraud?</li> <li>• How appropriate are the punishments we apply for fraud?</li> <li>• How well does my council publicise its success in detecting fraud?</li> </ul>	<p><i>continuously under review.</i></p> <p><i>Not applicable</i></p> <p><i>Revenue Inspector in place. Further consideration to be given as part of resources review</i></p> <p><i>Blue badges not applicable. Other parking concessions are dealt with by the North Essex parking Partnership so Colchester BC's responsibility to tackle any abuse</i></p> <p><i>Systems of internal control and reviews as per the Audit Plan</i></p> <p><i>Policies and procedures in place</i></p> <p><i>Prosecution Policy in place. In respect of Housing Benefit &amp; Council Tax fraud sanctions legally levied. Where cases are successfully prosecuted, the Courts decided on punishment</i></p> <p><i>For Housing Benefit &amp; Council Tax successful fraud prosecutions - PR releases, 'named and shamed' together with annual statistics on website, response to media enquiries</i></p>
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<b>Strategic Risk Management</b>		<b>Agenda No: 10</b>
<p><b>Corporate Priority:</b> An organisation that delivers value – Providing value for money, Delivering excellent customer service, Improving out services through innovation</p> <p><b>Report presented by:</b> Trevor Wilson, Head of Finance <b>Report prepared by:</b> Trevor Wilson, Head of Finance</p>		
<p><b>Background Papers:</b> Risk Policy, Strategy and Implementation Plan – Council 19<sup>th</sup> April 2006. Strategic Risk Management report to Cabinet on 3<sup>rd</sup> February 2014</p>		<b>Public Report</b>
<p><b>Options:</b> To agree or suggest amendments to the Council's approach to Risk Management.</p>		<p><b>Key Decision:</b></p> <p><b>NO</b></p>
<p><b>Executive Summary:</b></p> <p>The report provides detail of the review of and updating of the Council's Strategic Risk Register as agreed by the Cabinet at its meeting on 3<sup>rd</sup> February 2014.</p> <p>The register and action plans agreed by Cabinet on 20<sup>th</sup> May 2013 were reviewed and an updated draft register produced by Management Board on 3<sup>rd</sup> December 2013.</p> <p>The register details the risks which have potential to impact on the delivery of the Corporate Strategy over the medium-term. In addition to undertaking this review of the register the Management Board ensures that the register continues to be current by regularly reviewing and updating the strategic risks. The strategic risk register forms one part of the Council's overall approach to risk management, other facets include: processes for identifying and recording operational risks, risk registers for major projects, business continuity planning and emergency planning.</p> <p>The number of strategic risks identified is eight, a reduction of two from the ten risks identified at the last review conducted in April 2013. The change results from the deletion from the register of two risks: Major Projects (risk number 5): this is now incorporated in operational risks (where appropriate) and Community Engagement (risk number 9): this was originally identified in response to the requirements of the Localism Act however the Council has processes in place and the management of this is now regarded as 'business as usual'.</p> <p>The number of risks above the Risk Tolerance Line (See Appendix A) requiring active management has remained at five. The risk rating for 'Community Resilience' (number 4) has, however, been reduced from B2 to C2 because of the progress made with the delivery of the planned actions to help address the risk.</p>		

A summary of the changes to the risk ratings made at the reviews are shown in the table below:

<b>Risk Rating</b>	<b>April 2013</b>	<b>December 2013</b>
<b>B2</b> ( <i>High likelihood/ Critical impact</i> )	1	0
<b>C2</b> ( <i>Significant likelihood/ Critical impact</i> )	4	5
<b>D2</b> ( <i>Low likelihood/ Critical impact</i> )	3	2
<b>D3</b> ( <i>Low likelihood/ Marginal impact</i> )	2	1
<b>Total number of risks on Strategic Register</b>	<b>10</b>	<b>8</b>

Management Action Plans for managing each of the five risks above the risk tolerance line are owned and maintained by a Corporate Director. Details of the risks together with the Management Action Plans are provided at Appendix B.

#### **Decision**

Members are asked to note and endorse the Strategic Risk Register and the Action Plans for managing the high rated risks.

#### **Purpose of Decision:**

For members of the Governance Committee to be assured that the Council's strategic and operational risks, with a high risk rating, are being actively managed.

#### **Any Corporate implications in relation to the following should be explained in detail**

<b>Financial:</b>	Risks and associated management action plans concerning the Council's finances are highlighted in risks numbers 1 and 8.
<b>Legal:</b>	There are no specific risks of a legal nature at this time.
<b>Safeguarding</b>	The Council's approach to and training undertaken on its Safeguarding responsibilities means that this is not currently regarded as a strategic risk for the Council.
<b>Equalities/Diversity</b>	The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk.
<b>Customer Impact:</b>	The potential impact of the Government's Welfare Reforms on residents in the district, in particular vulnerable groups, is identified at risk number 4. A management action plan is included detailing the actions to taken and planned to

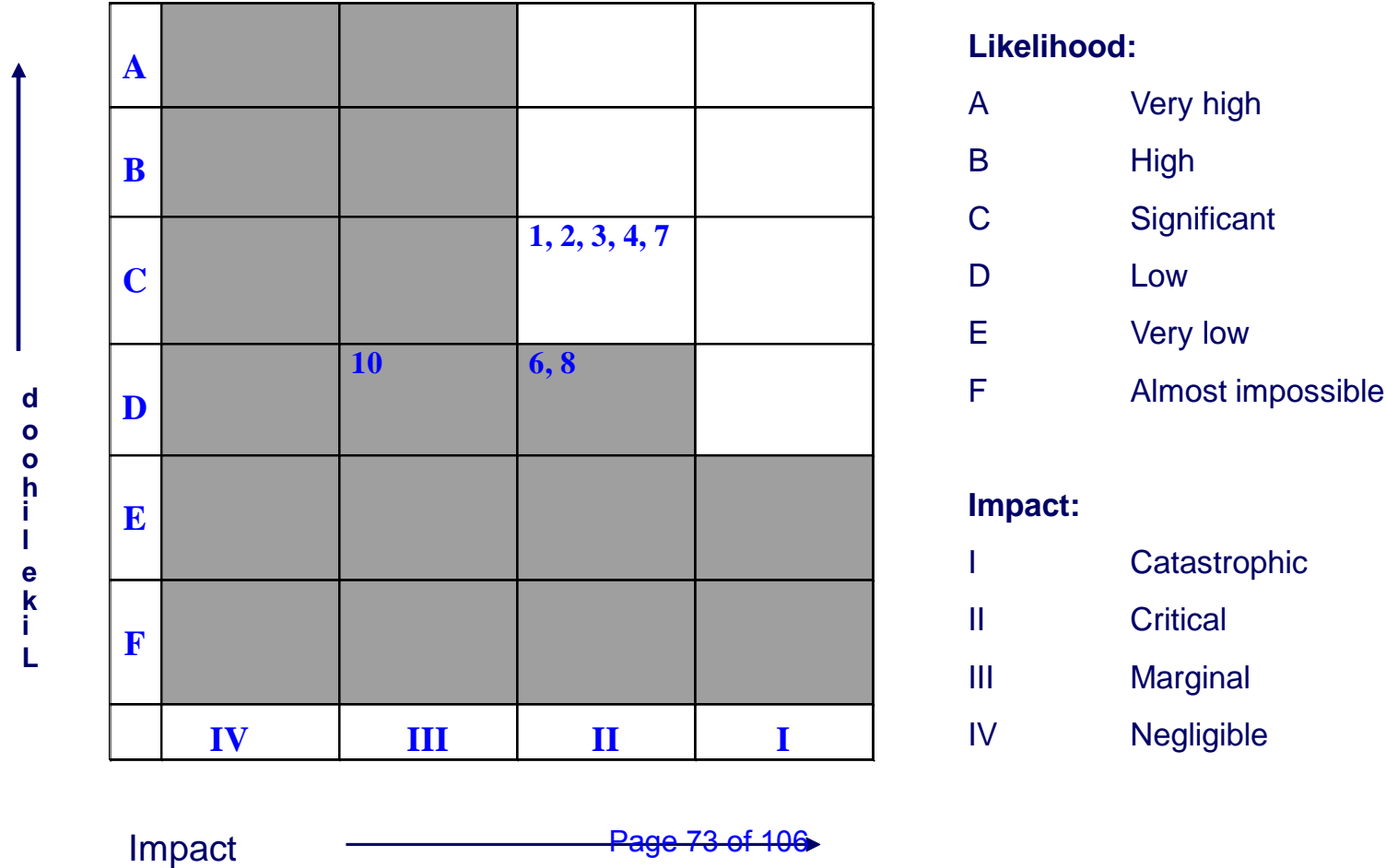
	reduce the risk.
<b>Environment and Climate Change:</b>	A risk is identified regarding the Council's approach to climate change (risk number 10). The risk is rated as a low risk as a consequence of the strategy and climate change risk assessment produced.
<b>Consultation/Community Engagement:</b>	Community engagement (risk number 9) is proposed to be deleted from the register as a consequence of the processes the Council has put in place to deal with challenges introduced under the Localism Act.
<b>Risks:</b>	A robust Risk Management process is an important element of the Council's governance arrangements.
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No.</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk





STRATEGIC RISK PROFILE

Braintree District Council December 2013





## Strategic Risk Register including Management Action Plans (where appropriate)

### Medium-Term Financial Strategy – 1

Risk Rating C2 (C2 April 13)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council sets a Medium-Term Financial Strategy (MTFS), covering a four-year period, which is reviewed and updated annually.</p> <p>Assumptions are made about anticipated changes on the revenue account e.g. government grant levels, income levels, inflation, pay awards, council tax collection rates, etc. together with planned and anticipated efficiency savings, council tax levels and the use of balances.</p> <p>Assumptions are also made regarding capital resources with a capital programme being planned and agreed against these resources.</p> <p>The Government's Spending Review 2013 and Autumn Statement announced in June and December 2013, respectively, confirmed the continued reduction in funding to local government and reinforces the commitment to its deficit</p>	<ul style="list-style-type: none"> <li>• Government funding settlements are reduced by more than anticipated.</li> <li>• Other organisations which provide significant contributions to the Council face their own funding pressures and may require greater reductions than expected.</li> <li>• Circumstances change which render the planned savings unachievable.</li> <li>• Other financial assumptions prove incorrect. Including income budgets not achieved.</li> <li>• Capital receipts are not received as planned.</li> <li>• Capital resources insufficient to finance capital programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Priorities and projects are not delivered.</li> <li>• Cuts necessary to services</li> <li>• Rushed decisions to find other savings</li> <li>• Staff unsettled and de-motivated.</li> <li>• Financial savings are not achieved; balances used more than planned.</li> <li>• Assets not fit for purpose</li> <li>• Satisfaction levels with the Council fall</li> <li>• Cannot implement low council tax strategy</li> </ul>

reduction plan and to returning the public finances to a sustainable position.		
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Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Robust budget review and setting process involving Management Board and Cabinet members developed over a number of years</p> <p>Unallocated balances significantly exceed minimum level of £1.5million.</p> <p>Regular Budgetary Control and monitoring processes in place.</p> <p>Programme of efficiency reviews and Member Board to monitor progress of reviews.</p>	<p>Update MTFS following receipt of: the notification of final financial settlement figure for 2014/15 and the revised regulations and guidance on the business rates retention scheme.</p> <p>Continue work to improve financial modelling for business rates income and New Homes Bonus grant.</p>		<p>Financial savings delivered on time and as budgeted.</p> <p>Setting a balanced base budget for 2014/15 with no increase in council tax and having plans to meet funding shortfalls in subsequent years of MTFS</p> <p>Service and performance levels delivered as planned.</p> <p>Collection rates of council tax and business rates achieve planned levels.</p>	Corporate Director (CF) Monthly	Feb 2014	<p>Draft MTFS provides a plan to provide a balanced budget with a reduction of 1% in council tax for 2014/15 and no increase for 2015/16. Shortfalls to be addressed for 2016/17 of £0.7m and 2017/18 of £0.7m.</p> <p>Estimated unallocated balance as at 31<sup>st</sup> March 2014 is £7.8million.</p> <p>Action plan developed following Peer Challenge, managed by the Local Government Association, in October 2013.</p> <p>Increased monitoring of:</p> <ul style="list-style-type: none"> <li>• Amount of council tax support awarded</li> <li>• awards from the Exceptional Hardship Fund; and</li> <li>• Business rates and council tax collection rates.</li> </ul>

**Economic Development – 2**

Risk rating C2 (C2 April 13)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Development as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The District is looking for inward investment, job creation, business growth and investment in infrastructure. There is also a programme to sustain/grow our town centres.</p>	<p>Lack of investment in economic development and infrastructure prevents business growth and job creation.</p>	<ul style="list-style-type: none"> <li>• Reduction in new jobs</li> <li>• Loss of revenue / growth in business rates</li> <li>• Less employment</li> <li>• Lower inward investment</li> <li>• Fewer new businesses being created</li> <li>• Less investment in infrastructure as a result of less development</li> </ul>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Strong working relationship with Essex County Council, Haven Gateway and the South East Local Enterprise Partnership (LEP) on key priorities for economic development. The LEP is moving to a federated model with an Essex sub board offering the opportunity for stronger influence</p> <p>Partnership with Essex County Council, Colchester and Tendring Councils and the Highways Agency on establishing a business case for improvements to the A120.</p> <p>District Economic Development Prospectus agreed, setting clear economic priorities</p>	<p>Continuing to develop a strong relationship with strategic businesses and working with them to lobby the South East LEP; Highways Agency; Network rail etc. to invest in the District's economic priorities</p> <p>Developing our inward investment offer through an Investment Prospectus and website</p> <p>Ensuring that we have a realistic delivery plan and maximising the use of available resources to lever investment in delivery, including New Homes Bonus</p> <p>Supporting Town Teams to develop a clear vision and ensuring that they have the capacity to deliver town centre regeneration</p>	Corporate Director (JH)	<p>Creation of new jobs</p> <p>New Business starts</p> <p>Business growth in the District</p> <p>Inward Investment in the District</p> <p>Investment into District infrastructure</p>	Quarterly		<p>Capacity of Economic Development Team strengthened to support delivery</p> <p>Business community consulted on District Economic Development Prospectus, which sets clear economic priorities for the period to 2026</p> <p>Work to ensure that key infrastructure projects are included in the Essex and LEP Strategic Plans</p> <p>Business Leaders Board established to strengthen engagement with strategic businesses</p> <p>Springwood Drive Enterprise Units extension approved and ICS/ Growth Area Funding secured</p> <p>Delivery of town centre</p>

**Appendix B**

<p>District Investment into capital/revenue projects to create business growth in the District.</p> <p>Working in partnership with Ignite business to provide new business start-ups and to grow businesses.</p>						<p>infrastructure improvement projects underway (South Street, St. Michaels Fountain)</p> <p>Range of Portas Pilot initiatives delivered in three towns Gateway</p>
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**Local Development Framework – 3**

Risk Rating C2 (C2 April 13)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has an adopted Core Strategy and is in the process of preparing the District's Site Allocation and Development Management Policies. The Local Development Framework plans for housing and commercial growth in the District which will deliver 4,637 new homes and 14,000 new jobs up to 2026.</p> <p>Government policy on housing numbers required to be delivered and background documents which are being produced could show a much higher requirement for housing and Gypsy and Traveller sites within the District then is presently being planned for in the Core Strategy and Site Allocations and Development Management Plan.</p> <p>As a result of national changes, there may be a different approach taken by the Planning Inspectorate on how housing number requirements are assessed, and this could have implications for the current LDF process and future growth levels in the district.</p>	<p>The Economic climate does not improve resulting in lack of housing or employment growth.</p> <p>Under Planning Inspection the current LDF and Site Allocation is found unsound.</p>	<ul style="list-style-type: none"> <li>• Lack of new jobs in the District and failure to deliver job target</li> <li>• Reduction in construction of new homes to provide opportunity for residents to get onto the housing ladder or move up it.</li> <li>• Inability to attract inward investment or business growth</li> <li>• Inability to attract skilled workers to the District</li> <li>• Fewer new affordable homes to meet the need in the District</li> <li>• Less investment in infrastructure through Section 106/ future Community infrastructure levy from development</li> <li>• Loss of appeals on planning applications for development on unallocated sites outside of development boundaries</li> <li>• Cost to the Council of preparing a new Local Plan and associated evidence base</li> <li>• Council not able to meet its objectively assessed need for housing</li> </ul>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Consultation – public, town councils, parishes and pressure groups.</p> <p>Engaging at a regional level.</p> <p>Looked at infrastructure implications.</p> <p>Programme of reporting and decision making through Local Development Framework Sub Committee</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p> <p>Joint working with other Essex authorities.</p>	<p>Work programme keeps to timetable to ensure adoption of site allocations.</p> <p>Working in partnerships – sharing long term aims and potentially sharing risks</p> <p>Encouraging a community view / balancing with District and national interests.</p>	Corporate Director Sustainable Development	Ensuring LDF process is adopted/ approved on target	Quarterly	Spring/ Summer 2014	<p>Adoption of Core Strategy.</p> <p>Adoption of new Statement of Community Involvement</p> <p>Public consultation held on the Site Allocations and Development Management Plan</p> <p>Council agreement of Pre Submission Site Allocations and Development Management Plan</p> <p>Allocation of Growth Area funding, revenue and capital, by LDF Sub Committee.</p>

**Community Resilience – 4**

Risk Rating C2 (B2 April 13)

Management Board Owner – Corporate Director (CF)

<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
<p>There is a small proportion of the district's population that is affected by current changes to welfare reforms. However, many of the changes are still working through and the impacts are uncertain.</p> <p>There are a number of deprived areas in the district with children in poverty, health inequalities, lack of skills and higher unemployment.</p> <p>Educational attainment in the district (based on English and Maths GCSE results) is low compared to the rest of the county.</p> <p>There is a growing population of elderly people, within the district and nationally.</p>	<p>Break-down in family and community resilience.</p> <p>Council and other public sector organisations are not able to meet demand for services.</p>	<ul style="list-style-type: none"> <li>• Some people do not receive the help they need.</li> <li>• Increase in homelessness</li> <li>• Increased demands on the Council's Housing and Customer Services</li> <li>• Increased health inequalities</li> <li>• Increase in number of households in fuel poverty</li> <li>• Increase in number of children in poverty</li> <li>• Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated.</li> </ul>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Officer Welfare Reform group established.</p> <p>Additional staff taken on in Housing, Revenues and Benefits and Customer Services.</p> <p>Increased partnership working with Citizens Advice Bureau, Greenfields CH, Department for Work and Pensions and Fusion to assist those affected by the welfare changes.</p>	<p>Delivery of action plan prepared by Officer Welfare Reform group.</p> <p>Regular reviews of the impact the changes are having on those affected.</p>	Corporate Director	<p>Services able to meet increased demand</p> <p>Funding sufficient to support those residents in extreme financial difficulties with council tax and/or rent.</p> <p>Increased number of residents in employment</p>	Quarterly		<p>Two-year Service Level Agreement with Citizens Advice Bureau, commenced April 2013, to provide money advice service to residents.</p> <p>Discretionary Housing Payments – allocation of £199,000 for 2013/14. Of which £104,819 has been used by 31<sup>st</sup> December 2013.</p> <p>Exceptional Hardship Fund of £17,460 for 2013/14. Of which £10,048 has been used by 31<sup>st</sup> December 2013.</p> <p>Health and Wellbeing Panel for the District established and working with a range of partners.</p>

**Service Resilience and Workforce planning – 6**

Risk Rating D2 (D2 April 13)

Management Board Owner – Corporate Director (CF)

<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
<p>Reduced resources impact on the Council's ability to deliver good quality services. Service delivery and resilience requires a well managed and motivated workforce. The Council has recognised the important challenges around workforce planning and talent management for the future.</p>	<p>Some key people leave.</p> <p>The organisation is stretched too far and resulting in service delivery failure</p>	<ul style="list-style-type: none"> <li>• Service failure or performance declines</li> <li>• Mistakes made and corners cut</li> <li>• Customer satisfaction falls</li> <li>• Employees are demoralised.</li> <li>• Loss of good people.</li> <li>• Increased key person dependency</li> <li>• Loss of corporate memory</li> <li>• Failure to deliver Council's priorities and Annual Plan</li> <li>• Remaining staff fail to cope</li> <li>• Change programmes difficult to implement</li> </ul>

**Affordable Housing – 7**

Risk rating C2 (C2 April 13)

Management Board Owner – Corporate Director (JH)

<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
The Council has challenging affordable housing needs. There are a declining number of sites for development in the district and the value of housing is intrinsically high. Increasing gap between the availability of affordable housing and those needing them.	Potential number of affordable houses not provided	<ul style="list-style-type: none"> <li>• Affordable housing need not met</li> <li>• Homeless households remain longer in temporary accommodation as fewer rented homes become available for letting through 'Gateway to Homechoice'</li> <li>• Cost to the Council of temporary accommodation increases</li> <li>• Young people/key workers leave the district</li> </ul>

## Appendix B

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Affordable Housing Strategy 2009-14 adopted</p> <p>Affordable Housing Strategy Action Plan for 2011/12</p> <p>Reviewed planning policy to ensure opportunities are maximised</p> <p>The Community Housing Investment Partnership (CHIP) fund was established as part of the transfer agreement. Currently £7m of this fund is available to invest into the delivery of further affordable housing.</p> <p>Underwriting schemes and purchase of land for affordable housing developments as opportunity and finance allow.</p>	<p>Housing Research and Development Team continue to look for innovative ways of increasing affordable housing with developers and Registered Social Landlords.</p> <p>Use of Stat Nav toolkit to help identify need across the District.</p> <p>Build working relationships with developers to deliver Affordable housing through S.106 agreements.</p>	Corporate Director (JH)	Local target for an average 100 dwellings per annum	Quarterly		<p>Local Development Framework in progress.</p> <p>Investment of CHIP fund to deliver more than 50 homes in next financial year. StatNav toolkit now up and running on BDC web-site</p> <p>In 2013/14 the affordable housing delivery target of 50 new homes at the end of 2013 this has already been exceeded.</p> <p>Over 200 new affordable homes started on site during 2013/14.</p> <p>Authority delegated to Cabinet Members for Planning and Property and Performance and Efficiency to agree acquisitions and funding commitments within the overall affordable housing budget in order to allow timely decisions to be taken and prevent opportunities being lost.</p>

**Investment of Surplus Monies – 8**

Risk Rating D2 (D2 April 13)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Authority invests its surplus monies with financial institutions. The impact of the current economic climate on financial institutions makes the selection of a strong counterparty, with which to invest, crucial.</p> <p>The focus on security of the money invested in a small number of highly rated financial institutions results in receipt of low levels on interest which in the current economic climate means this asset is achieving a negative real rate of return (i.e. after allowing for the rate of inflation). Other investment opportunities are being explored but selection of a strong counterparty with which to invest will be crucial.</p> <p>Regular monitoring of the investment counterparties is essential and this is currently undertaken by Treasury Advisors, Arlingclose.</p>	Failure of a counterparty	<ul style="list-style-type: none"> <li>• Loss of the principal sum and / or interest due</li> <li>• Unplanned service cuts and / or use of balances</li> <li>• Decline in Council reputation</li> </ul>

**Sustainability – 10**

Risk Rating D3 (D3 July 12)

Management Board Owner – Corporate Director (AW)



Vulnerability	Trigger	Consequence
<p>Climate Change</p> <p>The services provided by the Council are reliant on access to all parts of the district by Council operated vehicles and the ability of staff to travel to their place of work.</p> <p>Operations, services and estate plans need to include preparation for extreme weather events associated with the changing climate.</p>	<ul style="list-style-type: none"> <li>• Increase in the frequency, severity and duration of extreme weather events i.e. flooding, storms, heatwaves, snow and freezing temperatures</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to maintain/deliver services due to the impact of extreme climatic conditions</li> <li>• Increased financial costs for Council due to insurance excesses and pressures on service delivery</li> <li>• Decline in Council reputation</li> </ul>

**Major Projects – 5**Risk Rating **DELETE** (D2 April 13)

Management Board Owner – Corporate Director (CF)

<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
The Council is undertaking and proposing to undertake a number of significant projects, which require effective project management. Successful service delivery is dependent upon effective performance monitoring. Performance and project management must part of the culture of the Council and consistently applied in all areas.	Project delivery and costs are adversely affected due to ineffective project management.	<ul style="list-style-type: none"> <li>• Projects not managed to time or budget</li> <li>• Organisation fails to change and benefit from project</li> <li>• Partners are disillusioned</li> <li>• Adverse effect on performance</li> <li>• Adverse publicity</li> <li>• Service quality falls</li> <li>• Censure by audit / inspection</li> </ul>

**Community Engagement – 9**Risk Rating **DELETE** (D3 April 13)

Management Board Owner – Corporate Director (AW)

<b>Vulnerability</b>	<b>Trigger</b>	<b>Consequence</b>
The introduction of the Localism Act presents the Council with some new challenges with greater scope and opportunities for local people, partners and voluntary sector to involve themselves in the way outcomes are commissioned, services are delivered and how decisions are made.	Council fails to deliver on the requirements of the Localism Act	<ul style="list-style-type: none"> <li>• Dissatisfaction with the council.</li> <li>• Local needs not being met.</li> <li>• Officers spend significant time dealing with FOI enquiries/ managing complaints.</li> <li>• Public discord reflected in local media and online.</li> <li>• Failure to meet legal requirements of Localism Act</li> </ul>

In response, the Council established a Localism Board which has implemented a series of work streams in response to the Localism Act. These are now embedded in the work and performance monitoring of the Council.		
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<b>Office of Surveillance Commissioners Inspection Report</b>		<b>Agenda No: 11</b>
<b>Portfolio Area:</b> An organisation that delivers value		
<b>Report presented by:</b> Lesley Day, Audit Insurance & Risk Manager		
<b>Report prepared by:</b> Lesley Day, Audit Insurance & Risk Manager		
<b>Background Papers: Office of Surveillance Commissioners Inspection Report</b>		<b>Public Report</b>
<b>Options:</b> N/a		<b>Key Decision:</b>  No
<p><b>Executive Summary:</b></p> <p>On 12<sup>th</sup> November 2013, the Council received a visit by HH Norman Jones QC, Assistant Surveillance Commissioner to review our management arrangements of covert activities and to ensure that they are in accordance with the Regulation of Investigatory Powers Act and the Protection of Freedoms Act 2012.</p> <p>The conclusions of the inspection included:</p> <ul style="list-style-type: none"> <li>• That Braintree DC has little resort to covert surveillance and RIPA and is likely to reduce further as a result of the Protection of Freedoms Act 2012 and the RIPA (Directed Surveillance and Covert Human Intelligence Source (CHIS) amendment Order 2012.</li> <li>• There has been a lack of training for relevant officers in respect of the requirement for RIPA competence.</li> <li>• The requirement in the improvement of the structure of RIPA management which will result in greater oversight and quality control which should be exercised robustly.</li> <li>• Attention should be paid to ensuring that the Council has the capacity to handle CHIS if required to do so.</li> </ul> <p>The inspection report included six recommendations:</p> <ol style="list-style-type: none"> <li>1. Create a Central Record of Authorisations matrix in a spreadsheet.</li> <li>2. Institute a refresher training programme for relevant officers commencing with provision by an external professional trainer.</li> <li>3. Restructure the management arrangements of RIPA.</li> <li>4. Ensure that the Council is equipped to manage CHIS (see recommendation 2).</li> <li>5. Amend the Council's RIPA Corporate Guidelines.</li> <li>6. Ensure that elected members receive quarterly reports outlining the Council's covert surveillance activities.</li> </ol>		

These recommendations have either been already implemented or are in the process of implementation.

**Decision:**

That Members note the conclusions and recommendations of the Office of Surveillance Commissioners Inspection Report.

**Purpose of Decision:**

To advise Members of the conclusions and recommendations resulting from the Office of Surveillance Commissioners Inspection Report.

**Any Corporate implications in relation to the following should be explained in detail**

<b>Financial:</b>	N/a
<b>Legal:</b>	N/a
<b>Equalities/Diversity</b>	N/a
<b>Customer Impact:</b>	N/a
<b>Environment and Climate Change:</b>	N/a
<b>Consultation/Community Engagement:</b>	N/a
<b>Risks:</b>	N/a
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance & Risk Manager
<b>Ext. No.</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

Governance Committee Annual Report 2013/2014		Agenda No: 12
Corporate Priority:	Providing value for money	
Report presented by:	Lesley Day, Audit Insurance & Risk Manager	
Report prepared by:	Lesley Day, Audit Insurance & Risk Manager	
Background Papers:	Public Report	
Governance Committee Reports	Yes	
Options:	Key Decision:	
N/a	No	
Executive Summary:		
To present to the Governance Committee a report summarising its activities during the 2013/2014 civic year with a view to the report being presented at Council.		
The report includes details of the routine audit and accounts business that came before the Committee together with the annual cycle of governance reports.		
Decision:		
Members are recommended to:		
a) Consider the report and make any amendments as necessary and		
b) Approve the report to be presented to Council		
Purpose of Decision:		
To agree a report on the Committee's activities during 2013/2014 and to approve its presentation to Council.		

**Any Corporate implications in relation to the following should be explained in detail**

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Equalities/Diversity</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	None
<b>Officer Contact:</b>	Lesley Day
<b>Designation:</b>	Audit, Insurance & Risk Manager
<b>Ext. No.</b>	2821
<b>E-mail:</b>	lesley.day@braintree.gov.uk

The following activities were considered by the Committee during 2013/2014:

### **AUDIT & GOVERNANCE**

#### **Report: Annual Governance Statement 2012/2013**

Received for approval the Annual Governance Statement for incorporation into the Statement of Accounts. Regulation 4 of the Accounts and Audit Regulations 2003 require "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."

#### **Report: Annual Internal Audit Report 2012/2013**

Received the Annual Report on Internal Audit Activity for 2012/2013.

#### **Reports: Internal Audit Activity (quarterly)**

Received and noted details of the audit assignments completed together with status updates in respect of Reportable Recommendations.

#### **Report: Annual Audit Letter 2012/2013**

Received the external auditor's Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.

#### **Report: Internal Audit Strategic Plan 2014/2018**

Received and approved the Internal Audit four year plan supported by Risk Assessment.



**Reports: External Audit Plan 2013/2014**  
**Audit Commission Work Programme and Scale of Fees 2012/2013**

**Report: Grant Claim Certification year end 31/03/13**

Received a report from the external auditor summarising the main issues arising from the certification of grant claims for the financial year ending 31st March 2013.

**Report: Public Sector Internal Audit Standards**

Approved the Internal Auditor Charter and adopted the Public Sector Internal Audit Standards.

**Report: Whistleblowing Policy**

Received details of the Council's Whistleblowing Policy with the opportunity to review.

**Report: Protecting the Public Purse 2013**

Acknowledged the Audit Commission's publication and received details of the counter fraud arrangements in place.

**RISK MANAGEMENT**

**Report: Strategic Risks**

Received two reports detailing reviews undertaken of the Council's Strategic Risk Register by Management Board and Cabinet together with details of how the significant business risks are being monitored and managed by Management Board in line with the Council's Risk Management Strategy.

**Report: Operation Risks**

Received details of the annual review of the Council's Operational Risks.

**MONITORING AND FINANCE**

**Report: Receipt of the Statement of Accounts for 2012/13 together with the External Auditor's Annual Governance Report**

Considered and approved the Statement of Accounts for 2012/2013 having received details of the external auditors' annual governance report.

The external auditor's report is presented to the Governance Committee in accordance with the provisions of International Standards on Auditing (UK & Ireland) 260 Communication with Those Charged with Governance, ISA 265 Communicating Deficiencies in Internal Control and Management, and the Audit Commission's Code of Audit Practice

## **Reports: Quarterly Performance Management Reports and Briefings**

Received and noted the quarterly Performance Management Reports. In addition, the Committee received briefings covering Performance and Project governance, Change Control process and Covalent reporting system

## **Reports: Financial Indicators (quarterly)**

Received and noted details of key financial indicators.

## **Report: Treasury Management Annual Report 2012/2013 and Mid-Year Report 2013/2014**

Noted and advised Cabinet to accept the reports.

## **Report: Treasury Management Strategy Statement 2014/2015**

Reviewed and provided comments on the draft Strategy prior to its submission to Cabinet.

## **STANDARDS**

Received the Monitoring Officer's Annual Standards Report.

## **COMMITTEE OPERATION**

Completed a Committee self-assessment checklist and produced an action plan as required.

## **Other reports received**

**Single Fraud Investigation Service (SFIS)** - Noted the current proposals and implications of the introduction and implications of the introduction of the SFIS.

**Fraud & Error Discussions** - External auditor's discussion with those charged with governance on fraud and error.

**Office of Surveillance Commissioners Inspection Report** – received report of inspection and noted recommendations made and the acceptance thereof.

**Training** – Training session on understanding the Council's Financial Statements was provided by LG Futures. The session was open to all members of the Council.

<b>Forward Look – Twelve months to March 2015</b>		<b>Agenda No: 13</b>
<b>Corporate Priority:</b> An organisation that delivers value		
<b>Report presented by:</b> Trevor Wilson, Head of Finance		
<b>Report prepared by:</b> Trevor Wilson, Head of Finance		
<b>Background Papers: None</b>		<b>Public</b>
		<b>Yes</b>
<b>Options:</b>		<b>Key Decision:</b>
		<b>No</b>
<b>Executive Summary:</b>		
<p>To present to Governance Committee the report schedule for the year with a brief summary of each report so that Members can see the routine audit and accounts business that will come before the Committee in each cycle together with the annual cycle of governance reports.</p> <p>There will be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.</p>		
<b>Decision:</b>		
Members are asked to note the report schedule for the next twelve month period.		
<b>Purpose of Decision:</b>		
To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.		

Any Corporate implications in relation to the following should be explained in detail	
<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Equalities/Diversity</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	None
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## Report Schedule

Date	Report	Summary
<b>2<sup>nd</sup> July 2014</b>	Annual Governance Statement 2013/14	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 4 of the Accounts and Audit Regulations 2003 requires "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".
	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2013/14
	Financial Indicators report	To present details of key financial indicators for the year to May 2014.
	Risk Management – Operational Risks	Details of the annual review of the Council's Operational Risks.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.

<b>17<sup>th</sup> September 2014</b>	Receipt of the Statement of Accounts for 2013/14 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2013/14, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30 <sup>th</sup> June 2014. The external auditor's report provides a summary of the work the external auditor has carried out during their audit of accounts. The conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities are reported to those charged with governance at the time they are considering the financial statements. In preparing their report, the Code of Audit Practice requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Treasury Management Strategy – review of 2013/14 and current year to date	To present a year-end report and mid-year report on delivery and performance of the Treasury Strategy for 2013/14 and 2014/15.
	Financial Indicators report	To present details of key financial indicators for the year to July 2014.
<b>14<sup>th</sup> January 2015</b>	Annual Audit Letter 2013/14	To present the Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.
	Grant Claim Certification for year ended 31st March 2014	To receive external auditors report
	Draft Treasury Management Strategy 2015/16	To present the draft Treasury Management Strategy for 2015/16. The Governance Committee to review and

		make observations on the draft to the Cabinet, which will then present the Strategy to Full Council for approval in February 2015.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Financial Indicators report	To present details of key financial indicators for the year to November 2014.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.
<b>25<sup>th</sup> March 2015</b>	Strategic Audit Plan 2015/19	To present the Strategic Internal Audit Plan for the four year period.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Governance Committee Annual Report	To consider the Committee's Annual report for 2014/15
	Governance Committee self-assessment	For members to undertake an evaluation of the Committee's effectiveness.
	Financial Indicators report	To present details of key financial indicators for the year to February 2015.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	External Audit Plan 2014/2015	To receive the external auditors proposed Audit Plan and fees for 2014/2015.
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.







Fraud & Error Discussions with Those Charged with Governance		Agenda No: 14
Portfolio Area:	Providing value for money	
Report presented by:	Lesley Day, Audit Insurance & Risk Manager	
Report prepared by:	Lesley Day, Audit Insurance & Risk Manager	
Background Papers:	Public Report No	
Options: N/a	Key Decision:  No	
Executive Summary:		
<p>BDO, as external auditors, are required by International Standards of Auditing (ISA) 240 to consider the risk of material fraud occurring, in the audit of financial statements. Those charged with governance (determined to be the Governance Committee at Braintree District Council) have oversight responsibility for systems for monitoring risk, financial control and compliance with the law and, therefore, BDO are required to discuss how this responsibility is exercised with the Committee.</p> <p>The ISA requires BDO to consider the answers to two specific questions, which are set out below together with the Committee’s responses last year.</p> <p>1. How do those charged with governance exercise oversight of management’s processes for identifying and responding to the risks of fraud in the entity and the internal control management that has been established to mitigate these risks?</p> <ul style="list-style-type: none"><li>• Annual Audit Plan and Risk Analysis</li><li>• Assignment Reports &amp; Reportable Recommendations monitor</li><li>• Fraud, Corruption &amp; Dishonesty Policy</li><li>• Whistleblowing Policy</li><li>• Annual Internal Audit Report</li><li>• Contract procedure Rules</li><li>• Financial procedure Rules</li><li>• Annual Governance Statement</li><li>• Review of the Strategic and Operational Risk Register</li><li>• Anti-Fraud Strategy</li></ul> <p>2. Details of any actual, suspected or alleged fraud affecting the entity of which those charged with governance are aware?</p> <p>None</p>		

<b>Decision:</b>
<p>a) To inform the External Auditors that the responses detailed above are identical for this year or,</p> <p>b) To amend the responses if the Committee considers necessary.</p>
<b>Purpose of Decision:</b>
To advise the External Auditors of the Committee's response to the questions raised in relation to the International Standards of Auditing 240

<b>Any Corporate implications in relation to the following should be explained in detail</b>	
<b>Financial:</b>	N/a
<b>Legal:</b>	N/a
<b>Equalities/Diversity</b>	N/a
<b>Customer Impact:</b>	N/a
<b>Environment and Climate Change:</b>	N/a
<b>Consultation/Community Engagement:</b>	N/a
<b>Risks:</b>	N/a
<b>Officer Contact:</b>	Lesley Day
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