

GOVERNANCE COMMITTEE AGENDA

Thursday, 12th April 2018 at 7:15pm

Committee Room 1, Braintree District Council, Causeway House,
Bocking End, Braintree, CM7 9HB

THIS MEETING IS OPEN TO THE PUBLIC
(Please note this meeting will be audio recorded)

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Members of the Governance Committee are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Councillor J Abbott	Councillor R Ramage
Councillor M Dunn	Councillor V Santomauro (Vice Chairman)
Councillor J Elliott (Chairman)	Councillor M Thorogood
Councillor A Hensman	Councillor R van Dulken
Councillor G Maclure	Councillor Mrs L Walters
Councillor Mrs J Pell	Vacancy

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by 3pm on the day of the meeting.

A WRIGHT
Chief Executive

INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS

Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

Question Time

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk no later than 2 working days prior to the meeting. The Council reserves the right to decline any requests to register to speak if they are received after this time. Members of the public can remain to observe the public session of the meeting.

Please note that there is public Wi-Fi in the Council Chamber, users are required to register in order to access this. There is limited availability of printed agendas.

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Webcast and Audio Recording

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Documents

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We welcome comments from members of the public to make our services as efficient and effective as possible. If you have any suggestions regarding the meeting you have attended, you can send these via governance@braintree.gov.uk

PUBLIC SESSION		Page
1	Apologies for Absence	
2	Minutes of the Previous Meeting To approve as a correct record the minutes of the meeting of the Governance Committee held on 10th January 2018 (copy previously circulated).	
3	Public Question Time (See paragraph above)	
4	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.	
 <u>Monitoring and Finance</u>		
5	Third Quarter Performance Management Report 2017-18	5 - 34
6	Key Financial Indicators – 28th February 2018	35 - 40
 <u>Audit and Governance</u>		
7	Internal Audit – Activity Report for the period to 12th March 2018	41 - 49
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12	External Quality Assessment of conformance to the Public Sector Internal Audit Standards (PSIAS)	134 - 165
13	Internal Audit Charter - Update	166 - 172
14	Strategic Risk Management	173 - 197

Committee Operation

15	Forward Look – Twelve months to April 2019	198 - 203
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16	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.	
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17	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.	
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At the time of publication there were no items of business for private session.

Third Quarter Performance Management Report 2017/18		Agenda No:5
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Tracey Headford – Performance and Improvement Manager	
Report prepared by:	Tracey Headford – Performance and Improvement Manager	
Background Papers:	Public Report	
Third Quarter Performance Management Report 2017/18 Report and Minutes – Cabinet – 12th March 2018	Key Decision: No	
Executive Summary:		
<p>The purpose of the attached report is to summarise the performance of the Council at the end of the third quarter (October 2017 to December 2017).</p> <p>As at the end of the third quarter, 17 projects have been completed and a further 42 projects are on track and progressing well.</p> <p>13 performance indicators have achieved or exceeded target, one has missed target by less than 5% and five have missed target by more than 5%.</p> <p>The performance indicator that has missed target by less than 5% relates to the collection rate for Business Rates which is less than half a percent off target and expected to be achieved by the end of the year.</p> <p>The performance indicators that have missed target by more than 5% are in relation to the number of affordable homes delivered in the quarter, visits to our leisure facilities which includes participation levels for the under 16's, the number of passenger journeys on the community transport scheme and the time taken to process housing benefit/council tax benefit new claims. Explanations for under-performance are detailed in the report.</p>		
Financial Performance		
<p>This part of the report provides an updated review of the financial position for the year. It examines the latest forecast for spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.</p>		

Summary Financial Position at Quarter 3

- An overall positive variance for the year of £230,000 (1.6%) is projected against the budget.
- Income is projected to be overachieved by £453,000; with an overall overspend of £223,000 forecast on Staffing and Other Expenditure.
- The current position represents an overall improvement of £124,000 from that reported at Q2, after allowing for a budget virement of £300,000 agreed by Full Council to set aside some of the additional planning fee income received towards a provision for possible future appeal costs.
- A number of the in-year variances are expected to be on-going and have therefore, been included in the budget proposals for 2018/19 to be considered by Full Council in February 2018.

For a detailed explanation of the financial performance, please refer to page 18 onwards of the full report.

Decision

Members are asked to note the report.

Purpose of Decision:

To inform the Cabinet of the performance of the Council.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	An assessment of the Council's financial position against the agreed budget for the year is provided and is based on income and expenditure during the year.
Legal:	There are no legal issues raised by this report.
Safeguarding	There are no safeguarding issues raised by this report.
Equalities/Diversity	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
Customer Impact:	Performance of front line services, including Customer Services, Housing Benefits and Planning, for the quarter is provided. A summary of complaints received each quarter is analysed by outcome (justified, partially justified or not justified) is provided.
Environment and Climate Change:	The report provides details of progress in the delivery of the Council's key projects. This will include supporting residents and businesses in lowering the cost of their energy bills and energy consumption , anti-litter campaigns, expansion of our recycling service and campaigns encouraging recycling.
Consultation/Community Engagement:	Consultation is considered fully in the Council's key projects, as appropriate.
Risks:	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified.
Officer Contact: Tracey Headford	
Designation: Performance and Improvement Manager	
Ext. No. 2442	
E-mail: Tracey.headford@braintree.gov.uk	

THIRD QUARTER PERFORMANCE MANAGEMENT REPORT

1st October to 31st December 2017



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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the third quarter in relation to the publication of the 'Annual Plan 2017/18'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2016-20 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






This report does not contain details of the numerous activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in the District. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the end of the third quarter

The following table provides updates for the end of the third quarter in relation to the key activities in the 'Annual Plan 2017/18'.




Corporate Priorities	Status of projects and actions				
					
Environment and Place	1	7	0	0	0
Strategic Growth and Infrastructure	2	8	0	0	0
Economic Development	4	9	0	0	0
Health and Communities	4	9	0	0	1
Finance and Performance	5	5	0	0	0
Overall Strategy and Direction	1	4	0	0	0
TOTAL	17	42	0	0	1

KEY:




-  Project completed
-  Project on target
-  Project scope/target date requires attention
-  Project requires amendment
-  Project aborted/closed

Summary of the Performance Indicators position for the end of the third quarter

The following table shows the performance for the end of the third quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in the 'Annual Plan 2017/18'.

Corporate Priorities	Status of indicators			
				Data Only
Environment and Place	4	0	0	0
Strategic Growth and Infrastructure	1	0	1	0
Health and Communities	3	0	3	0
Finance and Performance	5	1	1	0
TOTAL	13	1	5	0

KEY:

-  Performance Indicator has achieved target
-  Performance Indicator is up to 5% below target
-  Performance Indicator is 5% or more off target

Summary Position

The Council continues to make good progress in the third quarter of the year with 17 projects now complete and the remaining projects on track and progressing well.

A total of 13 performance indicators have met or exceeded target. One performance indicator has missed target by less than 5% and five performance indicators have missed target by more than 5%. Some areas of performance are not achieving as expected and are being closely monitored.

The Council has been working hard to address demand on service provision and we will continue to focus our resources to deliver and achieve our corporate objectives in the last quarter of the year.




Environment and Place

Project description and comments	Target Date	Status
Continue to support the Essex Waste Management Partnership to reduce waste, increase recycling and participate in countywide campaigns		
The kerbside textile collection pilot commenced in November 2017 and will run to May 2018. Data is being collated to assess the success of the trial which is currently progressing well. The procurement team at Braintree has led on a Countywide street sweepings contract using a framework agreement and the successful contractor will be appointed in the new year.	March 2018	
Upgrade and improve recycling bring bank sites in the Braintree District to ensure they are fit for purpose and meet customer demand		
Surveys of the recycling bring bank sites have taken place to review the conditions of each site and note the size of containers required to meet customer demand. A clean of the highly used sites has also taken place.	March 2018	
Increase recycling by working with businesses to review their waste disposal requirements and provide a high quality commercial waste and recycling service		
The handheld devices used by crews have been upgraded and crews are now able to see details of the type of container used by businesses to assist in reviewing requirements.	March 2018	
Protect larger public open spaces in the District from unauthorised access, including illegal encampments, to maintain the quality of the local area and prevent disruption and inconvenience to local residents		
The scheduled protection works to nine sites across the District have now been completed providing fencing and bollards to protect them from illegal encampments. A further schedule of works to the remaining open spaces will start in the new financial year.	March 2018	
Organise energy switching schemes throughout the year for both residents and businesses in the District to lower the cost of their energy bills, to address fuel poverty		
The energy switching scheme for October had over 1200 registrations of which 494 changed their energy provider saving an average of £182. The next Auction is due to take place in February 2018.	March 2018	
Work with other Essex Councils and the Environment Agency to tackle fly tipping in the District and across the County to keep the area clear of rubbish		
Braintree District Council continued to promote the campaign #crimenottocare which was launched in September to raise awareness to the public over their duty of care regarding fly tips. In the third quarter of the year, 184 fly tips have been cleared within 24 hours of being reported.	March 2018	
Maintain a focus on investigating and enforcing littering and dog fouling incidents to help keep the District looking clean and tidy		
Braintree District Council continues to maintain a focus on investigating and enforcing littering and dog fouling incidents. 16 fixed penalty notices have been issued in the third quarter of the year.	March 2018	
Deliver a dog fouling campaign to change the behaviour of irresponsible dog owners		
The dog fouling campaign 'We're watching you' went live in December 2017 and targeted areas where there is a known increase in dog fouling during the darker evenings.	March 2018	









Strategic Growth and Infrastructure








Project description and comments	Target Date	Status
Produce a Draft Local Plan to submit to Government for examination		
The evidence base to support the Local Plan has now been completed and is published to support the current consultation on the Draft Local Plan.	June 2017	
The Local Plan was submitted to the Planning Inspectorate in October 2017 and examination will take place in January 2018.	October 2017	
Continue to explore the development of Garden Communities alongside the decisions in the Local Plan to provide housing, employment and supporting infrastructure to address our long term housing and community needs		
In respect of the submission for the west of Braintree Garden Community, Braintree District Council has been working with Uttlesford District Council to produce a joint development plan document which was published in October. Consultation on the development plan started in November 2017 and will continue until the 22 nd January 2018.	November 2018	
A joint development plan document produced on behalf of Colchester Borough Council and Braintree District Council for the west of Colchester Garden Community was published in October. Consultation on the development plan started in November 2017 and will continue until the 22 nd January 2018.	November 2018	
Explore the viability of setting up a Housing Development Company to deliver new mixed-tenure homes across the District.		
A strategic Project Manager has been appointed to lead on the business plan for the Housing Development Company. They are currently working on the initial business case for the Housing Development Company and further work is underway to review the business case and agree a financial model.	March 2022	
Develop a new Homelessness Strategy for 2018 to 2023 to prevent and alleviate homelessness		
A workshop was held with partner organisations in October to enable officers to understand the key issues facing them, to share information about legislative changes and to consider options for future delivery of services to help inform the strategy action plan. In December, an initial meeting took place to look at the options for temporary accommodation moving forward.	March 2018	
Work with partner agencies to continue to drive forward strategic improvements to the Braintree and Witham rail link		
The first phase of the Governance for Railway Investment Projects (GRIP) study will be completed by the end of the financial year and a final review meeting was held in November. We continue to discuss the next steps and potential costs for the second phase of GRIP.	March 2018	
Continue to work with Essex County Council and Highways England to identify and deliver improvements to the A120 and A12		
Essex County Council has been awarded £4.95m from the Government's National Productivity Investment Fund (NPIF) for the A120 Millennium Slip roads. Essex County Council is leading on the scheme, and has indicated detailed design will be completed by 2019/20 with construction starting in 2020/21. Officers at Braintree District Council continue to attend regular progress meetings with Highways England and Essex County Council.	March 2018	
Work with Essex County Council to tackle congestion at Springwood Drive and Panfield Lane		
Essex County Council is looking at different options for the Springwood Drive roundabout and now has indicative costs. These options are being looked at	March 2018	

in conjunction with the S106 requirements for the land West of Panfield Lane, Braintree.		
A planning application has been submitted for the provision of a spine road at Panfield Lane and indicative costs have been received. Braintree District Council and Essex County Council are looking to work with the developer to bring forward the spine road. The developer has submitted a viability appraisal which the Planning Department will respond to.	March 2018	



Economic Development

Project description and comments	Target Date	Status
Improve existing industrial estates and business parks to retain businesses within the District and support business growth		
A planning application has been submitted for the signage improvements for Springwood Industrial Estate to improve the appearance of the site and to assist visitors in finding businesses.	March 2018	
Attract investment to the District by delivering the Braintree Enterprise Centre grow-on space and securing at least one pre-let tenant from within one of the District's key sectors		
Planning consent is now in place and the procurement exercise has been completed. The Construction contract has been awarded and works are due to start on site in January with completion anticipated in June 2018.	April 2018	
Secure the required funding package to deliver the Witham Enterprise Centre		
Braintree District Council are working with Haven Gateway who are progressing with a full business case for European Regional Development Funding (ERDF) to fund an Innovation Centre and grow on space units. An architect has been appointed to develop stage 1 designs and costs.	March 2018	
Strengthen business engagement by delivering a programme of business events and monthly visits to ensure two way communications with businesses		
A business intelligence exercise has been carried out, mapping registered businesses within the district geographically, by sector and size. This will enable informed business engagement planning, as this will track trends of economic changes and growth. A business needs analysis is being finalised ready to send out with the new business rates booklet the results of which will feed into developing a revised, refreshed and targeted programme of relevant business engagement events.	March 2018	
Support the Haven Gateway Partnership in establishing a Sectoral Business Network that has strong engagement from Braintree businesses		
The research meetings for the Haven Gateway economic study have been completed with expert invitees from each of the key sectors identified. These industry experts answered questions and gave their views as to how the local authorities can help their sectors to grow.	March 2018	
Launch an Employment and Skills Partnership Board to address educational attainment and employment skills needs within the District		
The Employment and Skills Partnership Board has been established and the first meeting held in June was attended by eight external stakeholders.	June 2017	

Ensure businesses understand the Apprenticeship Levy and utilise it for the best outcome for young people		
Detailed guides have been published and events held with businesses to raise awareness of the Apprenticeship Levy. The Braintree District Education and Skills Board will continue to work with employers on Apprenticeships.	September 2017	
Engage with schools to encourage students to realise the benefits of apprenticeships and vocational further education in STEM (Science, Technology, Engineering and Maths) subjects		
Invitations have been sent out to schools countywide for the My Smarter Essex event on 23 January 2018 where students and teachers will be able to understand, explore and simulate how their requirements and preferences can influence the design of a Future Essex and directly link to many exciting infrastructure projects within the county. Key areas being covered are future healthy living, future towns and future power/resources. Plans are in development to promote and celebrate National Apprenticeship week 2018 (5th March to 10th March) and officers are working on developing a District Apprenticeship event for students to be delivered on 5 March 2018 at the STEM Innovation Centre, Braintree	March 2018	
Agree a vision and strategy for Braintree Town Centre to complement the regeneration of Manor Street and to enhance the appeal of the town centre to visitors		
The latest plans for the proposed development on the land between Manor Street and Victoria Street in Braintree will be displayed at an exhibition to be held at the Town Hall on the 10 th January 2018. The proposed development comprises of a new GP surgery, pharmacy, 70 bed hotel, 35 apartments, a new bus interchange, car park, café/restaurants and public realm improvements. A fully costed business case will be submitted to Cabinet and Council in February 2018.	March 2020	
In partnership with Essex County Council, deliver the regeneration schemes in Witham and Halstead		
In respect of the improvements for Halstead, spatial plans for the improvements have been prepared and issued to the Highways Authority for a principle decision. Officers from Braintree District Council will be meeting with Highways to discuss progress in the new year.	March 2018	
A series of studies and reports have been completed to look at the impact of the proposals on the highway network, market rights and other private rights that relate to the site area in Witham. A summary report recommending options to proceed has been prepared for a decision on the next steps.	March 2018	
Deliver the business hub on the Premdor site in Sible Hedingham		
The business hub has now been constructed and is expected to be handed over to BDC in the new year to let the buildings.	December 2017	
Continue to work with Essex County Council on implementation of the Superfast Essex programme to increase superfast broadband coverage across the District		
Braintree District Council will not be investing in phase III of the project as this is not financially viable. However, we continue to work with Superfast Essex and Braintree District Council is considering options for a final whole district solution that will tackle the mix of urban and rural areas not yet covered in our District.	August 2017	



Health and Communities


Project description and comments	Target Date	Status
Introduce the 'Livewell Child' project in selected schools across the District to support children and families to make healthy lifestyle choices, with the ambition of halting the accelerated growth in childhood obesity		
A recipe competition was launched in the third quarter for children to design a healthy nutritious meal. There are 10 categories and winners will be announced in the new year.	March 2019	
Install state of the art disability access hoists at Halstead and Braintree swimming pools		
The disability access hoists are now installed at Halstead and Braintree Swimming Pools enabling easy access in and out of the water for individuals with reduced mobility.	August 2017	
Install a drainage system at the sports pitches in Deanery Gardens and King George V playing field to ensure the pitches can be used throughout the year		
This project has been transferred into next year's delivery plan as the installation of a piped drainage system needs to take place outside the football season to minimise the impact on residents using the facilities.	May 2017	
Improve the playing experience at Witham Sports Ground by replacing the artificial surface and installing a new 2G surface		
The artificial surface at Witham sports ground has now been installed providing clubs using the facilities with an improved playing experience.	September 2017	
Replace the safety surfacing where needed at various play areas across the District to provide a better and safer environment for visitors		
The safety surfacing at various play areas across the District has now been replaced providing a safer environment for visitors.	March 2018	
Recognise the contribution volunteers make to our District by holding a Community Awards event to celebrate success in this field		
More than 50 nominations were received highlighting people who make a great contribution to their communities. At an event held in April, six winners were celebrated with one person crowned as the overall winner.	April 2017	
Continue to invest in local health facilities across the District by providing doctors surgeries that can meet current and future needs as the District grows including towns and rural areas, e.g. Witham and Sible Hedingham		
An option appraisal carried out by NHS has recommended a preferred location for a new healthcare facility in Witham. Designs and costs are being looked at to assess the viability of the scheme. The project team continue to monitor progress of the project.	March 2018	
Braintree District Council continues to work with local surgeries and the NHS to build a new modern fit for purpose surgery at the Premdor site in Sible Hedingham.	March 2018	
Develop and deliver better ways of providing support for disabled and frail residents by improving the allocation of the Better Care Fund		
The handyman service is being expanded to assist customers with dementia and we continue to explore how we can deliver better ways of supporting disabled and frail residents	March 2018	

Deliver an awareness campaign and initiatives to support isolated and lonely residents		
The Live Well, Keep Safe event took place on 4th October in Witham with 56 people in attendance. Twenty partners also attended providing information, advice and guidance including Mid Essex CCG, Essex Police, Age UK, Fire Service, CAB and Crimestoppers. A further event is being planned for March in Halstead. A new project called 'Halstead Connected' will be piloted in January to address social isolation and loneliness. This will initially take place in St Andrews Ward and a letter has been sent to residents providing them with information on the project and activity that will take place in the new year.	March 2018	▶
Develop the Braintree District Community Transport Scheme Action Plan 2017-2019 to ensure we have a scheme to support our residents with their travel needs		
A review of processes within the Community Transport team has been carried out recommending a number of improvements which the team are currently implementing.	March 2018	▶
Deliver a range of 'age well' activities across the District to encourage inactive over 60's to become active again		
The 'age well' activities introduced across the District such as walking football, racket ball, chair based exercise, sports for confidence and a seated dance continue to be well attended with over 650 people participating in the third quarter.	March 2018	▶
Support community groups to deliver local projects and activities through the Councillors' Community Grant Scheme		
Since April 2017, 41 Councillors have awarded 71 grants totalling £54,294 through the Councillors Community Grant Scheme.	March 2018	▶
Work with the Braintree District Dementia Action Alliance to develop a dementia friendly community to raise awareness and transform the lives of people living with dementia		
Dementia friendly walks have been established in Braintree, Halstead and Witham led by Essex Fire & Rescue Service and monthly tea dances have been taking place at the Town Hall. Swimming sessions also take place at Witham Leisure Centre on a weekly basis, whilst we have only had one person with dementia actually swimming; they now come along without their carer attending with them.	March 2018	▶







Finance and Performance

Project description and comments	Target Date	Status
Increase the amount of Council Tax collected by participating in an Essex wide initiative to compare data to help detect and address errors or possible fraud		
The system is fully operational with data from a number of sources being run and compared within the system on a monthly basis. Council Tax accounts identified as having conflicting information are investigated. An officer has been assigned to undertake the investigations.	March 2018	▶
Implement a new discretionary business rate relief scheme for charities and not-for-profit organisations which is clear and transparent to all applicants supporting the organisation's activities which directly benefit Braintree District residents		

The revised discretionary business rate scheme for charities has been implemented. Organisations which have completed the new application form have been assessed against the new scheme criteria and have been informed of their award and a revised bill issued during September. The new scheme is effective from 1st October 2017. Discretionary relief has been removed from this date from those organisations which have not completed the new application form.	October 2017	
Take a commercial approach to how we operate to protect front line services by maximising the potential to generate income		
The business case for establishing a public open space management company to undertake grounds maintenance work is being reviewed to see if it could form part of a larger offering linked in with the proposals for a Housing Development Company. A Commercial Manager has been recruited and will start in post in February 2018 to identify and progress investment opportunities. Income continues to be generated through sponsorship and advertising.	March 2018	
Support local businesses by offering sponsorship and advertising opportunities		
Braintree District Council continues to promote advertising and sponsorship opportunities with local businesses. Organisers of local Christmas events where contacted to offer advertising and research is being carried out on eco-friendly organisations for advertising opportunities on vehicle billboards.	March 2018	
Use our assets (e.g. land, buildings, money) to deliver value for money for taxpayers whilst seeking to generate a reasonable revenue return for reinvestment		
In October, Council agreed to increase the limit on the amount which can be invested in Pooled Funds from £15m to £20m. The timing, amount and counterparty used for further investments in pooled funds will be undertaken following advice from the Council's treasury advisors.	March 2018	
Improve customer focused services by delivering a programme of continuous improvement to maintain the Customer Service Excellence accreditation		
The Council has successfully achieved the Customer Service Excellence accreditation for a further year gaining full compliance in all areas assessed and nine areas of compliance plus. The certificate will be presented at Full Council in July.	July 2017	
Raise awareness of the services available on-line and support customers to be able to use them		
A Digital Strategy has been agreed which sets out the vision for digital services over the next 4 years. A Digital Plan has been set up which sets out the actions the Council will undertake in 2018/19 to deliver the strategy and measure success.	March 2018	
Improve our website and associated technologies to ensure they are convenient and easy for customers to use		
A business case to procure an online booking system has been approved and a review of the current booking processes undertaken to understand how they can be improved and to aid the specification for an on line booking system. Research on possible solutions for an online booking system is underway.	March 2018	
A review of a Customer Relationship Management (CRM) system to enable better engagement with customers has been completed and will now be picked up under the Digital Strategy project.	March 2018	
A new email service called 'tell me more' was launched in July with over 1700 subscriptions received from residents wanting to receive information that really matters to them such as refuse, recycling or street cleaning updates, planning news, health and well-being tips and events, job vacancies or event emergency alerts. The updates will help residents stay informed and be signposted to the growing range of services and information that is available online.	July 2017	



Overall Strategy and Direction

Project description and comments	Target Date	Status
<p>Deliver projects under the District Investment Strategy to achieve better outcomes for the District and a return for the taxpayers purse by:</p> <ul style="list-style-type: none"> • Working in partnership to improve health provision across the District • Carrying out improvements to our three Town Centres • Providing increased opportunity for new business and employment • Identifying and delivering improvements to our most congested roads • Delivering investment opportunities that support growth and provide a return for the District Council 		
<p>Braintree District Council continues to work in partnership to provide modern healthcare facilities in Witham, Sible Hedingham, and Braintree. Essex County have agreed to support four viable route options for the A120 and technical studies are now underway. Essex County Council has been awarded £4.95m to move forward and deliver the Millennium Way slip roads to relieve congestion at Galleys Corner. An exhibition will be held at the Town Hall in January displaying the latest plans for the proposed regeneration of Manor Street in Braintree and works continue on plans for physical improvements to Halstead and Witham Town Centres. Outline planning consent for the Braintree Enterprise Centre has been granted for construction of four commercial grow on units. Projects under the District Investment Strategy are reported on throughout this report and will ensure a reasonable level of return.</p>	<p>March 2018</p>	<p></p>
<p>Work effectively with Highways England, Essex County Council and other key partners to support the planned A12 widening scheme from Chelmsford to A120 and the campaign for improvements to the A120 (Braintree Town to A12) with the recommendation of a preferred option to be considered by Government for inclusion in the next Road Investment Strategy (runs from 2020 to 2025)</p>		
<p>Essex County Council's Cabinet have agreed to support four viable route options for the A120. Technical studies will now continue throughout the winter and spring to help inform a favoured route option for the A120. Essex County Council aims to get the A120 Braintree to A12 upgrade into the Government's Road Investment Strategy 2 (RIS2), a pot of Government money specifically set aside for investing in strategic roads across the country between 2020 and 2025. This is expected to be announced in 2019.</p>	<p>March 2018</p>	<p></p>
<p>To continue to work collaboratively with partner authorities (Tendring District Council, Colchester Borough Council and Essex County Council) and other public and private sector organisations to plan for and enable sustainable growth in homes and jobs in the north Essex area</p>		
<p>Braintree District Council continues to work with three other local authorities on proposals for North Essex Garden Community projects to deliver over 40,000 homes and 10,000 jobs in the north Essex area which includes a shared part one of the proposed Local Plan which was submitted to the Planning Inspectorate in October 2017.</p>	<p>March 2018</p>	<p></p>
<p>Create the conditions for economic growth by refreshing the Economic Growth Prospectus which sets out how we intend to grow existing businesses and attract new businesses in key sectors</p>		
<p>The Plan for Growth which sets out how the Council plans to deliver growth and prosperity to the District over the next five years was published in November 2017 and replaces the Economic Growth Prospectus.</p>	<p>March 2018</p>	<p></p>
<p>Undertake a review in conjunction with Essex County Council to identify opportunities to enhance the visitor experience at Great Notley Country Park making full use of the leisure, recreational and</p>		

natural facilities the park has to offer and to improve and sustain the Park financially for future generations to use and enjoy

Further discussions have taken place with Essex County Council regarding the opportunities to enhance the visitor experience at Great Notley Country Park and a briefing note for the Leader and Deputy Leader will be prepared in early 2018 setting out the key challenges, potential contractual and financial issues for Braintree District Council.










March 2018





Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2017/18						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Environment and Place							
Percentage of land that falls below cleanliness standards for litter	n/a	3%	1%		6%		<i>Recorded three times a year – July, November and March</i>
Percentage of household waste sent for reuse, recycling and composting	54.69%	53.00%	51.99%		48.38%		
Tonnage of residual household waste not recycled	110kgs	111kgs	107kgs		108kgs		
Number and percentage of fly tips cleared within 24 hours of being reported	100% (163)	100% (203)	100% (184)		100%		<i>184 fly tips have been cleared within 24 hours of being reported in the third quarter of the year</i>
Number of fuel poverty and domestic energy reduction installations carried out	Annually reported indicator					n/a	
Strategic Growth and Infrastructure							
Number of affordable homes delivered	34	2	65		75		<i>Delay to some completions in the third quarter of the year which is outside of the control of the Council. These delayed units are likely to complete by the end of the year.</i>
Number of homes granted planning permission	279	420	1,099		250		
Health and Communities							
Percentage of substantial Disabled Facilities Grants approved within timescales	88%	86%	100%		80%		
Percentage of critical Disabled Facilities Grants approved within timescales	100%	83%	100%		80%		

Performance Indicator	2017/18						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Total number of visits to our Leisure facilities	217,193	229,306	204,938		244,628		<i>Fusion is reviewing their data for this performance indicator following an issue they have reported with the data collection. Any amendments will be reflected in Q4</i>
Number of passenger journeys on the Community Transport Scheme	13,067	10,878	10,169		12,876		<i>Demand for the services is being met although the customer needs for Community Transport seem to be changing with an increased need for specialist transport. Transport of this nature is vital to wheelchair users, those living with dementia and frail people which impacts on the capacity for group hire of minibuses. Grant reductions and less volunteers has led to the service limiting the social car scheme to five miles and under.</i>
Participation of over 60's in sport and health activities across the District	16,154	17,388	16,398		15,000		
Participation of under 16's in sport and health activities across the District	36,931	41,226	40,076		62,400		<i>Fusion is reviewing their data for this performance indicator following an issue they have reported with the data collection. Any amendments will be reflected in Q4</i>
Finance and Performance							
Average call answer time in the Customer Service Centre	15 seconds	17 seconds	12 seconds		15 seconds		
Time taken to process housing benefit/council tax benefit new claims	17.68 days	18.31 days	20.49 days		18 days		<i>The number of new claims processed has started to decrease following the introduction of Universal Credit in October. There are two elements impacting on the performance – claimants receiving universal credit still apply to the Council for Local Council Tax support and it is taking longer to receive information from the DWP about the amount of universal credit awarded to the claimant. Secondly, working age claimants in supported housing still receive housing benefit from the Council and historically these claims have taken longer to process.</i>
Time taken to process housing benefit claim changes	6.1 days	6.16 days	4.5 days		6 days		
Percentage of Stage 1 complaints responded to within target	93%	97.65%	91.20%		90%		<i>Represents 114 out of 125 stage 1 complaints responded to within timescales</i>
Collection rate for Council Tax	30.82%	59.25%	87.20%		87.08%		

Performance Indicator	2017/18						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Collection rate for Business Rates	30.84%	58.07%	84.60%		84.99%		<i>Amount collected is marginally down on the same period last year but is expected that the target will be achieved at the year end.</i>
Percentage of invoices paid within 30 days of receipt	99.49%	99.66%	99.25%		99%		

Complaints

The quarterly complaints analysis for the third quarter of 2017/18 and the end of the year is detailed below. This is compared with 2016/17 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	TOTAL
Justified	64 (112)	67 (52)	38 (46)	(63)	(273)
Not Justified	69 (72)	79 (104)	67 (73)	(62)	(311)
Partially Justified	27 (31)	31 (24)	22 (23)	(15)	(93)
Not known	0 (0)	1 (3)	3 (0)	(0)	(3)
Total	160 (215)	178 (183)	130 (142)	(140)	(680)

Comments

The number of complaints received in the third quarter of the year is lower than the number of complaints received in the first two quarters of the year.

The majority of complaints received relate to missed waste collections due to restricted access, road closures or adverse weather conditions. The service continues to monitor issues with missed waste collections and endeavour to return within 48 hours of the missed bin being reported.

At the time of writing the report, three complaints were still being investigated.

In the third quarter of 2017/18, of the 130 complaints received:

- 125 are stage one complaints
- 2 are stage two complaints
- 3 are stage three complaints

A summary of Local Government Ombudsman cases:

In the third quarter of 2017/18, the LGO has received five new complaints. One new complaint the LGO declined to investigate as there was no evidence of fault and the planning permission was previously considered by the LGO. In respect of the other complaints received, two complaints have been referred to the LGO Investigator and two others are currently being reviewed.

The LGO also made a final decision on a complaint received in the second quarter and decided not to investigate as there was insufficient evidence of fault by the Council.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Change on previous period	Yearly Target
Total headcount	467	468	468		-	-
Total number of posts	477	479	479		-	-
Number of temporary staff	33	26	26		-	-
Total staff FTE	421.71	423.41	423.68		+0.27	-
Level of employee turnover	1.93%	2.56%	2.56%		-	-
Number of leavers	9	12	12		-	-
Number of starters	12	16	12		-4	-
Working days lost to sickness per employee	1.93 days	1.91 days	2.02 days		+0.11	8.0 days
Percentage of staff with nil sickness	75.8%	61.9%	48.1%		N/A	-
Number of learning hours	6329	7762	9087		+ 1325	-
Number of delegates	221	243	389		+ 146	-
Number of apprentices **	11	17	17		-	-

Year on Year Headcount Analysis	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	485	466	478	472	470	464

** BDC's apprenticeship programme runs from September each year. The figures reflect level 2 and level 3 apprenticeships.

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2016/17 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	10 (11)	10 (12)	26 (6)	(10)	
<i>Accidents/ incidents to employees</i>	8 (8)	8 (9)	20 (6)	(10)	<i>The high number of reported accidents in this quarter was directly due to the icy conditions that prevailed for most of December.</i>
<i>Accidents/ incidents to contractors</i>	1 (1)	2 (1)	5 (0)	(0)	
<i>Accidents/ incidents to non-employees</i>	1 (2)	0 (2)	1 (0)	(0)	
Time lost in days due to employee accidents/ incidents	0 (105)	20 (16)	8 (40)	(2)	
Number of reported verbal/ physical incidents to employees	0 (1)	2 (1)	1 (0)	(1)	
Number of near miss incidents	0 (0)	0 (0)	0 (1)	(1)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (0)	0 (0)	0 (0)	(1)	
Number of claims settled	0 (0)	0 (0)	0 (0)	(0)	

Financial Performance

This part of the report provides an updated review of the financial position for the year. It examines the latest forecast for spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

Background

Full Council approved a budget of £14.389 million for the 2017/18 financial year. This included planned spending across all services totalling £11.964 million; corporate items amounting to £2.575 million; and an overall efficiency target to be achieved in-year of £150,000.

Financing of the budget was to be from a combination of: general government grants (£848,000); business rates (£4.611 million); and Council Tax (£8.930 million).

During the year individual budgets may be updated in accordance with the Council's Budget and Policy Framework Procedure, and against which quarterly performance is monitored.

Summary Financial Position at Quarter 3 (Q3)

- An overall positive variance for the year of £230,000 (1.6%) is projected against the budget.
- Income is projected to be overachieved by £453,000; with an overall overspend of £223,000 forecast on Staffing and Other Expenditure.
- The current position represents an overall improvement of £124,000 from that reported at Q2, after allowing for a budget virement of £300,000 agreed by Full Council to set aside some of the additional planning fee income received towards a provision for possible future appeal costs.
- A number of the in-year variances are expected to be on-going and have, therefore, been included in the budget proposals for 2018/19 to be considered by Full Council in February 2018.

Revenue Spending

Service	Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(2,066)	(1,974)	(7)	84	15	92	A
Business Solutions	1,900	1,878	(9)	(13)	-	(22)	G
Community Services	375	374	8	(24)	15	(1)	G
Corporate Management Plan	1,270	1,246	(23)	(1)	-	(24)	G
Cultural Services	249	251	1	-	1	2	A
Environment	658	584	(64)	12	(22)	(74)	G
Finance	1,231	1,124	(95)	5	(17)	(107)	G
Governance	1,015	973	(15)	22	(49)	(42)	G
Housing Services	874	878	7	(7)	4	4	A
Human Resources	343	349	6	-	-	6	A
Leisure Services	(47)	(41)	-	8	(2)	6	A
Marketing and Communications	396	410	10	2	2	14	A
Operations	4,903	4,753	(91)	127	(186)	(150)	G
Sustainable Development	863	829	(33)	184	(185)	(34)	G
Service Total	11,964	11,634	(305)	399	(424)	(330)	G
Corporate Financing	2,575	2,528	130	(148)	(29)	(47)	G
Efficiency target	(150)	(3)	150	(3)	-	147	
Total	14,389	14,159	(25)	248	(453)	(230)	G

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Staffing

A further detail of the staffing budget variances is provided in the following table:

Service – Staffing Budgets	Budget	Projected Spend	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	282	275	(7)	G
Business Solutions	1,032	1,023	(9)	G
Community Services	358	366	8	A
Corporate Management Plan	1,228	1,205	(23)	G
Cultural Services	163	164	1	A
Environment	1,314	1,250	(64)	G
Finance	2,409	2,314	(95)	G
Governance	470	455	(15)	G
Housing Services	761	768	7	A
Human Resources	276	282	6	A
Leisure Services	165	165	-	G
Marketing and Communications	322	332	10	A
Operations	4,966	4,875	(91)	G
Sustainable Development	1,898	1,865	(33)	G
Service Total	15,644	15,339	(305)	G
Corporate Financing	(245)	(115)	130	R
Efficiency target	(150)	-	150	
Net Total	15,249	15,224	(25)	G

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Commentary on staffing variations:

Savings on staffing budgets are expected to be achieved through a combination of retirements, vacant posts, reductions in contracted hours, appointments being made at lower grade/ scale points, and through other service restructures and efficiency reviews. Based on the information known at the end of the quarter it is projected that across all services there will be a net underspend of £305,000 for the year against staffing budgets.

Savings are being made in **Finance** including holding a post vacant pending further clarification about the administrative arrangements required once Universal Credit is fully implemented by the Department for Work and Pensions (DWP).

Operations is predicting a net underspend of £91,000. As reported in previous quarters, this position is net of extra costs anticipated in the **Waste Management** service (currently predicted at £83,000) arising due to a variety of reasons, but which are more than offset by a forecast saving of £158,000 on **Operations' Management & Administration**.

The projected total service variance is offset by the following:

- **Capital salaries** - a reduction of £130,000 in staff costs attributable to time spent on capital projects (which would otherwise be funded from capital resources as opposed to being a charge against the General Fund). The original budget made an allowance for the value of this time which inevitably varies depending upon progress of capital projects and the nature of the works being carried out. The variance is based on the latest assessment of the capital programme expected to be completed in the current year.
- **Corporate Efficiency Target** - the approved budget provided for a corporate efficiency target of £150,000 to be achieved from in-year staffing variances.

Taking these two items into account overall staffing budgets are currently projected to be £25,000 under budget for the year – an improvement from the last quarter of £111,000.

Other Service Expenditure

In total there is a projected overspend against non-staffing expenditure budgets of £248,000. The main service areas contributing to this position are:

- **Waste Management** - increased costs are forecast on gates fees payable to the Council's material recovery facility (MRF) operator. Under a new contract which came into effect from April fees payable are now linked to market indices and reviewed quarterly. The budget was set based on an assumed fee of £7.60 per tonne. At Quarter 1 this increased to £11.33 and has since increased by a further 150% resulting in a forecast spend for the year of £220,000 compared to the budget of £77,000. Partially offsetting this predicted overspend are: £35,000 savings from the suspension of green waste collections during December-February; £18,000 saving on medical waste collections due to a lower take-up of the service (the Council had previously approved a bid of £30,000 for the introduction of this new service); and a reduction in the cost of recycling sacks (£37,000) due to a combination of lower usage and compensation from the supplier due to past quality issues.
- **Development Management** - the service is currently experiencing an increased number of planning applications (see comments under the income section below) which has resulted in the need to engage additional consultant and staff resources resulting in a projected spend that is £113,000 higher than the budget.
- **Commercial Property Portfolio** – Expenditure is projected to be higher by £65,000 as result of uninsured damage to a property from vandalism, as well as some fitting out costs in preparation for new tenants.
- **Corporate Financing** – There is a projected under spend of £102,000 on amounts set aside from revenue as provision for repayment of capital resources previously used to fund asset acquisitions. Part of this (£51,000) relates to a temporary delay in acquiring new vehicles where the annual provision will now be made from April 2018. The balance relates to an internal voluntary arrangement for some investment properties and which was removed from the 2018/19 budget as part of the proposed corporate savings. Consequently, the provision will not be made in the current year.

External Income

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, totalling over £49 million. These income streams are either fairly predictable as they are determined at the start of the year as part of the annual Local Government Finance Settlement; or variations can be largely offset by commensurate changes in expenditure, e.g. subsidy received on housing benefits is related to the level of payments made.

The amount of business rates ultimately retained depends on the actual amounts collectable (taking into account changes in the Valuation List, exemptions and reliefs granted, and provisions for non-collection and rating appeals). Variances are accounted for via the Collection Fund and taken into account when determining future budgets and council tax setting. Fluctuations from those elements which have a direct impact on the General Fund revenue account, e.g. the levy payable on growth or grants received from Government to fund certain discretionary reliefs, are managed via the Business Rate Retention reserve.

As a participant in the Essex Business Rates Pool the Council is entitled to a share of the extra business rates retained "locally" which will be rebated against the 2017/18 levy. The final

determination and receipt of the actual amount of the Council's share will be made after year-end returns have been collated from each of the participating authorities. Based on the latest estimate of the Pool it is anticipated that Braintree's share for 2017/18 could be around £450,000, which will be transferred to the Business Rate Retention reserve (adding to the £881,675 already received for 2015/16 and 2016/17).

Other external income for which the Council has budgeted £13.863million comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by a net £453,000, as shown in the table below:

Service	Updated Budget £000	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents	Other Income	Total	RAG status
		5,092	4,947	2,815	1,009	13,863	
<i>Adverse (Positive) Variance £000 against Budget :</i>							
Asset Management	2,860	-	56	(33)	(8)	15	A
Business Solutions	15	-	-	-	-	-	G
Community Services	205	10	9	-	(4)	15	A
Corporate Management Plan	-	-	-	-	-	-	G
Cultural Services	114	-	6	-	(5)	1	A
Environment	774	1	(23)	-	-	(22)	G
Finance	2,407	(8)	-	-	(9)	(17)	G
Governance	46	(13)	1	-	(37)	(49)	G
Housing	58	-	(2)	6	-	4	A
Human Resources	-	-	-	-	-	-	G
Leisure Services	404	-	-	-	(2)	(2)	G
Marketing & Communications	103	25	(7)	-	(16)	2	A
Operations	4,871	(56)	(136)	20	(14)	(186)	G
Sustainable Development	1,480	(40)	(136)	-	(9)	(185)	G
Service Total	13,337	(81)	(232)	(7)	(104)	(424)	G
Corporate Financing	526	(22)	-	-	(8)	(29)	G
Total	13,863	(103)	(232)	(7)	(112)	(453)	G

RAG Status: G = positive or nil variance, A = up to 5% adverse variance or <£50k, R = adverse variance greater than 5% and >£50k at Individual Business Plan level

Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £5.092million, against which it is currently predicted to be over achieved by £103,000. The main sources of income and forecast outturn are:

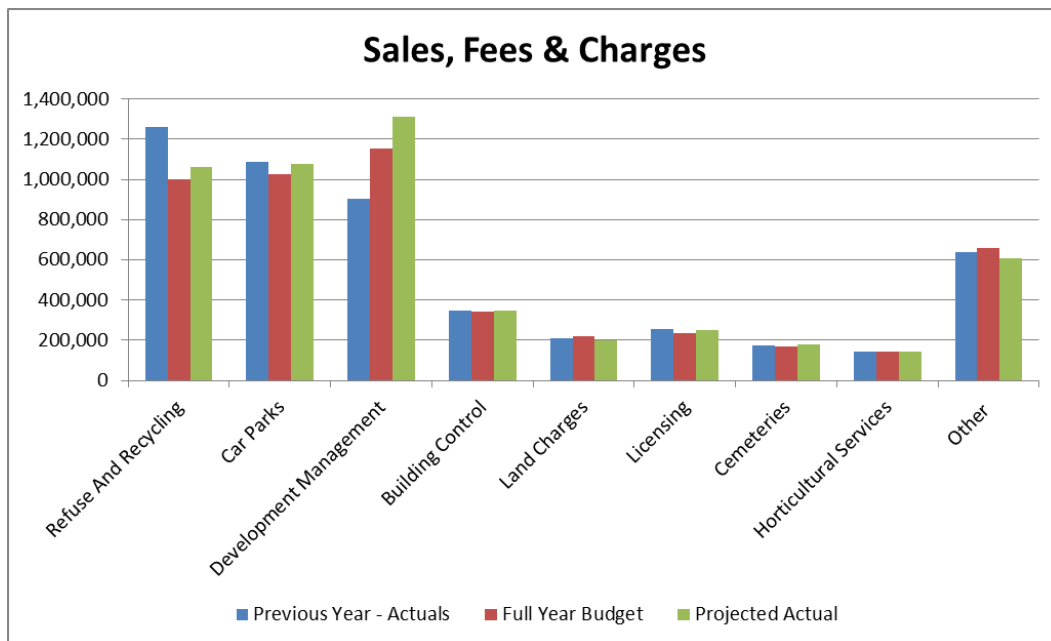
- **Essex County Council:** a £2.135million budget for contributions towards services such as community transport, horticultural services, food waste service, and recycling. An overall positive variance of £41,000 is currently forecast, after allowing for a reduction in grant funding for community transport. Additional income is expected under the Waste Management Inter-Authority Agreement; from verge maintenance; and recharges for the Highway Ranger service.
- **Procurement Hub:** subscriptions from participating authorities along with rebates receivable from the use by other organisations of the procurement frameworks set-up by the Hub give a total budget of £463,000. Arrangements with the participating authorities provide for refunds (shown as expenditure) against their subscriptions based on the overall financial performance of the Hub in the year. The amount of rebates received from frameworks is currently lower than budgeted and whilst in the short-term this can be met from the Procurement Hub reserve, an agreement has been reached with Hub members to introduce a phased subscription requirement commencing in the current year.
- **Council Tax sharing and other collection investment arrangements:** £526,000 was provided in the budget as Braintree's share from the major precepting bodies of additional

council tax being collected above an agreed baseline. Based on performance at the third quarter it is projected the amount receivable will increase by £21,000. In addition, the Council has budgeted for arrangements with the major precepting bodies to provide £112,000 towards the temporary costs incurred in improving council tax collection arrangements, including prevention and detection of fraud, and partial funding towards the exceptional hardship fund.

- **Benefit overpayment & Council Tax costs recovered:** Currently it is projected that £480,000 of recoveries will be achieved – this is £80,000 higher than the budget which was increased for 2017/18 by £140,000 based on past performance. The level of costs receivable in relation to Council Tax recovery is expected to be less than budgeted by £72,000 as measures have been introduced to intervene at an earlier stage where non-payment arises and before additional costs are normally levied on taxpayers. The benefit gained from this action is reflected in the total amount of Council Tax being collected.

Sales, Fees & Charges

The budget for income from sales, fees & charges is £4.947million which is projected to be over achieved by a net £232,000. The following chart shows the main income streams:



Commentary on Fees and Charges:

- **Refuse & Recycling:** The budget for income is £998,000, which is significantly lower than that achieved in 2016/17 as the Council now pays a gate fee for the processing of its recycling material, whereas before the Council received income. Against this reduced budget it is currently projected that there will be an over achievement of £66,000, mainly due to increased income from trade waste and bulky waste collections where the service has been successful in increasing the number of customers.
- **Car Parks:** Against the budget of £1.024million it is currently forecast that there will be an over achievement of income by £52,000.
- **Development Management:** Planning application income received up to the end of the third quarter was £936,000 compared to £651,000 received for the same period last year. Based on historical trends, the projection for the whole of 2017/18 is for income of £1.291million, which is £150,000 over the updated budget of £1.141million. Following the

Q2 review, it was agreed by Full Council to increase the budget for the year by £300,000, using the extra income anticipated to fund setting aside an equivalent amount as provision against possible future costs arising from planning appeals. The higher number and complexity of applications received has also meant an increase in the requirement to buy-in external support (see comments under Other Service Expenditure).

- **Other – Causeway House letting:** Following Essex County Council’s vacation of part of the second floor in June, there has been a period during which this area has been void leading to an expected under recovery of service charges in the current year of £46,000.

Rental Income

The budget for rental income from land & property is £2.815million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The current projected outturn for the year is a small net over achievement of £7,000 – an overall improvement over the previous quarter of £53,000, mainly due to lower voids in the Council’s commercial property portfolio than was allowed when setting the Budget, and some back-dated rent adjustments.

Other Service & Corporate Income

Total budgeted Other Income is £1.009million which comprises mainly the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £813,000, which is expected to be achieved, principally through the Council’s investments in long-term pooled funds.
- **Solar Panel Feed-in-Tariffs:** the budget provides for an expected £93,000 of income from investment in solar panels at various Council facilities.

The overall projection is for Other Income to be over achieved by £112,000, mainly due to a number of unbudgeted government grants (£41,000) and increased work undertaken by the graphics and reprographics team (£32,000).

Treasury Management

The Council’s treasury management activity for the year is summarised in the table below:

Amount Invested at start of the year	Activity to the end December		Amount Invested at end of the quarter
	New Investments	Investments Sold or Matured	
£39.32m	£59.60m	£43.00m	£55.92m
Average amount invested for the period			£55.49m
Highest amount invested			£61.00m

The Council has £15 million invested for the long-term spread across a mixture of property and equity funds. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK financial institutions, deposits with other local authorities, and Money Market Funds (MMF).

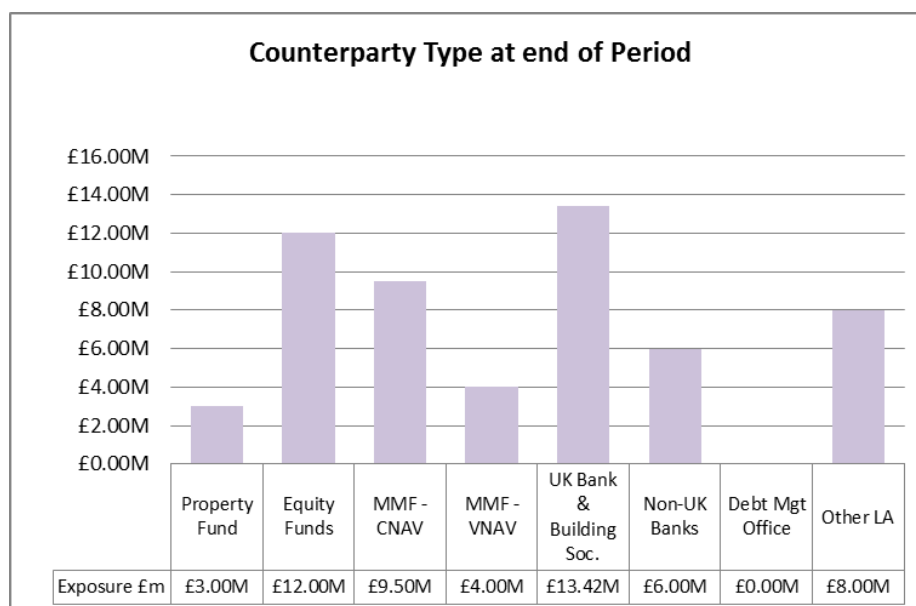
Interest and dividends earned to the end of the quarter total £700,000, which is equivalent to an annualised rate of return of 1.67%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£14.98m	£585,000	5.18%
Short-Term	£40.51m	£115,000	0.38%
Total	£55.49m	£700,000	1.67%

Investment returns have been increased by the dividend income from the long-term investments. In addition, being exposed to equities and property, the value of these funds fluctuate based on prevailing market conditions. At the end of the quarter the market valuation for all the long-term pooled funds was £16.75million, representing an unrealised gain of £1.75million on the original amounts invested.

The FTSE 100 continued to climb reaching yet another record high of 7688 by the end of December. Money markets rates, albeit remaining low, increased over the last quarter: 1-month, 3-month and 12-month London Inter-Bank Bid (LIBID) rates have averaged 0.43%, 0.47% and 0.70% over the period October to December.

At the end of the quarter the Council's investment portfolio comprised the following:



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant

VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

General Fund Balances

General Fund balances are held for the following reasons:

- As a contingency against unforeseen events
- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the projected outturn set out above, the movement on the General Fund balance is estimated to be:

	£'000
Balance at 1 April 2017	2,036
Add:	
Budgeted addition	179
Projected in-year variance	230
Less:	
Anticipated budget carry forwards	(51)
Allocation to fund environmental insurance policy	(99)
Estimated Balance at 31 March 2018	2,295

Movements shown on the General Fund balance are in respect of:

- The budget approved by Council for 2017/18 included an anticipated addition to balances of £179,125.
- The projected outturn variance for the year is currently a £230,000 addition, although services have also identified £51,000 of budgets which they are requesting to carry over into 2018/19
- An allocation from General Fund balances was approved by Cabinet in November 2017 to meet the costs of renewing the environmental insurance policy related to warranties made to Greenfields Community Housing as part of the housing stock transfer.

Risks and Assumptions

The forecasts reflect service managers' "best estimate" of the predicted outturn for the year. The previous year outturn and trends in-year have been considered; however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the Medium Term Financial Strategy.

External income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

Planning application fee projections are based on the best information available regarding when developers are likely to submit planning applications for growth locations within the district - this could change and income could be significantly higher or lower than projected. Projections are based on historical trends and will be influenced by both the number and type of planning applications received.

Payments made by the Council for processing its recycling material collected from households are subject to quarterly review of market indices. Consequently future gate fees may fluctuate +/- . However, at this stage of the year fees chargeable to the end of the current year are now known and have been reflected in the forecasts and will only vary due to differences in tonnages collected.

Capital Investment

In February 2017 the Council approved new capital projects totalling £2.252million. Taking into account projects which were in progress and carried forward from earlier years and in-year approvals, the overall programme totals £20.252million. The amount expected to be spent in the current year is £6.388million:

	Total Programme	Profiled into Future Years	Profiled Spend 2017/18	Actual Spend to end of Quarter	Actual Spend as % of 2017/18 Profiled Spend
	£000	£000	£000	£000	
Braintree town centre regeneration	11,426	10,781	645	399	62%
Town centre improvements	978	966	12	12	100%
Springwood Drive "grow-on" units and parking	1,069	350	719	18	3%
Planned maintenance to Council operated premises	773	105	668	142	21%
Commercial and investment property acquisitions	498	0	498	497	100%
Replacement vehicles and plant	906	45	861	0	0%
Sports and leisure facilities improvements	449	50	399	395	99%
Refurbishment of play areas and parks and open spaces	354	129	225	147	65%
Environmental improvements – Spa Road	295	150	145	4	3%
Paths, cycleways and other infrastructure	212	90	122	67	55%
Information technology systems	150	0	150	108	72%
Industrial estate improvements	143	0	143	21	15%
Operational equipment	76	63	13	3	23%
Cordons Farm waste transfer station	63	0	63	13	21%
Grants to registered social landlords	1,288	878	410	0	0
Grants to private home owners –disabled facilities and heating systems	1,168	256	911	568	62%
Capital salaries	404	0	404	205	51%
Total	20,252	13,863	6,388	2,599	41%

Overall the profiled spend for 2017/18 has reduced since the last quarter by £341,000, as a result of the following changes:

Additions

- Spending on the Braintree Town Centre regeneration scheme is expected to be higher in the current year than was originally profiled (£295,000)
- Other small changes to the programme (£13,000)

Reductions due to re-profiling of project spend into 2018/19

- Expected delay on the development of the Springwood Drive "grow-on" units with completion now expected in 2018/19 (£350,000)
- Financial support to private home owners through the disabled facilities programme (£256,000)
- The installation of new fuel tanks at the Lakes Road depot is now expected to be completed in 2018/19 (£43,000)

The main projected variances at the current time are an under spend on the Planned Maintenance programme of £70,000, and a reduction of £130,000 in the charge made from the General Fund revenue account relating to internal staff time charged on capital projects.

Capital resources

The main sources of new capital resources anticipated for the year was from the sale of Council owned assets (£4.981million), preserved right-to-buy (RTB) receipts (£1million) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£350,000).

Greenfields has reported that 12 RTB sales have been completed so far this year generating £1.34million for the Council, with a further 53 RTB applications in progress. Based on the timing and likelihood of progression to completion, experience indicates an estimated total of 19 RTB sales for the year, which would generate approximately £1.8million. This compares to 38 sales completed last year generating £3.907million.

VAT shelter monies due to the Council currently total £262,000. The final amount will depend on the work programme completed by Greenfields.

The Council has also received £796,000 grant from the Better Care Fund via Essex County Council to fund the majority of the Council's disabled facility grant programme. This is an increase of £378,000 against the budgeted sum of £418,000.

Key Financial Indicators – 28th February 2018		Agenda No:6
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Trevor Wilson, Head of Finance	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:	Public Report	
	Key Decision: No	
Executive Summary:		
<p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 28th February 2018.</p> <p>Commentary:</p> <p>a) The net General Fund revenue budget for the year is £14.389million. The net expenditure incurred in the year to 28th February was £10.644million. This represents a positive variance of £623,000 compared to the profiled budget of £11.267million. The variance consists of an underspend on the profiled expenditure budgets of £232,000 and an over-achievement of income of £391,000. The predicted financial outturn based on a review at the end of the third quarter is a net positive variance of £230,000 (£453,000 overachievement of income partially offset by £223,000 expenditure overspend). This is after the virement of £300,000 from Planning Application fee income to the Planning Appeal Costs reserve agreed at Full Council on 11th December 2017.</p> <p>b) The total budget for Salaries for the year is £15.103million. Expenditure on salaries for the year to the end of February was £13.812million. This compares to a profiled budget of £13.960million. The positive variance of £148,000 is after allowing for £137,500 of the Efficiency Factor (£150,000 for the year).</p> <p>c) Expenditure on capital projects, to the end of February, was £3.211million against the Capital Programme of £6.080million. The main schemes on which expenditure has been incurred are: purchase of the head lease of 15 Springwood Drive (£0.498m), Disabled Facilities Grants (£0.707m); Braintree Town Centre Regeneration (£0.446m); Refuse vehicles (£0.301m); remedial works at the Braintree Swimming & Fitness Centre (£0.177m) and resurfacing the astro-pitch at Witham Sports Ground (£0.159m).</p>		

- d) The total Council Tax collectable debit for the year is £83.53million. The collection rate as at the end of February is 97.2% (£81.20million collected), which is exactly the same rate as that for the same period last year.
- e) The total Business Rates (National Non-Domestic Rates) collectable debit for the year is £42.69million. The collection rate as at the end of February is 96.5% (£41.20million collected), which compares to a rate of 96.6% for the same period last year, a small reduction of 0.1%.
- f) A total of 791 write-offs of Council Tax, with a value of £77,596, have been authorised in the year to 28th February: 235 in respect of the current year and 556 in respect of previous financial years.
- g) A total of 101 write-offs of Business Rates, with a net value of £68,981, have been authorised in the year to 28th February: 34 in respect of the current year and 101 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 £3.214million, of which £1.712million was in respect of Housing Benefit overpayments. The target for 2017/18 is to reduce the debt outstanding, excluding Housing Benefit overpayments and invoices raised in March in respect of 2018/19, to £600,000 or less as at 31st March 2018.
- i) The rate of return achieved on investment of the Council's balances and funds in the year to-date is 0.37%. This return was achieved on an average amount invested of £40.38million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- j) Dividend received/declared in the year to 28th February is £604,900. The market values of these pooled funds show an unrealised net increase in the principal sum of £1.327million as at 28th February 2018. An additional sum of £1million was invested in the M&G Extra Income Fund in February. This takes the total invested in pooled equity and property funds to £16million. These investments have been placed in the knowledge that their capital values will be subject to volatility but overall their trend has been positive over the medium term (i.e. over a minimum of 3 years).
- k) Detail of the Council's investments of surplus monies, totalling £33.31million and in pooled funds, totalling £16million, as at 28th February 2018, is provided at Appendix B.

Recommended Decision:

Members are asked to accept the report of the Key Financial Indicators as at 28th February 2018.

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.

Financial:	<p>The net General Fund revenue budget for the year is £14.389million. The net expenditure incurred in the year to 28th February was £10.644million. This represents a positive variance of £623,000. The predicted financial outturn based on a review at the end of the third quarter is a net positive variance of £230,000.</p> <p>Collection rate for business rates shows a marginal variation compared to that achieved at the same period last year, although it is expected that the collection rates for both business rates and council tax will achieve target for the year.</p>
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No:	2801
E-mail:	Trevor.wilson@braintree.gov.uk

Key Financial Indicators at 28th February 2018

	Full Year	Actual as	Profile to	Variance from Profile	
	Budget 2017/18	at 28 Feb. 2018	28 Feb. 2018	£'000	%
General Fund - Revenue (Controllable)	14,389	10,644	11,267	-623	-5.5%
Capital Programme (Excl. capital salaries incl. below)	6,080	3,211			
General Fund - Salaries	15,103	13,812	13,960	-148	-1.1%

	Full Year Target	Actual as at 28 Feb. 2018	Actual as at 28 Feb. 2017	Variance
Council Tax collection in year - %	98.20%	97.20%	97.20%	0.00%
Council Tax collection - income collected for year - £m	£83.53	£81.20	£80.34	£0.86
Write-offs in year - £'000		£34	£2	£32
Write-offs in year - number		235	246	-11
Write-offs all years £'000		£78	£191	-£113
Write-offs all years - number		791	1317	-526
Business Rates collection in year - %	98.50%	96.50%	96.60%	-0.10%
Business Rates collected for year - £m	£42.69	£41.20	£44.18	-£2.98
Write-offs in year - £'000		£61	£111	-£49
Write-offs in year - number		34	35	-1
Write-offs all years - £'000		£69	£224	-£155
Write-offs all years - number		101	95	6
Creditors - payment of invoices within 30 days of receipt	99.0%	99.41%	99.35%	0.06%

Debtors - Balance Outstanding	31-Mar-15	31-Mar-16	31-Mar-17	28-Feb-18
	£'000	£'000	£'000	£'000
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	334	319	303	211
Capital Projects - currently - development site, east of High Street, Halstead	8	8	3	0
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	37	143	8	12
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	1	10	103	81
Development & Environment	257	271	619	127
Finance	36	61	108	91
Leisure	234	169	208	27
Operations	984	288	936	911
Housing	89	77	83	42
Sub-Total - excluding Hsg. Benefits	1,980	1,346	2,371	1,502
Housing Benefits	1,620	1,647	1,436	1,712
Total	3,600	2,993	3,807	3,214
Target is for Debt Outstanding (excluding Housing Benefits, charging orders and large value invoices raised in final days of the month-end) to be £0.6million by 31 March 2018.				617

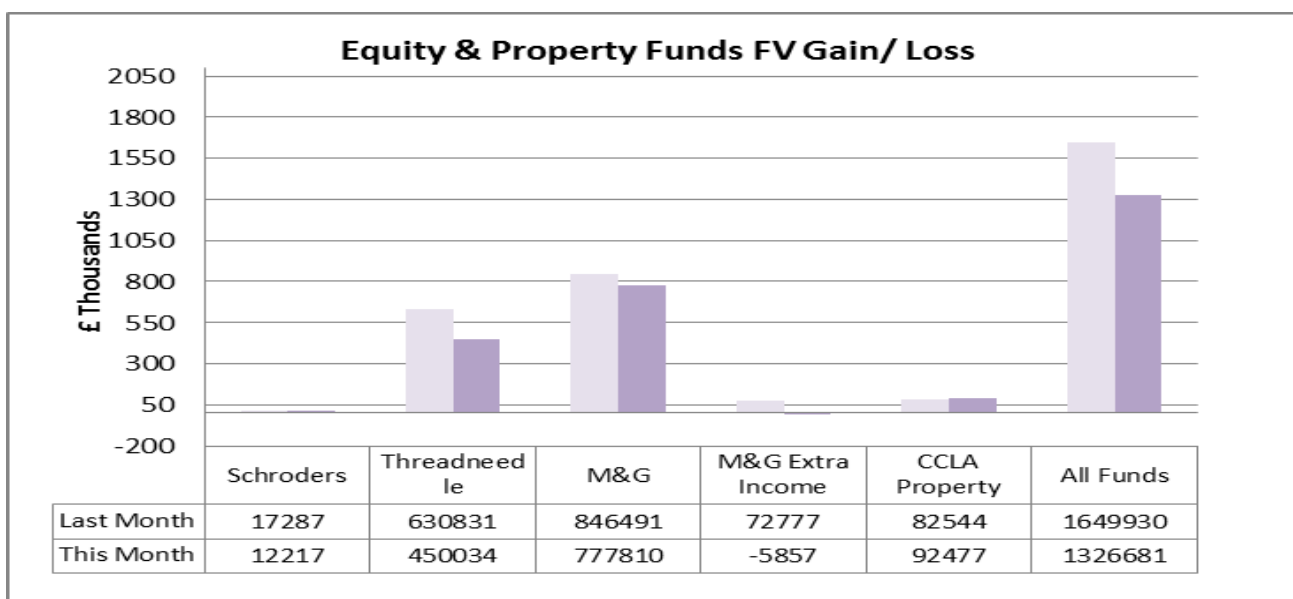
Debtors - Balance Outstanding	31-Mar-15	31-Mar-16	31-Mar-17	28-Feb-18
	£'000	£'000	£'000	£'000
Profile by Recovery Stage:				
Invoice	2,078	1,377	2,561	1,799
Reminder	254	275	281	311
Final Notice	198	190	-	-
Pre-legal	424	338	212	467
Enforcement Agent	406	426	387	326
Tracing Agent	15	4	11	1
Charging Order	35	23	32	31
Attachment to Benefits/Earnings	190	360	322	279
Summons			1	-
Total	3,600	2,993	3,807	3,214
Write offs in year - value - £000	£28.0	£20.0	£25.5	£160.7
Write-offs in year - number	492	245	371	389

Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2017/18 is a net amount of £150,000. The underspend on salaries of £148,000, recorded above, is after offsetting £137,500 of the target.

Investment Holdings at end of February 2018					
Counterparty	Type	Principal	Start	Maturity	Return
Santander	Fixed	3,000,000	14/02/2018	14/05/2018	0.50%
Bank of Scotland	Fixed	2,000,000	21/09/2017	21/03/2018	0.36%
Bank of Scotland	Fixed	1,000,000	01/09/2017	01/03/2018	0.36%
Nationwide BS	Fixed	2,000,000	01/12/2017	01/03/2018	0.38%
Coventry BS	Fixed	3,000,000	03/10/2017	29/03/2018	0.35%
North Lincs Council	Deposit - LA	2,000,000	31/10/2017	30/04/2018	0.45%
West Dunbartonshire	Deposit - LA	3,000,000	20/10/2017	20/04/2018	0.45%
Leeds City Council	Deposit - LA	3,000,000	29/09/2017	03/04/2018	0.39%
Australia and NZ Banking	Fixed	3,000,000	04/09/2017	05/03/2018	0.40%
Landesbank Hessen-Thuringen	Fixed	3,000,000	11/01/2018	01/03/2018	0.43%
Lloyds Bank	Call Account	814,000	28/02/2018	01/03/2018	0.40%
Deutsche	MMF	-			
Goldman Sachs	MMF	-			
Standard Life	MMF	3,500,000	28/02/2018	01/03/2018	Variable
External Fund Investments					
Schroders Income Maximiser	Equity	2,500,000			Variable
Threadneedle UK Equity	Equity	5,000,000			Variable
M&G Global Dividend	Equity	2,500,000			Variable
M&G Extra Income	Equity	3,000,000			Variable
CCLA – LAMIT Property	Property	3,000,000			Variable
Royal London Cash Plus	MMF-VNAV	4,000,000			Variable
Total		49,314,000			

Key: MMF - Money Market Fund
VNAV - Variable Net Asset Value



Internal Audit – Activity Report for the period to 12th March 2018		Agenda No:7
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Trevor Wilson, Head of Finance	
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager	
Background Papers:	Public Report	
Internal Audit Assignment files	Key Decision: No	
Executive Summary:		
<p>To provide Members with details of and outcomes from the audit assignments completed during the period 15th December 2017 to 12th March 2018. For each assignment this includes:</p> <ul style="list-style-type: none"> • the key controls covered • number of recommended action points and their priority • audit opinion • brief details of the high priority recommendations (if applicable) <p>An update on the Reportable Recommendations and the use of surveillance and investigation (under the Regulation of Investigatory Powers Act 2000) is also attached.</p>		
Recommended Decision:		
<p>To note the activity report of the Internal Audit service for the period 15th December 2017 to 12th March 2018.</p>		
Purpose of Decision:		
<p>To advise Members of the audit assignments completed for the period 15th December 2017 to 12th March 2018.</p>		

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

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

**INTERNAL AUDIT
COMPLETED ASSIGNMENTS to 12th March 2018**

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core system	NNDR	8		1		<ol style="list-style-type: none"> 1. The NNDR billing list is accurate and amendments are up to date 2. Relief and allowances claimed by ratepayers are valid 3. Annual billing and amendments are properly calculated 4. Credit control and arrears recovery processes are adequate 5. Refunds of overpayments are valid and properly authorised 6. Write-off of debt is properly authorised 7. Amounts due are properly recorded 8. There is adequate segregation in the NNDR billing and cash receipting function 9. Information Security Management 10. Fraud & Corruption checklist 11. Operational risk register reviewed 			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan
Core system	Housing Benefits	10		0		<ol style="list-style-type: none"> 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 			We are satisfied that reliance can be placed on the key controls as described

				properly recorded 6. Overpaid benefit is properly recorded 7. There is adequate segregation in the assessment and payment process 8. Fraud & Corruption checklist 9. Information security management 10. Operational Risk Register reviewed						
Core system	Council Tax	10	0	1. The Council Tax billing list is accurate and amendments are up to date 2. Relief and allowances claimed by ratepayers are valid 3. Annual billing and amendments are properly calculated 4. Credit control and arrears recovery processes are adequate 5. Refunds of overpayments must be approved and authorised for repayment 6. Write-offs of debt are properly authorised 7. Council Tax benefits received are properly recorded 8. Amounts due are properly recorded 9. There is adequate segregation in the Council Tax billing and cash receipting function 10. Long term empty properties are charged the correct amount of council tax 11. Fraud & Corruption checklist 12. Operational Risk Register reviewed			We are satisfied that reliance can be placed on the key controls as described			
Core system	Payroll	10	<table border="1"> <tr> <td></td> <td>1</td> <td></td> </tr> </table>		1		1. All employees on the payroll are valid and are employed by the organisation 2. Payments are made only for hours worked or allowable expenses			We are satisfied that reliance can be placed on
	1									

				<ul style="list-style-type: none"> 3. Payroll costs and statutory or material voluntary deductions are properly calculated and in accordance with approved pay rates or staff contracts 4. Payroll costs are properly accounted for in the main accounting system 5. Overpayment of salary is recovered 6. Segregation of duties is in place 7. Upgrades to PAYE tab tables and grade pay rate updates are properly controlled 8. Fraud & Corruption checklist 9. Information security management 10. Operational Risk Register reviewed 			the key controls following implementation of the recommendation agreed in the Action Plan			
Non-core system	House Renovation Grants	11	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px;"></td> </tr> </table>		1		<ul style="list-style-type: none"> 1. The Grants Policy is present and has been agreed by Cabinet 2. An application form has been completed for all grants 3. All relevant information has been received and filed for each grant 4. A test of resources has been completed for all applicable applicants 5. At least two quotes have been received for the works to be carried out 6. Work completed is inspected by officers before payment is made 7. Payments made are authorised by an appropriate signatory 8. Grants that require delegated authority have the approval notice present 9. Fraud and Corruption Checklist 10. Operational Risk Register reviewed 			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	Fleet Management	5	0	<ol style="list-style-type: none"> 1. Issue of fuel cards is controlled and signatures are obtained when they are issued and costs are monitored. 2. Diesel tank fuel records are monitored for accurate readings and fuel dispensed to individual vehicle users. 3. Disposals of vehicles are recorded and processed promptly. 4. Insurance are notified of RTR replacement vehicles being delivered/taken away that need to be put on or off the system. 5. Service Schedules are followed in line with contract guidelines. 6. Vehicle defects are reported and addressed quickly. 7. A key register is maintained along with daily vehicle checks. 8. Rechargeable services to RTR are invoiced correctly and promptly. 9. Operational Risk Register reviewed 			We are satisfied that reliance can be placed on the key controls as described
Corporate	Member Council Tax Balances	1		Review of Councillors council tax accounts to ensure that all accounts are up to date prior to the budget setting of the Council Tax for 2018/2019			All Members entitled to vote on Council tax Resolution 2018/2019
Non-core system	Concessionary Transport	2.5	0	<ol style="list-style-type: none"> 1. Mini bus booking forms have been filled in when hired 2. Invoices for mini bus hire are raised promptly for payment 3. Hire/mileage charges agree to those set out in the budget book 4. Expenditure is relevant and approved by an authorised signatory 5. Expenditure relating to Concessionary Transport is correctly evidenced and paid out in 			We are satisfied that reliance can be placed on the key controls as described

				<p>accordance to guidelines.</p> <p>6. Official receipt books are filled in when payment is received</p> <p>7. Social car mileage payments are recorded and accurate</p>			
Non-core system	Homelessness	2	0	<p>1. Expenditure relating to Homelessness is relevant and treated correctly</p> <p>2. All expenditure approved by an authorised signatory</p> <p>3. Write off checklists are filled in and signed off</p> <p>4. Standby Officer pay is recorded appropriately and is charged at the right amount.</p> <p>5. Payments are only made for bonafide homeless applicants</p>			We are satisfied that reliance can be placed on the key controls as described
Non-core system	Plant & Tools	3.5	0	<p>1. The inventory list for Horticultural and Street Scene is accurate and updated regularly.</p> <p>2. The inventory list details where the equipment is kept</p> <p>3. For high value equipment, Quotations Register procedures are followed</p> <p>4. Equipment is marked with Smartwater and recorded appropriately</p> <p>5. Payments have been approved by an authorised signatory</p>			We are satisfied that reliance can be placed on the key controls as described
Non-core system	Leisure	3	0	<p>1. Business Plan targets have been achieved</p> <p>2. Performance against the contract is monitored and regular reports are made to senior management</p> <p>3. Income and expenditure is in accordance with the contract</p>			We are satisfied that reliance can be placed on the key controls as

							described
Non-core system	Training	3	1	<ol style="list-style-type: none"> 1. All Training expenditure is correctly recorded 2. Invoices have been signed by an authorised signatory 3. All persons undertaking have signed the appropriate paperwork 4. Leavers who owe fees have been invoiced accordingly 5. Where payment for fees owing has not been received, usual recovery measures are followed. 			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan
Operational	Telephones	5	1	<ol style="list-style-type: none"> 1. Landlines payments are for BDC occupied sites only. 2. Landline costs are assessed for reasonableness. 3. Freephone charges are monitored and the calls to the numbers are appropriate. 4. Mobile phone costs are analysed frequently for reasonableness and appropriate usage. 5. Mobile phone transfer forms are completed satisfactorily. 			We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan
Operational	Refreshments	2.5	0	<ol style="list-style-type: none"> 1. Access to usage keys is controlled and users charged accordingly. 2. The top up of usage keys is recorded and processed properly. 3. The provision of refreshments for training courses and meetings is appropriate and recorded appropriately. 			We are satisfied that reliance can be placed on the key controls as described

				4. Petty cash claims for usage keys and refreshments are reasonable.			
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- 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	Status
None		

There we no RIPA applications submitted for this period.

Internal Audit Annual Report 2017/18		Agenda No:8
Portfolio Finance and Performance		
Corporate Outcome:		A high performing organisation that delivers excellent and value for money services
Report presented by:		Trevor Wilson, Head of Finance
Report prepared by:		Lesley Day, Audit Insurance and Fraud Manager
Background Papers:		Public Report
Public Sector Internal Audit Standards		Key Decision: No
Executive Summary:		
<p>The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit report and opinion that can be used by the organisation to inform its Annual Governance Statement.</p> <p>The Head of Internal Audit's annual audit opinion provides a conclusion on the overall adequacy and effectiveness of the organisation's control framework of governance, risk management and control during the year.</p> <p>The Annual Report from the Audit, Insurance and Fraud Manager is attached.</p>		
Recommended Decision:		
To receive and note the Internal Audit Annual Report for 2017/18.		
Purpose of Decision:		
To receive the Internal Audit annual report for 2017/18 in support of the Annual Governance Statement.		

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

Financial:	None
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	To comply with the Public Sector Internal Audit Standards
Officer Contact: Lesley Day	
Designation: Audit, Insurance and Fraud Manager	
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INTERNAL AUDIT

ANNUAL REPORT 2017/18

1. Purpose

This is the annual report of the Head of Audit as required by the Public Sector Internal Audit Standards (PSIAS) for the period 1st April 2017 to 31st March 2018 and includes:

- the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
- the delivery of the annual audit plan
- implementation of agreed actions
- performance

2. Background

Under the Local Government Act 1972 (s.151) and the Accounts and Audit (England) Regulations 2015 the Council has a responsibility to maintain an adequate and effective internal audit service.

Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The PSIAS now form the proper practices for Internal Audit as required by the Accounts and Audit (England) Regulations 2015.

The Public Sector Internal Audit Standards requires that the Head of Internal Audit must deliver an annual internal audit opinion which can be used to inform and support the Council's Annual Governance Statement. The annual audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

3. ANNUAL REPORT & OPINION

3.1 The role of the Internal Audit service

The role of internal audit is best summarised through its definition within the Standards, as an:

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

The Audit, Insurance and Fraud Manager continues to report functionally to the Head of Finance and the Governance Committee and there have been no constraints placed in respect of:

- access to all of the Councils systems, operations, records and officers throughout the year;
- interference in determining the scope of internal audit, performing work or communicating results
- impairments to our independence and objectivity during the year.

The Audit Charter formally defines the purpose, authority and responsibility of Internal Audit.

3.2 Internal Audit

During 2017/18, there were staffing changes that affected resources. The post of Trainee Audit Assistant was vacant for a period of approximately 4 months prior to a new member of staff commencing during September 2017. This new member of staff is currently studying for the ACCA accounting qualification.

The current Audit, Insurance and Fraud Manager retired on 12th March 2018, however, interviews have been held and a new Audit, Insurance & Fraud Manager will commence employment in early June 2018.

The Audit, Insurance and Fraud Manager's time was also allocated to other management responsibilities including Insurance, Fraud, Cashiers and Mailroom. Where audit reviews were planned during the year these were undertaken by the Senior Auditor with the Head of Finance ensuring adherence to quality processes. The Audit, Insurance and Fraud Manager did not undertake any part of the audit review.

An annual Audit Plan is produced in conjunction with a four-year strategic rolling plan which is risk based and is developed with an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes.

The Audit Plan was divided into four categories as follows:

- Core systems
- Non-core systems
- Corporate
- Operational

Upon completion of an assignment, any recommendations are discussed with the Service Unit Manager/Senior Manager and an Action Plan agreed.

3.3 Governance Committee

Reporting the work of Internal Audit to Governance Committee Members provides them with an opportunity to review and monitor the outputs of internal audit activity and gain assurance that the Council's internal audit function is fulfilling its statutory obligations. This process is an integral component of corporate governance.

An activity report is presented regularly to the Governance Committee which details:

- each assignment
- the number of recommendations
- key controls covered
- brief details of the high priority recommendations, if applicable
- audit opinion
- date of the follow-up review, if applicable

The Governance Committee is updated on the status of high priority recommendations as part of the activity reports. There were no high priority recommendations outstanding as at the end of the financial year.

3.4 Public Services Network (PSN)

In January 2018 the Council gained the Public Services Network (PSN) connection compliance certificate following completion of the PSN compliance verification process. It shows that the Organisation has successfully achieved PSN compliance by demonstrating to the PSN team that our infrastructure is sufficiently secure and that our connection to the PSN would not present an unacceptable risk to the security of the network.

3.5 Operational Risk Management

Operational Risks were reviewed by each Head of Service as part of their Business Plans for 2017/18. There were 75 risks identified with 11 of them above the tolerance line which required an action plan in order to mitigate the risk. The Governance Committee received the report in June 2017

3.6 Strategic Risk Management

The Risk Policy, Strategy and Implementation Plan were introduced in April 2006 which required a register of strategic risks i.e. those risks that may affect the ability of the Council to achieve its objectives, to be established.

The current Strategic Risk Register details the risks which have potential to impact on the delivery of the Corporate Strategy. The Register was reviewed once during 2017/18 and was agreed by Cabinet on 12th March 2018 - 10 risks with 8 above the tolerance line.

The risks with a risk rating above the tolerance line have a Management Action Plan which is owned and monitored by a Corporate Director.

3.7 Regulation of Investigatory Powers Act (RIPA)

At the Audit Committee held on 8th January 2009 it was agreed that an annual report would be submitted by the RIPA Co-ordinating Officer detailing the use of surveillance for the financial year.

As the RIPA Co-ordinating Officer, I have received no applications for the Council to undertake surveillance this year. Taking into account our past surveillance and subscriber information applications, it is doubtful that we will meet the new criteria or need Justice of the Peace approval, however, the ability remains for the Authority to do so.

3.8 Information Security

An Information Security Policy (supported by Codes of Practice) was adopted in July 2009.

The objectives of this Policy are to ensure that

- All users are aware of their responsibilities in relation to information security
- All property, equipment and information are appropriately protected
- The availability, integrity and confidentiality of information is maintained
- A high level of awareness exists of the need to comply with the measures contained in the policy.

Heads of Service and Corporate Director direct reports have signed a declaration that certain requirements of the Policy have been met and that there have been / have not been any known breaches of information security during 2017/18. There has been no information security incidents declared.

3.9 Whistleblowing

I am responsible for carrying out investigations on behalf of the Head of Finance, the Councils' designated Whistleblowing Officer. During 2017/18 there were no instances of Whistleblowing reported.

3.10 Prevention of Money Laundering Procedures

No Suspicious Activity Reports were submitted by the Money Laundering Reporting Officer (Head of Finance) to the Serious Organised Crime Agency during the year.

3.11 Audit assignments undertaken during 2017/18

The actual audit time available compared to the projected time available for the year was reduced due to a vacancy, college, and training days. Therefore the % achievement against the original projected time is reduced.

	Completion of Planned Assignments
Core systems and Income Streams	100%
Non-core systems	83%
Operational	100%

Five out of twenty nine non-core system assignments were in progress at the end of the year: these all related to contracts. These will be completed during April 2018.

We also carry out assignments and activities on corporate subjects which, due to their nature, are impractical to count towards the annual overall target. eg, governance issues, ICT system security, NFI Data Matches, financial consultancy, etc.

3.12 Recommendations contained in Audit Assignments

Number of Audit Assignments	Low Priority	Medium Priority	High Priority
36	0	8	0

3.13 Quality Assurance and Improvement Programme (QAIP)

It is a requirement of PSIAS that the annual report provides a commentary on the results of the internal audit 'Quality Assurance and Improvement Programme' (QAIP). The purpose of a QAIP is to enable an evaluation of the internal audit activity's conformance with professional standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

In December 2017 CIPFA was engaged to carry out an External Quality Assessment of our conformance to the Public Sector Internal Audit Standards as per our Quality Assurance and Improvement Programme. CIPFA's assessment concluded that we 'partially conform' to the Standards. An Action Plan to achieve 'generally conform' has been developed and is being presented to Governance Committee on 12th April 2018; although a number of the actions have already been implemented.

4. Overall Opinion

My opinion is based upon and restricted to the work that we have performed during the year.

In giving the opinion it should be noted that assurance can never be absolute and that

Internal Audit has not reviewed all risks and assurances relating to the Council's framework of governance, risk management and control during the year.

I conclude that my audit opinion is one of reasonable assurance together with continued positive assurance concluded in the areas of the core financial systems.

Lesley Day
Audit, Insurance & Fraud Manager
7th March 2018

ANNUAL GOVERNANCE STATEMENT 2017/18		Agenda No: 9
Corporate Priority:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Trevor Wilson, Head of Finance	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:	Public Report	
'Delivering Good Governance in Local Government – Framework' published by CIPFA and SOLACE 2016		
		Key Decision: No
Executive Summary:		
<p>The annual review of the Council's governance, risk management and internal control arrangements has been undertaken to support the production of the Annual Governance Statement (the Statement) for 2017/18.</p> <p>This review includes the established information and assurance gathering processes to ensure that the published Annual Governance Statement is correct as well as a review of the Council's Governance framework against a best practice framework devised by CIPFA/SOLACE.</p> <p>The aim of the review process is to ensure that the Council has effective governance, risk management and internal control processes in place to assist with accountability and delivery of objectives. Any shortfalls identified in these arrangements through the review process are included as action points for the coming year.</p> <p>The review process includes:</p> <ul style="list-style-type: none"> • Obtaining assurance from Senior Managers, who report to a member of the Management Board, that key control systems have operated effectively within their areas of responsibility throughout the year • Reviewing the Council's governance framework against the best practice framework devised by CIPFA/SOLACE • Annual update of the Local Code of Corporate Governance, first adopted by the Audit Committee on 8th January 2009, and to refresh to take account of the latest edition of the best practice framework issued by CIPFA/SOLACE in April 2016. • Reviewing all External Audit and Inspection reports and Internal Audit reports. 		

The published Annual Governance Statement is required to detail the governance and control framework in place in the Council during 2017/18 and up to the date of publication of the Statement. Where arrangements are not in line with best practice or are not working effectively, this should be recorded in the Statement together with action plans for improvement.

The Annual Governance Statement

The process of preparing the Annual Governance Statement should itself add value to the corporate governance and internal control framework of the Council. The Statement is required to be approved by the end of May and should also be up-to-date at the time of publication. The best practice framework provides guidance on what the Statement should contain, including:

- an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority’s code of governance ;
- reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the Cabinet, the governance committee, internal audit and others as appropriate;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- reference to how issues raised in the previous year’s annual governance statement have been resolved;
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

Following the annual review a revised and updated Local Code of Corporate Governance is included at Appendix A. A draft of the Annual Governance Statement is included at Appendix B for Members’ consideration.

Decision:

To agree:

1. the updated Local Code of Corporate Governance as detailed in Appendix A; and
2. the Annual Governance Statement for 2017/18, as detailed in Appendix B, for signing by the Leader of the Council and the Chief Executive.

Purpose of Decision:

To evidence that the Council has conducted a review of the effectiveness of its system of internal control for 2017/18, ensure that the Annual Governance Statement for 2017/18 is correct and in order for the Leader of the Council and the Chief Executive to sign.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	None arising from this report.
Legal:	Meets requirement to undertake an annual review of the Council's Governance arrangements (Regulation 6(1) of the Accounts and Audit Regulations 2015).
Safeguarding	None arising from this report.
Equalities/Diversity	Various aspects of the Annual Governance Statement are directly relevant to diversity and social inclusion. Examples include arrangements to consult with and encourage the participation of all sections of the community, communications with stakeholders and the requirement for services to be provided in accordance with equality policies.
Customer Impact:	Review provides assurance of the adequacy of the Council's governance arrangements and identifies actions to be taken in the coming year to further improve the arrangements.
Environment and Climate Change:	None arising from this report.
Consultation/Community Engagement:	None arising from this report.
Risks:	The Council is legally required to 'conduct a review at least once in a year of the effectiveness of its system of internal control'.
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Designation: Head of Finance	
Ext. No. 2801	
E-mail: Trevor.wilson@braintree.gov.uk	

Braintree District Council

Local Code of Corporate Governance

INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”

The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times, consistent with the requirements of legislation and government policies, avoiding self-interest and, if necessary, overriding a perceived organisational interest. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.

GOOD CORPORATE GOVERNANCE

Braintree District Council is committed to achieving good corporate governance and this Local Code describes how the Council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework “Delivering Good Governance in Local Government” (April 2016) which replaced the document published in 2007. As laid out in the guidance it *“is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities”*. Consequently the local Code has been written to reflect the Council’s own structure, functions, and the governance arrangements in existence.

The local code is based on the following 7 principles, the first 2 of which underpin the remaining 5 with the overall aim of “Achieving the intended outcomes while acting in the public interest at all times”.

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Many of the requirements of the code are included in the Council's constitution and the Council's key strategies and policies.

<https://www.braintree.gov.uk/downloads/download/23/constitution>

https://www.braintree.gov.uk/info/200328/council_reports_plans_and_strategies/154/strategy_and_policy_documents

MONITORING AND REVIEW

The Code of Corporate Governance is subject to annual review. This review includes an assessment as to the effectiveness of the processes contained within the Code. This includes annual assessments such as:

- Annual review of the Constitution
- Annual report of the Standards Committee
- Overview & Scrutiny Annual Report
- Head of Internal Audit Annual Report
- Self-assessment against the "Role of Chief Financial Officer"

- Governance Committee Annual Report
- External Audit Annual Letter

The outcome of this review is reported in the Annual Governance Statement.

The following details how the Council meets the core principles and the systems, policies and procedures it has in place to support this.

<p>Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	
<p>Rationale: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.</p> <p>In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Braintree District Council’s commitment to achieving good governance is demonstrated below:</p> <p>Behaving with integrity</p> <ul style="list-style-type: none"> • Developed a Code of Conduct for Members to ensure that high standards of conduct are maintained. • Established a procedure outlining arrangements for breaches of the Member Code of Conduct. • The Governance Committee has an overall view of conduct issues with a Standards Sub Committee established and appointments made, which is called as and when required. • An Officer Code of Conduct that sets down standards of behaviour and conduct the Council expects of its employees. Reference is made to the Code on the Induction Checklist. • Standard decision making reporting format to ensure that all those responsible for taking decisions have the necessary information on which to do so. • An employee policy for acceptance of gifts and hospitality. • Registers of Members’ interests and records of gifts and hospitality are published on the Council’s website. • Members’ declarations of interests are a standing item on all agendas. Minutes show declarations of interest were sought and appropriate declarations made. • Members appointed to represent the Council on Outside Bodies are expected to provide a report to Council on an annual basis. • A Corporate Complaints Policy is published on the Council’s website. • A Whistleblowing Policy is in place. • Statement of Core Values and Behaviours

	<p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none">• A Constitution which sets out delegations of the Cabinet, committees and senior officers, and the decision making process to be applied. It also emphasises that the Council will act within the law.• Terms of Reference that exists for all committees.• Contract Procedure Rules emphasise the expectation for partners and contractors to act with integrity and in compliance with ethical standards expected by the Council. <p>Respecting the rule of law</p> <ul style="list-style-type: none">• The Constitution identifies the Head of Governance as the Council’s Monitoring Officer and sets out the role of the Monitoring Officer.• An Anti-Fraud & Corruption Strategy which is supported by an Anti-Money Laundering Policy, Information Security Policy & Codes of Practice and Whistleblowing Policy. There is a fraud hotline for employees and customers to report irregularity and fraud.
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<p>Core Principle B: Ensuring openness and comprehensive stakeholder engagement</p>	
<p>Rationale: Local government is run for the public good; organisations therefore should ensure openness in their activities.</p> <p>Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>Braintree District Council’s commitment to achieving good governance is demonstrated below:</p> <p>Openness</p> <ul style="list-style-type: none"> • A Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request. • Adoption of a standard reporting format in relation to committee reports. • A ‘Corporate Implications’ template is included in the standard report format which helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format. • Agendas, reports and minutes are published on the Council’s website. Meetings are open to the public unless in the case of exempt items. • Agendas include a set period for Public Question Time. • Dates for submitting, publishing and distributing timely reports are set and adhered to. • The Corporate Strategy sets out the priorities and strategic direction for the Council. • Web casts of Council and Cabinet meetings on the Council’s website. <p>Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none"> • Adopted a Channel Strategy which sets out ways in which the Council will use a variety of channels to deliver services to, and interact with, customers. • The Council has signed a Local Compact for joint working with the voluntary and community sectors in the district. <p>Engaging stakeholders effectively including individual citizens and service users</p> <ul style="list-style-type: none"> • The Council seeks the views from individuals, organisations and businesses on a range of topics. The Council has a People’s Panel and The Next Step Panel, the latter is specifically for 16 to 24 year old age group. Links to current consultations are published on the website:

	<p>https://www.braintree.gov.uk/info/200137/consultations/96/contribute_to_a_council_consultation</p> <ul style="list-style-type: none">• Consultation activity is reviewed annually to evaluate how well each consultation exercise meets its planned objectives. Consultation across the Council is increasingly managed using a calendar of planned activities.• The Council has arrangements to engage with all sections of the community including hard to reach groups.• Use of social media to increase interaction and engagement with customers: Social Media Policy and links at https://www.braintree.gov.uk/info/200574/social_media• Satisfaction surveys are undertaken regularly both centrally and by services.• Contact publication – communicates the Council’s vision and priorities and is published once per year and is sent to all households in the District.• e-mail newsletters incorporating news, information and events are sent on an ad hoc basis to those residents requesting this service.
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Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit	
<p>Rationale: The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Defining Outcomes</p> <ul style="list-style-type: none"> • The Corporate Strategy and Annual Plan set out the Council's vision and priorities together with its aims and actions. • Medium-Term Financial Strategy covering a rolling four-year period is agreed annually. • Annual Business Plans form a key part of delivering the Council's overall vision. • Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals. <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • Adopted a Climate Local Strategy which sets out our objectives and a framework for local action on climate change and energy. • The Council has an Economic Development Prospectus 2013 to 2026 – that sets out how the Council intends to create conditions for economic growth and deliver a prosperous Braintree District. https://www.braintree.gov.uk/downloads/file/207/economic_development_prospectus_2013-2026 • A 'Corporate Implications' template is included in the standard report format which helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format. • Asset Management Plan – the Council has a wide range of land and property assets used in the delivery of services and to support the corporate priorities.

<p>Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	
<p>Rationale: Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	<p>Braintree District Council’s commitment to achieving good governance is demonstrated below:</p> <p>Determining interventions</p> <ul style="list-style-type: none"> • The format of decision making reports to ensure that all relevant information is considered such as analysis of options, resource implications and consultation feedback. Options are clearly defined and analysed to ensure decisions are based on the best possible information. • The Budget Setting cycle is applied to ensure clear alignment to need and improving outcomes. <p>Planning interventions</p> <ul style="list-style-type: none"> • Corporate Strategy covers four-year period. An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives • Business Plans for each service area, these include clear identification of objectives and targets, reflect Corporate Strategy priorities and include the identification of risks to meeting the objectives. They are updated annually and incorporate the financial plans for the year ahead for the service areas. • The Medium-Term Financial Strategy, Workforce Plan, Asset Management Plan and Capital Programme identify how resources are aligned to priorities. • Risks associated with partnership and joint working arrangements are identified and recorded in the risk register. • Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals. • Key performance indicators and key actions are determined annually and monitored via the Pentana Performance Management system.

	<p>Optimising achievement of intended outcomes</p> <ul style="list-style-type: none">• The annual budget is prepared in line with agreed priorities and the Medium-Term Financial Strategy. The Council publishes its Financial Strategy annually to set an indicative four year financial plan to fit the longer term strategic vision as well as a detailed one year budget. This is intended to include realistic estimates of revenue and capital – expenditure and income.
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<p>Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</p>	
<p>Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods.</p> <p>A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members.</p> <p>Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>Braintree District Council’s commitment to achieving good governance is demonstrated below:</p> <p>Developing the entity’s capacity</p> <ul style="list-style-type: none"> • The Council has a Workforce Development Plan including an action plan. • The Council actively promotes the benefits of partnerships and collaborative working to enhance capacity. Current examples include Payroll/HR system and procurement services. <p>Developing the capability of the entity’s leadership and other individuals</p> <ul style="list-style-type: none"> • A Protocol on Member/Officer Relations that assists both Members and officers achieve good working relationships in the conduct of Council business. • A Scheme of Delegation that is reviewed in light of legal and organisational changes. • A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules. • Annual Member Development programme is managed by a member Training & Development Group. Members are updated on legal and policy changes etc. as required. • Mandatory Induction programmes for all employees. • Developed a scheme of key management competencies and expected values and behaviours which support the Council’s core values. • Employee management framework which holds staff to account through performance reviews which identify training or development needs as required. • Apprenticeship Programme offering training, skills and experience in Local government. • Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.

<p>Core Principle F: Managing risks and performance through robust internal control and strong public financial management</p>	
<p>Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful</p>	<p>Braintree District Council’s commitment to achieving good governance is demonstrated below:</p> <p>Managing risk</p> <ul style="list-style-type: none"> • Risk management arrangements that are embedded across all service areas and help inform decision making. • The Council’s Risk Management Policy requires that consideration of risk is embedded in all key management processes. These include policy and decision-making, service delivery planning, project and change management, revenue and capital budget management and partnership working. • Strategic risks are normally reviewed a minimum of twice per annum and are detailed in the Corporate Risk Register. • A Risk Register of operational risks is maintained by the Audit, Insurance and Fraud Manager and is reviewed annually with Heads of Service as part of the business planning process in February/March. • The Cabinet approves the Corporate Risk Register and the Governance Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect. • Management Action Plans are provided for those risks which have a high risk rating and include details of the responsible officer. <p>Managing performance</p> <ul style="list-style-type: none"> • Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals. • Key performance indicators and key actions are determined annually and monitored via the Pentana Performance Management system. • Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.

<p>service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<ul style="list-style-type: none"> • The decision-making process is scrutinised by the Overview and Scrutiny Committee which has the power to call-in decisions. Specific meetings of the Overview and Scrutiny Committee are held in November and then January for Members (in public) to scrutinise the proposed Budget and Medium-Term Financial Strategy. • The Overview and Scrutiny Committee also undertakes some policy development work, by means of Task and Finish Groups. • Agenda, minutes of scrutiny meetings and any associated reports with recommendations to the Cabinet are published on the Council's website. • Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently. • An effective internal audit service is resourced and maintained. Internal Audit prepares and delivers a risk based audit plan in line with international auditing standards which is kept under review to reflect changing priorities and emerging risks. <p>Robust internal control</p> <ul style="list-style-type: none"> • An annual report is produced by Internal Audit which provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit. • Counter Fraud Strategy which is subject to review and is approved by the Governance Committee. • Annual Governance Statement (AGS) that is subject to review by the Governance Committee. • The Governance Committee, which is independent of Cabinet, oversees the management of governance issues, internal controls, risk management and financial reporting. Its performance is subject to annual self-assessment. • Governance Committee Terms of Reference are reviewed annually and revised to reflect professional bodies' expectations and best practice. • Training is provided to Governance Committee Members on areas relevant to
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	<p>their role.</p> <ul style="list-style-type: none"> • There are frameworks in place in relation to child and adult safeguarding. <p>Managing data</p> <ul style="list-style-type: none"> • The Council’s Information Security Policy and Codes of Practice provide guidance on the arrangements that must be in place to ensure personal data is kept protected and secure. • The Governance Committee receives detail of compliance with the Information Security policy in the Audit, Insurance and Fraud Manager’s annual report. • The Data Quality Policy sets out the Council’s approach to data quality in relation to non-financial performance data to ensure that high standards are clearly set, achieved and maintained. https://www.braintree.gov.uk/downloads/file/6165/data_quality_policy • Effective information sharing is undertaken in accordance with the Data Protection Act and the Council’s Data Protection Policy. • Data subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council’s overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc. https://www.braintree.gov.uk/info/200136/access_to_information/376/privacy_policy • Information Sharing Agreements, are reviewed on a regular basis, are in place to document the sharing of information. • Data verification and validation processes are integrated within systems and processes. <p>Strong public financial management</p> <ul style="list-style-type: none"> • Compliance with CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015). • Financial procedures are documented in the Financial Regulations. • Medium-Term Financial Strategy covering a four-year period reviewed and
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	<p>updated annually.</p> <ul style="list-style-type: none">• The financial position is reported quarterly to Cabinet and the Governance Committee.
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<p>Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	
<p>Rationale: Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.</p> <p>Both external and internal audit contribute to effective accountability.</p>	<p>Braintree District Council’s commitment to achieving good governance is demonstrated below:</p> <p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> • Agendas, reports and minutes are published on the Council’s website. • Details of Council spending with suppliers, value in excess of £500, are published monthly on the Council’s website. A register of the Council’s contracts is also available on the Council’s website. • Details of senior managers’ remuneration and Member’s allowances and expenses are published annually in the Council’s Statement of Accounts. https://www.braintree.gov.uk/downloads/download/438/accounts <p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • Annual Financial Statements are compiled, published to timetable and included on the Council’s website. • Annual Governance Statement produced. • Standard template for committee reports requires an executive summary in addition to the detailed report. <p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • The Annual Governance Statement sets out the Council’s governance framework and the results of the annual review of the effectiveness of the Council’s arrangements. Areas for improvement are included, as necessary. • An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council’s internal control arrangements. • External Audit provides an annual opinion on the Council’s financial statements

	<p>and arrangements for securing Value for Money.</p> <ul style="list-style-type: none">• The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.
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Braintree District Council Annual Governance Statement 2017/18

Scope of Responsibility

Braintree District Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has previously approved and adopted a code of corporate governance, which is consistent with the principles of the *Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016)*. A copy of the code is on our website at www.braintree.gov.uk.

This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements which were in place during 2017/18. It also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance statement.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether this has led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to

identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Braintree District Council for the year ended 31st March 2018 and up to the date of the approval of the Statement of Accounts.

Our Governance Framework

Determining the Council's purpose, its vision for the local area and intended outcomes for the Community

The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community.

The Council sets out the vision and priorities for the Braintree District in its Corporate Strategy which covers the four-year period 2016 to 2020 was agreed by Full Council on 22nd February 2016. The Strategy is based on: public opinion about what is important in the district; issues which Members know to be of importance; data and research into key issues which affect the quality of life; and issues of national importance which need to be implemented at a local level.

The priorities reflect the vision for the District Council which focus on six key themes:

- **Environment & Place** – A sustainable environment and a great place to live, work and play
- **Health & Communities** – Residents live well in healthy and resilient communities where residents feel supported
- **Economic Development** – A prosperous district that attracts business growth and provides high quality employment opportunities
- **Finance & Performance** – A high performing organisation that delivers excellent and value for money services
- **Strategic Growth & Infrastructure** – A well connected and growing district with high quality homes and infrastructure
- **Overall Strategy & Direction** – Delivering better outcomes for residents and businesses and reducing costs to taxpayers

An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives.

There are Business Plans for each service area, these include clear identification of objectives and targets, reflect Corporate Strategy priorities and include the identification of risks to meeting the objectives. They are updated annually and incorporate the financial plans for the year ahead for the service areas.

The Council has a range of performance indicators used to measure progress against its key priorities in the Corporate Strategy. Targets are contained in the Annual Plan and Business Plans. Progress of the delivery of the projects and of performance against targets has been reported quarterly during 2017/18 to the Cabinet and the Governance Committee.

Teams within the Business Solutions Department seek to encourage and support improvements in project management, business processes, delivery of major projects and improve performance management arrangements.

The Council has shown that its performance has improved consistently through target setting and made improvements to service delivery.

The Data Quality Policy sets out the Council's approach to data quality in relation to non-financial performance data to ensure that high standards are clearly set, achieved and maintained.

The Council has a Medium Term Financial Strategy (MTFS), Workforce Plan, Asset Management Plan and Capital Programme; these identify how resources are aligned to priorities. The budget process incorporates consideration of the allocation of resources for the Corporate Strategy priorities. The MTFS allows annual strategic review in the context of performance against Corporate Strategy priorities, and sets targets for efficiency improvement, enabling resources to be recycled. Quarterly monitoring reports for the revenue budget and the Capital Programme were submitted to Management Board, the Cabinet and the Governance Committee during the year.

Priorities for service improvement have been identified and there have been a range of reviews which have identified efficiencies for the next financial year(s). The Council has a number of corporate processes, programmes and projects designed to improve efficiency including the Procurement Strategy, the Channel Strategy and the Workforce Development Action Plan.

The Council has a procedure for handling complaints and uses this to identify areas where service quality is not satisfactory and to take action to improve.

Members and Officers working together to achieve a common purpose with clearly defined functions and roles

The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It does this by having a Leader of the Council and Cabinet. The Leader appoints the members to serve on the Cabinet and allocates the portfolio responsibilities. The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution.

The Constitution includes a Member/Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.

All Committees have clear terms of reference that set out their roles and responsibilities and work programmes.

The Governance Committee is independent of the Cabinet and scrutiny functions and acts as the responsible body charged with governance on behalf of the Council. The Committee provides independent assurance on: the adequacy of the risk management framework and the associated control environment; scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment; the financial reporting process and approves the Statement of Accounts.

The Overview and Scrutiny Committee monitors the decisions of the Cabinet.

Members of the Management Board and the Cabinet, the Joint Executive Team, meet regularly during the year. Meetings are also held regularly between the Cabinet Portfolio Member and the relevant Director and/or Head of Service(s) to discuss service delivery performance, progress against Business Plan objectives and targets.

The Council's Chief Executive (Head of Paid Service) leads the Council's officers and chairs the Management Board.

All staff, including senior management, have clear conditions of employment and job profiles which set out their roles and responsibilities.

The Corporate Director, as s151 Officer appointed under the Local Government Act 1972, carries overall responsibility for the financial administration of the Council. The Corporate Director's role is in accord with the CIPFA Statement on the role of the Chief Financial Officer. A central finance function provides support to all departments and determines the budget preparation and financial monitoring processes.

The Monitoring Officer (Head of Governance) carries overall responsibility for legal compliance and his staff work closely with departments to advise on requirements. The Monitoring Officer is responsible for keeping the Constitution under review and reporting any proposed changes to Council.

A published Pay Policy 2017/18 was in place in accordance with the section 38 of the Localism Act 2011.

Promoting our Values and Upholding High Standards of Conduct and Behaviour

The Council supports a culture of behaviours based on its statement of Core Values. This guides both how the long-term vision is put into effect and how Members and officers behave in their day-to-day work.

Member and officer behaviours are governed by Codes of Conduct which include a requirement for 'declarations of interest' to be completed by all Members. Members of staff who work in sensitive areas are required to complete declarations of interest and all staff are required to complete a conflict of interest form, as and when appropriate.

The Council has a Standards Sub Committee reporting direct to the Governance Committee.

The Monitoring Officer is the appointed Proper Officer to receive complaints for failure of a Member to comply with the Code of Conduct. The Monitoring Officer has delegated power, after consultation with the Independent Person, to determine whether a complaint merits formal investigation and to arrange such investigation. Where an investigation finds evidence of a failure to comply with the Code of Conduct and a resolution either cannot be agreed, or it is not appropriate to be agreed by the Monitoring Officer, the Monitoring Officer will report the investigation findings to the Standards Sub Committee.

The Council takes fraud, corruption and maladministration very seriously and has adopted a Counter Fraud Strategy which aims to prevent or deal with such occurrences and incorporates the following policies:

- a) Fraud, Corruption and Dishonesty Policy

- b) Whistleblowing Policy
- c) Anti-Money Laundering Policy
- d) Information Security Policy
- e) HR policies regarding the disciplining of staff involved in such incidents

These policies are reviewed periodically and details of a) to c) above are provided on the Council's website and d) and e) are available to staff and members on the Council's intranet.

A complaints procedure is in place to receive and investigate any complaint made against the Council or a member of staff.

The Council's Housing Benefit Service is fully compliant with the Housing Benefits Verification Framework.

Taking informed and Transparent Decisions and Managing Risk

The Council's Constitution sets out how the Council operates and the process for policy and decision-making.

Full Council sets the policy and budget framework. Within this framework, the Cabinet makes all key decisions. Cabinet meetings are open to the public (except where items are exempt under Part 1 of Schedule 12(A) of the Local Government Act 1972) and meetings are webcast. The Leader's Forward Plan of key decisions to be taken and committee agenda items for decision over the next four months is published regularly on the Council's website.

All decisions made by Cabinet are made on the basis of written reports, including assessments of legal, financial, customer impact, safeguarding, equalities and diversity, environmental and climate change implications and consideration of the risks involved and how these will be managed.

The decision-making process is scrutinised by the Overview and Scrutiny Committee which has the power to call-in decisions. Specific meetings of the Overview and Scrutiny Committee are held in November and then January for Members (in public) to scrutinise the proposed budget and Medium-Term Financial Strategy. The Overview and Scrutiny Committee also undertakes some policy development work, by means of Task and Finish Groups.

Other decisions are made by Cabinet Portfolio holders and officers under delegated powers. Authority to make day-to-day operational decisions is detailed in the Responsibility for Functions in the Constitution.

The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Public Sector Internal Audit Standards'. The Audit, Insurance and Fraud Manager supports the Governance Committee and reviews the Internal Audit's effectiveness on an annual basis.

Policies and procedures governing the Council's operations include Financial Regulations, Procurement Rules and a Risk Management Policy. Ensuring compliance with these policies is the responsibility of the Directors, Heads of Service and their managers across the Council. The Internal Audit Section checks that policies are complied with. Where incidents of non-compliance are identified, appropriate action is agreed and implemented.

The Council's Risk Management Policy requires that consideration of risk is embedded in all key management processes. These include policy and decision-making, service delivery planning, project and change management, revenue and capital budget management and partnership working. Strategic risks are normally reviewed at least twice per annum and are detailed in the Corporate Risk Register. A Risk Register of operational risks is maintained by the Audit, Insurance and Fraud Manager and is reviewed annually with Heads of Service as part of the business planning process in February/March.

The Cabinet approves the Corporate Risk Register and the Governance Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect.

The Council has an Information Security Policy and Codes of Practice. The Governance Committee receives details of compliance in the Audit, Insurance and Fraud Manager's annual report.

The system of internal financial control is based upon a framework of regular management information, financial regulations, administrative procedures and a structure of delegation and accountability. The Medium-Term Financial Strategy is updated each year and includes a risk assessment of budget options; the Medium-Term Financial Strategy is agreed by Full Council.

Financial monitoring reports are submitted monthly to service managers and quarterly to Management Board, Cabinet and the Governance Committee.

Performance against a suite of key financial indicators is reported to each meeting of the Governance Committee.

The Council's arrangements for providing economy, efficiency and effectiveness are reviewed by the external auditors on an annual basis.

An activity report of the Overview and Scrutiny Committee is presented annually to Full Council.

Details of Council spending with suppliers, value in excess of £500, are published monthly on the Council's website. A register of the Council's contracts is also available on the Council's website.

Details of senior managers' remuneration and Member's allowances and expenses are published annually in the Council's Statement of Accounts.

Public Sector Audit Appointments Limited appointed the Council's external auditors, Ernst & Young LLP, to undertake the Council's external audit for the three years up to and including 2017/18. During 2017 the Council agreed to participate in a public sector led approach for the procurement of an external auditor for 2018/19 onwards. The process, run by Public Sector Audit Appointments Limited, resulted in BDO LLP winning the lot to provide external audit services to a number of local authorities including this Council for a five-year term.

Effective Management – Capacity and Capability of Members and Officers

The Council aims to ensure that Members and managers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. All new Members and staff undertake an induction programme to familiarise them with the protocols, procedures, values and aims of the Council. New Members elected during the 4-year term of an administration are given 1-2-1 induction training and specialised training as appropriate.

The Council holds the East of England Charter Plus for elected Member Development, from the East of England Local Government Association. The Charter Plus was awarded following a re-assessment on 18th May, 2017.

Political groups have a primary role in encouraging new talent and representatives of all sections of the community to stand for election as Members of the Council.

The Council has developed its own scheme of key management competencies and expected values and behaviours which support the Council's core values.

Annual Performance Reviews of all staff ensure performance is managed and development needs for each member of staff are identified and monitored. For the Chief Executive and Corporate Directors, performance reviews are carried out by a panel of Members which include the Leader and/or appropriate Cabinet members and the Chairman of the Overview and Scrutiny Committee.

Engaging with Local People and Other Stakeholders to ensure robust accountability

The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.

The Council has a People's Panel with participants providing feedback on a number of subjects by means of surveys. Customer satisfaction surveys are undertaken annually using a variety of methods to track data and trends.

The Council's newsletter 'Contact' communicates the Council's vision and priorities. The newsletter is published once per annum in hard-copy and is distributed to all households. E-mail newsletters incorporating news, information and events are sent on an ad hoc basis to those residents requesting this media format.

The Council uses social media to increase interaction and engagement with customers. A Social Media Policy and links to the various media are located at https://www.braintree.gov.uk/info/200574/social_media/586/social_media/7

The Council has signed a Local Compact for joint working with the voluntary and community sectors in the district.

The Council consults on its annual budget proposals with council taxpayers, customers and the business community, as appropriate.

Members are informed of significant issues or events planned or proposed for their ward. In addition, Members receive a weekly Councillor Update by email.

Review of Effectiveness of the Governance Framework

The Council reviews annually the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.

Both in-year and year-end review processes have taken place. In-year review mechanisms include:

- The Cabinet is responsible for monitoring overall financial and performance and received comprehensive reports on a quarterly basis. Budgetary reports provided details of income and expenditure against profile together with a prediction of the financial position at the year-end. Key Performance Indicators and progress of projects are also included in the quarterly reports.
- Report by the Corporate Director (Section 151 Officer) on the robustness of the budget and the adequacy of balances.
- The work programme of the Overview & Scrutiny Committee included reviews of the Medium Term Financial Strategy and Budget Proposals for 2018/19 and of Employment Sites and Premises; and the management of a Task and Finish group investigating Tourism in the Braintree District.
- There were no complaints referred to the Standards Sub Committee during the year. There were also no complaints against Members under the Code of Conduct that required formal action by the Monitoring Officer.
- The Governance Committee provided independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met four times during the year and received regular reports on risk management, internal control and governance matters.
- The Governance Committee agreed, on 18th September 2013, to the adoption of the Public Sector Internal Audit Standards and an Internal Audit Charter. In agreeing these the Committee acknowledged that: the Audit Manager does not hold the professional qualification required by the Standards, but does possess the knowledge, skills and competence to manage and deliver the service; and the Audit Manager has other managerial responsibilities including Insurance, Risk, Benefit Fraud, Cashiers, Mail Room and Business Continuity and that arrangements are in place to ensure that the post holder is not involved in audit reviews of these areas and accepts any recommendations resulting from the audit reviews in order to maintain independence.

- Internal Audit, as an independent and objective assurance service to the management of the Council, completed a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. The effectiveness of Internal Audit and its conformance with the Public Sector Internal Audit Standards was externally assessed during the year. The outcome was that it partially conforms to the Standards. An action plan has been recommended to deliver improvement and achieve conformance.
- The external auditors reviewed the Council's arrangements for:
 - Preparing accounts in compliance with statutory and other relevant requirements
 - Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
 - Managing performance to secure economy, efficiency and effectiveness in the use of resources
 The results of the review, which included: an unqualified true and fair opinion of the financial statements; and satisfactory conclusion with the Annual Governance Statement, Whole of Government Accounts and Value for Money arrangements for 2016/17, were presented to the Governance Committee on 6th September 2017.
- A positive Annual Audit Letter for 2016/17 was received from the External Auditor with no significant issues to be raised with Members, key stakeholders or members of the public.
- The Council opted for the Sector Led Body approach for the procurement of external audit services from 2018/19. Public Sector Audit Appointments Limited undertook the process on behalf of the Council. The Council was notified in October 2017 that BDO LLP had been appointed to be the Council's external auditors for five years with effect from 2018/19.
- Management Board and Members of Cabinet reviewed strategic risks in January 2018. The Governance Committee received details of Management Board's action plans to manage those strategic risks which have a high risk rating.

The year-end review of the governance arrangements and the control environment included:

- Signed assurances from Senior Managers, who report to a member of the Management Board, that key elements of the control framework were in place during the year in their areas of responsibility.
- The Audit, Insurance and Fraud Manager's Annual Report for 2017/18 was considered by the Governance Committee on 12th April 2018. The conclusion was that a satisfactory opinion was given on the overall adequacy and effectiveness of the Council's risk management systems, internal control and governance processes.

- The Council's Local Code of Corporate Governance has been reviewed and updated for 2017/18 to incorporate the latest edition of the Delivering Good Governance in Local Government: Framework issued by CIPFA/SOLACE in April 2016.

Last year's Annual Governance Statement identified three areas for improvement/development:

- Ensure compliance with the General Data Protection Regulations (GDPR). The new legal framework under GDPR comes into effect on 25th May 2018; *Work commenced and progress made across all Departments but focus has been given to areas with high levels of personal information or special categories of personal data.*
- An external quality assessment on the effectiveness of the internal audit function. *The external assessment was undertaken by CIPFA in December 2017 and the outcome of the assessment was reported to the Governance Committee on 12th April 2018.*

Governance Issues

There are no significant internal control issues to be reported for the year. However, there are some areas of continuous improvement or development planned that will provide a more robust process of assurance for 2018/19.

The improvements/developments planned are:

- Continue preparations to ensure compliance with the General Data Protection Regulations (GDPR) which comes into effect on 25th May 2018.
- To deliver the agreed action plan from the External Quality Assessment on the effectiveness of the internal audit function.

Certification

We have been advised on the implications of the review of the effectiveness of the governance framework and the revision and update of the Local Code of Corporate Governance by the Governance Committee at their meeting on 12th April 2018.

We undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2017/18, and will reflect and report on their operation and effectiveness as part of our next annual review.

Graham Butland
Leader of the Council

Andy Wright
Chief Executive

Provisional Internal Audit Plan 2018/19		Agenda No:10
Portfolio Finance and Performance		
Corporate Outcome: A high performing organisation that delivers excellent and value for money services		
Report presented by: Trevor Wilson, Head of Finance		
Report prepared by: Lesley Day, Audit Insurance and Fraud Manager		
Background Papers:		Public Report
Internal Audit Section – Assignment files		Key Decision: No
Executive Summary:		
<p>The Strategic Audit Plan for 2018 to 2022 has been produced and this report is to advise Members of the proposed provisional Internal Audit Plan for 2018/19. The Plan is provisional at this stage having been prepared by Mrs Lesley Day, Audit, Insurance & Fraud Manager, prior to her retirement on 12th March 2018.</p> <p>The Provisional Plan will enable the Internal Audit team to commence audit assignments prior to the new Audit, Insurance and Fraud Manager commencing in post.</p> <p>A copy of the Plan for 2018/19 together with risk analysis process and time availability is attached.</p>		
Recommended Decision:		
Members endorse the provisional Internal Audit Plan for 2018/19.		
Purpose of Decision:		
To request Members to endorse the provisional Internal Audit Plan for 2018/19 to comply with the Public Sector Internal Audit Standards.		

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

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

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 three out of four years using CIPFA matrices, internal key controls and the 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:

Risk	Score	Value	Score
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:

Total score	Frequency
6 and 8	One year in four
10	Two years in four
12	Three years in four

<u>PROVISIONAL PROJECTED TIME AVAILABILITY 2018/19</u>				
	Audit Manager	Senior Auditor	Trainee Audit Assistant	TOTAL
Net time available	252	252	252	756
Less: Vacancy allowance	20			20
less: sickness cont.	2	2	2	6
	<hr/> 230	<hr/> 250	<hr/> 250	<hr/> 730
less: a/leave & stat day	23	32	23	78
less: a/leave b/fwd	0	3	0	3
Training/courses	5	5	35	45
	<hr/> 5	<hr/> 5	<hr/> 35	<hr/> 45

	202	210	192	604
Non-chargeable				
Corporate Groups/functions	10	5	5	20
Audit service management	45	5		50
Admin/general	5	10	10	25
Special investigations contingency	20	5	5	30
Un-allocable	5	5	5	15
Other management responsibilities (Fraud & Insurance)	60			60
Net projected time availability for year	57	180	167	404

Following the receipt of the External Quality Assessment of the Internal Audit Service report and the particularly the recommendation that senior managers should be engaged in the audit planning process, senior managers were invited to give their views on risks and issues in their operational areas that should be considered for inclusion in the audit plan. Comments received have been assessed and considered and added in the Plan, as appropriate.

The Audit Plan for 2018/19 is provisional at this stage. The Plan was prepared by Mrs Lesley Day, Audit, Insurance & Fraud Manager, prior to her retirement on 12th March 2018, in order to ensure a schedule of audit assignments for the two Audit Team members in the period prior to the commencement of Mrs Angela Mitchell, the recently appointed new Audit, Insurance & Fraud Manager.

******* PROVISIONAL *******

AUDIT PLAN

2018/19

CORE SYSTEMS

Council Tax	10
Debtors	10
Main Accounting Ledger	6
National Non-Domestic Rates	8

NON-CORE SYSTEMS

Building Control	10
Cemeteries	5
Commercial Properties	15
Concessionary Transport	2
Consultants (appointment of)	2
Contracts	10
Development Control	10
Fees & Charges	5
Homelessness	3
Home Ownership Initiatives / Rent Bonds	5

Horticulture	10
Leased cars	5
Licensing	10
Members Allowances	5
Members / Community Grants	5
Operations - Driver and Vehicle Standards Agency (DVSA)	25
Parking Partnership	3
Petty Cash	3
Procurement including Hub arrangements	10
Refuse Collection including Trade Waste	10
Section 106 Agreements	15
Superannuation	5
Town Hall Centre	5
Travelling & Subsistence	3
Tree Inspection & Management	10
CORPORATE	
Performance Indicators & Data Quality	15
Civil Emergencies	5
Digital Strategy	20
Financial Appraisals - Procurement Hub	5
Financial Consultancy	15
Floats and Imprests	1
Fraud, Corruption, Probity & Governance	30
General Data Protection Regulation	30
ICT covering	15
Information Security	2
Partnership arrangements	5
Freedom of Information requests/Complaints	10
Project Governance	10
OPERATIONAL	
Buildings	3
Cash Checks	1
Markets	2
Telephones incl mobiles	5
Allowance for new topics	5
Total time allocated (days)	404

External Audit Planning Report for the year ended 31st March 2018		Agenda No:11
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Ernst & Young LLP	
Report prepared by:	Ernst & Young LLP	
Background Papers:	Public Report	
Ernst & Young Audit Planning Report for year ended 31 st March 2018	Key Decision: No	
Executive Summary:		
<p>The External Audit Planning Report, copy attached, summarises the work that Ernst & Young LLP (external auditors) propose to undertake in respect of the audit of Braintree District Council for the 2017/18 financial year.</p> <p>This Audit Plan covers the work that Ernst & Young plans to perform in order to provide the Council with:</p> <ul style="list-style-type: none"> • An audit opinion on whether the financial statements of Braintree District Council give a true and fair view of the financial position as at 31st March 2018 and of the income and expenditure for the year then ended; and • A conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. <p>Ernst & Young will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.</p> <p>The audit will include the mandatory procedures that are required to be performed in accordance with applicable laws and auditing standards.</p> <p>When planning the audit several key inputs are taken into account:</p> <ul style="list-style-type: none"> • Strategic, operational and financial risks relevant to the financial statements; • Developments in financial reporting and auditing standards; • The quality of systems and processes; • Changes in the business and regulatory environment; and, • Management's views on all of the above. 		

By considering these inputs, the audit is focused on the areas that matter and the feedback is more likely to be relevant to the Council.

The planned fees chargeable for the audit and grant certification work for 2017/18 total £73,484. This may be subject to variation, should additional unplanned work be required.

Recommended Decision:

To note the External Audit Planning Report for year ended 31st March 2018 from Ernst & Young LLP.

Purpose of Decision:

To review Ernst & Young's proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

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

Financial:	The planned fees chargeable for the audit and grant certification work for 2017/18 is £73,484; within the budget allocation provided for 2017/18.
Legal:	General requirements for audit under the Local Audit and Accountability Act 2014.
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No:	2801
E-mail:	trevor.wilson@braintree.gov.uk

A photograph showing several people's hands and arms as they review documents on a white table. One person is pointing at a document, and another is holding a smartphone. The scene is brightly lit, suggesting an office or meeting environment.

Braintree District Council Audit planning report Year ended 31 March 2018

March 2018



Braintree District Council
Causeway House
Braintree
Essex
CM7 9HB

19 March 2018

Dear Governance Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Governance Committee with a basis to review our proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 12 April 2018 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter

For and on behalf of Ernst & Young LLP

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Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Governance Committee and management of Braintree District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance Committee, and management of Braintree District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance Committee and management of Braintree District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2017/18 audit strategy



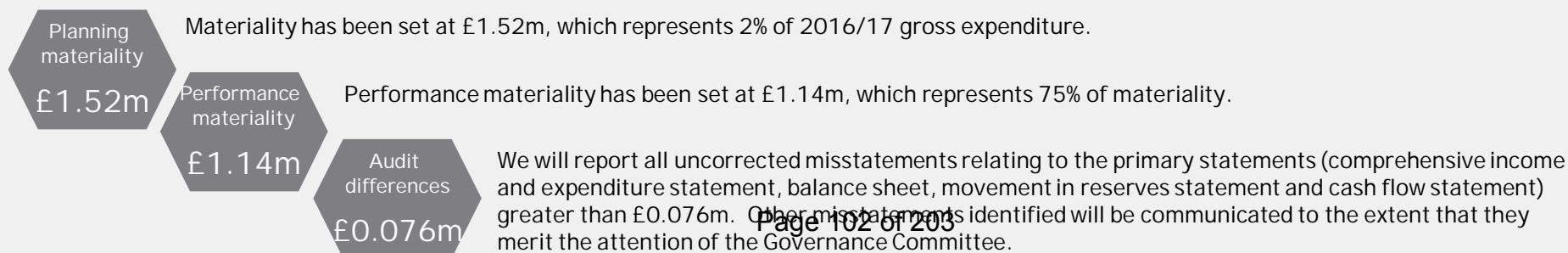
Overview of our 2017/18 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.
Risk of management override of controls	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Non-current assets	Inherent risk	No change in risk or focus	Property, Plant and Equipment (PPE) and Investment Properties represent the largest asset values on the Council's balance sheet. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet for land and buildings in particular. As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated.
Pension Liability	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet. Accounting for this scheme involves significant estimation and judgement.

Materiality



Overview of our 2017/18 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- § Our audit opinion on whether the financial statements of Braintree District Council give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and
- § Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- § Strategic, operational and financial risks relevant to the financial statements;
- § Developments in financial reporting and auditing standards;
- § The quality of systems and processes;
- § Changes in the business and regulatory environment; and,
- § Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Audit team changes

Key changes to our team include the following:

- § Vicky Chong takes over from Jo Wardle as Engagement Manager following Jo's departure. Vicky has over 10 years experience in local government audits, including both county and district councils.
- § Mike Difrancesco takes over as Lead Executive and has been involved in the audit for the past two years.



02 Audit risks

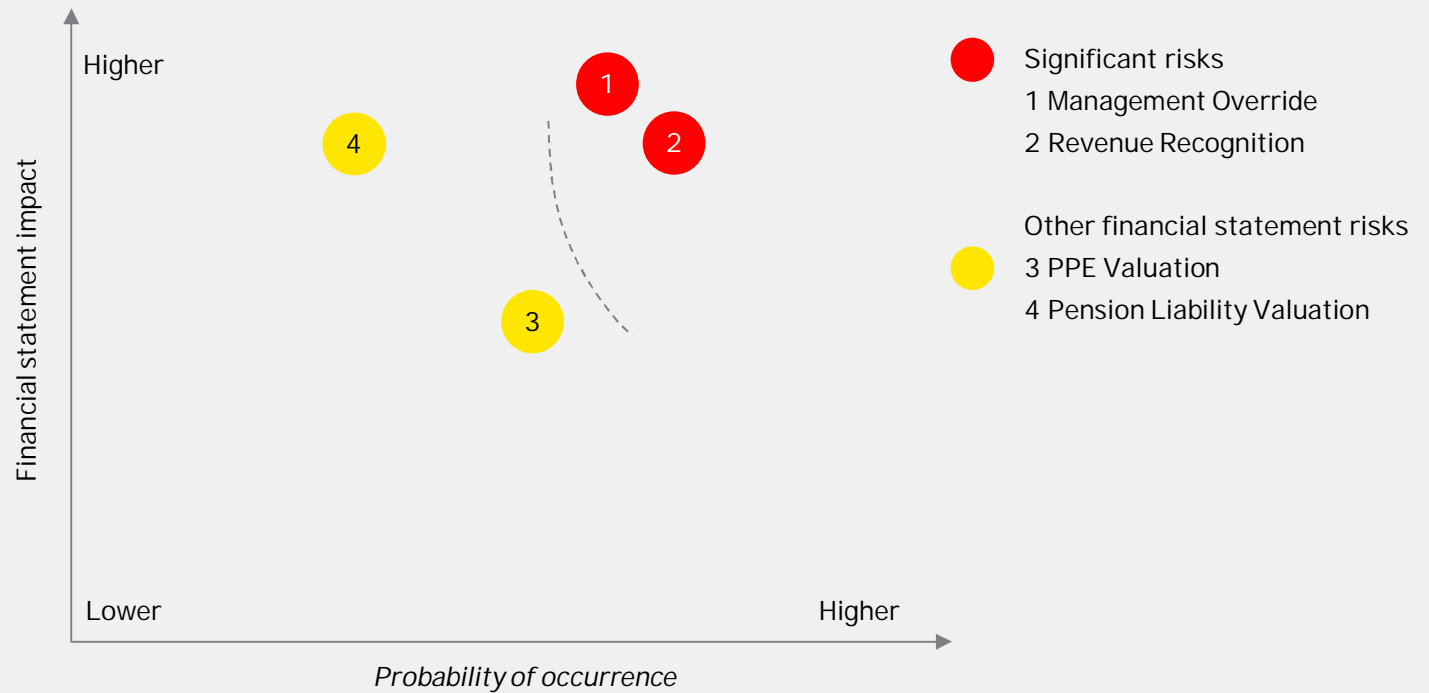


Risk assessment

Risk assessment

We have obtained an understanding of your strategy, reviewed your principal risks as identified in your 2016/17 Annual Report and Accounts and combined it with our understanding of the sector to identify key risks that impact our audit.

The following 'dashboard' summarises the significant matters that are relevant for planning our year-end audit:



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p>Risk of fraud in revenue recognition*</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> • Testing the appropriateness of journal entries recorded in the general ledger, and transfers from revenue to capital; and • Performing sample testing on additions to PPE to ensure that they have been correctly classified as capital and included at the correct value to identify any revenue items that have been inappropriately capitalised.
<p>Financial statement impact</p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. These accounts had the following balances in the 2016/17 Statement of Accounts:</p> <p>Income Account: £53.646 million</p> <p>Expenditure Account: £71.572 million</p> <p>There could also be a resulting impact on balance sheet accounts and the overall reserves position.</p>	<p>The Council has historically performed well in relation to their outturn position for the year. As the Council is more focussed on its financial position over the medium term we have rebutted this risk for the Council's standard income and expenditure streams except for the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme.</p> <p>This has also been considered as being linked to the risk of fraud in management override of controls (see below).</p>	

Our response to significant risks (continued)

<p>Risk of management override*</p>	<p>What is the risk?</p>	<p>What will we do?</p>
	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>Linking to our risk of fraud in revenue and expenditure recognition above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> • Inquiry of management about risks of fraud and the controls put in place to address those risks. • Understanding the oversight given by those charged with governance of management's processes over fraud. • Consideration of the effectiveness of management's controls designed to address the risk of fraud. • Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements. • Reviewing accounting estimates for evidence of management bias. • Considering the results of our work on revenue and expenditure recognition as set out above, specifically considering any instances of management bias. • Evaluating the business rationale for any significant unusual transactions.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

What will we do?

Accounting for Property, Plant & Equipment

Property, Plant and Equipment (PPE) and Investment Properties represent the largest asset values on the Council's balance sheet. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet for land and buildings in particular.

The Council will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

We will:

- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements,

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet.

The information disclosed is based on the IAS19 report issued to the Council by the actuary to the administering body.

Accounting for this scheme involves significant estimation and judgement.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

We will:

- Liaise with the auditors of Essex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Braintree District Council;
- Assess the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.



03

Value for Money Risks





Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2017/18 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- § Take informed decisions;
- § Deploy resources in a sustainable manner; and
- § Work with partners and other third parties.

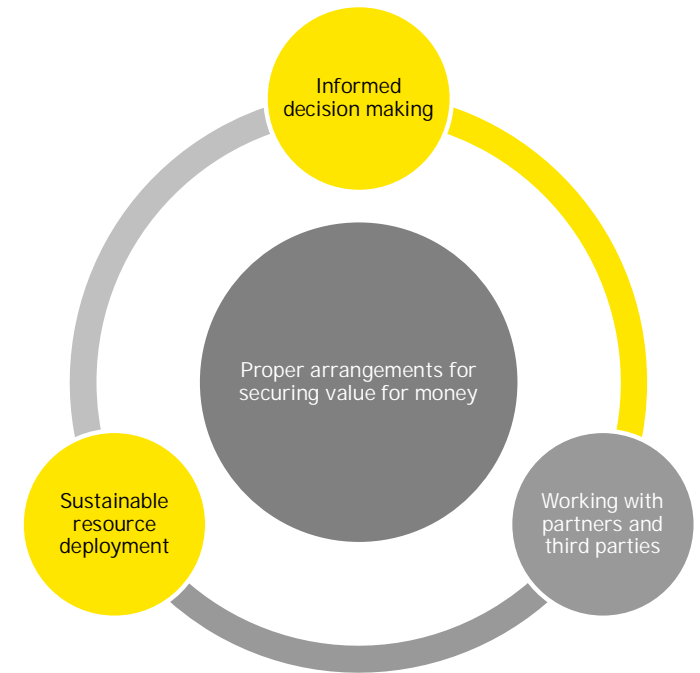
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. At the time of issuing this report, this has not resulted in the identification of the significant risk which we view as relevant to our value for money conclusions. We will continue to update our assessment of risks associated with value for money throughout the audit and will update you if any additional risks are identified.





04

Audit materiality

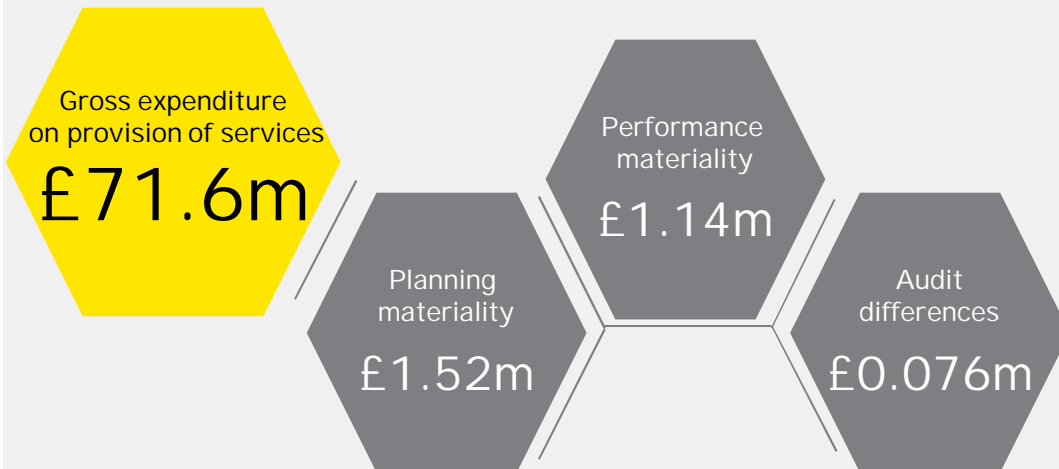


Materiality

Materiality

For planning purposes, materiality for 2017/18 has been set at £1.52m. This represents 2% of the Council's prior year gross expenditure on net cost of services plus financing and investment expenditure.

Materiality will be reassessed throughout the audit process. In an audit of a public sector entity, we consider gross expenditure to be the appropriate basis for setting materiality as it is the benchmark for public sector programme activities. We also consider 2% is appropriate on the ground that the Council has significant reserves and our prior year work had not identified any significant matters in relation to the budget setting, including the assumptions used in the financial planning. We have provided supplemental information about audit materiality in Appendix D.



We request that the Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.14m which represents 75% of planning materiality. We have considered a number of factors such as the number of errors in prior year and any significant changes in 2017/18 when determining the percentage of planning materiality.

Audit difference threshold – we propose that misstatements identified below £0.076 million are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Governance Committee, or are important from a qualitative perspective.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2017/18 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team and use of specialists

Audit team

The engagement team is led by Kevin Suter, who has significant experience on local government audits. Kevin is supported by Vicky Chong, Assistant Manager, who is responsible for the day-to-day direction of audit work and is the key point of contact for the chief accountant. The day to day audit team will be lead by Mike Difrancesco, Senior.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Wilks Head Eve (Braintree DC's property valuer)
Pensions disclosure	EY Actuaries, PwC (Consulting Actuary to the PSAA) and Barnett Waddingham (Braintree DC's Actuary).
Financial Instruments	Arlingclose (Braintree DC's treasury adviser)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





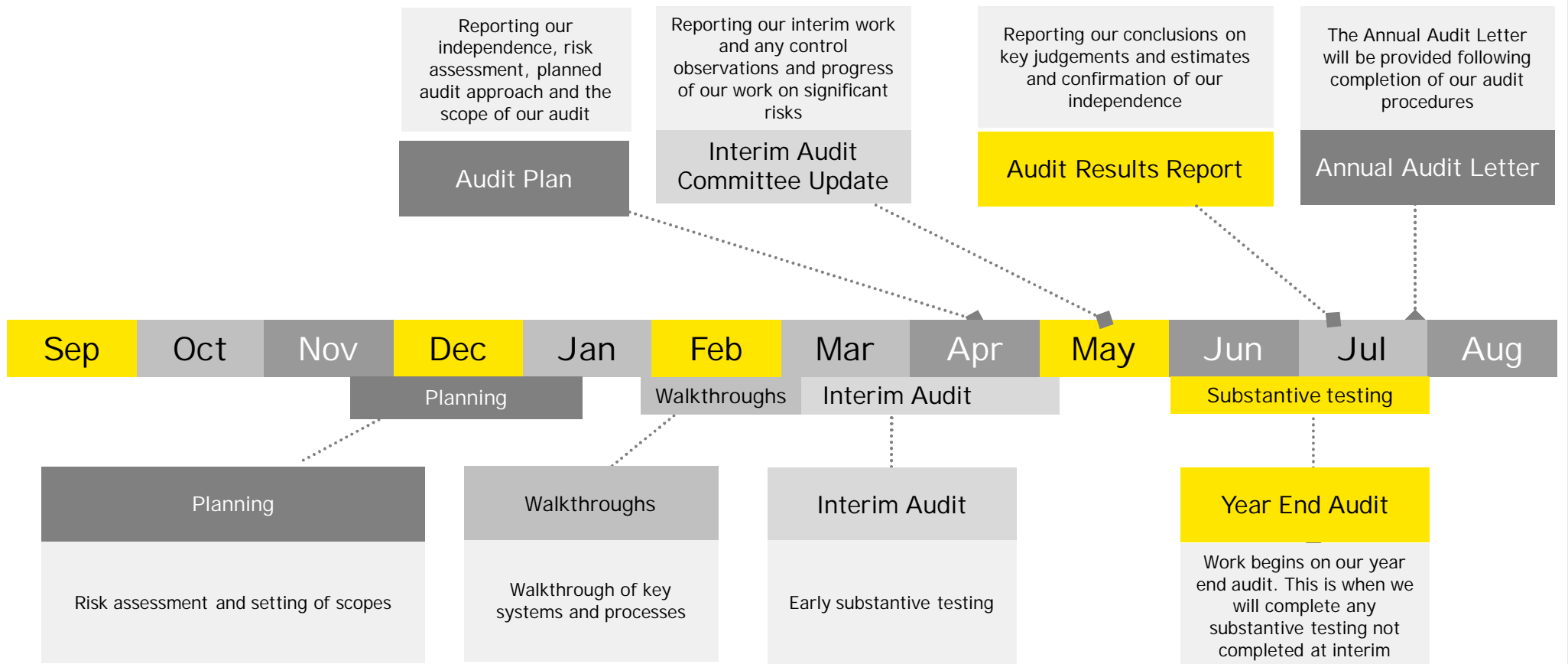
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2017/18.

From time to time matters may arise that require immediate communication with the Governance Committee and we will discuss them with the Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



Earlier deadline for production of the financial statements

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the accounts by 31 July.

These changes provide risks for both the preparers and the auditors of the financial statements:

- The Council now has less time to prepare the financial statements and supporting working papers. Risks to the Council include slippage in delivering data for analytics work in format and to time required and late working papers.
- As your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit. Risks for auditors relate to delivery of all audits within same compressed timetable. Slippage at one client could potentially put delivery of others at risk.

To mitigate this risk we will require:

- good quality draft financial statements and supporting working papers by the agreed deadline;
- appropriate Council staff to be available throughout the agreed audit period; and
- complete and prompt responses to audit questions.

If you are unable to meet key dates within our agreed timetable, we will notify you of the impact on the timing of your audit, which may be that we postpone your audit until later in the summer and redeploy the team to other work to meet deadlines elsewhere.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere.

To support the Council we will:

- Work with the Council to engage early to facilitate early substantive testing where appropriate.
- Provide an early review on the Council's streamlining of the Statement of Accounts where non-material disclosure notes are removed.
- Facilitate faster close workshops to provide an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2017/18 financial year.
- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.



08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0.28:1. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Description of service	Related independence threat	Period provided	Safeguards adopted and reasons considered to be effective
We have been engaged to undertake the review of grant agreement between the Council and Ignite Business Enterprise Ltd.	Self review threat - figures included in the grant were also included in the 2016/17 financial statements.	Relates to the grant agreement dated 3 June 2016 between the Council and Ignite Business Enterprise Ltd.	We have assessed the related threats to independence and note that although certain figures in the grant are included in the financial statements, the work was performed in the 2017/18 year after the signing of the financial statements for 2016/17. A separate team was used for this work, with no involvement by the audit team.

Other communications

EY Transparency Report 2017

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2017 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2017>



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Planned fee 2017/18	Scale fee 2017/18	Final Fee 2016/17
	£	£	£
Total Fee – Code work	59,756	59,756	59,756
Other	13,728	13,728	13,778
Total audit	73,484	73,484	73,534
Other non-audit services not covered above (review of grant agreement between the Council and Ignite Business Enterprise)	17,000	-	-
Total other non-audit services	17,000	0	0
Total fees	90,484	73,484	73,534

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Regulatory update

In previous reports to the Governance Committee, we highlighted the issue of regulatory developments. The following table summarises progress on implementation:

Earlier deadline for production and audit of the financial statements from 2017/18	
Proposed effective date	Effective for annual periods beginning on or after 1 April 2017.
Details	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.
Impact on Braintree District Council	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>We held a faster close workshop for clients on in November 2017 to facilitate early discussion and sharing of ideas and good practice.</p> <p>We are now working with the Council on ideas coming from the workshop, for example:</p> <ul style="list-style-type: none"> • Streamlining the Statement of Accounts removing all non-material disclosure notes; • Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, asset valuations where possible; • Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure; • Establishing and agreeing working materiality amounts.



Appendix C

Required communications with the Governance Committee



We have detailed the communications that we must provide to the Governance Committee.





Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report

Required communications with the Governance Committee (continued)

Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report
Fraud	<ul style="list-style-type: none"> • Enquiries of the Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report

Required communications with the Governance Committee (continued)

Required communications	 What is reported?	 When and where
Independence	<ul style="list-style-type: none"> • Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence • Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Audit planning report and Audit results report
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance Committee may be aware of 	Audit results report
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> • Key audit matters that we will include in our auditor's report • Any circumstances identified that affect the form and content of our auditor's report 	Audit results report
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit planning report Audit results report
Certification work	Summary of certification work undertaken	Certification report

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements that the report is fair, balanced and understandable, the Governance Committee reporting appropriately addresses matters communicated by us to the Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

External Quality Assessment of conformance to the Public Sector Internal Audit Standards (PSIAS)	Agenda No:12
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Portfolio	Finance and Performance
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services
Report presented by:	Trevor Wilson, Head of Finance
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager

Background Papers:	Public Report
	Key Decision: No

Executive Summary:

Internal Audit within the Public Sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which have been in place since 1st April 2013 (revised 2016 and 2017). These standards require periodic self-assessments and an external independent assessment every five years.

Following a procurement process, CIPFA was appointed to carry out the external assessment and this was conducted in early December 2017.

The overall result of the external assessment is that the Internal Audit service partially conforms to the PSIAS.

A summary of the Standards and the Council's conformance assessment is shown in the table below:

Standard	Compliance
Mission	Does not conform
Core principles of internal audit	Partially conforms
Code of Ethics	Partially conforms
Purpose, authority and responsibility	Partially conforms
Independence and objectivity	Partially conforms
Proficiency and due professional care	Partially conforms
Quality assurance and improvement programme	Partially conforms
Managing the internal audit activity	Partially conforms
Nature of work	Partially conforms
Engagement planning	Partially conforms
Performing the engagement	Generally conforms
Communicating the results	Partially conforms
Monitoring progress	Generally conforms
Communicating the acceptance of risks	Generally conforms

An Action Plan was produced by CIPFA which together with our responses can be found at Appendix A.

Recommended Decision:

To note the outcome of the External Quality Assessment of conformance to the Public Sector Internal Audit Standards; and

To agree the Action Plan included at the end of the assessment report attached at Appendix A.

Purpose of Decision:

To advise Members of the outcome and action plan in respect of the External Quality Assessment of conformance to the Public Sector Internal Audit Standards.

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

Financial:	Cost of the review conducted by CIPFA was £5,447.90.
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Lesley Day
Designation:	Audit, Insurance and Fraud Manager
Ext. No:	2821
E-mail:	lesley.day@braintree.gov.uk

External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Braintree District Council

Report

Lead Associate: Ray Gard, CPFA, FCCA, CFIIA, DMS

**Internal QA: Technical Manager, CIPFA, Professional Standards &
Guidance**

Draft issued 16th February 2018

Review of Braintree District Council's Internal Audit Service – 4th – 8th December 2017

1. Introduction

Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013 (revised 2016 and 2017). The standards require periodic self-assessments and an assessment by an external person at least every five years.

2. Background

Braintree District Council's (BDC) Internal Audit Service is based at Causeway House, Braintree and provides internal audit services to the Council. The Service has been in place for a long time, with a stable staffing compliment until 2016, and has delivered a traditional internal audit service with the in-house undertaking all of the audits that has served the Council well. The Service does not currently use external specialists for any of the audits, including computer audit.

The internal audit team comprises 2.3 full time equivalent (FTE) employees, comprising an Audit, Insurance and Fraud Manager (0.3 FTE); a Senior Auditor (1 x FTE) and a Trainee Audit Assistant (1 x FTE). The Audit, Insurance and Fraud Manager is very experienced having been with BDC for over forty years, mainly in internal audit, but does not hold a professional accountancy or audit qualification. Similarly, the Senior Auditor is also very experienced having been at BDC for over thirty years, again mainly in internal audit, and is AAT qualified. The Trainee has only been at BDC for two and half months, holds a degree in Accountancy and Finance, and is due to commence training for the ACCA qualification in January 2018. Staffing has been stable for many years although the Service is now starting to experience changes in staff with more due to take place before the end of the financial year when the Audit, Insurance and Fraud Manager will retire.

The Service reports directly to the Head of Finance (Deputy Section 151 Officer) but has reporting lines to the Corporate Director (Section 151 Officer), and has been operating under PSIAS for over four years.

The Service has carried out a self-assessment to see how they compare to the requirements of both the PSIAS and the CIPFA local government application note (LGAN). However, with the imminent retirement of the Audit, Insurance and Fraud Manager, the Corporate Director (S151) and the Head of Finance (Deputy S151) felt that the time was right to have a full external quality assurance assessment of the Internal Audit Service and commissioned CIPFA to undertake this review.

3. Review Process

The review was carried out between the 4th and 8th December 2017 through a process of interviews and document review. Interviews were carried out with the members of the Internal Audit Service, key stakeholders including members of Corporate Management Team, and the Chair of the Governance Committee.

The document review phase of the process involved a detailed review of the documents used and produced by the Internal Audit Service. The Service provided a comprehensive range of documents that were available for examination prior to and during this review. These included the Service's self-assessment against the PSIAS; individual audit files and working papers; and a range of reports and communications that demonstrated the flow of information between the Service, senior managers and the Governance Committee. Whilst all of these documents contributed to the process, the following are regarded as fundamental and a major contributor to the review process:

- the audit charter, covering reports and the Governance Committee terms of reference;

- progress reports to the Council's Governance Committee and senior management;
- the Internal Audit Manager's annual report and opinion to the Governance Committee;
- audit plans and covering reports to the Governance Committee;
- individual audit files and working papers;
- staff declarations of interest; and
- staff training and development records.

4. Conclusion and Opinion

From the evidence reviewed as part of the external quality assessment it is apparent that the Council's Internal Audit Service is very experienced, but they will lose the most experienced member of the team in March 2018. The overall work performed by the Service follows a traditional approach that has served the Council well over the years, and is carried out to a good standard, with findings and conclusions being based on sound evidence. They are providing an objective, traditional internal audit service to the Council, but nonetheless there are opportunities to enhance and develop operations that they will need to embrace if they are to maintain their status within the Council and improve conformity to the PSIAS.

During this review, one area of non-compliance with the standards has been identified. In addition, there are a number of areas of partial compliance that have been identified, some of which would affect the overall scope or operation of the internal audit activity. The main observations from this review fall into the following broad areas:-

- the audit planning process and senior managements involvement in it;
- reporting the Service's progress and performance to senior management and the Governance Committee;
- the scope and content of the Audit, Insurance and Fraud Manager's annual report and the annual audit opinion;
- optimising the use and effectiveness of the Services limited audit resources and the use of technological auditing techniques;
- the development of the audit staff and succession planning for the Service; and
- ensuring the governance and risk management processes are regularly audited.

On this basis, it is our opinion that Braintree District Council's Internal Audit Service PARTIALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the requirements of the Local Government Application Note.

The observations identified during the review are set out in section five of the report, together with some recommendations (R) and suggestions (S) to address these issues and these are included in the action plans at section seven of this report. The process also identified some opportunities (O) for the Service to enhance its operations although they do not have an effect on compliance with the standards. These have been included for information in section six of the report.

The degree to which an internal audit service conforms to the standards falls into one of the three categories below. Further details on the categories are included in section nine of this report.

Generally Conforms	Partially Conforms	Does Not Conform
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A list of the individuals interviewed during the review is included as section eight of this report.

The Head of Finance has been provided with details of the areas where there is scope to enhance conformity with the standards and incorporate good practice into their operations, and an action plan has been agreed to allow the Service to work towards full compliance with the PSIAS.

The co-operation of the Internal Audit Service in providing the information requested, as well as those stakeholders that made themselves available for interview, was much appreciated and made it possible to obtain a thorough view of internal audit's practices and its contribution to the organisation.

5. Summary of observations, recommendations and suggestions

Standard	Compliance	Observations	Recommendations and Suggestions	No
Mission	Does Not Conform	The internal service does not conform to the mission of internal audit. The audit charter does not include the mission statement from the standards. (see standard 1000 below for more details).	See standard 1000 below for the recommendation.	
Core principles of internal audit	Partially Conforms	<p>The internal service partially conforms to the core principles of internal audit. There are ten core principles in total. The service conforms to two of these, as follows;-</p> <ul style="list-style-type: none"> • integrity - conforms; • objectivity - conforms, <p>However, they do not conform or only partially conform, to the remaining eight principles, as follows</p> <ul style="list-style-type: none"> • competency and due professional care – partially conforms due to a lack of qualified staff and limited staff development carried out in recent years • aligns with the strategies, objectives and risks of the organisation – no real evidence of this happening • is appropriately positioned and adequately resourced – partially conforms in that resource numbers are adequate for a Council of this size but whether they have the right resources in terms of skills for a modern audit 	See standards 1200; 1300; 2000, 2100, 2200 and 2400 below for the recommendations and suggestions.	

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>service remains to be seen</p> <ul style="list-style-type: none"> • demonstrates quality and continuous improvement – little evidence that they are doing this • communicates effectively – formal communication with the auditees and senior management is minimal • provides risk-based assurance – partially as the service is more of a traditional systems and compliance based service • is insightful, proactive and future-focused – tends to provide a traditional systems and compliance based service • promotes organisational improvement – again tends to provide a traditional systems and compliance based service with little 'added value' work being undertaken. <p>Further details on all of the above can be found below in the sections covering standards 1200, 1300, 2000, 2100, 2200 and 2400.</p>		
Code of Ethics	Partially Conforms	<p>The internal service partially conforms to the code of ethics for internal audit and the seven principles of public life, although neither is mentioned in the Audit, Insurance and Fraud Manager's annual report. (See standard 1300 below for more details).</p>	<p>See standard 1300 below for the recommendation</p>	

Standard	Compliance	Observations	Recommendations and Suggestions	No
Attribute standards				
<p>1000 Purpose, authority and responsibility</p>	<p>Partially Conforms</p>	<p>The internal audit service partially conforms to standard 1000.</p> <p>The audit charter was originally produced in 2013 when it was presented to and approved by the Governance Committee. At this time there was no requirement to include the mission statement from the standards.</p> <p>The audit charter includes the definition for internal audit, and makes reference to the Code of Ethics for internal auditors, the Standards, the Seven Principals of Public Life, and the Accounts and Audit Regulations although only the 2011 version and not the current 2015 version.</p> <p>However, the audit charter does not define assurance and consultancy services or the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing. As mentioned above in the Mission section, it does not include the mission for internal audit.</p> <p>Although the audit charter was revised in 2016, the missing elements from the standards were not added to it, and it does not appear to have been re-presented to the Governance Committee for approval.</p> <p>The Audit, Insurance and Fraud Manager is aware that the audit charter needs updating, in particular to include the mission statement, but felt it prudent to wait until after the EQA before</p>	<p>Update the audit charter to ensure it includes all of the mandatory elements of the standards and in follows best practice.</p>	<p>R1</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		doing this.		
1100 Independence and objectivity	Partially Conforms	<p>The internal audit service partially conforms to standard 1100.</p> <p>The Internal Audit Manager reports to the Head of Finance (Deputy Section 151 officer), although she has direct access to the Corporate Director (Section 151 Officer), and the Chief Executive Officer as and when required. Regular update reports on progress on delivering the internal audit plan are not made to the Corporate Management Team (CMT).</p> <p>Internal Audit Manager reports to the Governance Committee and has direct access to the chair of the committee, although this is not covered in the terms of reference for the Governance Committee. However, best practice is not being followed, as regular meetings with the chair prior to the committee meetings do not take place.</p> <p>The service is free from interference in determining the scope of their work and reporting. Independence and objectivity is maintained although the Audit, Insurance and Fraud Manager has many other line management duties and responsibilities other than internal audit which could lead to an impairment of her objectivity. However, there are mechanisms in place to minimise the likelihood and impact of this happening. Nonetheless, consideration should be given to moving these functions away from the CAE post.</p>	<p>The Audit, Insurance and Fraud Manager should report regularly to the Corporate Management Team on the progress being made to deliver the internal audit plan.</p> <p>Amend the Governance Committee terms of reference to acknowledge that the Audit, Insurance and Fraud Manager has direct access to the chair of the committee.</p> <p>The Audit, Insurance and Fraud Manager should have regular individual meetings with the chair of the Governance committee prior to each committee meeting.</p> <p>Consider reallocating the non-audit responsibilities and functions away from the Chief Audit Executive post</p> <p>Strengthen the Internal Audit Manager's annual report to included statements that Internal Audit:</p> <ul style="list-style-type: none"> • have had unfettered access to all of the Councils systems, operations, records and officers throughout the year; • have been free from interference in determining the scope of internal audit, performing work or communicating results, or if not add one stating what the 	R2 S1 S2 S3 R3

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>Potential impairments to independence and objectivity are covered in the audit charter but these are not mentioned in the Audit, Insurance and Fraud Manager's annual report. There is no evidence that the scope and remit of Internal Audit have been impaired.</p> <p>All members of the Service complete the council generic annual declaration of interest returns. However, it is now common practice for specific declarations for internal audit teams to be used that require the team members to confirm that they understand and will comply with the core principals of internal audit, code of ethics for internal audit, the Nolan principals, etc, and consideration should be given to introducing this type of declaration form.</p> <p>The findings relating to the audit planning process in standard 2000, and those relating to audit reports in standard 2400 also relate to this standard</p>	<p>interference has been;</p> <ul style="list-style-type: none"> • has other roles in the council; • confirm that there have been no impairments to their independence and objectivity during the year. <p>Consider introducing a specific declaration form for Internal Audit that requires team members to confirm that they understand and will comply with the principals, code of ethics, standards and the Nolan principles</p> <p>Recommendations R13 and R19 also apply to this standard</p>	S4
<p>1200 Proficiency and due professional care</p>	<p>Partially Conforms</p>	<p>The internal audit service partially conforms to standard 1200.</p> <p>The Audit, Insurance and Fraud Manager has over forty years' experience at BDC in internal audit while the Senior Auditor has thirty years' experience at BDC, mainly in internal audit. The Trainee Audit Assistant (Apprentice) has recently joined the Council.</p> <p>The Audit, Insurance and Fraud Manager does not hold any professional accountancy or audit qualifications, which is a requirement of the standards. Consequently, the Audit, Insurance</p>	<p>The Head of Finance needs to consider all options for filling the Audit, Insurance and Fraud Manager post with a suitably qualified individual when the post becomes vacant in March 2018.</p> <p>Determine whether the annual public sector networks (PSN) compliance audit carried out by external specialists can be considered as a potential source of assurance by the Audit Insurance and Fraud Manager</p>	<p>R4</p> <p>S5</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>and Fraud Manager is not required to undertake any mandatory CPD.</p> <p>The Senior Auditor is AAT qualified but has not maintained membership and as such is not required to undertake mandatory CPD. This officer has indicated that they would consider studying for a professional internal audit qualification.</p> <p>The Trainee Audit Assistant (Apprentice) has a degree in Accountancy and Finance. This officer will start studying for the ACCA qualification in January 2018.</p> <p>Team members undertake training on an as and when basis when suitable opportunities are identified. However, there is no coordinated staff development strategy in place, and a review of the training records for the past few years has revealed that staff have undertaken very little training to enhance their professional audit skills.</p> <p>The Audit, Insurance and Fraud Manager also manages the Corporate Fraud function so internal Audit has access to specialist fraud resources when needed.</p> <p>The longstanding team members have an understanding of IT risks and controls, and carry out the basic IT tests as part of their routine audits. However, the Service does not currently have access to specialist ICT auditors for the more technical reviews. The Audit, Insurance and Fraud Manager sees the output from the external specialists that undertake the</p>	<p>when forming her annual opinion.</p> <p>Develop a comprehensive audit manual for the Service that covers both assurance and consultancy activities.</p> <p>All Internal Audit employees need to demonstrate that they undertake sufficient and relevant training and development by:</p> <ul style="list-style-type: none"> • the Audit, Insurance and Fraud Manager producing a staff development plan and strategy for the internal audit staff; • all team members undertaking periodic training to update and enhance their audit skills; • recording research undertaken for audits as continuous professional development; <p>Consider funding the training to enable the Senior Auditor to obtain the CIA qualification.</p> <p>The audit plan needs to be visibly aligned to the Council's risk registers and strategies</p>	<p>R5</p> <p>R6</p> <p>S6</p> <p>R7</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>annual Public Sector Networks (PSN) compliance review of the Council's IT systems and deals with any control issues identified during the review, but does not place reliance on this work when forming her annual opinion.</p> <p>Internal Audit does not have an audit manual or audit procedures in place that formally document their well-established working papers and methodologies. Whilst this does not appear to have been an issue in the past due to the longstanding constitution of the team, the composition of the audit team is changing with the recent appointment of the Trainee Audit Assistant and the pending retirement of the Audit, Insurance and Fraud Manager, and would therefore benefit from have formal documented procedures.</p> <p>All audit working papers and supporting documents are held in manual files or as standard MS Word and Excel files on a controlled shared drive on the Council's main computer server. (See section six below).</p> <p>There is a supervision and review process in place with the Audit, Insurance, and Fraud Manager performing this function for all working papers at the commencement and end of the audits.</p> <p>Staff training records are maintained but there are no staff development plans in place. Training for the staff has been limited in recent years with no specific internal audit training being undertaken during the past two years.</p>		

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>Whilst the Audit, Insurance and Fraud Manager considers the operational risk registers and business plans for the various Council services when compiling the audit plan, the audit plan is not visibly aligned to these. Nor is it visibly aligned to Council's strategic risk register, or the Council's strategy and objectives.</p>		
<p>1300 Quality assurance and improvement programme</p>	<p>Partially Conforms</p>	<p>The internal audit service partially conforms to standard 1300.</p> <p>Both internal and external assessments are used as part of the quality assurance and improvement programme. The Audit, Insurance and Fraud Manager carries out a self-assessment against the PSIAS and LGAN annually. This was reported to the Governance Committee in September 2013 but has not been reported to them since. The findings from the self-assessment were used to inform the QAIP in September 2013. The QAIP has not been updated since then and was not available for examination during the EQA. Neither the self-assessment nor the QAIP have been presented to CMT.</p> <p>A full external quality assessment (EQA) was undertaken in by CIPFA in December 2017. The outcome of the EQA review will be reported to the Governance Committee in April 2018.</p> <p>Neither the internal self-assessment or the external quality assessment, nor the quality assurance and improvement plan (QAIP) are referred to in the audit charter.</p> <p>The Audit, Insurance and Fraud Manager's</p>	<p>Report the results of the self-assessment to senior management and the Governance Committee on an annual basis.</p> <p>Add a section to the audit charter and the annual report to cover the internal / external assessment process and the QAIP.</p> <p>Discuss with senior management additional performance measures for the service, and the use of feedback surveys, and regularly report these to the Corporate Management Team and the Governance Committee. The performance data should also include data for previous years as a comparator.</p> <p>Add statement to the annual report for 2017/18 to confirm that the Service has complied with the PSIAS, the definition for internal audit, the code of ethics, and the local government application note once all of the recommendations in the action plan have been implemented.</p>	<p>R8</p> <p>R9</p> <p>R10</p> <p>R11</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>annual report for 2016/17 makes reference to the PSIAS, section 151 of the Local Government Act 1972, and the Accounts and Audit Regulations 2015. It does not however include a statement that all audit work has been carried in conformance with the PSIAS, and the report does not mention compliance with the definition for internal audit, the code of ethics, or the local government application note. These should all be added to the Audit, Insurance and Fraud Manager's annual report for 2017/18.</p> <p>Progress on delivering the audit plan is regularly reported to the Governance Committee but only limited information on the performance of the Service and individual audit reports are presented to members. No information is presented to CMT on a regular basis.</p> <p>The percentage of the audit plan that has been completed is the only performance measure used and reported to the Governance Committee. Whilst this is relevant, the LGAN recommends the use of a comprehensive set of performance measures to give senior management and the Governance Committee a clearer picture on the performance of the Internal Audit Service.</p>	<p>Include the statement 'Conforms with the PSIAS' in the Internal Audit Manager's annual report but only after all of the recommendations have been implemented.</p> <p>Recommendation R5 also applies to this section.</p>	S7

Standard	Compliance	Observations	Recommendations and Suggestions	No
Performance standards				
2000 Managing the internal audit activity	Partially Conforms	<p>The internal audit service partially conforms to standard 2000.</p> <p>The annual audit planning process follows a traditional rather than a modern risk based approach, and predominantly uses Internal Audit's own risk assessment process. This is based on their strategic audit plan, which is largely underpinned by the Council's budget book, plus the outcomes from previous audits and any known current issues or topics. The audit planning process is not based on a modern three lines of defence model.</p> <p>Consequently, the strategic audit plan includes some traditional compliance reviews of activities and operations that are relatively low risk and should be performed by management, not internal audit. As a result, the strategic audit plan does not have capacity to cover all of the areas that one would expect to find in a less traditional audit plan.</p> <p>The key financial systems are regarded as being high risk and tend to be audited on an annual basis even though they are relatively well controlled and very few issues are identified from the audits.</p> <p>Although the audit planning process includes a review of the risk registers and service business plans, the published audit plan is not mapped to the strategic risk register or the</p>	<p>The audit planning processes need to be enhanced to ensure that the annual audit plan:-</p> <ul style="list-style-type: none"> • is aligned to the Council's mapped risks and the objectives in the Council's Strategy; • is underpinned by a comprehensive audit universe (strategic plan) that has been risk scored in consultation with senior management; • is innovative and supports senior managers in delivering change and the Council's digital agenda. <p>Senior management are engaged early in the annual audit planning process, perhaps by using planning workshops, to identify the risks and issues in their operational areas that should be considered for inclusion in the annual audit plan.</p> <p>The audit plan needs to be more risk based by moving the lower risk financial systems to longer frequencies than annual. Alternatively, these systems could be audited by using electronic methods instead of traditional methods of auditing.</p>	<p>R12</p> <p>R13</p> <p>R14</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>objectives in the Council’s Strategy. In addition, senior management have indicated that they would welcome a greater input to the audit planning process to ensure that Internal Audit are also covering the areas that they feel are high risk and need to be audited.</p> <p>The published audit plan contains a list of audits to be undertaken in the coming year, but does not define or classify the type of review that will be undertaken i.e. assurance, consulting, etc, or the risk rating for each review, as recommended by the LGAN.</p> <p>Comprehensive audit procedures and documentation to underpin the planning process are not in place. The whole planning process relies on the detailed knowledge and experience of the Audit, Insurance, and Fraud Manager who is due to retire in March 2018.</p> <p>On a more positive note, the service does have a separate strategic statement setting out how the Internal Audit service will be delivered, although there is still scope to enhance this by explaining how the service will be delivered in more detail.</p> <p>Progress reports are made to every meeting of the Governance Committee that provide summary information for the audits undertaken during the period covered by the report. Performance information on the Internal Audit Service is only provided in the annual report. Regular progress reports are not sent to the Corporate Management Team.</p>	<p>Make regular reports on the progress being made on delivering the audit plan, changes to the plan etc., to the Corporate Management Team.</p> <p>The audits set out in the plan should be classified between the different type of review, such as assurance audits, IT audits, governance, risk management and consulting assignments.</p> <p>Enhance the audit strategy to provide more details on how the Audit, Insurance and Fraud Manager intends to deliver the audit service.</p> <p>Recommendations R5, R7 and R14, and suggestion S9 also apply to this standard</p>	<p>R15</p> <p>S8</p> <p>S9</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
<p>2100 Nature of work</p>	<p>Partially Conforms</p>	<p>The internal audit service partially conforms to standard 2100.</p> <p>The audit processes and methodology to be used are not set out in an audit manual or flow chart. However, the specific risks, controls and audit objectives for each audit are recorded in the audit working papers.</p> <p>The audit service assesses the adequacy of key controls and associated risks, fraud, and general IT controls as part of their audit activity. However, they do not tend to cover governance or ethics in detail in these reviews.</p> <p>Internal Audit have not undertaken any specific reviews of the risk management, risk maturity, governance or ethical arrangements for the Council in the recent past and none are currently planned.</p> <p>The Council has an external assessor for the annual public sector networks (PSN) audit. The Audit, Insurance and Fraud Manager sees the output from these reviews and acts on any areas that impact on the control environment, but does not have any input into the initial scope of the review. She does not use the output from this third party review in forming her annual opinion.</p> <p>As mentioned under Standard 2000 above, the audit universe needs an overhaul as areas with high reputational risk, such as risk management, governance, project management, safeguarding, and culture and</p>	<p>Undertake specific internal audits of the Council's:-</p> <ul style="list-style-type: none"> • arrangements for risk management and include risk maturity as part of this review; • governance arrangements, and include the process for producing the annual governance statement (AGS) as part of this review; • ethics, culture, safeguarding and other areas that may affect the Council's reputation. <p>Include governance and ethical objectives, service delivery, performance and the achievement of the Council's objectives as part of the routine scope for all audits.</p> <p>Recommendation R5 also applies to this standard, as does observation O3.</p>	<p>R16</p> <p>R22</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>ethics, do not feature in it.</p> <p>Consideration should be given to moving the audit of the core financial services to a less frequent timetable than annual, or using alternative methods to audit them, such as CAATs, and redirecting audit resources to areas of greater risk or to consulting assignments.</p> <p>Despite the issues mentioned above, the overall work performed by Internal Audit is to a satisfactory standard, and findings and conclusions are based on sound evidence, although there is scope to do more around improving performance, added value etc in their reviews.</p>		
<p>2200 Engagement planning</p>	<p>Partially Conforms</p>	<p>The internal audit service partially conforms to standard 2200.</p> <p>The engagement planning process is not set out in any audit procedures and although staff have indicated that some discussion with senior managers takes place there is limited evidence to support this.</p> <p>Terms of reference setting out the objectives, risks, information required for the audit, planned days, start date for the audit, and the initial distribution schedule for the draft or final audit reports, are not produced for each audit and sent to management to agree.</p> <p>The audit working papers for each assurance assignment includes an evaluation of the risks and controls, and for some assignments the governance arrangements and performance</p>	<p>Produce detailed terms of reference for each audit assignment and send these to managers for comment and approval prior to the engagement commencing. These should include opportunities for making savings, enhancing processes, and adding value to the services in addition to the control environment, risk management, governance, and ethical arrangements.</p> <p>Expand the duration and scope of selected assignments to enable in depth audits to be carried out, focussing on the opportunities to enhance operations and add value to the services. These reviews should be coordinated with (and/or in</p>	<p>R17</p> <p>R18</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>measures. However there is little focus on the overall strategies of the Council or the service, and opportunities to add value to the service, make savings or enhance processes are generally not covered in the scoping of the assignments.</p> <p>There are a number of short duration compliance audits in the plan, which absorb scarce audit resources that could be used on other assignments where more in depth reviews are likely to add value to the services.</p>	<p>conjunction with) the Council's Business Solutions service to optimise the use of resources.</p> <p>Recommendations R12 and 13 also apply to this standard</p>	
<p>2300 Performing the engagement</p>	<p>Generally Conforms</p>	<p>The internal audit service generally conforms to standard 2300.</p> <p>The review process at the start and end of each assignment ensures that each audit is undertaken in accordance with the Audit, Insurance and Fraud Managers requirements which, generally align to the PSIAS, and the core principles for internal audit.</p> <p>Sufficient and relevant evidence is obtained for the audits and recorded in the audit files Access control is applied to the audit records held on the audit shared drive on the Council's IT server.</p> <p>The service has a brief records retention policy in place that could be more detailed.</p>	<p>Expand the document retention policy to provide more detail.</p>	<p>S10</p>
<p>2400 Communicating the results</p>	<p>Partially Conforms</p>	<p>The internal audit service partially conforms to standard 2400.</p> <p>The communication of results of audit assignments to senior managers, the section</p>	<p>Produce detailed audit reports and opinions that follow best practice for all audit assignments and send these to the service and senior managers for</p>	<p>R19</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		<p>151 Officer, and those officers responsible for managing the services that have been audited, is generally weak.</p> <p>Audit reports are not normally produced. If issues are identified, these are discussed with managers and an action plan setting out the recommendations that management need to implement is produced and sent to the service managers.</p> <p>Brief results of all completed audits are reported to the Governance Committee and are discussed at the committee meetings</p> <p>Whilst the sample of audit work reviewed in this external quality assessment conformed to PSIAS, the LGAN, the code of ethics, the core principles for internal audit, and the definition for internal audit, this conformance is not specifically mentioned in the Audit, Insurance and Fraud Manager's annual report.</p> <p>Including such a paragraph in the Audit, Insurance and Fraud Manager's annual report would not only conform to the standards, but would also enhance the reputation of the service.</p> <p>Conversely, should a situation arise where an audit does not conform, a statement should be included in the individual audit reports setting out the reasons for the non-conformance</p> <p>The Audit, Insurance and Fraud Manager's annual report for 2016/17 only gave an assurance opinion on the Council's control environment and did not cover the Council's</p>	<p>consideration.</p> <p>Audit reports should include a statement that the assignment has been carried out in accordance with the PSIAS, the LGAN, the Code of Ethics for Internal Audit, the definition of Internal Audit, and the Core Principles for Internal Audit, or if not, an explanation as to why this is the case.</p> <p>Expand the opinion in the annual report to specifically include the risk management and governance arrangements.</p>	<p>R20</p> <p>R21</p>

Standard	Compliance	Observations	Recommendations and Suggestions	No
		governance and risk management arrangements. This needs to be added to the opinion in the 2017/18 annual report.		
2500 Monitoring progress	Generally Conforms	The internal audit service generally conforms to standard 2500. The processes for monitoring the progress made on the implementation of audit recommendations by management are robust and effective. Internal Audit liaise with managers ascertain the progress made on the implementation of recommendations and report this to the Governance Committee. Where appropriate, follow up reviews are undertaken.		
2600 Communicating the acceptance of risks	Generally Conforms	The internal audit service generally conforms to standard 2600. The process for communicating the acceptance of risk is satisfactory. There is an escalation process if the Audit, Insurance and Fraud Manager believes management is accepting a level of risk that is greater than the Council's risk appetite, although there has not been a need to use the process.		

6. Opportunities to Enhance Services

Senior Management at Braintree District Council is keen to develop the way the Internal Audit Service operates and with this in mind the following opportunities have been identified.

No.	Observation	Action
O1	<p>The team does not use computer assisted audit techniques (CAATs) for audits and have limited knowledge of the capabilities of such applications. Using CAATs may need to be considered as an option for testing routine systems on a regular basis, such as the key financial systems, as this could free up staff resources to undertake audits that cannot be carried out by electronic means.</p>	<p>Internal Audit needs to consider using computer assisted audit techniques (CAATs) to undertake regular audits to release time to undertake operational audits, VFM reviews, and consulting activities.</p>
O2	<p>Internal audit does not use a specialist audit management software (AMS) for their working papers, or to manage the audits. Given the small size of the team, this is an acceptable method of working, however using a computerised audit management system will improve functionality and will add value to the operations of the service.</p> <p>There are a range of applications on the market at varying prices to suit all budgets, although they all more or less provide a comprehensive range of functions needed by internal audit service of all sizes, such as:-</p> <ul style="list-style-type: none"> • a library of controls and risks that can be added to testing schedules; • document templates for audit briefs, testing schedules, reports, planning assignment, letters etc; • action tracking of recommendations; • file review and management oversight; • assignment planning; • providing a repository for audit documents and working 	<p>Although the service is small, consideration should be given to obtaining a suitable audit management system for the service, perhaps one that forms part of a package including risk and performance management, as this is likely to add value to their operations and improve functionality.</p>

No.	Observation	Action
	<p>papers.</p> <p>Some of the AMS applications on the market can be linked to or form part of integrated packages with risk management and performance management applications.</p>	
O3	<p>Internal audit currently lack skills in technical IT audit and as such, this is an area of the Council's operations that is not receiving the audit attention that is needed, particularly given the Council's digital agenda. The easiest way to address this issue will be to enter into a contract with an external specialist provider of IT audit to deliver a specified number of IT audit days or specific IT audits.</p> <p>There are a number of options that can be explored to achieve this including running a procurement exercise, joining an existing framework contract, contracting with another public sector provider that has an in house IT audit team, or a combination of these options.</p>	<p>Buy in specialist IT audit services from an external IT audit provider. The quickest solution, and one that should be considered at least for the short term, is to obtain the service from an existing framework contract where the procurement exercise has already been completed, for example the contract operated by the London Borough of Croydon, although there are other contracts in place around the country.</p>
O4	<p>Senior managers have indicated that they feel there is a proactive role for Internal Audit to play in the Council's digital and change agenda, and they would welcome their input in the these projects as trusted advisers on controls and risk mitigation.</p> <p>These are areas that Internal Audit needs to participate in as providing practical and pragmatic advice on effective controls and risk mitigation measures at the development and implementation phase of projects is usually more cost effective than making changes retrospectively when Internal Audit have identified issues during a post implementation audit.</p> <p>This is also an effective way of enhancing the Service's profile within the organisation.</p>	<p>Adopt a proactive approach to change and be involved as a trusted advisor from the outset in the digital and change projects, perhaps in collaboration with the Business Solutions Service.</p>

7. Action Plan

Recommendations

No	Recommendation	Response	Responsible Person	Action date
R1	Update the audit charter to ensure it includes all of the mandatory elements of the standards and in follows best practice.	Audit Charter updated as necessary and to be presented to Governance Committee in April 2018	Lesley Day	March 2018
R2	The Audit, Insurance and Fraud Manager should report regularly to the Corporate Management Team on the progress being made to deliver the internal audit plan.	Reporting will be quarterly and will commence when the new Audit Insurance & Fraud Manager is in post.	Trevor Wilson	Summer 2018
R3	Strengthen the Internal Audit Manager's annual report to included statements that Internal Audit: <ul style="list-style-type: none"> • has had unfettered access to all of the Councils systems, operations, records and officers throughout the year; • has been free from interference in determining the scope of internal audit, performing work or communicating results, or if not add one stating what the interference has been; • has other roles in the Council; • confirms that there have been no impairments to their independence and objectivity during the year. 	Agreed - included in Internal Audit Annual Report for 2017/18	Lesley Day	March 2018
R4	The Head of Finance needs to consider all options for filling the Audit, Insurance and Fraud Manager post with a suitably qualified individual when the post becomes vacant in March 2018.	Agreed option to advertise Audit, Insurance and Fraud Manager post. An appointment has been made – completed.	Trevor Wilson	Completed

No	Recommendation	Response	Responsible Person	Action date
R5	Develop a comprehensive audit manual for the Service that covers both assurance and consultancy activities.	Guidance notes already held in central files. Review of requirements will be undertaken by Audit Insurance & Fraud Manager.	Trevor Wilson	March 2019
R6	All Internal Audit employees need to demonstrate that they undertake sufficient and relevant training and development by: <ul style="list-style-type: none"> the Audit, Insurance and Fraud Manager producing a staff development plan and strategy for the internal audit staff; all team members undertaking periodic training to update and enhance their audit skills; recording research undertaken for audits as continuous professional development. 	Audit Insurance & Fraud Manager to review training and development needs and produce a staff development strategy for the internal audit team.	Trevor Wilson	October 2018
R7	The audit plan needs to be visibly aligned to the Council's risk registers and strategies.	Taken into account in the production of provisional Annual Audit Plan 2018/19	Lesley Day	March 2018
R8	Report the results of the self-assessment to senior management and the Governance committee on an annual basis.	Agreed – self-assessment to be reported to senior management and Governance Committee on an annual basis	Trevor Wilson	Summer 2018
R9	Add a section to the audit charter and the annual report to cover the internal / external assessment process and the QAIP.	Audit Charter updated as necessary and to be presented to Governance Committee in April 2018	Lesley Day	March 2018
R10	Discuss with senior management additional performance measures for the service, and the use of feedback surveys, and regularly report these to the Corporate Management Team and the Governance Committee. The performance data should also include data for previous years as a	Performance measures of the service to be reviewed by the Audit Insurance & Fraud Manager	Trevor Wilson	October 2018

No	Recommendation	Response	Responsible Person	Action date
	comparator.			
R11	Add statement to the annual report for 2017/18 to confirm that the Service has complied with the PSIAS, the definition for internal audit, the code of ethics, and the local government application note once all of the recommendations in the action plan have been implemented.	Reference will be included in the Internal Audit Annual Report for 2018/19 once all recommendations have been implemented	Trevor Wilson	March 2019
R12	<p>The audit planning processes needs to be enhanced to ensure that the annual audit plan:-</p> <ul style="list-style-type: none"> • is aligned to the Council's mapped risks and the objectives in the Council's Strategy; • is underpinned by a comprehensive audit universe (strategic plan) that has been risk scored in consultation with senior management; • is innovative and supports senior managers in delivering change and the Council's digital agenda. 	<p>Taken into account in the production of provisional annual audit plan 2018/19</p> <p>To be risk scored in consultation with S151 Officer. To be reviewed by Audit Insurance & Fraud Manager</p>	<p>Lesley Day</p> <p>Trevor Wilson</p>	<p>March 2018</p> <p>Summer 2018</p>
		<p>Taken into account in the production of provisional annual audit plan 2018/19</p>	<p>Lesley Day</p>	<p>March 2018</p>
R13	Senior management are engaged early in the annual audit planning process, perhaps by using planning workshops, to identify the risks and issues in their operational areas that should be considered for inclusion in the annual audit plan.	<p>Heads of Service consulted for items to be considered in the 2018/19 provisional annual audit plan.</p>	<p>Lesley Day</p>	<p>March 2018</p>
		<p>S151 Officer to approve annual audit plan prior to submission to Governance Committee</p>	<p>Chris Fleetham</p>	<p>March 2018</p>
R14	The audit plan needs to be more risk based by moving the lower risk financial systems to longer frequencies than annual. Alternatively, these systems could be audited by using electronic methods instead of traditional methods of auditing.	<p>Taken into account in the production of provisional annual audit plan 2018/19</p>	<p>Lesley Day</p>	<p>March 2018</p>
		<p>Alternative electronic methods to be investigated further by Audit</p>	<p>Trevor Wilson</p>	<p>March 2019</p>

No	Recommendation	Response	Responsible Person	Action date
		Insurance & Fraud Manager		
R15	Make regular reports on the progress being made on delivering the audit plan, changes to the plan etc., to the Corporate Management Team.	See recommendation 2 above		
R16	Undertake specific internal audits of the Council's:- <ul style="list-style-type: none"> • arrangements for risk management and include risk maturity as part of this review; • governance arrangements, and include the process for producing the annual governance statement (AGS) as part of this review; • ethics, culture, safeguarding and other areas that may affect the Council's reputation. 	To be assessed by the Audit Insurance & Fraud Manager as part of the review of the provisional 2018/19 Audit Plan	Trevor Wilson	Summer 2018
R17	Produce detailed terms of reference for each audit assignment and send these to managers for comment and approval prior to the engagement commencing. These should include opportunities for making savings, enhancing processes, and adding value to the services in addition to the control environment, risk management, governance and ethical arrangements.	To be discussed with S151 Officer by Audit Insurance & Fraud Manager	Trevor Wilson	Summer 2018
R18	Expand the duration and scope of selected assignments to enable in-depth audits to be carried out, focussing on the opportunities to enhance operations and add value to the services. These reviews should be coordinated with (and/or in conjunction with) the Council's Business Solutions service to optimise the use of resources.	To be discussed with S151 Officer and Corporate Director responsible for Business Solutions by Audit Insurance & Fraud Manager	Trevor Wilson	Summer 2018
R19	Produce detailed audit reports and opinions that follow best practice for all audit assignments and send these to the service and senior managers for	To be discussed with S151 Officer by Audit Insurance & Fraud Manager	Trevor Wilson	Summer 2018

No	Recommendation	Response	Responsible Person	Action date
	consideration.			
R20	Audit reports should include a statement that the assignment has been carried out in accordance with the PSIAS, the LGAN, the Code of Ethics for Internal Audit, the definition of Internal Audit, and the Core Principles for Internal Audit, or if not, an explanation as to why this is the case.	Recommendation to be discussed with S151 Officer by Audit Insurance & Fraud Manager	Trevor Wilson	Summer 2018
R21	Expand the opinion in the annual report to specifically include the risk management and governance arrangements	Reference will be included in the Internal Audit Annual Report for 2017/18	Lesley Day	March 2018
R22	Include governance and ethical objectives, service delivery, performance and the achievement of the Council's objectives as part of the routine scope for all audits.	Audit Charter updated as necessary and to be presented to Governance Committee in April 2018	Lesley Day	March 2018

Suggestions

No	Suggestion	Response	Responsible Person	Action date
S1	Amend the Governance Committee terms of reference to acknowledge that the Audit, Insurance and Fraud Manager has direct access to the chair of the committee.	Review when the Council's Constitution is next updated.	Trevor Wilson	
S2	The Audit, Insurance and Fraud Manager should have regular individual meetings with the chair of the Governance committee prior to each committee meeting.	An informal arrangement for the Audit, Insurance and Fraud Manager to meet with the Chair of the Governance Committee has always been available.		
S3	Consider reallocating the non-audit responsibilities and functions away from the Chief Audit Executive post.	Agreed with the Corporate Director (Section 151 officer) that the post will continue to be responsible for Insurance and Fraud services. However, responsibility for Cashier and mailroom services has been transferred to other managers.	Trevor Wilson	March 2018
S4	Consider introducing a specific declaration form for Internal Audit that requires team members to confirm that they understand and will comply with the principals, code of ethics, standards and the Nolan principles.	Agreed that consideration will be given to the suggestion.	Audit, Insurance & Fraud Manager	September 2018
S5	Determine whether the annual public sector networks (PSN) compliance audit carried out by external specialists can be considered as a potential source of assurance by the Audit, Insurance and Fraud Manager when forming her annual opinion.	Will be included in Internal Audit Annual Report for 2017/18	Lesley Day	March 2018
S6	Consider funding the training to enable the	Training requirements of the team will	Audit, Insurance &	

No	Suggestion	Response	Responsible Person	Action date
	Senior Auditor to obtain the CIA qualification.	be assessed.	Fraud Manager	
S7	Include the statement 'Conforms with the PSIAS' in the Internal Audit Manager's annual report but only after all of the recommendations have been implemented.	Outcome of review to be included in Internal Audit Annual Report for 2017/18 ie partial conformance with an action plan to be agreed to ensure conformance is achieved.	Lesley Day	March 2018
S8	The audits set out in the plan should be classified between the different type of review, such as assurance audits, IT audits, governance, risk management, and consulting assignments.	Inclusion of classification will be reviewed.	Audit, Insurance & Fraud Manager	
S9	Enhance the audit strategy to provide more details on how the Audit, Insurance and Fraud Manager intends to deliver the audit service.	Audit strategy to be reviewed.	Audit, Insurance & Fraud Manager	
S10	Expand the document retention policy to provide more detail.	Document Retention Policy is being reviewed as part of the preparatory work to ensure compliance with the new General Data Protection Regulation.	Audit, Insurance & Fraud Manager	

8. Interviewees

Person	Position	Organisation
Lesley Day	Audit, Insurance and Fraud Manager	Braintree District Council
Andy Wright	Acting Chief Executive	Braintree District Council
Chris Fleetham	Corporate Director and Section 151 Officer	Braintree District Council
Trevor Wilson	Head of Finance	Braintree District Council
Cherie Root	Acting Corporate Director & Head of Business Solutions	Braintree District Council
Paul Partridge	Head of Operations	Braintree District Council
Ian Hunt	Head of Governance (Monitoring Officer)	Braintree District Council
Helen Krischock	HR Manager	Braintree District Council
Cllr. John Elliott	Chair of Governance Committee	Braintree District Council
Darren Butler	Senior Auditor	Braintree District Council
Dawn Turner	Trainee Audit Assistant (Apprentice)	Braintree District Council
Kevin Sutor	Partner	Ernst & Young (External Auditors)

9. Definitions of Conformance with the Standards

Generally Conforms	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

Ray Gard, CPFA, FCCA, FCIIA, DMS

Internal Audit Charter - Update		Agenda No:13
<p>Portfolio Finance and Performance</p> <p>Corporate Outcome: A high performing organisation that delivers excellent and value for money services</p> <p>Report presented by: Trevor Wilson, Head of Finance</p> <p>Report prepared by: Lesley Day, Audit, Insurance & Fraud Manager</p>		
Background Papers:		Public Report
<p>Public Sector Internal Audit Standards (PSIAS) Governance Committee 18th September 2013 – Minute 21(2)</p>		Key Decision: No
Executive Summary:		
<p>The Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and now form the proper practices for Internal Audit required by the Accounts and Audit Regulations 2015.</p> <p>The PSIAS require an Audit Charter to be in place which will be reviewed periodically and presented to the Governance Committee for approval.</p> <p>The Charter sets out the purpose, authority and responsibility of the Council’s Internal Audit function.</p> <p>The current Internal Audit Charter was agreed by the Governance Committee on 18th September 2013. This has been reviewed and updated and incorporates a number of the recommendations resulting from the recent external quality assessment of conformance to the PSIAS.</p>		
Recommended Decision:		
To approve the updated Internal Audit Charter appended to this report.		
Purpose of Decision:		
To ensure that the Council has an Internal Audit Charter which complies with the Public Service Internal Audit Standards.		

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

Financial:	None
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
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BRAINTREE DISTRICT COUNCIL

INTERNAL AUDIT CHARTER

1. Introduction

The Public Sector Internal Audit Standards (PSIAS) which took effect from 1st April 2013 require that the Chief Audit Executive produces an Internal Audit Charter that is consistent with the Standards and the Definition of Internal Auditing and the Code of Ethics contained within the Standards.

The purpose of the Internal Audit Charter is to formally define the purpose, authority and responsibility of the Internal Audit Section.

2. Mission

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

3. Definition of Roles

The Standards use the term Board, Senior Management and Chief Audit Executive. In this Charter and with regard to compliance with PSIAS, the following definitions shall apply:

Board: the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At Braintree District Council this shall mean the Governance Committee.

Senior Management: those responsible for the leadership and direction of the Council. At Braintree District Council this shall mean the Corporate Director responsible for Internal Audit. (also S151 Officer).

Chief Audit Executive: Audit Manager.

Throughout this Charter, the titles used by this Council have been used for clarity purposes.

4. Purpose of Internal Audit

The definition of internal audit is documented within the PSIAS as follows:

“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance.

5. Core Principles

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive and future focussed
- Promotes organisational improvement

Internal Auditors will also have due regard to the Nolan Seven principles of Public Life.

6. Professionalism and Ethics

The PSIAS contains a Code of Ethics which is mandatory for all internal auditors in the public sector.

Individual staff must also adhere to the Code of ethics of their professional bodies, where appropriate.

Each person undertaking internal audit duties on behalf of the authority will be required to complete and sign a 'Code of Ethics and Declaration of Interests Statement' on an annual basis.

The PSIAS require that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

7. Scope

The scope of Internal Audit includes:

- Encompasses, but not limited to the examination and evaluation of the adequacy and effectiveness of the Council's governance, risk management, ethics and internal processes. This also extends to any services provided through partnership arrangement or by external providers. Also ensuring that the quality of performance in carrying out assigned responsibilities to achieve its goals and objectives.
- Performance improvement covering the economy, efficiency and effectiveness of business systems and processes.
- Provides for consultancy work to be undertaken as part of the approved plan in addition to an allocated contingency for any additional unplanned reviews.
- Providing advice on major projects and existing and developing new systems and processes.
- Assessing all matters of potential fraud or irregularity in line with the requirements of the Fraud, Corruption & Dishonesty Policy, Whistleblowing Policy and Counter Fraud Strategy

- Applying best practice across the organisation

8. Independence

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

It shall be free to review the arrangements of any aspect of service delivery, finance or governance irrespective of whether those arrangements are provided directly or indirectly (via partnerships, contractually or any other business arrangement).

The Audit Manager has other managerial responsibilities including Insurance and Fraud. This responsibility for these operational areas is recognised by senior management and the Governance Committee. Arrangements will be maintained to ensure that the post holder is not involved in audit reviews on these areas and will accept any recommendations resulting from the audit reviews to maintain independence.

The Internal Audit function is located within the Financial Services department. The Audit Manager reports to the Head of Finance who in turn reports to the Corporate Director (S151 Officer).

The Audit Manager has a right of direct access to Management Board, Chief Executive and Members.

9. Authority

Internal auditors have the authority to access such premises, property, documents and assets as they consider necessary and to receive from any Council officer or agents or contractors appointed by the Council, such information and explanations as are necessary.

10. Confidentiality

All records, documentation and information accessed in the course of undertaking internal audit duties shall be used solely for the conduct of internal audit activities. The Audit Manager and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

11. Reporting

Where necessary, an action plan will be issued which will address any recommended corrective actions. Heads of Service shall respond promptly to recommendations in audit reports and ensure that agreed recommendations are implemented in the timescales agreed with the auditor.

The Governance Committee receive regular reports on the audit assignments undertaken, details of high priority recommendations and monitor the implementation of these recommendations.

12. Annual Governance Statement

Annually the Audit Manager provides to the Governance Committee an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

13. Resource requirements

The level and nature of resources available reflects the current approved Internal Audit plan. As part of the Annual Internal Audit Plan, the level and nature of resources required to deliver an adequate level of audit coverage will be calculated taking account of the content and complexity of each audit and past experience. Any significant imbalance will be reported to the Governance Committee together with proposed solutions.

14. Fraud and Corruption

The Council's Constitution requires that Heads of Service and Corporate Directors must immediately notify the Corporate Director (Finance) of any matter which involves or is thought to involve any financial irregularity in the exercise of the functions of the Council. The Audit Manager will examine all allegations on a risk assessed basis and will normally expect to deal with staff under the Disciplinary Procedure.

The Counter-Fraud Strategy and the Fraud, Corruption and Dishonesty Policy confirm these arrangements.

15. Relationships with external audit and other assurance activities

Internal Audit will establish and maintain an open relationship with the external auditor and any other assurance provider. Internal audit will plan its activities so that there is adequacy of audit coverage and to minimise duplication of assurance effort. External audit will have unrestricted access to all Internal Audit strategies, plans, working papers and reports.

16. Review of the Charter

The Charter will be reviewed annually by the Audit Manager and significant changes brought to the attention of the Governance Committee. The Charter will be brought back to the Governance Committee for formal approval every three years.

17. Quality Assurance and Improvement Programme (QAIP)

The Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP) which includes:

- The PSIAS requires that a quality assurance framework be established which will include both internal and external assessment of the work of Internal Audit.
- The Audit Manager is responsible for an annual internal quality assessment on the internal audit activity as regards its consistency with the requirements of

the PSIAS. This will be carried out by using the checklist in the Local Government Application Note (LGAN). The results of this assessment will be communicated to Senior Management and the Governance Committee.

- External quality assessments will be conducted at least once every five years and may be a full external assessment or a self-assessment with independent validation in line with the PSIAS. The results of this assessment will be communicated to Senior Management and the Governance Committee.
- The Audit Manager will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance is maintained.

Lesley Day
Audit Manager
March 2018

Strategic Risk Management	Agenda No: 14
<p>Corporate Priority: Delivering excellent customer service Portfolio Area: Corporate Services and Asset Management Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance</p>	
Background Papers:	Public Report
Risk Policy, Strategy and Implementation Plan – Council 19 th April 2006.	
Key Decision: No	
<p>Executive Summary:</p> <p>The report provides detail of the review and updating of the Council’s Strategic Risk Register for the Council as agreed by the Cabinet at its meeting on 12th March 2018.</p> <p>The Strategic Risk Register agreed by the Cabinet on 29th November 2016 was reviewed by the Corporate Management Team in January 2018; the outcome is the updated register.</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, as necessary.</p> <p>The Strategic Risk Register forms one part of the Council’s overall approach to risk management, other facets include:</p> <ul style="list-style-type: none"> • processes for identifying and recording operational risks, • risk registers for major projects, • business continuity planning, and • emergency planning. <p>The number of strategic risks identified has increased to 10, following the inclusion of Strategic Investment, which has been assessed as C2 risk rating, and, therefore, above the risk tolerance line. Furthermore, two new strategic risks have previously been recorded in the Operational Risk Register and these are: Emergency Planning which has been assessed as D1 risk rating and Information and Cyber Security which has been assessed as C2 risk rating. Both of these risks have a risk rating above the Risk Tolerance Line. The Local Plan, which had previously been divided into three risks, is now shown as a single risk.</p>	

The narrative for each of the existing seven strategic risks has been updated as appropriate. The updated register is attached at Appendix B.

The number of risks above the Risk Tolerance Line (See Appendix A) and therefore requiring active management is seven.

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

Risk Rating	October 2016	January 2018
B2 (<i>High likelihood/ Critical impact</i>)	0	0
C2 (<i>Significant likelihood/ Critical impact</i>)	7	7
D1 (<i>Low likelihood/ Catastrophic impact</i>)	0	1
D2 (<i>Low likelihood/ Critical impact</i>)	2	2
Total number of risks on Strategic Register	9	10

Management Action Plans for managing each of the seven 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.

With effect from the new financial year changes to the Strategic Risk Register will be reported in the quarterly Performance Management reports to Cabinet, as appropriate.

Decision:

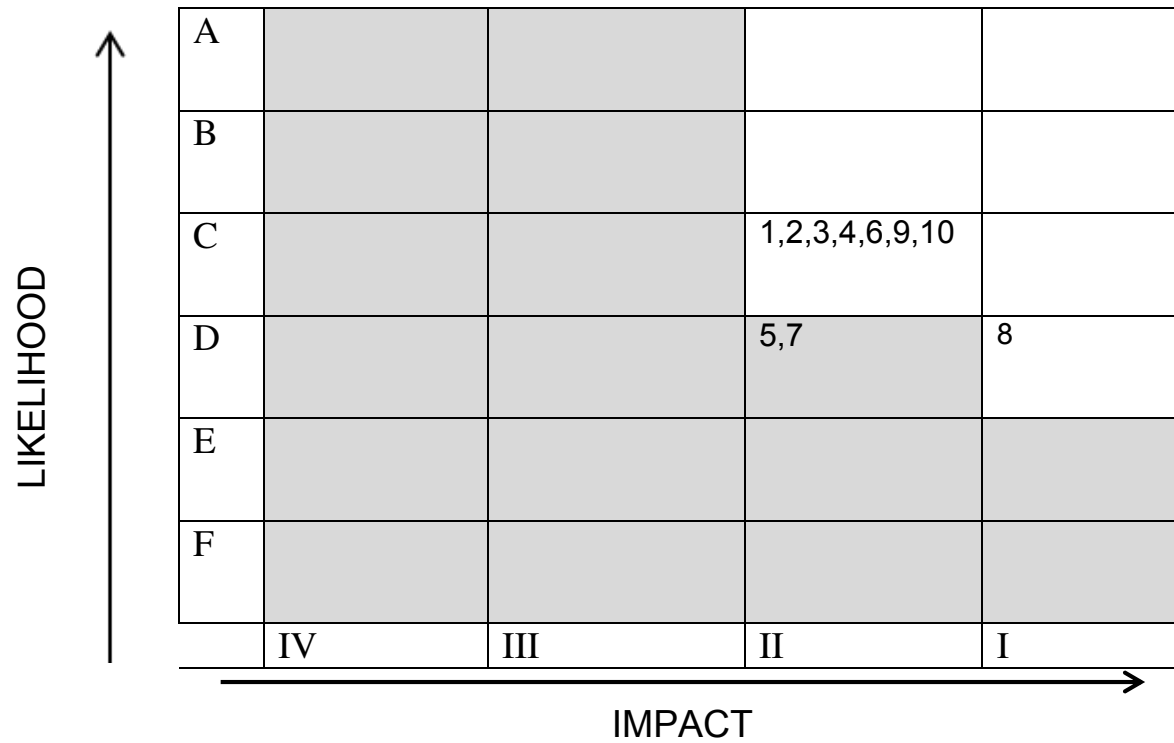
Members are asked to note and endorse the Strategic Risk Register and the Action Plans for managing the high rated risks.

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	
Financial:	Risks and associated management action plans concerning the Council's finances are highlighted in risks 1 and 7.
Legal:	There are no specific risks of a legal nature at this time.
Safeguarding	There are no specific risks regarding safeguarding at this time.
Equalities/Diversity	The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk.
Customer Impact:	The potential impact on a proportion of residents in the district, in particular vulnerable groups, of the Government's Welfare Reforms is identified at risk 4. A management action plan is included detailing the actions taken and planned to reduce the risk.
Environment and Climate Change:	Risk concerning the Council's approach to climate change is identified as an operational risk by the relevant services.
Consultation/Community Engagement:	No specific risk identified concerning consultation and community engagement however these are important elements in a number of the strategic risks on the register e.g. Local Plan and Community Resilience.
Risks:	A robust Risk Management process is an important element of the Council's governance arrangements.
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STRATEGIC RISK PROFILE
Braintree District Council – Reviewed in January 2018



KEY:

Likelihood:

- A – Very High
- B – High
- C – Significant
- D – Low
- E – Very Low
- F – Almost impossible

Impact:

- I – Catastrophic
- II – Critical
- III – Marginal
- IV – Negligible

Medium-Term Financial Strategy – 1

Risk Rating C2 (C2 September 16)

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. By necessity this includes a wide range of assumptions:</p> <ul style="list-style-type: none"> • Anticipated changes on the revenue account e.g. government grant levels, income levels, inflation, pay awards, council tax collection rates, business rates collection etc. together with planned and anticipated efficiencies, income generation, council tax levels, business rates appeals and the use of balances. • Anticipated level of capital resources with a capital programme being planned and agreed against these resources. <p>The Council accepted the Government’s offer of a four-year settlement (2016/17 to 2019/20). The provisional Settlement Funding Assessment (SFA) allocation to the Council for 2018/19 and provisional allocation for 2019/20 were received on 19th December 2017. The reduction between 2016/17 and 2019/20 is £1.65m, or 34.6% and includes the Council receiving no Revenue Support Grant after 2018/19.</p> <p>The New Homes Bonus scheme was changed for 2017/18 which results in local authorities receiving reduced allocations. Whilst not using NHB to support revenue this does mean less money for investment in infrastructure and affordable homes across the District.</p> <p>A fundamental change to Local Government funding is planned for 2020/21 as the Government proposes to introduce 100% Business Rates Retention and implement the outcome of the Fair Funding Review which is currently in progress.</p>	<ul style="list-style-type: none"> • Circumstances change which render the planned cost reductions/additional income unachievable • Other financial assumptions prove incorrect. Including significant income budgets not being achieved e.g. interest receivable on £15m invested in equity and property funds. • Other organisations which provide significant contributions to the Council face their own funding pressures and may require greater reductions than expected. • Adverse economic conditions and market fluctuations cause changes at or before contract renewal. • Capital receipts are not received as planned and capital resources insufficient to finance capital programme. • Business rates collected are less than expected due to successful appeals being greater than the provision made. • Business Rates baseline reset for 2020/21, as determined by the Fair Funding Review, does not enable the Council to retain business rates growth achieved prior to reset. • Future Autumn Statement(s) require further savings from local government. 	<ul style="list-style-type: none"> • Shortfall in resources both in year and following years. • Financial savings are not achieved; balances used more than planned. • Priorities and projects are not delivered. • Cuts necessary to services • Rushed decisions to find other savings • Staff unsettled and de-motivated. • Assets not fit for purpose • Satisfaction levels with the Council fall

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 £1.5m.</p> <p>Regular Budgetary Control and monitoring processes.</p> <p>Council policy to use New Homes Bonus to fund infrastructure projects and affordable homes.</p> <p>Utilised borrowed monies, of £6m, to fund investments (e.g. commercial property and solar panels) to achieve improved rate of return over the medium-term.</p> <p>Efficiency Plan produced and approved by DCLG.</p> <p>Monitoring of investment counter-parties and returns on investments by Arlingclose, the Council's Treasury Management advisor.</p>	<p>Delivery against the workstreams contained in the Roadmap 2020.</p> <p>Monitor financial viability of key contract partners and commercial property tenants.</p> <p>Participate in consultation as proposals for the new 100% Business Rates Retention scheme and the Fair Funding Review are published.</p> <p>Monitor the disposal of assets against planned timescale for receipt of sale proceeds.</p>	<p>Corporate Director (CF)</p>	<p>Cost reductions and increased income delivered on time and as budgeted.</p> <p>Setting a balanced base budget 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> <p>Budget variations reported in timely manner with explanation and action plan, where appropriate</p>	<p>Monthly</p>	<p>Feb. 2018 – Full Council sets council tax and budgets for 2018/19</p>	<p>Proposed MTFS provides a balanced base budget for 2018/19 including a 2.97% increase in council tax up to £174.51 (Band D).</p> <p>For planning purposes council tax increases in future years are at the referendum threshold, e.g. 2.99% for 2019/20 and 2% for 2020/21 onwards.</p> <p>Planned approach to addressing the estimated shortfalls in 2019/20 to 2021/22.</p> <p>Investment Strategy reviewed with maximum investment in equity and property funds increased to £20m.</p> <p>Strategic Investment Group consisting of 3 Cabinet Members established to consider all proposed investments.</p> <p>An Investment Evaluation Tool used to assess all investment opportunities.</p>

Economic Development – 2

Risk rating C2 (C2 September 16)

Management Board Owner – Corporate Director (AW/CR)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Growth as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The Plan for Growth was agreed by Cabinet and includes both a 5 year and rolling 1 year action plan of key priorities. These include infrastructure, business support and skills development projects.</p> <p>Most of the priorities in the action plan require work with partners who may or may not have the same level of commitment to a project as BDC</p> <p>Funding from other partners or government may not be available to support the action plan priorities</p> <p>Brexit and other marcoeconomic uncertainties may cause businesses in the District to make different investment decisions which may not be to the benefit of the District.</p>	<p>Lack of investment in infrastructure prevents business growth and job creation.</p> <p>Shortage of required skills to meet the need of businesses in the District</p> <p>Businesses are not provided with the support necessary to maximise opportunities for growth and development</p> <p>Amount of business rates collected reduced</p>	<ul style="list-style-type: none"> • Reduction in jobs • Fewer new businesses being created • Jobs left unfilled due to lack of skilled employees • Disinvestment by existing businesses • Less investment in infrastructure • Businesses feel disengaged and cannot access support networks • Falling productivity rates in the District • Falling Gross Value Added (GVA) in the District • Loss of revenue / growth in business rates

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, the South East Local Enterprise Partnership (LEP) on major projects and key priorities</p> <p>District Plan for Growth agreed, setting clear economic priorities over 1 year and 5 year periods has been agreed</p> <p>Braintree Education and Skills board has been established and is progressing projects</p> <p>Braintree Town Centre Partnership has been established</p> <p>Investment in key priorities to secure match funding e.g. Millennium Way Slips project</p> <p>Establishment of the Grape and Grain tour in partnership with Maldon District Council.</p> <p>Tourism Plan to be submitted to members in Spring 2018.</p> <p>Refreshed programme of business engagement to be in place by April 2018</p>	<p>Continuing to develop our relationship with key stakeholders to ensure shared goals and priorities are met</p> <p>Marketing and promotion of BDC/Partner business support services.</p> <p>Effective implementation of skills projects agreed by the Education and Skills Board</p> <p>Continue to provide appropriate levels of support to the Town Centre Partnership as it becomes established.</p> <p>Continue to source local and national funding sources which could provide grants for key projects</p> <p>Continue to work with neighbouring authorities and businesses to support tourism</p> <p>Continuous review of business engagement programme to ensure it is meeting the requirements of businesses.</p>	<p>Chief Executive Corporate Director (CR)</p>	<p>Creation of new jobs</p> <p>New Business start-ups</p> <p>Business growth in the District</p> <p>Inward Investment in the District</p> <p>Investment into District infrastructure</p> <p>Unemployment rate</p> <p>Business funding opportunities explored</p> <p>Empty commercial premises</p> <p>Readership of the Business Bulletin</p> <p>Apprenticeships</p>	<p>Quarterly</p>		<p>Joint project work is underway with both the Haven Gateway on the economic strategy for the region and with ECC on a large number of projects.</p> <p>District Plan for Growth approved and work underway to engage businesses in the annual action plans which accompany the document</p> <p>Education and skills board has high levels of attendance from schools colleges and employers and the first business case for project work arising from that meeting has been agreed</p> <p>Braintree Town Centre Partnership has worked on providing a new vision for taking the town centre forward in a positive way and is looking to elect an independent chair.</p> <p>Funding for infrastructure has been secured from ECC and Highways England and funding for skills projects has been secured through ECC.</p> <p>Overview and Scrutiny Committee on tourism has provided member guidance into the Tourism Plan which will be need to be approved by Cabinet in the Spring/ Summer 2018</p>

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>Working in partnership with education providers to encourage and develop skills training in key sectors, to encourage skill development and employment opportunities through apprenticeships.</p>						<p>Working with the LEADER program to help secure funding and jobs to the rural parts of the District</p> <p>A Business Intelligence review of sector specific and locations of growth to inform a tailored revision of the business engagement programme is currently in progress.</p> <p>A business survey to establish their specific needs is being promoted through the business rates leaflet.</p>

Local Plan – 3

Risk Ratings: C2 (C2 September 2016)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has an adopted Core Strategy and has prepared a new Local Plan which is subject to examination. In line with government policy this will need to deliver a substantially higher target for housing numbers than was set out in the Core Strategy. Part of the strategy is to deliver new standalone garden communities.</p> <p>The Local Plan will be subject to an examination in 2017 and 2018 and if found sound will hold full weight in planning decisions, up till this point it will hold limited weight based on its progress and the level of unresolved objections.</p> <p>Whilst the Local Plan is being produced, the Council may be at risk of being challenged by developers on its housing numbers. Once the Local Plan is adopted, the Council will need to maintain a five-year housing land supply.</p>	<p>Land owners submitting planning applications on unallocated sites.</p> <p>Lack of housing or economic growth leading to failure of allocated sites to deliver.</p> <p>Local Plan being found unsound by the Planning Inspector.</p>	<ul style="list-style-type: none"> • Council may have to approve planning applications on sites outside of those proposed resulting in development which conflicts with the agreed spatial strategy • Loss of appeals on planning applications for development on unallocated sites outside of development boundaries. • Infrastructure requirements of new developments may not be sufficiently met. • Lack of new jobs in the District and failure to deliver job target • Inability to attract inward investment or business growth • Inability to attract skilled workers to the District • Council not able to meet its objectively assessed need for housing including affordable housing

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>Joint working with other authorities to deliver stand-alone new garden communities which will deliver growth over a longer term period.</p> <p>Good working relationships with Town and Parish Councils and community groups.</p> <p>Core Strategy adopted in 2011.</p> <p>Statement of Community Involvement adopted in 2013.</p> <p>Programme of reporting and decision making through Local Plan Sub-Committee and Council.</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p> <p>The five-year housing land supply is updated quarterly to report progress.</p> <p>Draft Local Plan published and subject to public consultation in 2016.</p>	<p>Work programme keeps to timetable to ensure adoption of the Local Plan in line with the project plan.</p> <p>Close working relationship with major landowners and agents in the District to work together on delivery rather than in opposition.</p> <p>Extensive governance and working relationships in place with North Essex Garden Communities Ltd, Colchester BC, Tendring DC and ECC Councils to progress the garden community project.</p> <p>Infrastructure delivery will be a key part of the new Plan. Emphasis shifting to supporting housing delivery once the Plan is adopted.</p>	<p>Corporate Director (JH)</p>	<p>Ensuring Local Plan process is adopted/ approved on target.</p> <p>Outcome of appeal decisions relating to non-allocated sites.</p>	<p>Quarterly</p>	<p>Ongoing</p>	<p>Local Plan evidence base in place with ongoing work related to garden communities and Recreational Avoidance and Mitigation Strategy.</p> <p>Sustainability Appraisal published in June 2016 and revised in 2017.</p> <p>The District Council is working in partnership with 3 other Authorities on the North Essex Garden Communities project and has received funding and support from the DCLG and ATLAS.</p> <p>Budget provision of £500,000 agreed by this and each of the three other authorities to progress the Garden Communities project.</p>

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>A Planning Appeal Cost reserve fund to ensure the Council has sufficient funds to refuse applications which we consider unacceptable.</p> <p>A specific Local Plan budget of £480,000 was agreed in 2015/16 to ensure the funds were available to provide the necessary evidence base documents and other work required to produce the Local Plan in the timescales proposed.</p> <p>The publication Draft Local Plan was submitted to the Secretary of State in October 2017 and is currently undergoing examination. Policies in this plan can be given limited weight.</p>						<p>An Issues and Options Consultation was held for Garden Communities Development Plan Documents in January 2018.</p> <p>Accepted Government's offer to implement 20% increase on Planning Application fees wef January 2018 and to utilise additional resource in Development Management service.</p>

Community Resilience – 4

Risk Rating C2 (C2 September 16)

Management Board Owners – Corporate Directors (CF) and (CR)

Vulnerability	Trigger	Consequence
<p>Universal Credit (Full service) is operational for new claims from working age claimants in the Braintree District (commenced 25th October 2017). Legacy claims of housing benefit (for working age claimants) will be transferred to Universal Credit by 2020.</p> <p>Further reductions in the Housing Related Support funding by Essex County Council anticipated in 2019/20 which is likely to mean fewer supported housing schemes/bed spaces in the district and across the county and also impact on floating support services.</p> <p>The Homelessness Reduction Act 2017 will be in place from the 3 April 2018, it will mean the Council will help more people, at an earlier stage if they are facing homelessness. Staff will work more intensively and for longer with people to help prevent and relieve their homelessness. There will be a need for additional staffing resources and funding to develop other housing options. Funding resources are in place but may not be sufficient. Partnership working with other agencies is key to help tackle the sometimes complex reasons why people become homeless.</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>A number of the schools in the district are low rated and 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, a proportion of whom will require public services.</p>	<p>Demand for services from the Council and other public sector organisations increases which exceed supply.</p> <p>Essex County Council implements reduction and contract changes.</p>	<ul style="list-style-type: none"> • Potential increase in homelessness, increased demand for temporary and potential use of bed & breakfast accommodation. • Increased demands on the Council’s Housing and Customer Services. • Increased health inequalities. • Increase in number of households in fuel poverty • Increase in number of children in poverty. • Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated. • Housing projects at risk of closure increase and potential increase in sofa surfing and rough sleeping. Associated impacts on other services i.e. health and police.

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>Partnership working with Citizens Advice, Greenfields CH, Dept. for Work and Pensions and Fusion to assist those affected by the welfare changes.</p> <p>Discretionary Housing Payments allocation from the Government of £242,147 for 2018/19. Short-term assistance available to tenants facing difficulty with their rent.</p> <p>Exceptional Hardship Fund of £13,150 for 2018/19. Short-term support available to council tax support claimants.</p> <p>Continued Liaison with Essex CC regarding future Housing Related Support proposals.</p> <p>Homelessness Strategy 2013 to 2018 and associated action plans.</p>	<p>Regular meetings with partner organisations.</p> <p>Regular reviews of the impact the changes are having on those affected.</p> <p>Work jointly with Job Centre Plus</p> <p>Continued dialogue with Essex CC and housing providers.</p> <p>Exploring alternative funding arrangements to seek to sustain housing projects.</p> <p>Continue to review and implement actions in the Homelessness Strategy.</p> <p>New Homelessness Strategy 2018 to 2023 - consultation commenced in 2017.</p> <p>.</p>	<p>Corporate Director</p>	<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> <p>That a level of supported housing is retained in the district with continued nominations rights available to this Council.</p> <p>Homelessness Reduction Act 2017 – The number of applicants where homelessness has been prevented or relieved.</p>	<p>Quarterly</p>		<p>Grant agreement renewed with Citizens Advice to support their service provision across the district and additional Service Level Agreement with Citizens Advice to provide money advice service to residents, extended to 31 March 2019.</p> <p>Health and Wellbeing Panel for the District established and working with a range of partners.</p> <p>An SLA with Community360.</p> <p>Support residents to be healthy and live well through the work of the Livewell and Livewell Child boards.</p> <p>Provide opportunities that benefit those living with dementia through the Braintree District Dementia Alliance.</p> <p>Government grant allocations for homelessness: Flexible Homelessness Support £169,995 for 2018/19 and Homelessness Reduction £47,957 for 2018/19.</p> <p>Awarded grants for community projects through the Councillor Community Grant scheme.</p>

Service and Project Delivery – 5

Risk Rating D2 (D2 September 16)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<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 with the capacity and capability to deliver. The Council has recognised the important challenges around workforce planning and talent management for the future.</p> <p>Health & Safety - Breach in processes/ procedures leading to a health and safety or security incident (including an act of terrorism).</p> <p>Service delivery is heavily reliant on the availability of systems.</p> <p>The Council has approved a number of significant projects. It is essential that there is the capability and capacity available to deliver.</p>	<p>Key people leave or are unavailable for work (small teams or specialist areas are most vulnerable).</p> <p>Competitive recruitment markets particularly in relation to the growth agenda.</p> <p>Major incident.</p> <p>Computerised systems unavailable for use for a prolonged period.</p>	<ul style="list-style-type: none"> • The organisation is stretched too far and resulting in service delivery failure • Mistakes made and corners cut • Customer satisfaction falls • Employees are disengaged and demotivated. • Loss of good people. • Increased key person dependency • Loss of corporate memory • Failure to deliver Council’s priorities and Annual Plan • Remaining staff fail to cope • Change programmes difficult to implement • Actual or potential injury or loss of life. • Financial loss / impact on value of assets; • Reputational damage

Affordable Housing – 6

Risk rating C2 (C2 September 16)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Although the number of new homes is likely to be significant over the next Local Plan period, there are a number of issues that may limit the number of new affordable homes we can deliver:</p> <ul style="list-style-type: none"> • The 1% rent cut for social housing has reduced the available resources for providers and led to reduced offers to developers. • Developers are becoming more and more likely to challenge the provision of affordable housing on the basis of viability. • The HCA is likely to divert funding from new rented housing schemes to forms of shared ownership. <p>In addition a number of other changes are putting pressure on LAs and providers. These include:</p> <ul style="list-style-type: none"> • Right to Buy entitlement to assured tenants of Housing Associations. • The benefit cap reduced at £20,000 means that most providers are unwilling to consider building or buying new 4 bed homes. 	<p>Potential number of affordable houses not provided.</p> <p>Government issues Regulations requiring 20% of housing provision to be starter homes.</p> <p>Developers push back on the number of affordable homes required on developments.</p>	<ul style="list-style-type: none"> • Affordable housing need not met • Homeless households remain longer in temporary accommodation as fewer rented homes become available for letting through 'Gateway to Homechoice' • Cost to the Council of temporary accommodation increases • Young people/key workers leave the district • Some housing associations withdraw from higher-risk accommodation, such as supported housing schemes • Inability to find suitable affordable accommodation for larger families • Unable to provide supported housing in particular for under 35's, who will not receive enough benefit to cover the rent for self-contained accommodation.

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>New Housing Strategy drafted and adopted early in 2016/17</p> <p>Up-to-date viability assessment and updated 'toolkit' to undertake individual assessments.</p> <p>Work with a range of housing associations to ensure that we can meet the varied needs of local residents and make sure we do not miss out on affordable housing opportunities.</p> <p>Underwriting schemes and purchase of land for affordable housing developments as opportunity and finance allow.</p> <p>Working with other providers.</p>	<p>Housing Research and Development Team continues 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>	<p>Corporate Director (JH)</p>	<p>Local target for an average 100 dwellings per annum</p>	<p>Quarterly</p>		<p>Local Plan in progress. Affordable Housing Viability Study has been completed.</p> <p>Regular meetings with all housing associations with local development programmes.</p> <p>StatNav data updated each year</p> <p>130 completions of new affordable homes expected in 2017/18. We expect 100 completions in 2018/19. High number of starts expected on major development sites.</p> <p>Business case being prepared regarding the creation of a Housing Development Company.</p> <p>Authority delegated to Cabinet Members for Planning and Housing and Finance and Performance 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>

Return on Investments – 7

Risk Rating D2 (D2 September 16)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council has an Investment Strategy which seeks to optimise use of available resources by investing in property, housing and other assets as well as investing surplus monies with financial institutions to achieve a reasonable rate of return.</p> <p>The security of the money invested is paramount but the Investment Strategy distinguishes between the investment of monies available only in the short-term due to cashflow requirements and monies (core funds) which are available for investment over the medium to long-term.</p> <p>The Council has set a limit of £20million on the amount of funds to be invested in pooled funds (equities and property) with the aim of achieving higher rates of return and capital growth over the medium term (3 to 5 years).</p> <p>The Council has increased its property portfolio where return on investment has been attractive and the quality of the tenant and the tenancy term has been good.</p> <p>The impact of the current economic climate on financial institutions makes the selection of: a strong counterparty, with which to invest, the selection of an asset, to purchase, and the tenant, to occupy and rent property, crucial.</p> <p>Regular monitoring of investment counterparties is essential and Arlingclose, our Treasury Advisors, currently provides this service.</p>	<p>Failure of investment counterparty.</p> <p>Tenant ceases trading leading to void period and requirement to find a new tenant.</p> <p>Collapse in the equity market at a time when the Council needs to release money by selling the equity pooled funds.</p> <p>Funds are needed to be recalled at short notice.</p>	<ul style="list-style-type: none"> • Loss of the principal sum and / or interest due • Loss of rental income and increased costs (e.g. unoccupied business rates) • Unplanned service cuts and / or use of balances • Decline in Council reputation

Risk: Emergency Planning – 8

Risk Rating: D1 (New)

Management Board Owner – Corporate Director (CR)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has responsibilities under the Civil Contingencies Act (CCA) 2004a as a Category 1 responder: to plan for and respond to major emergencies working alongside the blue light services. Part 1 of CCA 2004 places legal obligations on emergency services and local authorities to assess the risk of, plan and exercise for emergencies as well as undertake business continuity management.</p> <p>The Council's Emergency Planning function can therefore be split into 3 keys areas.</p> <ol style="list-style-type: none"> 1. Preparing and maintaining plans and policies in accordance with the latest legislation, best practice and guidance. 2. Ensuring that the organisation has in place the resources and training to respond to an emergency. 3. Supporting our communities and businesses in building their resilience to events such as floods, storms or power outages. <p>Reduced resources impact on the Council's ability to deliver good quality services. A sufficient service response is heavily reliant on the availability of volunteer staff who are trained and competent.</p> <p>Reliance on staff from neighbouring authorities to be available under the MOU.</p> <p>Business Continuity plans lacking - The impact of an emergency affecting business continuity of core services.</p>	<p>Inadequate civil contingency arrangements resulting in failure to respond appropriately to a major incident or civil emergency within or adjacent to the District. The incident may be severe weather, industrial accidents, transport accident, virus pandemic, technological, civil unrest, terrorism, power failures, nationwide fuel shortage, etc</p> <p>The triggers to cause the authority to fail in responding to its statutory duties would be:</p> <ol style="list-style-type: none"> 1.Plans: <ul style="list-style-type: none"> • not maintained or updated, • not tied to key countywide supporting documents or plans 2.Resources <ul style="list-style-type: none"> • Staff not sufficiently trained, inability to perform statutory role during emergency due to lack of knowledge or skills • insufficient number of staff available, key people leave or are unavailable for work (volunteer teams are most vulnerable). • MOU with neighbouring authorities not maintained or meeting own demands. 	<p>District Wide</p> <ul style="list-style-type: none"> • Possible loss of life or serious harm or injury to residents and/or staff. • Loss of physical assets e.g. premises • Ineffective response to an incident causes extended disruption. • Vulnerable residents at risk through lack of core service delivery. • Delays in recovery phase <p>Council</p> <ul style="list-style-type: none"> • Lack of preparedness results in the inability to deliver key/critical services e.g. benefits, refuse collection, homelessness applications, food inspections, etc. • Increased short term demand for services e.g. housing - alternative accommodation, repairs, waste team clean up operation • Major impact on reputation if the Council is perceived to not provide an adequate response. • Council facing Public Inquiry – risk of cost, reputation and public trust • Priorities and projects are not delivered.

Vulnerability	Trigger	Consequence
<p>Insufficient funds - Bellwin only covers cost of response once certain criteria are met, if under BDC responsibility, Recovery not covered by Bellwin.</p>	<ul style="list-style-type: none"> • Arrangements not in place/maintained to ensure sufficient resources available ie provision of rest centres in response to civil emergency. <p>3. Resilience</p> <ul style="list-style-type: none"> • Communities and businesses not supported by local authority • No community/parish emergency plans in place-no joint working with BDC • Businesses not prepared with business continuity plans-BDC not providing support and advice 	

Actions/controls already in place	Required action/management control	Responsibility for action	Critical success factors and KPI's	Review frequency	Key dates	Progress to date
<p>A robust, peer reviewed Emergency Plan has been developed.</p> <p>New Communications & Media plan</p> <p>A new Rest Centres plan which sees all Essex local authorities using the same best practice procedures, documentation and equipment.</p> <p>A Members Protocol has been produced setting out guidance for Members during an emergency.</p> <p>Mutual Aid – agreements are in place between authorities BDC is strengthening its procedures to receive Mutual Aid;</p>	<p>Bi-yearly review of Emergency Plan</p> <p>Bi-yearly review of Communications and Media Plan</p> <p>Rest Centres plan – run an annual exercise</p> <p>Deliver training programme incl: crisis communication training, Communications training for Management Board, Leader and Deputy Leader.</p> <p>Dialogue with partner organisations</p> <p>Oversee implementation</p> <p>Dialogue with partner organisations</p>	<p>Corporate Director</p>	<p>Service and performance levels delivered as planned.</p>	<p>Annual</p>		<p>Training delivered: senior/tactical training, recovery training, loggist training, rest centre training;</p> <p>Peer reviewed training programme for staff involved at all levels, volunteers-tactical-strategic</p> <p>New starters will have a requirement to assist in emergencies detailed in their role profiles.</p> <p>Developing arrangements with our leisure partner Fusion to provide support during an emergency.</p>

Risk: Information Management and Cyber Security – 9

Risk Rating – C2 (New)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council has been responsive to technology and has used it to shape the way services are delivered, to drive efficiency and improve productivity.</p> <p>With the increased use of technology and larger amounts of information stored comes an increase of the impact created through cyber security threats.</p> <p>It is essential that customer’s information, much of which is sensitive, is kept safe and that the Council ensures business continuity through strong management of its information and systems.</p> <p>The impact of the General Data Protection Regulations reduces our ability to carry out services effectively and creates significant extra work for staff.</p>	<p>GDPR Regulations commencing 25th May 2018</p> <p>Cyber attack Hacking Distributed Denial of service Phishing/Spear Phishing Ransomware Emerging threats</p> <p>Information Security incident</p> <p>Loss of computer systems</p> <p>Loss of access to physical information through emergency incident</p> <p>Staff lose or do not manage data effectively</p>	<p>Loss of ability to deliver service/degradation in service</p> <p>Loss of reputation</p> <p>Enforcement from Information Commissioner’s Office with a potentially significant fine</p> <p>Inability to collect/payout money to customers</p> <p>Inability to share customer data with partners</p> <p>The Council cannot meet its requirements under the General Data Protection Regulations</p> <p>The Council is not able to adequately manage its information, which would then prevent it from being able to carry out services effectively.</p>

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>Information management and security policies – regularly reviewed and updated</p> <p>External auditing and challenge on a regular basis against policies and systems as well as regular external penetration testing with action plans created</p> <p>Regular review of technical infrastructure, including firewalls, hardware and software</p> <p>PSN Compliance</p> <p>Training/education in cyber security for users</p>	<p>Implementation of GDPR project plan</p> <p>Continued review of cyber security arrangements</p> <p>Raise awareness of information management and cyber security issues for all staff and members</p> <p>Review resourcing requirements around data protection and information management</p> <p>Targeted training</p> <p>Induction courses for new entrants</p> <p>Software kept up to date</p> <p>End of life hardware replaced as and when necessary</p>	<p>Corporate Director</p>	<p>Up to date Reviews</p> <p>Year on year improvements</p> <p>Number of articles published/ seminars delivered</p> <p>Training demand met</p> <p>New entrants on induction within 2 weeks of joining</p>	<p>Quarterly</p>		<p>Project Plan to deliver against GDPR</p>

Strategic Investment - 10

Risk rating C2 (new)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has identified capital investment as a key Corporate priority for the District and approved ring-fenced funding of £28m for the District Investment Strategy.</p> <p>Investment intervention is required to support planned housing and population growth in the District.</p> <p>The District Investment Strategy targets capital investments to support infrastructure improvements, with particular emphasis on: improved healthcare facilities, enhanced town centres, increased employment and business opportunities, improved highways infrastructure.</p> <p>Capital investments must make a positive financial return for BDC.</p> <p>Most of the identified investment opportunities require work with partners who may or may not have the same level of commitment to a project as BDC.</p> <p>Funding from other partners or government may not be available to support the action plan priorities.</p> <p>Changes in central government policy could result in BDC being unable to secure prudential borrowing at preferential rates to support investment.</p> <p>Brexit and other macroeconomic uncertainties may adversely affect BDC’s ability to deliver financially viable capital investments: for example, increased construction costs, house price deflation, commercial rent deflation.</p> <p>Failure to secure planning consent on development projects.</p>	<p>Lack of investment in infrastructure acts as a barrier to required housing growth and reduces opportunities for businesses to grow.</p> <p>Inability to secure prudential borrowing at preferential interest rates.</p> <p>Prolonged period (>six months) of house price deflation.</p> <p>Prolonged period (>12 months) of commercial rent deflation.</p> <p>Above inflation increase in construction costs.</p> <p>Projects undeliverable due to refusal of planning consent.</p> <p>Failure to sell/lease newly developed properties.</p>	<ul style="list-style-type: none"> • Lack of infrastructure could inhibit delivery of Local Plan housing numbers • Approved schemes already in development may not achieve required financial return • Potential for existing businesses/jobs relocating outside of District • Fewer new businesses/jobs being created • Falling Gross Value Added (GVA) in the District • Loss of revenue growth in Council Tax and Business Rates

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>£28m District Investment reserve approved and ring-fenced.</p> <p>All investment opportunities rely on cost/value advice provided by expert third party specialists.</p> <p>All investment opportunities appraised via industry-standard development software.</p> <p>Strong working relationship with Essex County Council, Haven Gateway, the South East Local Enterprise Partnership (LEP), Homes England on major projects and key priorities</p> <p>Early engagement with relevant BDC teams (Asset Management, Operations) to ensure early engagement on scheme design to ensure end product is lettable and fit-for-purpose.</p> <p>Procurement of appropriate architects and planning consultants for each scheme.</p>	<p>Continual monitoring of costs and spend.</p> <p>Continued use of expert third parties to provide comprehensive cost estimates and advice of market trends.</p> <p>Consistent modelling to agreed financial parameters.</p> <p>Increased networking and promotion of BDC's investment aspirations with key external stakeholders and potential funders. Continue to source local and national funding sources which could provide grants for key projects.</p> <p>Implementation of timely, high-quality marketing strategies for all development projects.</p> <p>Early engagement with Planning Team and judicious use of the pre-application process.</p>	<p>Chief Executive Corporate Director (JH)</p>	<p>Delivery of all projects approved via District Investment Strategy</p> <p>Delivery of all projects to budget and approved financial return</p> <p>Delivery of all projects to budget and approved financial return</p> <p>Leverage of third party funding to support BDC capital projects</p> <p>New Business start-ups</p> <p>Sale/letting of new properties at approved levels and to approved timescales.</p> <p>Achievement of detailed planning consent first time, every time.</p>	<p>Quarterly</p>		<p>Braintree Enterprise Centre Phase 2 projected to complete within approved budget and generate approved level of return.</p> <p>Consistent presentation of detailed costs to all BDC approval bodies. Close joint-working with Finance Team to model financial impact of all opportunities.</p> <p>Acquisition, training and implementation of 'Argus Developer' software.</p> <p>£250k ECC design grant secured on I-Construct and Manor Street projects. £4.95m DoT funding secured on Mill Slips project. Residential site included within Homes England's Accelerated Construction Programme.</p> <p>Procurement of expert commercial and property agents to advise on achievable values, marketing and sales rates.</p> <p>Detailed planning consent secured for Braintree Enterprise Centre Phase 2.</p>

Forward Look – Twelve months to April 2019		Agenda No:15
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Trevor Wilson, Head of Finance	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:	Public Report	
	Key Decision: No	
Executive Summary:		
<p>A schedule of reports to be presented to the Governance Committee during the coming 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>Ad-hoc reports may be added, either at the request of members, the external auditor or officers, during the year.</p>		
Recommended Decision:		
Members are asked to note the report schedule for the next twelve month period.		
Purpose of Decision:		
To receive a draft programme of 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.

Financial:	None
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No:	2801
E-mail:	Trevor.wilson@braintree.gov.uk

Report Schedule

Date	Report	Summary
25 th July 2018	Receipt of the Statement of Accounts for 2017/18 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2017/18, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 31 st May 2018. 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'.
	Financial Indicators report	To present details of key financial indicators for the year to end of June 2018.
	Risk Management – Operational Risks & Information Asset Risks	Details of the annual review of the Council's Operational Risks and Information Asset Risks
	Internal Audit Activity report	To present details of the completed audit assignments.
	Quarterly Performance Report – Q4 2017/18	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.
	Treasury Management Strategy	To present a year-end report on the delivery and performance of the Treasury Management Strategy for 2017/18.

24th October 2018	Quarterly Performance Report – Q1 2018/19	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	To present a mid-year report on the delivery and performance of the Treasury Management Strategy for 2018/19.
	Financial Indicators report	To present details of key financial indicators for the year to September 2018.
23rd January 2019	Annual Audit Letter 2017/18	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 31 st March 2018	To receive external auditors report
	Draft Treasury Management Strategy 2019/20	To present the draft Treasury Management Strategy for 2018/19. 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 2019.
	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 end of November 2018.
	Quarterly Performance Report – Q2 2018/19	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.
	Standards Annual Monitoring Officers Report on the Standards Framework	Report from the Head of Governance on the activity of the Standards Sub-Committee for 2018.
24th April 2019	Internal Audit Plan 2019/20	To present the Internal Audit Plan for the 2019/20.
	External Audit Work Plan	To receive the audit work plan from the Council’s external auditor.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2018/19.
	Governance Committee self-assessment	For members to undertake an evaluation of the Committee’s effectiveness and identify any training needs.
	Effectiveness of the Internal Audit function report	Outcome of the internal assessment on the effectiveness of the Council’s Internal Audit function.
	Financial Indicators report	To present details of key financial indicators for the year to end of March 2019.
	Quarterly Performance Report – Q3 2018/19	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.
	Annual Governance Statement 2018/19	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 (1) of the Accounts and Audit Regulations 2015 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".
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