

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Committee Services
committee.services@tmbc.gov.uk

10 June 2016

To: MEMBERS OF THE AUDIT COMMITTEE
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Audit Committee to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Monday, 20th June, 2016 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

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The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

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Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

MEMBERSHIP

Cllr V M C Branson (Chairman)
Cllr M C Base (Vice-Chairman)

Cllr T Bishop
Cllr T Edmondston-Low
Cllr B T M Elks
Cllr S R J Jessel

Cllr Mrs F A Kemp
Cllr S C Perry
Cllr B W Walker

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Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

Tuesday, 5th April, 2016

Present: Cllr V M C Branson (Chairman), Cllr T Edmondston-Low (Vice-Chairman), Cllr T Bishop, Cllr B T M Elks, Cllr S R J Jessel, Cllr S M King, Cllr Mrs S L Luck and Cllr M Parry-Waller

Grant Thornton, External Auditors: Ms S Ironmonger (Engagement Lead) and Mr T Greenlee (Audit Manager)

Councillors Mrs J A Anderson, O C Baldock, M A Coffin, N J Heslop and M R Rhodes were also present pursuant to Council Procedure Rule No 15.21.

PART 1 - PUBLIC

AU 16/14 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

AU 16/15 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 25 January 2016 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

AU 16/16 AUDIT COMMITTEE ANNUAL REPORT

The report of the Chairman of the Audit Committee was produced to inform the Council of the means by which the Committee had provided independent assurance to those charged with governance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

The report summarised the work carried out by the Committee during 2015/16 and concluded that the required assurance set out in the CIPFA Audit Committee Guidance had been provided to those charged with governance.

RECOMMENDED: That the Annual Report be presented to the Council as independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

***Referred to Council**

DECISIONS TAKEN UNDER DELEGATED POWERS IN ACCORDANCE WITH PARAGRAPH 3, PART 3 OF THE CONSTITUTION

AU 16/17 TREASURY MANAGEMENT UPDATE

The report of the Director of Finance and Transformation provided an update of treasury management activity undertaken during the 2015/16 financial year within the context of the national economy. Members were invited to endorse the action taken by officers and to note the treasury management position at the end of February 2016.

RESOLVED: That the Cabinet be recommended to

- (1) endorse the action taken by officers in respect of treasury management activity for the period April 2015 to February 2016; and
- (2) note the treasury position at the end of February 2016.

AU 16/18 APPOINTMENT OF EXTERNAL AUDITORS

The report of the Director of Finance and Transformation provided an update on the options available for the appointment of external auditors at the end of the current transitional arrangements on 31 March 2018.

RESOLVED: That the Local Government Association (LGA) be advised that the Opt-in to a Sector Led Body (Option 3) was identified as the preferred option for the local appointment of external auditors and the setting of audit fees as required under the Local Audit and Accountability Act 2014.

AU 16/19 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The report of the Chief Audit Executive set out details of the addition of a 'Mission' and a set of ten 'Core Principles' to the Public Sector Internal Audit Standards and the subsequent update to the Internal Audit Charter.

RESOLVED: That the updated Internal Audit Charter, as set out at Annex 1 to the report, be approved.

AU 16/20 INTERNAL AUDIT AND FRAUD PLAN 2016/17

The report of the Chief Audit Executive presented the draft Internal Audit and Fraud Plan for 2016/17. It was noted that the Internal Audit Plan had been broadened to include the work plan of the Fraud Team following the transfer of responsibility for the investigation of alleged housing benefit fraud to the Department for Work and Pensions (DWP). Consideration was given to the coverage of the plan which was informed by an assessment of the risks and audit needs of the Council and it was intended to ensure that the work of the Internal Audit and Fraud Team was effectively directed.

RESOLVED: That the Internal Audit and Fraud Plan for 2016/17, as set out in Annex 1 to the report, be endorsed.

AU 16/21 MEMBERS ASSURANCE ON COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING

The report of the Chairman of the Audit Committee explained how those charged with governance were required to assure the External Auditor that the Council had complied with the requirements of the International Standards on Auditing. Members considered the questions and responses which had been prepared and agreed with the Chairman, responsibility for corporate governance now resting with the Audit Committee. It was noted that the Management Team was also required to provide assurance in this regard and this was the subject of a separate report.

RESOLVED: That the responses set out in Annex 1 to the report be endorsed and the assurance provided be agreed.

MATTERS SUBMITTED FOR INFORMATION**AU 16/22 MANAGEMENT TEAM ASSURANCE ON COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING**

The Committee received the report of the Management Team confirming compliance with the International Standards on Auditing. Reference was made to the similar assurance to be provided by the Audit Committee for which the Management Team provided supporting evidence (Minute AU 16/21 refers).

RESOLVED: That the report be received and noted.

AU 16/23 INTERNAL AUDIT AND COUNTER FRAUD UPDATE

The report of the Chief Audit Executive provided an update on the work of the Internal Audit and Counter Fraud functions for the period 1 April 2015 to 29 February 2016.

RESOLVED: That the report be received and noted.

AU 16/24 GRANT THORNTON CERTIFICATION WORK 2014/15

The report of the Director of Finance and Transformation provided a summary of the outcomes of certification work carried out in 2014/15 by the Council's external auditors, Grant Thornton.

RESOLVED: That the report be received and noted

AU 16/25 GRANT THORNTON - PROGRESS REPORT AND UPDATE AND AUDIT PLAN

The report of the Director of Finance and transformation referred to items from Grant Thornton, the Council's external auditors. These included the Audit Plan 2015/16 which set out the proposed approach to the audit of the Council's financial statements. The Committee also received Grant Thornton's report on progress in delivering their responsibilities as the Council's external auditors together with a summary of emerging national issues and developments that might be relevant to the Council.

RESOLVED: That the report be received and noted.

AU 16/26 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

MATTERS SUBMITTED FOR INFORMATION

AU 16/27 INSURANCE CLAIMS HISTORY: APRIL 2015 - MARCH 2016

(LGA 1972 Sch 12A Paragraph 3 – Financial or business affairs of any particular person)

The Director of Finance and Transformation reported on the nature and volume of liability and property damage insurance claims submitted during the period April 2015 to March 2016.

RESOLVED: That the report be received and noted.

The meeting ended at 8.28 pm

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

29 June 2016

Report of the Chief Executive and Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 RISK MANAGEMENT STRATEGY

This report asks Members to review the Risk Management Strategy and to recommend it for endorsement by the Council.

1.1 Introduction

1.1.1 The Council has had a Risk Management Strategy in place for a number of years. The Council's Risk Management arrangements are designed to ensure a prudent approach is taken, with risks reduced to an acceptable level, thereby safeguarding the Council's assets, employees and customers.

1.1.2 The Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in ensuring risks are effectively identified, evaluated and controlled in a cost effective manner.

1.2 Review of the Risk Management Strategy

1.2.1 As part of arrangements in place to ensure risk management maintains a high profile within the Council, the Strategy is subject to annual review and endorsement through the Audit Committee, Cabinet and Council.

1.2.2 The Risk Management Strategy has been reviewed by the Audit Committee and subject to the Committee's consideration of the Strategy no substantive amendment is considered to be required at this time. However, Members are advised that the risk management process is due to be revisited and the Strategy updated as necessary for subsequent Member consideration and endorsement.

1.2.3 A copy of the current Strategy is attached at **[Annex 1]**.

1.3 Legal Implications

1.3.1 There is a Health and Safety requirement for effective risk management to be in place and the strategy supports this requirement. There is also a requirement in

the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

1.4 Financial and Value for Money Considerations

1.4.1 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

1.5 Risk Assessment

1.5.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.

1.6 Equality Impact Assessment

1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Recommendations

1.7.1 Members are requested to review the Risk Management Strategy and subject to any amendment required **recommend** to Council it be adopted.

1.7.2 Members are also asked to note that the risk management process is due to be revisited and the Strategy updated as necessary for subsequent Member consideration and endorsement.

Background papers:

contact: Samantha Buckland

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

TONBRIDGE AND MALLING BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY

1. Introduction

The risk management strategy of Tonbridge and Malling Borough Council is to adopt best practices in the identification, evaluation, and cost-effective control of risks. This is intended to ensure that risks are reduced to an acceptable level or, where reasonable eliminated, thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community.

One of the Council's aims is to:

“Maintain the Council's high standards of financial management and probity”.

The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.

Risks relating specifically to Health & Safety matters will be covered within the Council's Health & Safety Policy and supporting guidance notes issued by the Director of Planning, Housing and Environmental Health.

2. Objectives

The risk management objectives of the Council are to:

- embed risk management into the culture of the Council;
- monitor, manage and report on risk in accordance with best practice;
- be responsive to changing social, environmental and legislative requirements whilst effectively managing the related risks and opportunities;
- prevent injury, damage and loss and reduce the cost of risk;
- raise awareness of the need for risk management;
- actively promote 'sensible and responsible risk management' using practical steps to protect workers and the public from real risks that cause injury and death.

These objectives will be achieved by:

- defining the roles and responsibilities, in relation to risk management, of Officers and Members within the organisation;
- maintaining a risk management framework that will ensure the review on a rolling basis of strategic, operational and project risks faced by the Council – this approach will:

- identify corporate, operational and project risks;
 - assess the identified risks for likelihood and impact;
 - record the corporate risk register, linking these risks to strategic business objectives and assigning ownership for each risk;
 - detail the management action/controls required to mitigate identified risks;
 - require the corporate risk register to be discussed with the Audit Committee prior to approval by Council;
 - require confirmation to the Audit Committee of the reviews undertaken and to draw out any issues where deemed appropriate as a result;
 - require the reporting of risks to full Council where appropriate;
 - require all Cabinet/Committee/Board reports to include a section covering the key risk issues to be considered, together with any action required to mitigate identified risks;
 - require a risk assessment to be completed for all significant new projects and initiatives;
 - require the Treasury Management Strategy to outline the arrangements for properly managing treasury management risks;
 - require risks in relation to significant partnerships to be identified and assurances to be obtained regarding the management of those risks;
 - require appropriate incident recording to facilitate the analysis of risk data and steps taken to prevent or mitigate similar incidents occurring;
 - require an annual review of the risk management framework by the review of this strategy.
- providing relevant training on risk management to employees and Members of the authority;
 - actively participating in inter-authority internal audit and insurance groups thereby developing and sharing best practice in risk management;
 - encouraging officers participating in other professional discipline groups to secure the inclusion of risk management as an agenda topic;
 - disseminating to officers as appropriate published risk management information received from insurers and other related sources.

3. Roles and Responsibilities

a) Members

The Risk Management Strategy will be reviewed at least annually. Council approval of the updated strategy will be witnessed by the signature of the Leader of the Council and countersigned by the Chief Executive. The Chairman of the Audit Committee will take a lead role in promoting the application of sound risk management practices across the Council.

All Members of the Council will receive a Risk Management Training session during a four-year term in office.

The Audit Committee will consider the Risk Management process as part of the assurance evidence in support of any Corporate Governance Statement.

The Audit Committee will provide independent assurance of the adequacy of the risk management framework and will monitor the effective development and operation of risk management in the Council.

b) Management Team

Management are responsible for the identification and management of risks.

Management Team will consider strategic risk and if necessary will formulate an action plan to address the risk. Strategic risk reviews will be undertaken where new situations arise or as considered necessary by the Management Team.

The business continuity plan will include strategic risks that will cascade down to operational risk registers.

Chief Officers will ensure that their managers carry out an annual review of operational risk for all their areas of responsibility. This review process will include the views of relevant staff within the activity. This will be supported by a half yearly review carried out by the manager with any risks entering the red zone being reported to the Chief Officer. The Chief Officer shall alert Management Team of any significant emerging risks as he deems necessary.

Chief Officers will take steps to ensure that their staff are fully aware of the Council's Risk Management Strategy and how to raise concerns relating to risk.

c) Section Managers

Section Managers in conjunction with members of their teams (as appropriate) and other parties / partners (where applicable) will lead reviews of the operational risks relating to their sections, and will reflect the outcomes of these reviews in their own Operational Risk Registers. These operational risk reviews will be undertaken annually. In addition a half-yearly review will take place to identify any significant change in scored risk and any new risks that have arisen.

Any risks entering the red zone shall be reported to the Chief Officer in the first instance. The Chief Officer shall alert Management Team of any significant emerging risks as he deems necessary.

Where a manager identifies that a risk is moving significantly towards the red zone he should monitor the situation and alert his Chief Officer to the fact.

d) Partners

Where the Council enters into a partnership arrangement, the officer responsible for monitoring the partnership must ensure that the partner has an adequate risk management strategy and sufficient insurance cover to protect the interests of the Council.

e) Employees Generally

The concept of risk management will be conveyed to all employees. “Netconsent” will be used to raise staff awareness of the Strategy annually.

A copy of this document will be held on the Council’s website. Employees will be expected in the first instance, to refer risk management concerns to their line managers. Should such concerns remain un-addressed, employees can refer their concerns elsewhere as prescribed in the Council’s Whistleblowing Policy.

Staff identified as being appropriate by their Manager will be asked to review the content and scoring of the Operational Risk registers for their section. This review should assist the Manager in completing the Risk Register.

All staff also have a duty to consider safe working practices and owe a duty of care to the safety of others. Any concerns relating to Health & Safety matters should be raised with line management, who, as part of their response, should seek guidance as necessary from the Director of Planning, Housing and Environmental Health.

f) Director of Planning, Housing and Environmental Health

The Director of Planning, Housing and Environmental Health shall be responsible for:

- monitoring and reviewing arrangements for the proper management of work place health & safety;
- preparing and updating the Council’s Health & Safety Policy;
- overseeing the issue of Health & Safety Guidance to assist service managers and staff comply with the Council’s Health & Safety Policy;
- assessing compliance with Health & Safety legislation.

In the execution of these responsibilities the Director of Planning, Housing and Environmental Health will:

- consult with service managers in preparing an annual health and safety work programme which will include undertaking audits of work place activities and related risk assessments;
- assist service managers identify emerging health and safety risks and measures to address them including appropriate training;
- assist services managers prepare and review health and safety risk assessments;
- submit an annual report on health and safety management in the work place.

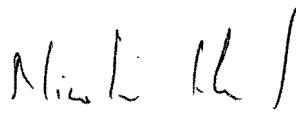
g) Financial Services

The Director of Finance & Transformation in consultation with the Exchequer Services Manager will:

- regularly review and advise upon the Council's insurance requirements and arrangements;
- advise Officers and Members on insurance covers available and / or in place;
- regularly advise Members of the Audit Committee on claims history and preventative action arising;
- arrange insurance cover as necessary;
- advise Officers on claims procedures, and process claims arising;
- assist in the development and provision of claims data to aid future risk control;
- disseminate published risk management information received.

The Director of Finance & Transformation will report to Management Team on any areas of significant financial risk identified by the budget monitoring process.

The Internal Audit Section will take account of Risk Management provision when formulating the annual audit plan. Although the provision of adequate and effective risk management is Management responsibility each Internal Audit review will include a provision to ascertain if an up to date and adequate risk register is in place and that key risks are appropriately managed.

Signed: 

Leader of the Council

Signed: 

Chief Executive

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TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet – Council Decision

1 TREASURY MANAGEMENT UPDATE AND ANNUAL REPORT FOR 2015/16

The report provides an update on treasury management activity undertaken during April and May of the current financial year. The treasury management outturn position for 2015/16 is due to be reported to the June meeting of Cabinet and is also included in this report. Following a commentary on the application of credit default swap data (market view of risk) Member approval is sought to enhance the existing flexibility afforded to officers when determining the appropriate duration for term deposits.

1.1 Introduction

1.1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a revised Code of Practice for Treasury Management in November 2009. The revised Code was adopted by the Council on 18 February 2010 and suggests that Members should be informed of treasury management activity at least twice a year, but preferably quarterly. This report, therefore, ensures this Council is embracing best practice in accordance with CIPFA's revised Code of Practice and subsequent updates.

1.2 Economic Background

1.2.1 Thus far in 2016/17:

- The start of 2016 saw significant falls in stock markets around the world following renewed concerns of a downturn in the Chinese economy and the implications for global growth and commodity prices. Whilst stock markets have largely recovered in recent weeks the prospect of weaker global growth going forward remains an issue.
- As part of his March budget, the Chancellor presented the latest forecasts from the Office for Budgetary Responsibility (OBR) for both economic growth and public sector borrowing. The OBR has suggested that productivity growth is set to remain weak and that this will have a meaningful effect on economic growth going forward. Consequently, GDP growth forecasts were revised

down and are now predicting GDP to be between 2.0% and 2.2% over the course of the next 5 years (vs 2.2% and 2.5% Autumn Statement 2015). Faced with an economy growing slower than anticipated, the Chancellor introduced additional cuts in government spending to allow a budget surplus to be returned in 2019/20.

- At the May meeting of the Bank of England's Monetary Policy Committee (MPC), members voted unanimously to hold the Bank Rate at 0.5% and make no change to the programme of quantitative easing. Faced with low inflation, a slowing economy, worrisome foreign markets and the uncertainty of the referendum on the UK's membership of the European Union, there is little to no pressure on the MPC to tighten monetary policy in the near term.
- The Consumer Price Index (CPI) rose by 0.3% in the twelve months to April and was around 0% throughout 2015. The BoE anticipate inflation will rise above the 2% target over the course of the next two to three years. Given the anticipated trajectory of inflation, the current market expectation of a rate rise in the UK being delayed to 2018, looks pessimistic. Whilst recent commentary from the MPC suggests they are likely to refrain from a rate rise in 2016, a rise sometime in 2017 would fit with inflation forecasts.
- In America the Federal Reserve raised the Fed Rate (equivalent of our Bank Rate) by 0.25% to 0.50% in December 2015. The rise was the first since 2006. Current market expectation is for the Fed Rate to rise again in July.
- The March meeting of the European Central Bank saw an expansion of its programme of quantitative easing and a further cut below zero of the deposit rate. Eurozone activity and business confidence surveys showed improvement in both April and May and deflationary pressures also appeared to be easing. A further tranche of financial support for Greece was also announced in May.

1.3 Interest Rate Forecast

- 1.3.1 The Bank Rate has remained at an emergency level of 0.5% for the last 7 years. The 2015/16 Annual Investment Strategy was prepared in December 2015 at a time when UK economic growth and inflation expectations were such that a rise in Bank Rate in the second quarter of 2016 was considered likely. Capita's latest forecast, dated May 2016, anticipates the rise in Bank Rate will be delayed a further 9 months to the first quarter of 2017.
- 1.3.2 The forecast will be updated in early July once the result of the EU referendum is known.

Capita Interest Rate Forecast – May 2016												
Rate	Now	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
	%	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50
3 mth LIBID	0.46	0.50	0.50	0.60	0.80	0.90	1.00	1.10	1.30	1.30	1.60	1.80
6 mth LIBID	0.62	0.70	0.70	0.80	0.90	1.00	1.20	1.40	1.60	1.70	1.80	2.00
12 mth LIBID	0.89	1.00	1.00	1.10	1.20	1.30	1.50	1.70	1.90	2.00	2.10	2.30
25yr PWLB	3.14	3.20	3.30	3.30	3.50	3.50	3.60	3.60	3.70	3.70	3.70	3.80

1.4 2016/17 Treasury Management Performance

1.4.1 The Annual Investment Strategy for the 2016/17 financial year was approved by Council on 16 February 2016. The Strategy outlines the Council's investment priorities as follows:

- Security of Capital,
- Liquidity.

1.4.2 In addition, the Council aims to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In particular, for 2016/17 the Council will “avoid locking into longer term deals while investment rates continue their current low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile”.

1.4.3 The Council has adopted Capita's recommended creditworthiness approach which incorporates the credit ratings from each of the three main rating agencies and includes sovereign credit ratings and a market view of risk using credit default swap (CDS) data.

1.4.4 A full list of investments held on 27 May 2016 and our internal lending list in operation on that date are shown in **[Annexes 1 and 2]** of this report.

1.4.5 As illustrated above, investment rates available in the market are at an historical low point. The average level of cash flow funds available for investment purposes to the end of May 2016 was £12.6m. These funds were available on a temporary basis and the amount mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Authority holds £15.6m of core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion will need to be recalled towards the end of the financial year to top-up our daily cash balances.

1.4.6 As at the end of May 2016 funds invested and interest earned is set out in the table below:

	Funds invested at 31 May 2016 £m	Average duration to maturity Days	Weighted average rate of return %	Interest earned to 31 May 2016 £	Gross annualised return to 31 May 2016	LIBID benchmark %
Cash flow	9.7	103	0.74	14,100	0.67	0.36 (7 Day)
Core funds	15.6	133	0.81	20,900	0.80	0.46 (3 Mth)
Total	25.3	121	0.78	35,000	0.75	0.41 (Ave)

- 1.4.7 Interest earned of £35,000 to the end of May is £5,400 better than the original estimate for the same period. Despite the likelihood of a Bank Rate rise being delayed, cash flow and core fund balances are higher than anticipated such that investment income for the year as a whole is expected to meet (and may better) the 2016/17 budget provision of £206,000.
- 1.4.8 **Cash Flow.** Our daily cash flow balances for the year ahead are modelled at the start of the financial year. That cash flow model is then updated daily and reviewed on a regular basis. The majority of our cash flow surpluses are invested overnight in bank deposit accounts and money market funds to ensure sufficient short term liquidity to meet payment obligations. However, when cash surpluses permit, fixed term investments are undertaken to take advantage of the higher yields available. Thus far £5m nine month fixed term investments have been placed yielding circa 0.8%.
- 1.4.9 The current cash flow forecast [**Annex 3**] points to more fixed term investment opportunities being available as the year progresses albeit duration will need to be scaled back to ensure these funds are available to support spending needs towards the end of the financial year.
- 1.4.10 A significant element of the Council's daily cash balance relates to the collection of business rates, the majority of which is paid over to Government, KCC and Kent Fire and Rescue. Whilst the Council is responsible for determining when to collect, Government determines when payments to themselves and others are due. In 2014/15 and earlier years payments to Government and others were spread over ten monthly instalments starting in April and ending the following January. For 2015/16, outgoing payments were spread over 12 equal monthly instalments starting in April. The result was higher daily balances, which were available for longer, enabling the Council to undertake more fixed term investments than would otherwise have been the case. The 2015/16 payment profile to Government is being retained by them for 2016/17 which will offset the adverse impact on income from the delay in UK interest rate rises referred to above.

1.4.11 **Core Funds.** Following the transfer of all core fund investments from our external fund manager to in-house management in July 2014, the opportunity to enhance yield by extending duration has continued. The current core fund portfolio includes a mix of nine and twelve month deposits together with two high yielding call accounts (one bank deposit account and one money market fund). The pattern of maturities is designed to ensure additional liquidity is available to the Council to support spending should the need arise and to take advantage of interest rate rises when they occur.

1.4.12 Core fund balances are also higher than anticipated reflecting provisions under the Business Rates Retention Scheme to meet the cost of appeals which have yet to be determined by the Valuation Office. Again these higher balances are expected to offset the impact of a delay in interest rate rises.

1.5 Benchmarking

1.5.1 The Council takes advantage of Capita's benchmarking facility which enables performance to be gauged against Capita's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 4]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 31 March 2016 our return at 0.75% (purple diamond) was marginally above the average of 0.74% for all other local authorities and relative to the Council's exposure to credit / duration risk that return exceeded Capita's predicted return (just above the upper boundary indicated by the green diagonal line). The Council's risk exposure was also below the local authority average.

1.6 Compliance with the 2016/17 Annual Investment Strategy (AIS)

1.6.1 Throughout April and May 2016 all of the requirements contained in the 2016/17 Annual Investment Strategy intended to limit the Council's exposure to investment risks (minimum sovereign and counterparty credit rating; durational limits; exposure limits in respect of counterparties, groups of related counterparty and sovereigns; and specified and non-specified investment limits) have been complied with. No borrowing was undertaken during April or May 2016.

1.6.2 The Council has also operated within the treasury limits and prudential indicators set out in the Annual Investment Strategy. The Prudential and Treasury Indicators will be included for review as part of the treasury management report to the September 2016 meeting of Audit Committee.

1.7 2015/16 Treasury Management Outturn

1.7.1 A detailed report covering treasury management activity for the last financial year is being submitted to Cabinet on 29 June 2016 as an annex to the Revenue and Capital Outturn report for 2015/16. That annex is replicated in full and provided at **[Annex 5]** to this report.

1.7.2 A summary of the investment performance included in **[Annex 5]** is as follows:

2015/16 Financial Year	Average investment £m	Gross rate of return %	Interest earned £	Revised estimate £
Cash flow	17.0	0.65	109,850	85,000
Core funds	14.1	0.82	116,250	105,000
Total	31.1	0.73	226,100	190,000

1.7.3 The combined performance of the Authority's cash flow and core funds bettered the revised estimate by £36,100 (£58,600 better when compared to the 2015/16 original estimate).

1.8 Term Deposit Duration

1.8.1 A key part of Capita's advice to the Council is a weekly update on the creditworthiness of a financial institution. Capita's assessment uses the credit ratings provided by each of the three main rating agencies to score an institution. The score determines which durational band a bank / building society is assigned to. Banks deemed suitable for local authority investment will be assigned a durational band of 100 days, 6, 9, 12 or 24 months. The assessment also incorporates a market view of risk using credit default swap data. A credit default swap (CDS) can be likened to insurance taken out by investors to guard against the risk of default. Depending on a bank's CDS price relative to the average CDS for all banks, Capita will confirm the duration band based on credit ratings alone; reduce duration by one band (e.g. 6 months based on credit ratings is reduced to 3 months after taking CDS into account); or advise that no new investment is placed with the institution (the durational band becomes nil months).

1.8.2 CDS prices rose significantly following the collapse of Lehman Brothers in 2008 and reached a peak at the height of the Eurozone sovereign debt crisis in December 2011 prompting the Bank of England Financial Policy Committee to warn UK banks to prepare to withstand an 'extraordinarily serious and threatening' economic environment. Since then, the European Central Bank has introduced measures to ease bank liquidity, established a mechanism to contain sovereign bond yields and progressed a European Banking Union. The aggregate value of CDS trades has been on a downward trajectory since December 2011 and is now broadly in-line with levels pre the financial crisis.

1.8.3 In November 2015, Capita recognised the more benign state of the CDS market and modified their use of the data. Whilst the rationale for change appeared well founded, in practice the new approach has proven to be less precise in signalling

market concern for a particular institution and has the potential to trigger false warnings when average CDS prices rise dramatically.

- 1.8.4 Following the announcement of a referendum on the UK's membership of the European Union, a premium was applied to all UK bank CDS prices. During late March and most of April that premium resulted in Capita's duration assessment for UK banks being scaled back (typically, a six month assessment based on credit ratings was reduced to three months after applying CDS data). The time frame coincided with and delayed the reinvestment of a significant proportion of the Council's core funds and the investment of cash flow surpluses as they began to build in April. Volatility in the CDS market has since subsided and whilst those investments have now all been placed the delay was both unsatisfactory and unnecessary. However, should a similar situation arise in the future its impact can be negated.
- 1.8.5 When undertaking term deposits the Annual Investment Strategy affords officers the discretion to add up to three months to Capita's post CDS duration assessment. Where officers consider it appropriate, the recommendation at paragraph 1.13.1, allows that same discretion to be applied to Capita's duration assessment based on credit ratings alone. Members are reminded that term deposits are only made with the agreement of the Chief Financial Services Officer **and** Director of Finance and Transformation and that agreement is sought via a written proposal from the Treasury Manager. Each investment proposal, taking into account the likely timing of interest rate changes, addresses the security and liquidity implications of a particular investment. In future, any use of the discretion to set aside CDS data and the justification for doing so will be drawn out in the investment proposal. Members are also reminded that the discretion to extend duration by up to three months only applies to UK entities and that the combined duration (Capita duration plus three month discretion) must not exceed twelve months.

1.9 Legal Implications

- 1.9.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority including securing effective arrangements for treasury management. In addition, Capita are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

1.10 Financial and Value for Money Considerations

- 1.10.1 The Bank Rate has remained at a historical low (0.5%) for a seventh successive year. The Funding for Lending initiative introduced by the Bank of England in summer 2012 had a significant downward impact on returns being offered by financial institutions at the time and that impact has continued. At the end of May 2016, investment income of £35,000 has been earned exceeding the 2016/17 estimate for the same period by £5,400.

1.10.2 For the 2015/16 year as a whole the Council generated investment income of £226,100 which was £36,100 better than the 2015/16 revised estimate.

1.10.3 Performance is monitored against relevant benchmarks and against other local authorities using benchmarking data provided by Capita.

1.11 Risk Assessment

1.11.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be the most effective way of mitigating the risks associated with treasury management.

1.12 Equality Impact Assessment

1.12.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act.

1.13 Recommendations

1.13.1 Members are invited to **RECOMMEND** that Cabinet:

- 1) Endorse the action taken by officers in respect of treasury management activity for April and May 2016,
- 2) Note the 2015/16 outturn position, and
- 3) Enhance the flexibility afforded to officers when determining the appropriate duration for term deposits as outlined in paragraph 1.8.5

Background papers:

contact: Mike Withey

Capita interest rate forecast (May 2016)

Capita benchmarking data (March 2016)

Sharon Shelton

Director of Finance and Transformation

Investment Summary as at 27 May 2016

Counterparty	Sovereign	Fitch Credit rating		Capita Credit Worthiness/ Suggested Duration Limit	Investment					Instrument type	Core Fund £	Cash Flow £	
		Long Term	Short Term		Start Date	End Date	Duration	Amount Invested £	Return %				Proportion of total %
Bank of Scotland	UK	A+	F1	6 months	14/01/2016	14/10/2016	9 months	1,000,000	0.85%		Fixed deposit	1,000,000	
Bank of Scotland	UK	A+	F1	6 months	21/01/2016	21/10/2016	9 months	1,000,000	0.85%		Fixed deposit		1,000,000
Bank of Scotland	UK	A+	F1	6 months	25/04/2016	25/01/2017	9 months	1,000,000	0.90%		Fixed deposit	1,000,000	
Bank of Scotland Total								3,000,000		11.93%			
BNP Paribas MMF	n/a	AAA	mmf (Eq)	5 years	27/05/2016	31/05/2016	n/a	4,096,000	0.55%		Call - MMF	1,600,000	2,496,000
BNP Paribas MMF Total								4,096,000		16.29%			
Goldman Sachs Int'l Bank	UK	A	F1	6 months	10/12/2015	09/09/2016	9 months	2,000,000	0.87%		Fixed deposit	2,000,000	
Goldman Sachs Int'l Bank Total								2,000,000		7.95%			
Lloyds Bank	UK	A+	F1	6 months	21/01/2016	21/10/2016	9 months	1,000,000	0.85%		Fixed deposit		1,000,000
Lloyds Bank	UK	A+	F1	6 months	25/04/2016	25/01/2017	9 months	1,000,000	0.90%		Fixed deposit	1,000,000	
Lloyds Bank Total								2,000,000		7.95%			
NatWest Bank Call Account	UK	BBB+	F2	1 year	27/05/2016	31/05/2016	n/a	227,000	0.25%		Call		227,000
National Westminster Bank Total								227,000		0.90%			
Nationwide Building Society	UK	A	F1	6 months	16/12/2015	16/09/2016	9 months	1,250,000	0.84%		Fixed deposit	1,250,000	
Nationwide Building Society	UK	A	F1	6 months	29/02/2016	30/11/2016	9 months	1,750,000	0.84%		Fixed deposit	1,750,000	
Nationwide Building Society	UK	A	F1	6 months	11/04/2016	11/01/2017	9 months	2,000,000	0.84%		Fixed deposit		2,000,000
Nationwide Building Society Total								5,000,000		19.89%			
Rabobank	Netherlands	AA-	F1+	1 year	10/03/2016	12/12/2016	9 months	1,000,000	0.74%		CD	1,000,000	
Rabobank Total								1,000,000		3.98%			
Santander UK Plc	UK	A	F1	6 months	27/05/2016	31/05/2016	n/a	4,819,000	0.80%		Call	3,000,000	1,819,000
Santander UK Plc Total								4,819,000		19.17%			
Toronto Dominion Bank	Canada	AA-	F1+	1 year	18/03/2016	17/03/2017	1 year	1,000,000	0.84%		CD	1,000,000	
Toronto Dominion Bank	Canada	AA-	F1+	1 year	14/04/2016	13/04/2017	1 year	1,000,000	0.88%		CD	1,000,000	
Toronto Dominion Bank	Canada	AA-	F1+	1 year	12/05/2016	10/02/2017	9 months	1,000,000	0.80%		CD		1,000,000
Toronto Dominion Bank Total								3,000,000		11.93%			
Total invested								25,142,000		100.00%		15,600,000	9,542,000

Number of investments	18	Average investment value £		1,397,000	
Number of counter parties	9	Average counter party investment £		2,794,000	
Group exposures:		Core £	Cash £	Combined £	%
RBS + National Westminster (UK Nationalised 25% per fund)		-	227,000	227,000	0.90
Bank of Scotland + Lloyds (20% per fund)		3,000,000	2,000,000	5,000,000	19.89

Total non-specified investments should be less than 60% of Core Funds 0.00%

CD = Certificate of Deposit

n/c = no colour / no new investment

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Tonbridge and Malling Borough Council Lending List

Checked against Capita Duration Matrix dated 27/05/16

Minimum investment criteria is Capita Green (100 days) Duration Band
(entry point broadly equates to Fitch A-, F1 unless UK nationalised / semi-nationalised).

Counterparty	Sovereign	Sovereign Rating [1]	Fitch Long Term	Fitch Short Term	Exposure Limits			Capita Duration [2]
					Cash Flow	Core Fund	Combined	
Bank of Montreal	Canada	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months
Toronto Dominion Bank	Canada	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months
Deutsche Bank	Germany	AAA	A-	F1	£3.0m	£3.0m	£6m	n/c
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months
ING Bank	Netherlands	AAA	A+	F1	£3.0m	£3.0m	£6m	6 months
Nordea Bank AB	Sweden	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months
Svenska Handelsbanken AB	Sweden	AAA	AA	F1+	£3.0m	£3.0m	£6m	12 months
Bank of Scotland (Group limit with BOS and Lloyds of £3m - £6m)	UK	AA+	A+	F1	£3.0m	£3.0m	£6m	6 months
Barclays Bank	UK	AA+	A	F1	£3.0m	£3.0m	£6m	100 days
Goldman Sachs International Bank	UK	AA+	A	F1	£3.0m	£3.0m	£6m	6 months
HSBC Bank	UK	AA+	AA-	F1+	£3.0m	£3.0m	£6m	12 months
Lloyds Bank (Group limit with BOS and Lloyds of £3m - £6m)	UK	AA+	A+	F1	£3.0m	£3.0m	£6m	6 months
Santander UK	UK	AA+	A	F1	£3.0m	£3.0m	£6m	6 months
Standard Chartered Bank	UK	AA+	A+	F1	£3.0m	£3.0m	£6m	100 days
Coventry Building Society	UK	AA+	A	F1	£3.0m	£3.0m	£6m	6 months
Nationwide Building Society	UK	AA+	A	F1	£3.0m	£3.0m	£6m	6 months
National Westminster Bank [3] (Group limit with Nat West and RBS of £3.8m - £7.6m)	UK	AA+	BBB+	F2	£3.8m	£3.8m	£7.6m	12 Months
The Royal Bank of Scotland [3] (Group limit with Nat West and RBS of £3.8m - £7.6m)	UK	AA+	BBB+	F2	£3.8m	£3.8m	£7.6m	12 Months
UK Debt Management Office including Treasury Bills	UK	AA+	N/A	N/A	No limit	No limit	No limit	N/A
UK Treasury (Sovereign Bonds-Gilts)	UK	AA+	N/A	N/A	No limit	£7.5 / 15m	£7.5 / 15m	N/A
UK Local Authorities	UK	AA+	N/A	N/A	£3.0m	£3.0m	£6m	N/A

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires sovereigns to be rated at least AA-. Non-UK 20% sovereign limit equals combined limit quoted above (£5.6m).

[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight duration must not exceed Capita's recommendation (Capita + 3 months for UK entities up to a maximum of 12 months).

[3] UK nationalised / semi-nationalised.

Money Market Funds

Minimum investment criteria one of AAA-mf, AAmmf or AAAm

Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Blackrock	AAA-mf	-	AAAm	£3.0m	£3.0m	£6m
BNP Paribas	-	-	AAAm	£3.0m	£3.0m	£6m
Goldman Sachs	AAA-mf	AAmmf	AAAm	£3.0m	£3.0m	£6m
Deutsche Fund	AAA-mf	-	AAAm	£3.0m	£3.0m	£6m
Standard Life (Ignis)	-	AAmmf	AAAm	£3.0m	£3.0m	£6m
Morgan Stanley	AAA-mf	AAmmf	AAAm	£3.0m	£3.0m	£6m
Prime Rate	-	AAmmf	AAAm	£3.0m	£3.0m	£6m
Insight Liquidity Group limit for IL and ILP of £3m - £6m	-	AAmmf	AAAm	£3.0m	£3.0m	£6m

Enhanced Cash Funds

Minimum investment criteria AAA

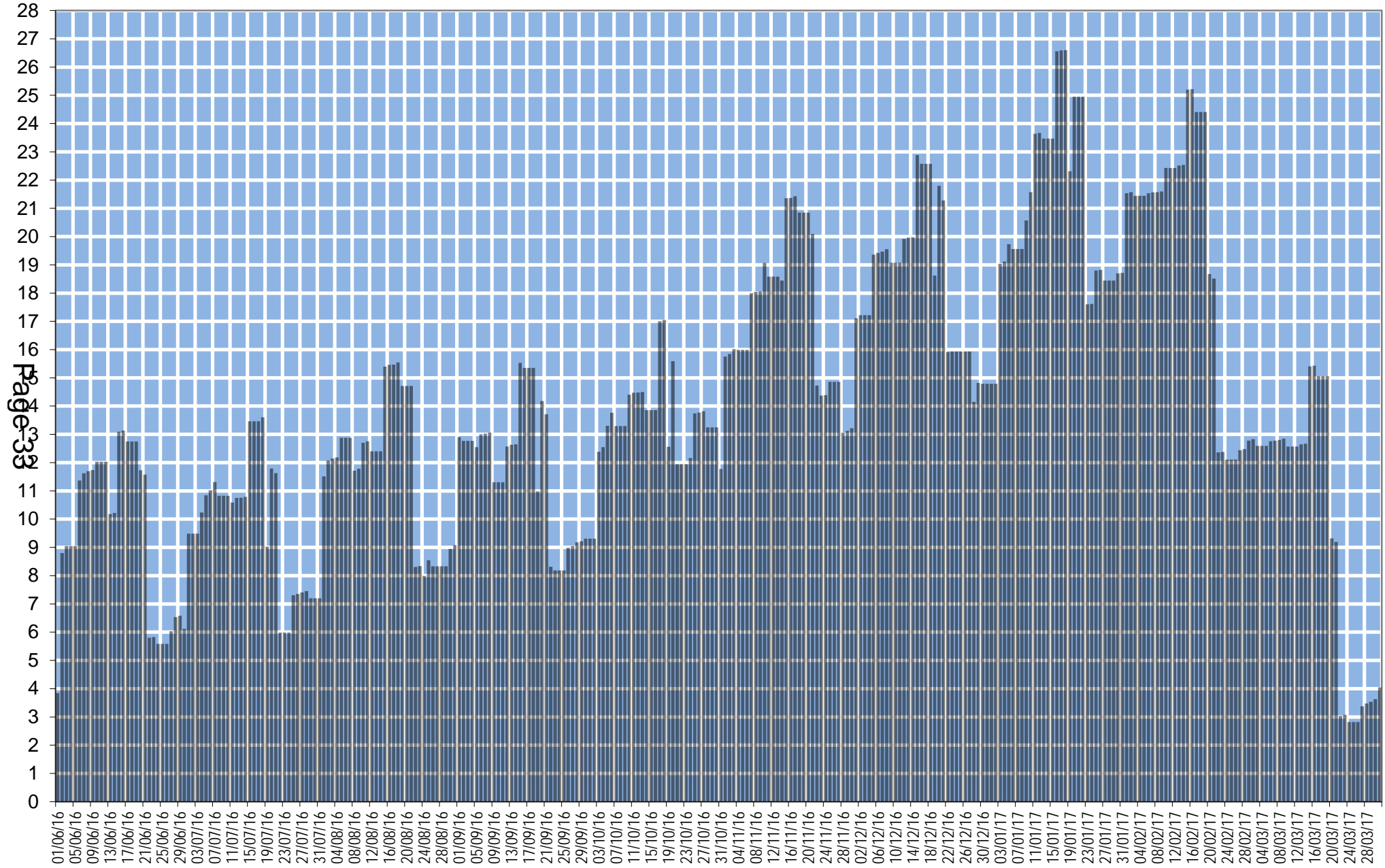
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Insight Liquidity Plus Group limit for IL and ILP of £3m - £6m	-	-	AAAf / S1	£1.5m	£1.5m	£3m

Approved by Chief Financial
Services Officer
31st May 2016

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Balance £M

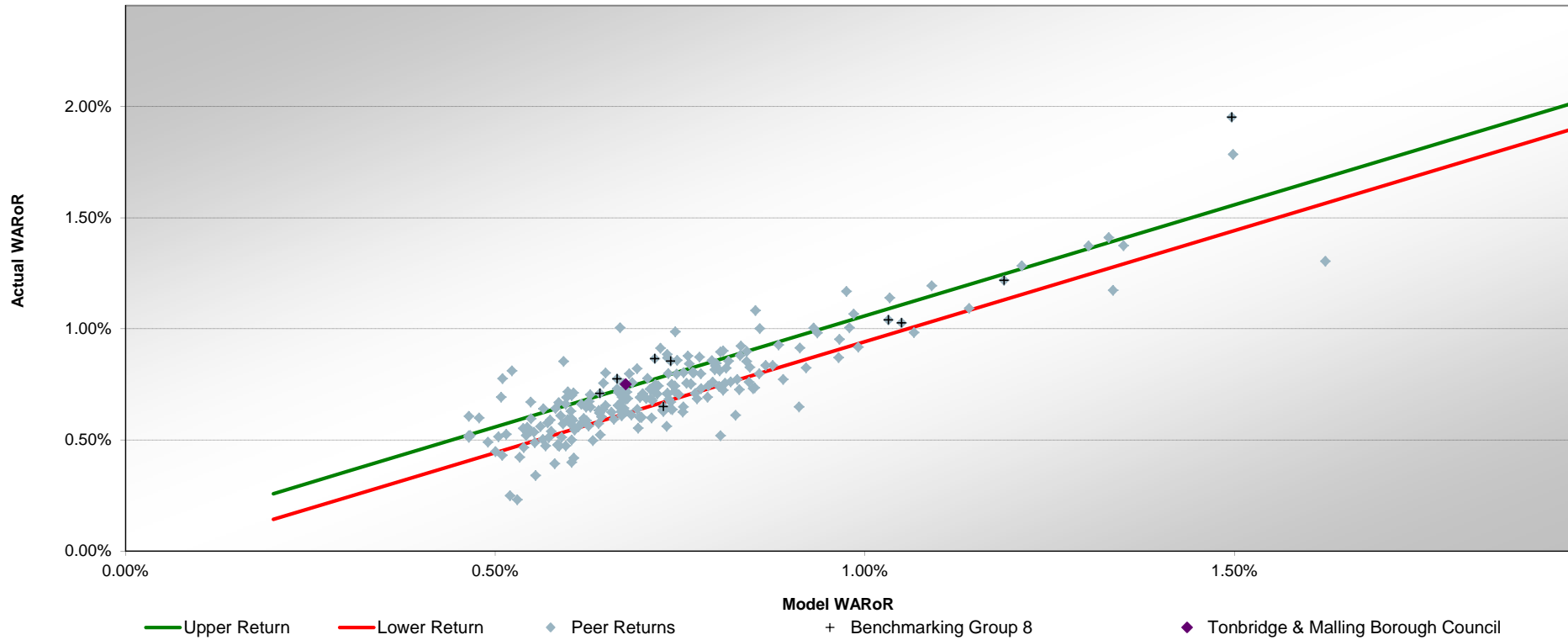
i.e excludes all live fixed term cash flow Investments



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Tonbridge & Malling Borough Council

Population Returns against Model Returns



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	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Tonbridge & Malling Borough Council	0.75%	0.68%	0.07%	0.62%	0.73%	Above

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Treasury Management Annual Report 2015/16

1.1 Introduction

1.1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16 [**Appendix 1**]. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.1.2 During 2015/16 the minimum reporting requirements were that full Council should receive the following reports:

- an annual treasury strategy in advance of the year;
- a mid-year treasury update; and
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, treasury management updates have been presented to each meeting of the Audit Committee throughout the 2015/16 financial year. Treasury performance was also considered at the Finance, Innovation and Property Advisory Board through the regular Financial Planning and Control reports.

1.1.3 Changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

1.1.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to full Council.

1.2 The Economy and Interest Rates

1.2.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

1.2.2 These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced

economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

- 1.2.3 The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.
- 1.2.4 The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.
- 1.2.5 The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March 2015 at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing fears of a Eurozone breakup. Nevertheless, there are continuing concerns that a Greek exit may only have been delayed.
- 1.2.6 As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the US central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to global growth.
- 1.2.7 Elsewhere on the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.
- 1.2.8 The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth will make it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

1.3 Treasury Position at 31 March 2016

- 1.3.1 At the beginning and the end of 2015/16 the Council's debt and investment position was as follows:

	31 March 2015 £m	Rate / Return %	Average duration Days	31 March 2016 £m	Rate / Return %	Average duration Days
Variable rate debt:						
Overdraft	0.00	-	-	0.00	-	-
Total debt	0.00	-	-	0.00	-	-
Fixed rate investments:						
Cash flow	2.00	0.95	13	2.00	0.85	204
Core funds	6.00	0.78	109	8.75	0.87	139
Variable rate investments:						
Cash flow	4.02	0.64	1	6.62	0.59	1
Core funds	7.45	0.73	66	6.85	0.73	89
Total investments	19.47	0.75	61	24.22	0.75	92

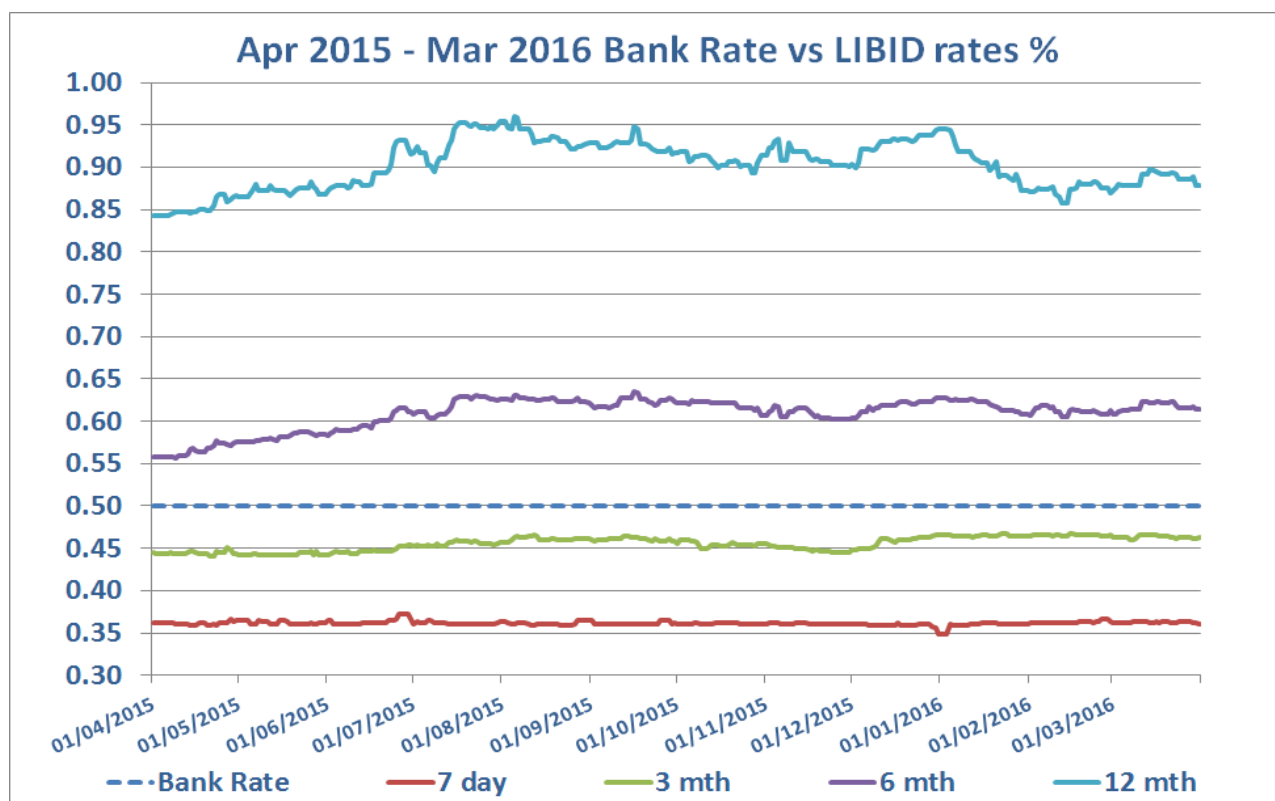
1.3.2 The rise in investment balances between the start and end of the financial year runs counter to the expectation that core cash will be consumed over time as a proportion is used each year to finance capital expenditure and to finance the revenue account deficit until such time as the authority achieves a balanced budget. The rise in investment balances is wholly attributed to provisions under the Business Rates Retention Scheme to meet the cost of appeals which have yet to be determined by the Valuation Office. As at 31st March 2016, the provision to meet business rate appeals was some £8m.

1.4 The Strategy for 2015/16

1.4.1 The expectation for interest rates within the treasury management strategy for 2015/16 anticipated a low but rising Bank Rate starting in quarter 1 of 2016. In addition, continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns.

1.5 Investment Rates in 2015/16

1.5.1 The Bank Rate remained at its historic low of 0.5% throughout the year and has now remained at that level for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed throughout 2015/16 due to the effects of the Funding for Lending Scheme and continuing weak expectations as to when Bank Rate would start rising.



1.6 Investment Outturn for 2015/16

1.6.1 The Council's investment policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies. This is supplemented by additional market information including credit rating outlooks and credit default swap data. The 2015/16 Annual Investment Strategy was approved by the Council in February 2015 and subjected to a mid-year review in September 2015. In undertaking the review, no changes were made to the Council's minimum counterparty credit requirement (Fitch A-, F1 unless UK state owned) or counterparty exposure limits (20% for non-UK state owned financial institutions). However, as a consequence of performance achieved in the early part of the year, the review indicated that investment income for 2015/16 would be better than originally anticipated. Subsequent to this and as part of the budget setting process, income from investments for 2015/16 was increased by £22,500 to £190,000.

1.6.2 **Cash Flow Investments.** The Council maintained an average balance of £17.0m in cash flow funds. These funds earned an average rate of return of 0.65%. The comparable performance indicator is the average 7-day LIBID rate which was 0.36%. The return achieved also compares with a revised budget assumption of £14.1m investment balances earning an average rate of 0.60%. The majority of cash flow funds are required to meet our regular payment obligations and as a consequence are invested overnight in bank deposit accounts and money market funds which allow next day access. However, the opportunity to invest for longer durations and generate additional yield is taken when cash flow surpluses permit. Throughout 2015/16 cash balances were

higher than previously experienced reflecting a beneficial change by Government in the pattern of business rates paid to them, KCC and Kent Fire and Rescue.

1.6.3 **Core Fund Investments.** Responsibility for the management of core funds transferred from the Council's external fund manager, Investec Asset Management, to in-house management in August 2014. Throughout 2015/16 core funds were managed in-house. The average core fund balance of £14.1m earned an average rate of return of 0.82%. The 3-month LIBID rate used as a comparator was 0.46%. The return achieved also compares with a revised budget assumption of £13m in balances earning an average rate of 0.80%. Unlike cash flow, core fund balances are not required to meet our regular payment obligations and are available to invest for longer durations including durations exceeding one year. This added flexibility allows core funds to generate a better return relative to cash flow investments.

1.6.4 Performance for the financial year as a whole is summarised in the table below:

	2015/16 Average Balance £m	Return %	2015/16 Interest Earned £	2015/16 Revised Estimate £	Variance Better (worse) £
Cash flow	17.0	0.65	109,850	85,000	24,850
Core funds	14.1	0.82	116,250	105,000	11,250
Total	31.1	0.73	226,100	190,000	36,100

1.6.5 The combined performance of the Authority's cash flow and core funds bettered the revised estimate by £36,100 (£58,600 better when compared to the 2015/16 original estimate).

1.7 Compliance with the Annual Investment Strategy

1.7.1 Throughout the period April 2015 to March 2016 the requirements set out in the 2015/16 Annual Investment Strategy which aim to limit the Council's exposure to investment risks (minimum counterparty credit criteria; sovereign, counter-party and group exposure limits; type of investment instrument; and investment duration limits) have been complied with. No liquidity issues were experienced resulting in nil borrowing throughout 2015/16.

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Prudential and Treasury Indicators

1 Prudential Indicators	2014/15 Actual £'000	2015/16 Original £'000	2015/16 Actual £'000
Capital expenditure	2,341	2,942	3,287
Ratio of financing costs to net revenue stream	-1.36%	-1.48%	-1.90%
Net borrowing requirement:			
Brought forward 1 April	nil	nil	nil
Carried forward 31 March	nil	nil	nil
In year borrowing requirement	nil	nil	nil
Capital financing requirement as at 31 March	nil	nil	nil
Annual change in capital financing requirement	nil	nil	nil
Incremental impact of capital investment decisions:			
Increase in Council Tax (Band D) per annum	£0.30	£0.24	£0.24

2 Treasury Management Indicators	2014/15 Actual £'000	2015/16 Original £'000	2015/16 Actual £'000
Authorised limit for external debt:			
Borrowing	nil	5,000	nil
Other long term liabilities	nil	nil	nil
Total	nil	5,000	nil
Operational boundary for external debt:			
Borrowing	nil	2,000	nil
Other long term liabilities	nil	nil	nil
Total	nil	2,000	nil
Actual external debt	nil	nil	nil
Upper limit for fixed rate exposure over one year at year end	nil	0 – 60%	nil
Upper limit for variable rate exposure under one year at the year end	11,466 (58.9%)	40 – 100%	13,468 (55.6%)
Upper limit for total principal sums invested for over 364 days	nil (0%)	60%	nil (0%)

3 Maturity structure of new fixed rate borrowing during 2015/16	Upper limit %	Lower limit %
Under 12 months	100	nil
Over 12 months	nil	nil

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TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Management Team

Part 1- Public

Delegated

1 ANNUAL GOVERNANCE STATEMENT 2015/16

This report presents the Annual Governance Statement for the year ended 31 March 2016 for Members' consideration and approval. The Annual Governance Statement once approved is to be signed by both the Leader of the Council and the Chief Executive and is to accompany the Statement of Accounts 2015/16.

1.1 Introduction

- 1.1.1 Local authorities are required to prepare and adopt a Code of Corporate Governance. The current Code of Corporate Governance was adopted by the Council in June 2015 and this has been used for the purposes of the Annual Governance Statement.
- 1.1.2 The Statement will accompany the Statement of Accounts, but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governing is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.
- 1.1.3 The Annual Governance Statement for the year ended 31 March 2016 is attached at **[Annex 1]**. The Statement has been prepared by way of a self-assessment questionnaire and supporting evidence **[Annex 2]**. The Statement is to be signed by the most senior Member and officer of the Council following its consideration and approval by this Committee.

1.2 Legal Implications

- 1.2.1 The preparation and approval of the Annual Governance Statement is a statutory requirement.

1.3 Financial and Value for Money Considerations

- 1.3.1 None.

1.4 Risk Assessment

- 1.4.1 The preparation and approval of the Annual Governance Statement is a statutory requirement and, therefore, failure to prepare and approve the Statement could adversely affect the Council.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Recommendations

- 1.6.1 Members are asked to consider and subject to any amendments required, approve the Annual Governance Statement for the year ended 31 March 2016.

Background papers:

contact: Neil Lawley
Paul Worden

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

ANNUAL GOVERNANCE STATEMENT

Purpose of this Statement

The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

Scope of responsibility

Tonbridge & Malling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards covering local authority activities, 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 carried out, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance which has been developed in consideration of the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website or can be obtained from the Finance team. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Tonbridge & Malling Borough Council for the year ended 31 March 2016 and up to the date of approval of this statement.

The governance framework

The Council's Local Code of Corporate Governance sets out the arrangements in place to govern the Council's activities in five key areas.

Community Focus

The Council's vision is to provide excellent public services, good value for money and effective community leadership. This vision is set out and communicated to the residents of the Borough, the Council's partners and Members and Officers in the Council's Corporate Performance Plan 2012/15. The plan spans a three year period and details the Council's Key Priorities and action it will take alongside its partners to deliver the vision.

The Council is facing a considerable period of change and challenge and in response is in the process of developing a new Corporate Strategy. The Strategy will set out the actions we now need to take to maintain and improve the services which are most important to the local community, the Council's priorities, whilst taking into account a much reduced level of funding.

The Council has established arrangements to communicate and consult with Members of the public on the Council's work and key policy changes and this consultation allows the development of strategic priorities and the Corporate Performance Plan.

Service Delivery Arrangements

Delivering excellent quality services while providing good value for money is fundamental to the Council's vision and this is demonstrated in the focus within the Corporate Performance Plan on redesigning services and further improving efficiency across all services. The delivery of the

Corporate Performance Plan is supported by detailed operational plans prepared by individual services, which in turn are fed down to team and individual objectives through performance management arrangements.

Performance of the Council and its partners in achieving its objectives is monitored and measured by services and their respective Service Management Teams and subsequently Members. Individual services are accountable to the Corporate Management Team for operational performance monitoring and measurement and are responsible for taking action to correct any adverse performance, in the first instance, as appropriate.

The decision-making framework of the Council is set out in the Constitution including statutory functions and the scheme of delegation of responsibilities. The Constitution is kept under review by the Monitoring Officer and Management Team with any proposed changes presented to the Council for adoption. The Cabinet are responsible for taking most operational decisions. Notices of Key Decisions are published in advance via a monthly bulletin on the Council's website. All Member meetings held by the Council are open to the public, unless the items being discussed are considered to be private under the Local Government Act 1972; these will include staffing and legal matters and those of a contractual nature.

The Overview and Scrutiny Committee is responsible for reviewing and scrutinising the decisions made by and performance of the Cabinet and/or Committees and Council Officers. Decisions made by Cabinet, Committee or a Cabinet Member at an Advisory Board can be subjected to scrutiny via a call-in procedure allowing challenge within five working days of the decision being taken.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Structures & Processes

The Council's Constitution details the roles and responsibilities that are delegated to Members and Officers and specifies which decisions may be made by individuals and which are reserved for either Committee, Cabinet or Council. The Constitution includes the Council's Financial and Contracts Procedure Rules setting out the Council's standing orders and financial regulations. The specific roles and responsibilities of Officers are set out through the scheme of delegation including the specific responsibilities of the Chief Executive (as Head of Paid Service), the Section 151 Officer and the Monitoring Officer ensuring effective arrangements are in place for the discharge of these functions.

Effective communication between Officers and Members is ensured through the Protocol on Member/Officer Relations documented within the Constitution. Arrangements are in place ensuring both Members and Officers declare any interests that may impact on the Council's decision making process. Such interests are recorded on a register which is maintained and monitored by the Monitoring Officer and is available on the Council's website.

Risk Management & Internal Control

The core functions of an audit committee as defined by *CIPFA's Audit Committees: Practical Guidance for Local Authorities* is fulfilled by the Council's Audit Committee. The Council's Constitution sets out the responsibility of the Audit Committee to provide independent assurance of the adequacy of the risk management framework and associated control environment. To do so, the Audit Committee has adopted a Risk Management Strategy that sets out the roles of Officers and Members in the identification and minimisation of risk.

Risk management practices are embedded within the organisation through the annual service and strategic planning processes, which is used to develop the Council's vision and objectives. This ensures that risks to the achievement of the Council's objectives are identified and managed appropriately. Risks identified are scored on the basis of their likelihood and impact and existing controls and required actions to further mitigate risks are captured in risk registers. The framework sets out the responsibility of Officers leading on areas with partnership arrangements to ensure that the partner has an adequate risk management strategy and sufficient insurance cover to protect the interests of the Council.

The Council's standard report template requires Officers and Members to carry out a risk assessment of the action recommended in the report ensuring risk is considered in all decision-making of the authority. This assessment also covers legal, financial and value for money considerations and equality issues where relevant.

The Council has an effective Internal Audit function which operates in line with proper practices; for 2015/16 this is governed by the Public Sector Internal Audit Standards and the CIPFA application note to the Standards. The Review of Effectiveness of the System of Internal Audit for the year

2015/16 concluded that a good system of internal audit is in place within the Council. The Chief Audit Executive role meets the requirements as set out in the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Audit Committee are responsible for the Council's anti-fraud and corruption arrangements including whistle-blowing. The Chief Audit Executive is responsible for the maintenance of the Council's Anti-Fraud & Corruption Policy and Confidential Reporting Policy (Whistleblowing) and has arrangements and resources in place to investigate any allegations made under either document.

Standards of Conduct

Standards of conduct among Officers and Members are governed through the Council's Officer Code of Conduct and Members' Code of Conduct.

The Members' Code of Conduct is based around ethical behaviour and requires objective and impartial decision making. The Code is communicated to all new Members on induction. Upholding standards of Member conduct is the responsibility of the Joint Standards Committee. The Committee are also responsible for ensuring Members receive suitable induction and ongoing training and support.

All staff are required to read and understand the Officer Code of Conduct available through the Council's intranet and are bound by it as detailed in employee contracts. The Council has an appraisal scheme in place for all staff that seeks to ensure staff achieve agreed levels of performance and the monitoring and management of performance is the responsibility of line managers. In addition the Council's statutory Officers are subject to Continuing Professional Development (CPD) through their respective Professional Organisations.

The Council's duty to ensure that all activities undertaken are in accordance with the law is discharged in part by the Council's Constitution including its Financial Procedure Rules and Contracts Procedure Rules and supported by strategies/policies relevant to Council activities that are made available to staff and the public via the Council's intranet and internet sites respectively. All strategies/policies are allocated to a lead Officer who is responsible for their periodic review and updating.

Review of effectiveness

Tonbridge & Malling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the Council's governance arrangements has been evaluated through a self assessment against the detailed principles and arrangements suggested in CIPFA's *Delivering Good Governance in Local Government, Guidance Note for English Authorities*, 2012 Edition.

It should be noted that no significant governance issues were identified in the Annual Governance Review and no other areas were identified for further enhancement.

Signed

Signed

J. E. Beilby Bsc (Hons) MBA
Chief Executive

Councillor N. J. Heslop
Leader of the Council

Dated

Dated

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Tonbridge & Malling Borough Council – Review of Governance Framework 2015-16

 Based on: *Delivering Good Governance in Local Government – guidance note for English authorities*, CIPFA/Solace, 2012 edition

Principle One: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Principle / Supporting Principle	Arrangements in Plan & Evidence
Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users.	
Develop and promote the authority's purpose and vision.	<p>The Council's vision is to provide excellent public services, good value for money and effective community leadership.</p> <p>The Council's Key Priorities are detailed in its Corporate Performance Plan 2012/15 and include both local and national/statutory priorities. http://www.tmbc.gov.uk/_data/assets/pdf_file/0006/69927/PPP-2014-15-Final100714WithBookmarks.pdf</p> <p>The Council is facing a considerable period of change and challenge and in response is in the process of developing a new Corporate Strategy. The Strategy will set out the actions we now need to take to maintain and improve the services which are most important to the local community, the Council's priorities, whilst taking into account a much reduced level of funding.</p>
Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements.	<p>The Council is facing a considerable period of change and challenge and in response is in the process of developing a new Corporate Strategy. The Strategy will set out the actions we now need to take to maintain and improve the services which are most important to the local community, the Council's priorities, whilst taking into account a much reduced level of funding.</p>
Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.	<p>The Council undertakes several partnerships for the benefit of residents:</p> <ul style="list-style-type: none"> • Local Strategic Partnership • Community Safety Partnership • Voluntary and Community Sector • West Kent Partners <p>http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/partnerships/local-strategic-partnership http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/partnerships/community-safety-partnership http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/partnerships/voluntary-and-community-sector http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/partnerships/west-kent-partnership</p> <p>The Council operates with other partners in Kent in order to provide localised service arrangement these include Kent Waste Partnership, KCC Youth Services, Russet Homes and the Tonbridge and Malling Safer Towns Partnership.</p>
Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	<p>The financial position and performance is reported in the Council's Financial Statements which includes a narrative report giving details of its activities and achievements. http://www.tmbc.gov.uk/services/council-and-democracy/council-budgets-and-spending/annual-accounts</p>
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	
Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.	<p>Performance of the Council and its partners in achieving its objectives is monitored and measured by services and their respective Service Management Teams and subsequently Members. Individual services are accountable to the Corporate Management Team for operational performance monitoring and measurement and are responsible for taking action to correct any adverse performance, in the first instance, as appropriate.</p>
Put in place effective arrangements to identify and deal with failure in service delivery.	<p>The Council has a complaints procedure in place that is publicised on the website and through service specific communications to residents. http://www.tmbc.gov.uk/services/council-and-democracy/complaints/complaints-procedure</p>
Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.	
<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.</p> <p>Measure the environmental impact of policies, plans and decisions.</p>	<p>The new Corporate Strategy will focus on redesigning services and further improving efficiency across all services supplemented by a Savings and Transformation Strategy. Its purpose is to provide structure, focus and direction in addressing the significant financial challenge that lies ahead and, in so doing, recognise there is no one simple solution and we will need to adopt a number of ways to deliver the savings within an agreed timetable. http://tmbc2kv10/documents/s14419/Annex%201%20-%20Savings.pdf http://tmbc2kv10/documents/s14420/Annex%201a.pdf</p> <p>The Council has a Corporate Procurement Strategy that is supported by a suite of guidance documents for staff engaging in procurement activity that focus on the achievement of value for money. http://www.tmbc.gov.uk/_data/assets/pdf_file/0003/77331/StrategicProcurement_final.pdf</p> <p>The Council's report template includes the requirement to consider both Policy Considerations and Equalities impact assessment.</p>

Principle Two: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Principle / Supporting Principle	Arrangements in Plan & Evidence
Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	
Set out a clear statement of the respective roles and responsibilities of the executive and of the executive member's individually and the authority's approach towards putting this into practice.	<p>The Council's Constitution includes a Protocol on Member/Officer Relations which has been in place since April 2004. http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf</p> <p>The roles and responsibilities of officers and Members are set out in the Council's Constitution. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/172258/Part-2-Articles.pdf http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf</p> <p>There is a Job Description in place for the role of the Council's Chief Executive.</p>
Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers	<p>The roles and responsibilities of officers and Members are set out in the Council's Constitution. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/172258/Part-2-Articles.pdf http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf</p>
Ensuring that a constructive working relationship exists between authority elected members and officers and that the responsibilities of authority members and officers are carried out to a high standard	
Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.	<p>The Council's Constitution details the powers delegated to Members and Officers and specifies which decisions may be made by individuals and which are reserved for the collective. The Council's Constitution includes the Council's Financial and Contracts Procedure Rules setting out the Council's standing orders and financial regulations.</p> <p>The Constitution is reviewed by the Council's Monitoring Officer at least annually to ensure it remains reflective of current legal practice and organisational changes. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf</p>
Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.	<p>The Council's Chief Executive and Head of Paid Service, together with the Directors making up the Corporate Management Team, have overall responsibility for co-ordinating the operational management of the Council's functions. http://www.tmbc.gov.uk/_data/assets/pdf_file/0004/172264/Part-7-Management-Structure.pdf</p> <p>Specific responsibilities of the Chief Executive are defined in the Constitution. There is a detailed and up to date Job Description in place for the post and conditions of employment detailed in the contract of employment and the Council's policy framework. The Council has an appraisal scheme in place for all staff that seeks to ensure agreed levels of performance. There are arrangements in place for appraisals of the performance of the Council's Chief Executive to be conducted by the Leader of the Council.</p>
Develop protocols to ensure that the Leader and Chief Executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	<p>The Council's Constitution includes a Protocol on Member/Officer Relations which has been in place since April 2004. http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf</p> <p>There is a good working relationship between the Leader, his cabinet Members and members of the Corporate Management Team. This is achieved through weekly briefing meetings with the Leader and regular Cabinet member briefings on key issues affecting the Council.</p> <p>All Chief Officers have current Job Description in place.</p>
Make a senior officer (the S151 Officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	<p>The Council's Constitution sets out that the Director of Finance & Transformation has <i>responsibility for the Council's financial affairs for the purpose of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988 and under the Constitution Article 12 sections 12.01 and 12.04. It includes any officer he/she has designated to act on his/her behalf.</i> The Constitution also sets out a number of specific responsibilities / delegated functions of the Director of Finance & Transformation.</p> <p>The Director of Finance & Transformation has completed a self assessment against the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. In addition the Director of Finance & Transformation has completed a specific Assurance Statement based around the guidance for this year's Annual Governance Review process. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/175822/Part-4-Rules.pdf http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/172258/Part-2-Articles.pdf</p>
Make a senior officer (usually the Monitoring Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	<p>The Council's Constitution sets out that the Monitoring Officer is the Director of Central Services as set out in the Constitution Article 12 sections 12.01 and 12.03 and includes any officer acting on his/her behalf.</p> <p>The Constitution details the statutory provisions for the Monitoring Officer Role in the Proper & Designated Officers section. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/175822/Part-4-Rules.pdf http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/172258/Part-2-Articles.pdf</p>

Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other.	
Develop protocols to ensure effective communication between members and officers in their respective roles.	The Council's Constitution includes a Protocol on Member/Officer Relations which has been in place since April 2004. This is regularly reviewed as part of the Constitution. http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf
Set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process, including an effective remuneration panel.	The Council has a Scheme of Members Allowances that is subject to regular review by a Joint Independent Remuneration Panel on a cyclical process. The next review is due to take place during 2016/17. https://www.tmbc.gov.uk/_data/assets/pdf_file/0004/183316/160427-Part-6-Members-Allowances-Scheme-April-2016.pdf The Council's pay and conditions for officers are set out in individual Contracts of Employment, Job Descriptions and the Employee Code of Conduct. Officer pay is determined by the grade and scale point assigned to the post in line with the Salary Scales Policy. http://personnel.tmbc.gov.uk/assets/salary_scales_policy_2009.pdf http://personnel.tmbc.gov.uk/assets/TMBC_01.04.2015_plain.pdf The Council has documented the arrangements for determining remuneration levels in a published Pay Policy Statement. http://personnel.tmbc.gov.uk/assets/Pay_Policy_Statement2015.2016.pdf The Council has an established process in place for officers to appeal their grading in the event that job roles change over time. http://personnel.tmbc.gov.uk/assets/GRADING_REVIEW_AND_APPEAL_PROCEDURE_0612.pdf
Ensure that effective mechanisms exist to monitor service delivery.	Service delivery is monitored by Service Management Teams and variations to planned delivery are forwarded and discussed by the Corporate Management Team. See also arrangements/evidence detailed at Principle one.
Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	The Council is facing a considerable period of change and challenge and in response is in the process of developing a new Corporate Strategy. The Strategy will set out the actions we now need to take to maintain and improve the services which are most important to the local community, the Council's priorities, whilst taking into account a much reduced level of funding. The new Corporate Strategy will be disseminated directly to all staff via email and the Council's intranet. Communication with staff is further reinforced by managers including relevant priorities, improvement themes/projects, Key Indicators and targets in their own service plans and discussing these via staff briefings, appraisals and team/1:1 meetings. See also arrangements/evidence detailed at Principle one.
When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority. Ensure that there is clarity about the legal status of the partnership. Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	Each of the partnerships that the Council operates is subject to individual terms of reference.

Principle Three: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Principle / Supporting Principle	Arrangements in Plan & Evidence
Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	
Ensure the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	<p>The Council's Officers' Code of Conduct is available to all staff on the Council's intranet. The Code has been adopted by the Council following consultation with employee representatives.</p> <p>http://personnel.tmbc.gov.uk/assets/CODE_OF_CONDUCT.pdf</p> <p>Managers are asked to confirm that their staff are aware of the Code of Conduct and that they are monitoring and encouraging compliance through their activities in their Assurance Statements as part of the Annual Governance Statement process.</p> <p>The Council's Chief Executive sets the tone of openness in the organisation by communicating directly via email with all staff. Responsibility for a range of Council functions such as Procurement and IT development projects are delegated to panels of Officers through formal working groups.</p> <p>Member conduct is governed through the Members Code of Conduct, adopted by the Council. This includes specific obligations relating to the conduct of meetings, though this is also covered by the Council's Constitution.</p> <p>http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf</p>
Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.	<p>Monitoring of employees to ensure compliance with the Officers' Code of Conduct is the responsibility of line managers. Performance against relevant codes i.e. professional bodies where appropriate is monitored through regular supervision of outputs, one to one and appraisal meetings.</p> <p>There are consistent documented induction procedures in place to ensure new staff are made aware of the standards expected of them.</p> <p>The Council has adopted an Anti-Fraud and Corruption Policy and a Whistleblowing Policy to ensure that staff, Members and the public are able to report any concerns and can be confident that the Council will investigate them appropriately.</p> <p>The Council has a complaints procedure in place that is publicised on the website and through service specific communications to residents.</p> <p>http://www.tmbc.gov.uk/services/council-and-democracy/complaints/complaints-procedure</p> <p>Partnerships agreements are subject to reports on expected and actual performance where appropriate.</p> <p>Member conduct is governed through the Members Code of Conduct, adopted by the Council. The Council's Joint Standards Committee are responsible for promoting the highest standards of conduct, ensuring Members receive suitable induction and ongoing training and support, and for investigating and determining necessary action following any complaints or allegations that Member behaviour may have breached the Council's Code.</p> <p>http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf</p>
Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias, or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	<p>The Code of Conduct for Members is based around ethical behaviour as dictated in the seven principles of public life. Both Codes set out the requirements for objective and impartial decision making and detail the arrangements for declaring any interests that may prejudice or bias their conduct. Both also detail the requirements to declare any offers of and gifts and hospitality received.</p> <p>Members are required upon election to sign a register of interest and have a duty to update this with any new interests that may arise during their term. If a conflict or potential conflict is identified and declared, Members are required to ensure they do not participate in any decision on which their impartiality could be compromised and a failure to do so would be a matter for referral to the Joint Standards Committee. http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/councillors-declaration-of-interest</p> <p>Officers are required to complete a Disclosure of Interest Form detailing any interest that may impact or be perceived to impact their work and managers are required to ensure that they do not do any work in an area in which they have an interest. In some sections such as Benefits and Audit/Fraud, officers are required to make a declaration of interest or 'no interest' due to the sensitive nature of their work.</p> <p>http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf</p> <p>Officers are required by the Code of Conduct not to accept significant personal gifts and to decline offers of hospitality, but to record the offer in the corporate register. Members are required to declare any gifts or hospitality with a value in excess of £100.</p>
Ensuring that organisational values are put into practice and are effective.	
Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.	<p>The Council's current Corporate Performance Plan sets out that it aims to provide excellent public services, good value for money and effective community leadership and is available on the Council's website. The Council is in the process of developing a new Corporate Strategy. The Strategy will set out the actions we now need to take to maintain and improve the services which are most important to the local community, the Council's priorities, whilst taking into account a much reduced level of funding.</p> <p>The Council's Ethical values are set out in the Code of Conduct for Members and are publically available on the Council's website.</p> <p>The Code of Conduct for Officers sets out the standards officers are expected to meet.</p> <p>The Council has adopted a Confidential Reporting Policy (Whistleblowing) to ensure that staff, Members and contractors are able to report any concerns and can be confident that the Council will investigate them appropriately. There are arrangements in place for independent and impartial officers to investigate concerns raised including the Chief Audit Executive who can report directly to the Council's Management Team and Members in their own name should it be necessary.</p>
Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	<p>The Council's Codes of Conduct for Members and Officers set out the standards that are expected and there are arrangements in place to ensure that the Council meets these standards in delivering its services. The Joint Standards Committee is specifically responsible for Member Conduct while officer conduct is controlled by management through inductions, one to one and appraisal meetings.</p> <p>The Council has adopted a Confidential Reporting Policy (Whistleblowing) to ensure that staff, Members and contractors are able to report any concerns and can be confident that the Council will investigate them appropriately.</p> <p>The Council has a complaints procedure in place to enable people to raise any concerns; this is publicised on the website and through service specific communications to residents.</p> <p>http://www.tmbc.gov.uk/services/council-and-democracy/complaints/complaints-procedure</p> <p>In addition the Council has an Internal Audit Team that operate in compliance with proper practice; the team review the Council's arrangements to deliver</p>

Principle / Supporting Principle	Arrangements in Plan & Evidence
	services and this includes ensuring systems are designed in line with the Council's ethical standards.
Develop and maintain an effective standards committee.	<p>The Council has established a Joint Standards Committee and has adopted arrangements under which allegations that a councillor may have breached their authority's code may be investigated and determined. These arrangements apply not only to the Borough Council, but also to all Parish & Town Councils within the Borough.</p> <p>The Terms of Reference of the Joint Standards Committee are set out in the Constitution. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf</p>
Use the organisation's shared values to act as a basis for developing positive and trusting relationships within the authority.	<p>The Council's decision making practices are governed by the Constitution with any decision making delegated to officer level controlled through service/function specific policies to ensure consistency of practice.</p> <p>Responsibility for a range of Council functions such as Procurement and IT Developments are delegated to panels of Officers through formal cross-departmental working groups.</p> <p>The Code of Practice for Members is based around the seven principles of public life and is supported by a Protocol on Member/Officer Relations which has been in place since April 2004. http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.-2015.pdf</p>
In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.	When established terms and conditions and the objectives of the partnership are set out, outcomes are then reported back to the partnership boards.

Principle Four: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Principle / Supporting Principle	Arrangements in Plan & Evidence
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	
Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible.	<p>The Council has established an Overview & Scrutiny Committee with Terms of Reference documented in the Constitution. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf Agendas and Minutes of the Committee are published on the Council's website. https://democracy.tmbc.gov.uk/ieDocHome.aspx?Categories= Reports of scrutiny reviews conducted by the Committee are published on a dedicated page on the Council's website. http://www.tmbc.gov.uk/services/council-and-democracy/elected-representatives/scrutiny The Council's Internal Audit Team operates in line with proper practice as defined by the Public Sector Internal Audit Standards and the CIPFA application note to the Standards. The Review of the Effectiveness of the system of Internal Audit conducted in June 2015 was presented to Management Team and the Audit Committee; both concluded that the effectiveness of the Internal Audit function in place was Good.</p>
Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and consideration on which decisions are based.	<p>The Council's decision making structure is documented within the Constitution which sets out delegated decision making powers. Any decisions delegated from Members to Officers are controlled by documented policies and feed back to the appropriate Board/Committee/Cabinet. Each decision flows from reports to the relevant Committee, Cabinet or Council and follow a standard template in order to assist members in decision making. All decisions made by either Cabinet or Cabinet Member are subject to a 5 day call in period. All reports to Committees, Cabinet and the Council are published (unless they are considered under Part 2/Private) on the Council's website, with decision notices being published for all key decisions made. Professional advice given by officers to Members to assist with decision making is documented in the minutes of meetings. Where this advice is given outside of the formal meeting structure, it is governed by the Protocol on Member/Officer Relations. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf</p>
Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	<p>Members are required by the Code of Conduct upon election to sign a register of interest and have a duty to update this with any new interests that may arise during their term. If a conflict or potential conflict is identified and declared, Members are required to ensure they do not participate in any decision on which their impartiality could be compromised and a failure to do so would be a matter for referral to the Joint Standards Committee. This includes a requirement to declare any relevant interest at the commencement of a Council meeting which is recorded in the Minutes. If it is viewed that their interest may have a prejudicial effect on the proceedings they can be requested to leave the meeting. http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/councillors-declaration-of-interest Officers are required by the Code of Conduct to complete a Disclosure of Interest Form detailing any interest that may impact or be perceived to impact their work and managers are required to ensure that they do not do any work in an area in which they have an interest. In some sections such as Benefits and Audit/Fraud, officers are required to make a declaration of interest or 'no interest' due to the sensitive nature of their work. http://www.tmbc.gov.uk/_data/assets/pdf_file/0020/172262/Part-5-Codes.pdf</p>
Develop and maintain an effective audit committee (or equivalent) which is independent of the scrutiny function or make other appropriate arrangements for the discharge of the functions of such a committee.	<p>The Council has an established Audit Committee that seeks to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process. The Terms of Reference of the Committee are documented within the Council's Constitution. http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf Details of Committee Membership are provided on the Council's website. https://democracy.tmbc.gov.uk/mgCommitteeDetails.aspx?ID=150 Training for Members is the responsibility of the Joint Standards Committee however specific training has been delivered to Members prior to Audit Committee meetings on key topics such as Treasury Management.</p>
Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	<p>The Council has a complaints procedure in place that is publicised on the website and through service specific communications to residents. http://www.tmbc.gov.uk/services/council-and-democracy/complaints/complaints-procedure</p>
Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	
Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications.	<p>The Council works to a calendar of meetings that includes the deadlines for officers submitting reports and for publication and distribution to Members; this is controlled and monitored by the Committee Section and through the oversight of Directors/Management Team. The Council's financial reporting arrangements ensure Members receive regular updates on the budget situation. All decision items set out the 'implications' of the decisions being recommended within the report including legal implications, financial and value for money considerations, risk assessment and equality impact assessment.</p>
Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and is used appropriately.	<p>The Council has demonstrated its compliance with the CIPFA statement on the Role of the Chief Financial Officer in Local Government through a specific Assurance Statement completed by the Section 151 Officer for the Annual Governance Statement. All decision items set out the 'implications' of the decisions being recommended within the report including legal implications, financial and value for money considerations, risk assessment and equality impact assessment; and all reports are available on the Council's website (with the exception of confidential items considered in private) together with the minutes and decision notices following the meeting. Minutes reflect the content of the report and any advice given during the meeting.</p>
Ensuring that an effective risk management system is in place.	
Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs.	<p>The Council's Risk Management Strategy was formally approved by the Council in July 2015. In line with the Strategy the Council has assessed the strategic and operational risks it faces and these are documented on a Corporate Risk Register and individual Service Risk Registers; there are arrangements in place for both to be reviewed and updated on an at least annual basis.</p>

Principle / Supporting Principle	Arrangements in Plan & Evidence
	<p>Details of all risks assessed as being 'high' are reported to Members along with details of actions in place and to be taken in future to manage the risk identified.</p> <p>http://tmbc2kv10/documents/s10486/Annex.pdf</p> <p>Arrangements are in place to ensure that financial reporting is in line with financial standards and regulations; this is demonstrated through the external audit opinion on the Council's financial statements and through reviews of compliance with CIPFA guidance.</p> <p>The Council's Anti-Fraud & Corruption Policy is reviewed regularly and was approved by the Council in February 2015. Resources from the Internal Audit and Fraud Investigation Teams work with services on key initiatives to prevent and detect fraud within the Council.</p>
<p>Ensure that effective arrangements are in place for whistle-blowing to which officers, staff and all those contracting with the authority have access.</p>	<p>The Council's Confidential Reporting obligations are met through a Confidential Reporting Policy that is reviewed on an annual basis and is available on the Council's website via the Committee Minutes and available to staff via the intranet.</p>
<p>Using their legal powers to the full benefit of the citizens and communities in their area.</p>	
<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.</p>	<p>The Council's Constitution makes reference to the legislative framework in which the Council operates, and individual policies refer to specific legislation/regulations for the relevant service/function.</p> <p>The Constitution details the Statutory Provisions for key roles including the Section 151 Officer and the Monitoring Officer.</p> <p>The role of the Monitoring Officer is fulfilled by the Director of Central Services and this role is supported by a Job Description. There are specific provisions within the Constitution relating to the Monitoring Officer role including Data Protection.</p>
<p>Recognise the limit of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.</p>	<p>The Council's activities are covered by statute, the Constitution and provisions for statutory officers.</p> <p>The Council's Officer Code of Conduct requires officers to work within the law.</p> <p>The Council's standard report template set out the 'implications' of the decisions being recommended within the report including legal implications, financial and value for money considerations, risk assessment and equality impact assessment.</p>
<p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision making processes.</p>	<p>There are arrangements in place for senior officers to keep abreast of legislative and policy developments that may impact on the Council's activities, including professional qualification CPD, attendance at conferences/training and subscriptions to relevant profession publications.</p> <p>The Member Code of Conduct is based around the seven principles of public life, requiring Members to act fairly when making decisions. The Officer Code of Conduct requires officers to follow <i>every lawful expressed policy of the council</i>.</p> <p>Job descriptions include requirements to observe relevant legislation.</p> <p>In addition the Council's Internal Audit function review compliance with legislation, regulations and Council policies and consider fair decision making in their work.</p>

Principle Five: Developing the capacity and capability of members and officers to be effective

Principle / Supporting Principle	Arrangements in Plan & Evidence
Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	
Provide induction programmes tailored to individuals' needs and opportunities for members and officers to update their knowledge on a regular basis.	Induction program is held for Members following Council Elections held every four years. Specific training and briefings are provided for Members of each committee as relevant, from briefing reports through to specific training sessions. For example the Members of the Audit Committee have received specific training on topics prior to meetings where reports on those topics are discussed, e.g. Treasury Management.
Ensure that statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.	Statutory officers are either subject to Continuing Professional Development (CPD) through their respective Professional Organisations or are subject to peer review as part of Council's performance management system including appraisals. Abridged job descriptions are shown on the Council's website along with details of the Council's senior management structure. http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/transparency-senior-salaries
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	
Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.	Within the Council, those charged with governance are the Management Team (including the Monitoring Officer and Chief Financial Officer), the Audit Committee. The Leader of the Council and the Chief Executive are required to ensure the effective management of the Council's operations, including the effectiveness of the management team and its members. Monitoring the performance of individual officers is the responsibility of the Council's managerial staff. The Council has a management development policy within the Council's personnel handbook. The Council has a training and development policy for both employees and Members.
Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	The Council's Joint Standards Committee is responsible for advising, training or arranging training for Members on matters relating to the Code of Conduct. The Terms of Reference of the Committee are set out in the Constitution. http://www.tmbc.gov.uk/data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf It is the responsibility of the Chair of each Committee to assess its effectiveness and to identify and refer any training requirements to the Joint Standards Committee.
Ensure that arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or developmental needs.	Decisions made by the Cabinet are subject to call in through the scrutiny process within the Council's Constitution. The Council's appraisal system identifies training needs for staff; these are agreed with staff by line management and chief officer then forwarded to Personnel to identify relevant course options. In addition, professionally qualified staff are encouraged to participate in continued professional development for their own professional body.
Encouraging new talent for membership of the authority so that best use can be made in individuals' skills and resources in balancing continuity and renewal	
Ensure that effective arrangements have been designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.	The Council has arrangements in place to ensure that Services consult with key stakeholders, particularly residents and service users. Examples of current and recent consultation and engagement exercises have been used to inform the design and development of services include: <ul style="list-style-type: none"> • Establishing user panels for the Leisure Facilities where management meet with customer representatives and work to resolve service user issues. • Consultation on the Council Tax Reduction Scheme where the views of claimants, residents and 2nd home owners were used to validate the scheme being put into place. • A survey of statutory registered housing providers on the new Housing Allocations Scheme. • A first survey of the Council's Online Residents' Panel aimed at improving online services to residents. • A second survey of the Panel to measure satisfaction with services and provide results for a range of Key Indicators in the Council's Corporate Performance Plan. • An exhibition and associated consultation with residents and local groups concerning major improvements to retail and community/leisure facilities in Tonbridge. • Consultation on the introduction of a local charge (special expenses). In addition Members are elected to represent the residents in their Wards and regularly bring items forward to the service areas relevant to their residents for resolution.
Ensure that career structures are in place for officers to encourage participation and development.	The Council has a very low staff turnover, when and if retirements are identified succession planning is undertaken in order to maintain service delivery. The Council's Human Resources Strategy contains both workforce and management development plans which enable the provision of structured career development over the next 10 years.

Principle Six: Engaging with local people and other stakeholders to ensure robust public accountability.

Principle / Supporting Principle	Arrangements in Plan & Evidence
Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive and accountability relationships	
Make clear to themselves, all staff and the community to whom they are accountable and for what.	<p>The Tonbridge & Malling Local Strategic Partnership brings together a wide range of groups and organisations that operate across the borough, covering the public, private, faith, voluntary and community sectors. Details of the actions being taken are reported to the Communities Advisory Board.</p> <p>The Local Strategic Partnership is responsible for the Sustainable Community Strategy, a three year plan to address issues related to the local quality of life. The Local Strategic Partnership acts as the strategic decision making body to ensure that actions within the Sustainable Community Strategy are delivered.</p> <p>http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/partnerships/local-strategic-partnership</p>
Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.	<p>The Council has arrangements in place to ensure that Services consult with stakeholders, e.g. on the proposed Council Tax Reduction Scheme and the Housing Allocations Scheme and more recently the introduction of a local charge (special expenses).</p>
Produce an annual report on the activity of the scrutiny function.	<p>The Council's Overview & Scrutiny Committee with Terms of Reference documented in the Constitution.</p> <p>http://www.tmbc.gov.uk/_data/assets/pdf_file/0007/181483/Part-3-responsibilities.pdf</p> <p>Annual Reports of the scrutiny function are shared with Members annually.</p>
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.	
<p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, including monitoring arrangements, and ensure that they operate effectively.</p>	<p>The Council provides a full range of channels by which the public and other stakeholders can access services. While encouraging a shift towards customer self service using the Council's website all traditional access channels continue to be resourced. For example, to meet the needs of those customers that need the confidence and support that comes with face to face service, the Council provides fully staffed receptions at the main offices, with partner agencies in Tonbridge (Gateway) and, at other locations, via a number of surgeries and shared facilities with partners. A language translation service is also provided where customers are unable to communicate in English.</p> <p>With regard to monitoring:</p> <ul style="list-style-type: none"> • The Council's approach to customer service has been subjected to an equality impact assessment. • Trends in customer contacts are monitored across the full range of access channels. • Customer comments and complaints are monitored. <p>Outgoing communications are guided by the Council's Corporate Communication Guidelines. These have explicit regard to plain English, diversity and equality.</p> <p>The Council's communications arrangements are evidenced through:</p> <ul style="list-style-type: none"> • Customer services equalities impact assessment. • Corporate Communications Guidelines. • Corporate complaints system.
Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.	<p>Surveys of residents, customers and other stakeholders are analysed in depth using a range of statistical techniques to identify significant (real) differences between groups. This identifies different needs and priorities between groups that can be individually addressed; invaluable in times where finance and other resources are in particularly short supply. The Council's principal public open spaces are covered by an annual programme of face to face market research. Consultation and engagement activity is reported to the Council's Corporate Management Team, Cabinet, Committees and Advisory Boards.</p> <p>The Council was awarded the Certificate of Best Practice from The Consultation Institute in January 2013 for the Council Tax Benefit Localisation scheme consultation.</p>
Establish a clear policy on the types of issues on which they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.	<p>The Council has a strong track record of consultation covering the full range from strategic (e.g. identification of priorities) to operational (e.g. satisfaction with services) matters.</p> <p>The Council's policy is to consult only on matters where the public or other stakeholders can genuinely influence the choice of options or the Council's actions and future performance. Matters already decided are outside the scope of consultations. This distinction is explicit in scoping documents for the more challenging consultations. Similarly, for the more complex consultations, a thorough analysis of stakeholders is undertaken. More comprehensively, the Council's best practice approach to consultation is guided by the corporate Consultation Project Guide, supported by the corporate Guide to Questionnaire Design and Sampling. Feedback to consultees, covering both the consultation results and further outcomes/actions, is an integral part of the Council's approach, explicit in the Consultation Project Guide and evidenced through newsletters to the residents' panels.</p>
Publish an annual performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	<p>The Council's Key Priorities are detailed in its Corporate Performance Plan 2012/15 and include both local and national/statutory priorities.</p> <p>http://www.tmbc.gov.uk/_data/assets/pdf_file/0006/69927/Corporate-Performance-Plan-2012-15.pdf</p> <p>The Council is facing a considerable period of change and challenge and in response is in the process of developing a new Corporate Strategy. The Strategy will set out the actions we now need to take to maintain and improve the services which are most important to the local community, the Council's priorities, whilst taking into account a much reduced level of funding.</p> <p>Financial performance is reported within the Council's Financial Statements.</p> <p>http://www.tmbc.gov.uk/services/council-and-democracy/council-budgets-and-spending/annual-accounts</p> <p>The Council has a strong track record in resolving complaints and this is evidenced by the very low level of complaints made about the Council to the Local Government Ombudsman. Assurance can be given on the effectiveness of the Council's complaints handling process by the fact that the Council has made no local settlements in the year and the Ombudsman has not overturned any Council decisions.</p>
Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings,	<p>The Council is committed to openness and accountability. This is demonstrated by:</p> <ul style="list-style-type: none"> • External publication of financial information. • Internal publication of policies to encourage whistle-blowing and prevent bullying or harassment.

Principle / Supporting Principle	Arrangements in Plan & Evidence
<p>including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p>	<p>The Council explicitly addresses the three aims of the Equality Duty through its decision making processes:</p> <ul style="list-style-type: none"> • Eliminate unlawful discrimination, harassment and victimisation • Advance equality of opportunity between different groups • Foster good relations between different groups <p>This extends to services provided in partnership.</p> <p>Council tax charges that the Council and public sector partners levy are published on the Council's website. Annual bills make it clear that paper copies are available to residents on request.</p> <p>Information is published on the Council's website in line with the Government's transparency requirements including senior staff salaries and payments to suppliers.</p> <p>The Corporate Debt Recovery Policy formalises the Council's approach to debt recovery.</p> <p>The equality impacts of Council decisions are considered and published within Committee reports.</p> <p>A summary of consultations for equality impact assessments is available at http://www.tmbc.gov.uk/services/jobs-and-careers/equality-and-diversity/equalities-assessment-and-consultation</p>
<p>Making best use of human resources by taking an active and planned approach to meet responsibility to staff</p>	
<p>Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.</p>	<p>The authority operates a Joint Employee Consultative Committee (JECC) which comprises officers from Services, Management Team and Councillors. The Objectives of the Committee are.</p> <ul style="list-style-type: none"> • To promote the closest understanding and cooperation between the Council and its employees, through their representatives. • To provide a systematic means of communication between the Council and its employees, through their representatives. • To give employees, through their representatives, the opportunity to discuss and express views about Council decisions which affect them. • To provide an opportunity for employees, through their representatives, to identify and consider health & safety issues. <p>The terms & conditions of employment with the Council are based on the National Joint Council terms & conditions (the Green Book). The Council's Personnel Management are professional members of the Chartered Institute of Personnel Development and ensure the recruitment process is in line with current best practice.</p>

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Director of Finance and Transformation

Part 1- Public

Delegated

1 STATEMENT OF ACCOUNTS 2015/16

This report presents an unaudited set of Accounts for 2015/16 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 for consideration and approval. The Accounts include the proposals recommended to the forthcoming Cabinet meeting.

1.1 Introduction

1.1.1 An audited set of Accounts for 2015/16 must be approved by the Council or a Committee of the Council by 30 September 2016. Under the Council's constitutional arrangements responsibility for the approval of the Statement of Accounts is delegated to this Committee. The Committee has a meeting scheduled for the 5 September to approve an audited set of Accounts.

1.1.2 This report presents an unaudited set of Accounts for 2015/16 for consideration and approval.

1.2 Statement of Accounts

1.2.1 The Accounts are to be prepared in accordance with International Financial Reporting Standards. The Code of Practice on Local Authority Accounting in the United Kingdom is issued by the Chartered Institute of Public Finance and Accountancy and is reviewed and as appropriate updated at least annually.

1.2.2 An unaudited set of Accounts for 2015/16 is enclosed with this agenda. It consists of the following individual financial statements and associated notes.

- 1) Movement in Reserves Statement – this Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure and or reduce local taxation) and other reserves (those that the Council is not able to use to provide services, for example, the revaluation reserve).
- 2) Comprehensive Income and Expenditure Statement – this Statement shows the accounting cost in the year of providing services in accordance

with generally accepted accounting practices, rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

- 3) Balance Sheet – sets out the financial position of the Council at 31 March 2016. It shows the value of the Council’s assets and liabilities, and its balances and reserves.
- 4) Cash Flow Statement – this summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes.
- 5) Notes to the financial statements.
- 6) Collection Fund and Associated Notes – shows the total local taxation transactions in relation to business rates and council tax.

1.2.3 At **[Annex 1]** is a more detailed overview of the Statement of Accounts and at **[Annex 2]** a checklist certified by the Director of Finance and Transformation in support of the assertions made in the Statement of Responsibilities for the Statement of Accounts.

1.2.4 Members will note in accordance with the Accounts and Audit Regulations and in my role as the Council’s responsible financial officer, I have certified that the Statement of Accounts present a “true and fair view” of the financial position of the local authority at the end of the year and its income and expenditure for the year.

1.2.5 The Statement of Accounts is subject to external audit and our external auditors are due to commence the audit of the Accounts in early July.

1.3 Accounts and Audit Regulations

1.3.1 The Accounts and Audit Regulations require:

- The Council’s responsible financial officer to certify an unaudited set of accounts for issue that present a “true and fair view” of the financial position of the Council as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016 by no later than 30 June.
- The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 30 September, and that following approval both the responsible financial officer and Chairman of the receiving Committee sign and date the Statement of Accounts.
- Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement is to accompany, but is not part of the Accounts.

1.4 Statement of Auditing Standards

- 1.4.1 Our External Auditor (Grant Thornton) is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts. Under the Council's constitutional arrangements it is the Audit Committee that will receive this report. The report is expected to be presented to the Audit Committee meeting on 5 September 2016.

1.5 Revenue and Capital Outturn 2015/16

- 1.5.1 At the time of writing this report, Cabinet, at its meeting on 29 June, is due to receive a report on the Revenue and Capital Outturn for the year 2015/16. That report and the associated Outturn Booklet contain details of variations between the 2015/16 revised estimates and outturn.
- 1.5.2 Members are to be advised at this meeting that overall, the revenue outturn is within budget to the sum of £294,629 with a contribution to the General Revenue Reserve of £369,029 compared with the Revised Estimate figure of £74,400.
- 1.5.3 The favourable variance can in large part be attributed to a wide range of individual service budgets, together with management savings on the salary bill offset by the shortfall to be met by the Council under the Business Rates Retention scheme.
- 1.5.4 Members are to also be advised that we had as part of the closedown process undertaken a review of the specific earmarked reserves held by the Council. As a result of this review and in liaison with Management Team Cabinet is asked to endorse that no adjustments be made to specific earmarked reserves at this time.
- 1.5.5 The above proposals have been reflected within the outturn position shown.
- 1.5.6 **[Annex 3]** provides details of movements on the special projects reserve, other earmarked reserves and minor revenue adjustments agreed by the Director of Finance and Transformation during the closedown process or to be agreed by Members.

1.6 Annual Governance Statement

- 1.6.1 The Annual Governance Statement can be found elsewhere on this agenda. The Statement accompanies the Statement of Accounts, but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governing is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

1.6.2 The Statement is prepared by way of a self-assessment questionnaire and supporting evidence. The Statement is to be signed by both the most senior member and officer of the Council following its consideration and endorsement.

1.7 Legal Implications

1.7.1 Compliance with the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting in the United Kingdom is a statutory requirement. There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

1.8 Financial and Value for Money Considerations

1.8.1 As set out above.

1.9 Risk Assessment

1.9.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescales could adversely affect the Council.

1.10 Equality Impact Assessment

1.10.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.11 Recommendations

1.11.1 To note and endorse the Statement provided by the Director of Finance and Transformation [**Annex 2**] in support of assertions made in the Statement of Responsibilities for the Statement of Accounts.

1.11.2 To note and endorse the recommendations detailed at paragraph 1.5.4 following a review of the specific earmarked reserves held by the Council.

1.11.3 To receive and approve the enclosed unaudited set of Accounts for 2015/16 and request that the Chairman sign the Accounts in the appropriate place.

Background papers:

Nil

contact: Neil Lawley
Paul Worden

Sharon Shelton
Director of Finance and Transformation

Overview of Statement of Accounts 2015/16

The Statement of Accounts 2015/16 consists of, amongst other things, the following financial statements and associated notes; the Movement in Reserves Statement; the Comprehensive Income and Expenditure Statement; the Balance Sheet; the Cash Flow Statement; and the Collection Fund.

1) Narrative Report (Pages 1 to 13)

The report provides a brief explanation of the financial aspects of the Council's activities for the year ended 31 March 2016; highlights any major events or changes in presentation or accounting that impact on the Accounts; and a review of the year and possible issues for the future.

2) Statement of Responsibilities for the Statement of Accounts (Page 14)

This sets out the respective responsibilities of the Authority and the Council's responsible financial officer.

3) Movement in Reserves Statement (Page 15)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus / (deficit) on provision of services shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Council Tax setting. The net increase / (decrease) before transfers to or from earmarked reserves shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

4) Comprehensive Income and Expenditure Statement (Page 16)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The Statement is divided into five distinct sections.

The first section provides segmental accounting information on the costs of the Council's continuing operations, net of specific grants and income from fees and charges, to give the net cost of services.

The second section comprises items of income and expenditure relating to the Council as a whole and not to any individual service, e.g. parish council precepts.

The third section comprises items of income and expenditure arising from financing and investment activities, e.g. investment income.

The fourth section shows the income from local taxation, general government grants and all capital grants and contributions in the period, to give the net deficit or surplus on provision of services for the year.

The final section shows other items that have contributed to the movement in the net worth of the Council, e.g. increase / decrease in the value of its assets, to give a total comprehensive income and expenditure for the year.

The total comprehensive income and expenditure for the year is -£8.0m compared to £8.8m for 2014/15. The movement of £16.8m is largely due to:

- Decrease of £1.1m in cost of services largely due to reversal of prior year impairment following revaluation of Poult Wood Golf Centre.
- Gains of £3.5m following the revaluation of the Council's land and buildings compared to a gain of £6.8m in 2014/15.
- Actuarial gain of £5.0m in respect of the Pension Fund. This compares to actuarial loss of £11.7m in 2014/15.

5) Balance Sheet (Page 17)

This sets out the financial position of the Council as at 31 March 2016. The Balance Sheet is fundamental to the understanding of the Council's year-end financial position. It shows the Council's assets and liabilities, and its balances and reserves.

As at 31 March 2016 the total value of the Council's non-current assets was £76.1m (£72.3m at 31 March 2015). Movements in non-current assets reflect the Council's capital programme and revaluation, depreciation, impairment and disposal of assets.

In accordance with the rolling programme council offices were the subject of revaluation. In addition to council offices the Council's larger car parks and leisure premises were also the subject of revaluation. The revaluation resulted in a net gain of £3.7m, of which £3.5m is recognised in the revaluation reserve and a net £0.2m, representing largely the reversal of revaluation losses in previous years, is recognised in cost of services in the Comprehensive Income and Expenditure Statement. Investment property

experienced an increase in fair value of £435,000 which is recognised in the Comprehensive Income and Expenditure Statement.

The downward movement in debtors is largely due to the reduction in the amount owed under the Business Rates Retention Scheme including the safety net payment and in respect of housing benefit subsidy. In addition, the safety net payment has been reclassified as a local authority debt.

The upward movement in creditors is largely due to the increase in the amount owed to central government and local authorities under the Business Rates Retention Scheme and increase in other creditors largely as a result of a payment due to Sainsbury's PLC in respect of car park refunds and payments due to trade suppliers.

The upward movement in Provisions is largely due to the increase in the provision to meet our share of the cost arising from successful appeals by business ratepayers.

The Pensions Liability as at 31 March 2016 was £58.4m and as at 31 March 2015 £61.9m. The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a small improvement in the funding position compared to the previous year.

The Council's Reserves stand at £16.6m at 31 March 2016 comprising:

Revenue Reserve for Capital Schemes	£6.6m
Building Repairs Reserve	£0.4m
Other Specific Earmarked Reserves	£4.5m
General Revenue Reserve	£5.1m

Included in Other Specific Earmarked Reserves is a Business Rates Retention Scheme reserve in the sum of £2.3m established, in the main, to take account of accounting arrangements, e.g. safety net payment accounted for in year and the deficit that triggered the safety net payment in the following year.

6) Cash Flow Statement (Page 18)

This summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes. The statement shows that there was a net cash inflow of £3.1m largely as a result of monies held for the outcome of future appeals by business ratepayers.

7) Notes to the Accounts (Pages 19 to 64)

These are the notes to the four core financial statements detailed above.

8) Collection Fund and Associated Notes (Pages 65 to 68)

This reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions in relation to business rates and council tax and illustrates how the demands on the Fund from Kent County Council, Police and Crime Commissioner for Kent, Kent & Medway Fire and Rescue Authority and the Borough Council General Fund in respect of council tax and Central Government, Kent County Council, Kent & Medway Fire and Rescue Authority and the Borough Council General Fund in respect of business rates have been satisfied. The Collection Fund is consolidated with the other accounts of the billing authority within the Balance Sheet.

9) Annual Governance Statement (Pages 69 to 71)

This Statement accompanies the Statement of Accounts, but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

10) Independent Auditor's Report (Pages 72 to 73)

The Council's external auditors provide an independent opinion on whether the financial statements present a "true and fair view" of the financial position of the Council as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016, and review the Annual Governance Statement.

11) Glossary (pages 74 to 77)

A glossary of terms used in the Statement of Accounts.

**DECLARATION IN SUPPORT OF ASSERTIONS MADE IN THE
STATEMENT OF RESPONSIBILITIES FOR THE
STATEMENT OF ACCOUNTS**

This statement is given in respect of the Statement of Accounts 2015/16.

I acknowledge my responsibility for preparation of the Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16; and that the Accounts present a “true and fair view” of the financial position of the Council and of its income and expenditure for the year ended 31 March 2016.

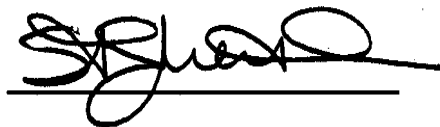
In doing so, the following have been done:

- A detailed closedown timetable (final accounts working paper 33) was prepared and approved by the Corporate Management Team, and communicated to all Services.
- Detailed Year-End Service Guidance Notes (final accounts working paper 35) were prepared and issued to all Services.
- Recommendations made by our external auditors following the audit of the 2014/15 Statement of Accounts have been reviewed and actioned where appropriate.
- Reconciliations have been carried out between the Council’s financial ledger (Integra) and the Revenues & Benefits system (iWorld).
- The trial balance (final accounts working paper 31) has been balanced.
- The total for each accountant as per the trial balance (final accounts working paper 31) has been agreed to the net total as per the ledger control sheets.
- The Total Service Expenditure as per the General Fund (final accounts working paper 19) has been agreed to the movement in the General Fund on the Integra General Ledger (final accounts working paper 20).
- The non-current assets entries in the Balance Sheet are in line with valuations and other known transactions.
- The entries within the Collection Fund have been agreed with other financial statements in the Statement of Accounts and the Council Tax set by the Council on 17 February 2015 and other major precepting authorities.
- The total comprehensive income and expenditure for the year as shown in the Comprehensive Income and Expenditure Statement (final

accounts working paper 15) has been agreed to the Total Reserves movement reflected in the Balance Sheet (final accounts working paper 9).

- The movement in cash and cash equivalents as per the Cash Flow Statement has been agreed with the movement in the cash and cash equivalents balances as per the Balance Sheet (final accounts working paper 9).
- An Analytical Review with explanatory notes of significant variations between 2014/15 and 2015/16 will be prepared prior to the commencement of the audit of the accounts.
- The Local authority financial reporting issues from 2014/15 produced by Grant Thornton will be completed when available.
- The Statutory Audit: Arrangement letter 2015/16 produced by Grant Thornton will be completed when available.

Signed:

A handwritten signature in black ink, appearing to read 'S.J. Shelton', is written over a horizontal line.

Dated: 20 May 2016

S.J. Shelton, CPFA
Director of Finance and Transformation

TABLE 1

Special Projects Reserve	2015/16		
	Revised £	Outturn £	Variance £
Contribution to/(from) in Year			
Crime & Disorder Initiatives	-	(6,155)	(6,155)
Repossessions Prevention Fund	(4,000)	(329)	3,671
Social Housing Fraud Initiative	(1,900)	(1,875)	25
Movement in Year	(5,900)	(8,359)	(2,459)

TABLE 2

Other Earmarked Reserves	2015/16		
	Revised £	Outturn £	Variance £
Contribution to/(from) in Year			
Housing Assistance	-	23,646	23,646
Invest to Save	50,000	50,000	0
Local Development Framework	10,000	37,272	27,272
Public Health	-	29,234	29,234
Transformation	36,000	50,000	14,000
Asset Review	(5,200)	(28,160)	(22,960)
Business Rates Retention Scheme	(575,900)	(521,426)	54,474
Community Development	(60,250)	(72,516)	(12,266)
Democratic Representation	-	(1,856)	(1,856)
Economic Development	(58,000)	(33,091)	24,909
Election Expenses	(100,100)	(51,629)	48,471
Flood Recovery and Defence	(75,000)	(75,000)	0
Planning Inquiries	(22,500)	(18,365)	4,135
Approved by Management Team			
For Approval			
Movement in Year	(800,950)	(611,891)	189,059

TABLE 3

Revenue Adjustments	2015/16		
	Revised £	Outturn £	Variance £
Expenditure / (Receipts) in Year			
Rechargeable Works Overheads	-	509	509
Mortgage Accounts	-	(4,260)	(4,260)
Miscellaneous Cash	-	(7,295)	(7,295)
Movement in Year	-	(11,046)	(11,046)

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TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Chief Audit Executive

Part 1- Public

Delegated

1 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

This report informs Members of the findings of the annual review of the effectiveness of the Internal Audit function for the year 2015/16.

1.1 Introduction

- 1.1.1 It is considered good practice for local authorities to conduct an annual review of the effectiveness of the Internal Audit function. The Chief Audit Executive has conducted the review of effectiveness for the year 2015/16 and a summary of the findings of this review is attached at **[Annex 1]**.
- 1.1.2 It is important to note that the review is about effectiveness, not process. The focus of the review should be on the delivery of internal audit to the standard required by the Council in order for the Council to be able to place reliance on its work.
- 1.1.3 The findings of the review of effectiveness are reported to Management Team. Management Team following consideration of the outcome of the review then agree an opinion as to whether the review demonstrates that the Internal Audit function in place for the year 2015/16 was effective, using the opinion definitions set out below.

Opinion	Definition
Good	The arrangements put in place by the Council provide substantial assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Satisfactory	The arrangements put in place by the Council provide reasonable assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Adequate	The arrangements put in place by the Council provide limited assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Unsatisfactory	The arrangements put in place by the Council provide no assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.

1.1.4 It was concluded by Management Team that the opinion on the effectiveness of the Internal Audit function in place for the year 2015/16 was Good.

1.2 Legal Implications

1.2.1 The Accounts and Audit Regulations place a statutory requirement on authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Proper practice is defined as that contained within the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the PSIAS.

1.2.2 The Regulations also require the Council to conduct, at least once a year, a review of the effectiveness of its Internal Audit function. The review conducted gives due consideration to proper practice.

1.3 Financial and Value for Money Considerations

1.3.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

1.4 Risk Assessment

- 1.4.1 The review of effectiveness provides assurance of the proper operation of the Internal Audit function and the findings of the review should, therefore, be considered as part of the Council's overall governance arrangements.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Recommendations

- 1.6.1 Members are asked to consider the findings of the review and endorse the opinion that the effectiveness of the Internal Audit function for the year 2015/16 was Good.

Background papers:

contact: Samantha Buckland

Nil

Samantha Buckland
Chief Audit Executive

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Summary of Measures to demonstrate the effectiveness of Internal Audit – 2015-16 Review

Measure	Finding
Review of the Internal Audit team against proper practice, as defined as the <i>Public Sector Internal Audit Standards and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards</i> .	The Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards were introduced as proper Practice from 1 April 2013. A self-assessment was conducted in May 2016 which confirmed that the team are considered to be working in compliance with the PSIAS overall with some minor areas for development. Internal Audit teams are required to be externally assessed against the PSIAS once in a five-year period. An EQA has therefore been arranged in June 2016 and results will be reported to Management Team and the Audit Committee when completed.
The internal audit planning process, demonstrating that audit planning is risk-based and reflects the business objectives of the Council.	The annual audit planning exercise for the 2016/17 financial year used a risk-based methodology to ensure the most effective use of Internal Audit resource. This exercise reflects the business objectives of the Council.
Customer Satisfaction survey results.	Previously a bi-annual client satisfaction survey was conducted; last undertaken in April 2013. For the 2016/17 year onwards this will be re-instated and undertaken annually. Customer satisfaction surveys are sent to all client managers on publication of a final internal audit report. The results of surveys returned for 2015-16 to date gave an overall satisfaction measure of 100% against a target of 100%.
Key performance indicator outturns.	A set of seven performance measures have been developed to assess the effectiveness of the Internal Audit team in achieving a quality Internal Audit Service. As reported in the Annual Internal Audit Report 2015-16, during the year the team met six of the seven performance measures, despite the significant staffing changes experienced in the period.
The extent to which reliance can be placed on the work of internal audit by the external auditor.	In the Audit Plan for TMBC for the year ended 31 March 2015 Grant Thornton stated: <i>Overall we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</i>

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TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Chief Audit Executive

Part 1- Public

Matters for Information

1 OPINION OF THE CHIEF AUDIT EXECUTIVE ON THE INTERNAL CONTROL ENVIRONMENT, TOGETHER WITH THE ANNUAL INTERNAL AUDIT REPORT AND ANNUAL COUNTER FRAUD REPORT FOR 2015/16

This report informs Members of the opinion of the Chief Audit Executive on the Council's internal control environment, together with the Internal Audit work completed during 2015/16 to support that opinion. In addition, the report also informs Members of the work carried out by the Counter Fraud function in 2015/16.

1.1 Introduction

1.1.1 The Accounts and Audit Regulations require the Council to *undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control*. Proper practice is defined by the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the PSIAS.

1.1.2 The PSIAS requires Internal Audit to *report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan*. The PSIAS also require the Chief Audit Executive to *deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement*.

1.2 Opinion of the Chief Audit Executive on the Internal Control Environment

Purpose of the system of internal control

1.2.1 The system of internal control is based on an on-going process to identify, evaluate and manage the risks to the Council in the achievement of its objectives. It is a management responsibility to establish, maintain and ensure compliance with the internal control system. Assurance of the effective operation of the system of internal control can be sought from Internal Audit, External Audit, other review bodies and Management.

1.2.2 The system of internal control should:

- Set out clear responsibility for policy and decision-making.
- Establish the Council's objectives.
- Identify, evaluate and manage the risks which may impact on the Council's ability to meet its objectives.
- Ensure compliance with law, regulations, policies and procedures.
- Ensure the economic, efficient and effective use of resources.
- Ensure the accuracy and reliability of financial statements and other published information.

Basis of the opinion on the internal control environment

1.2.3 The opinion on the internal control environment is based on the work of the Internal Audit function during 2015/16, full details of which are provided in this report.

1.2.4 The work of Internal Audit is subject to review by the Council's External Auditors, Grant Thornton. In the Update to the June 2016 Committee Grant Thornton state:

We have concluded that the arrangements for internal audit contribute to an effective internal control environment.

1.2.5 Opinion of the Chief Audit Executive on the Internal Control Environment:

In my capacity as the Chief Audit Executive, with responsibility for the provision of Internal Audit services to the Council, it is my opinion that Tonbridge & Malling Borough Council's system of internal control adequately contributes to the proper, economic, efficient and effective use of resources in achieving the Council's objectives during 2015/16.

Whilst it has been identified that the authority has established adequate internal controls within the areas subject to Internal Audit review in 2015/16, there are areas where compliance with existing controls should be enhanced or strengthened, or where additional controls should be introduced. Where such findings have been made by Internal Audit, recommendations have been made to management to improve the controls within the systems and processes they operate. The results of all audit work completed are reported to the Audit Committee in accordance with the Internal Audit Charter.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

1.3 Internal Audit Staff Establishment

- 1.3.1 The Internal Audit and Fraud Team report to the Audit and Assurance Manager (Chief Audit Executive) and consist of 2 Auditor posts and 1.6 Fraud posts.
- 1.3.2 The Audit and Assurance Manager (Chief Audit Executive) post is shared with Kent County Council with the officer splitting her time equally between the two councils.

1.4 Annual Audit Plan

- 1.4.1 The Internal Audit Plan for 2015/16 was endorsed by Management Team on 10 March 2015 and approved by the Audit Committee on 7 April 2015. The Plan set out the proposed work of the Internal Audit team for the year which can be summarised into two key work types:
- 1.4.2 *Assurance Work* – this relates to audit work which informs the opinion of the control environment given to the Committee by the Chief Audit Executive. This work focuses on planned audit review of key financial systems, other financial systems, operational audits and control environment reviews and also picks up on the follow up of audit recommendations made.
- 1.4.3 *Consultancy Work* – this relates to Internal Audit team members involvement in corporate and other known projects, requests received by the team for consultancy or responsive work, advice or information and involvement in fraud investigation work. While not directly proving assurance the results of this work are also considered when arriving at the opinion of the control environment given to the Committee by the Chief Audit Executive
- 1.4.4 The team has completed 93% of the plan to date against a target of 95%; two audits have been carried forward to 2016/17 as follows:
- Corporate Policy Maintenance – much of the scope was covered by the 14/15 audit of Standards of Officer Conduct which was not finalised until September 2015 therefore the 2015/16 audit was delayed to allow time for implementation of recommendations made in the September report.
 - Licensing – agreed with the service to delay in order to focus on fraud risk as part of the 2016/17 fraud work plan.

1.5 Assurance Work

- 1.5.1 The Internal Audit team has primarily focused on assurance work in 2015-16. Further details of the planned audit work completed during the year are shown in **[Annex 1]**. Where an assurance review has been given an audit opinion, definitions in use during 2015-16 are detailed at **[Annex2]** of this report.
- 1.5.2 Where an audit review identifies opportunities to introduce additional controls or improve compliance with existing controls, recommendations are made and

agreed with client management prior to finalising the report. Internal Audit follow-up on recommendations agreed and have an escalation process in place that ultimately results in reporting to Management Team and this Committee should a key control weakness remain.

- 1.5.3 In line with the Public Sector Internal Audit Standards Internal Audit has arrangements in place to follow up on all recommendations agreed with management and to report to the Audit Committee on a regular basis with the responses received. 103 recommendations were due for implementation in 2015/16; of these 79 have been implemented and 5 superseded. We have agreed revised implementation dates for a further 10 and have assessed the risk of extending these dates with no concerns to raise at this time. For the remaining 9 further information is required before we can confirm implementation **[Annex 3]**.
- 1.5.4 Audit recommendations made from assurance work undertaken in 2015-16 demonstrate that internal audit continues to make a significant number of recommendations for change within the organisation as a contribution to improving the internal control arrangements of the Council. It is also important to recognise that the number of recommendations made does not include all system and procedural enhancements implemented during the course of audits as a direct result of the audit process or recommendations coming from consultancy work undertaken by the team.
- 1.5.5 The assurance work of the team conducted during the year has contributed to the internal control environment of the Council being maintained and improved, Council resources being more effectively used and a reduction in waste from fraud or error.

1.6 Consultancy work

- 1.6.1 The Internal Audit team's consultancy work in 2015-16 was allocated to the following areas of work:

Corporate projects and responsive work including advice & Information

- 1.6.2 The team offer support to corporate projects and provide ad hoc advice and information as and when requested by Council officers. During the 2015-16 year, in addition to ad hoc advice on controls, the team has provided support to review of car park charges and enhancement of processes to monitor the contract with the Leisure Services Trust. This is considered to be a fundamental service provided by the team, enabling officers to consult with Internal Audit and address control concerns and issues as they arise, helping to maintain the internal control arrangements of the Council **[Annex 4]**.

1.7 Training

- 1.7.1 A total of 21 days has been spent on training in 2015-16 which was primarily spent providing introductory and competency based training for the Internal Auditors, but also included attending the 2015 Kent Audit Group Conference.
- 1.7.2 In addition to formal training, the Chief Audit Executive and deputy continue to provide each team member with specific training during the course of each audit undertaken in response to each auditor's particular needs. It is considered that this approach has been effective in practice and has contributed to the continuation of the quality of audit reviews carried out by the team.

1.8 Performance Measures

- 1.8.1 The Internal Audit team is measured against a set of seven performance measures which are intended to assess the effectiveness and efficiency of the team in achieving a quality Internal Audit Service.
- 1.8.2 For 2015-16 the team has achieved the target set against six of the seven indicators measured. Actual performance of the team against these measures is provided at **[Annex 5]**.
- 1.8.3 It is good practice to review performance measures periodically to ensure the right things are measured and that targets remain achievable but appropriately challenging. With that in mind it was proposed that for 2015/16 the target for the performance measure in relation to percentage of productive time be increased from 65% to 80% in line with both historic performance and industry standards. Further review will be undertaken in 2016/17.

1.9 Conformance with Public Sector Audit Standards

- 1.9.1 The Public Sector Internal Audit Standards (the Standards), introduced from 1st April in 2013, set out the required practice for the Internal Audit Service. TMBC undertake an annual assessment of the effectiveness of Internal Audit (reported to this Committee meeting under separate cover) which confirms audit work undertaken complies with the Standards.
- 1.9.2 The Standards require an independent External Quality Assessment be undertaken every five years. At the time of writing this assessment is in progress with results due by end of June. The assessment process involves document review and meetings with the Chair of the Audit Committee, Management Team, the Chief Audit Executive and members of the Audit team. The resulting report will provide a rating of Generally Conforms, Partially Conforms or Does Not Conform against a total of 56 Standards as well as a RAG-rated summary against each heading. This report will be brought to the September Committee meeting.

1.10 Partnership working

1.10.1 From 1 December 2010 the Council had a partnership arrangement whereby operational management responsibility for the Internal Audit team at Tonbridge & Malling Borough Council was provided by the Audit & Assurance Manager employed by Gravesham Borough Council. Gravesham gave notice to terminate this arrangement on 20 March 2015 with effect from 15 May 2015. As a result, from 18 May 2015 a six month pilot arrangement to provide Internal Audit management and the role of the Chief Audit Executive was entered into with Kent County Council, this has since been extended and agreed as a minimum three-year arrangement.

1.11 Internal Audit Summary

1.11.1 The team has provided the Council with an effective internal audit service during the year and responded well to the evolving needs of the Council. The work of the team during the year has been appropriately managed to ensure that the limited resources of the team are used effectively and focused on the areas that will have most impact. The team have played a key role in maintaining the governance and internal control arrangements of the Council whilst maintaining professional and productive relationships with clients.

1.11.2 Individual team members continue to be exposed to a variety of work requests and have responded enthusiastically and positively to this whilst ensuring that a high standard of audit work is completed by the team. This enabled the Chief Audit Executive to deliver the opinion that Tonbridge & Malling Borough Council's system of internal control makes a positive contribution to the proper, economic, efficient and effective use of resources in achieving the Council's objectives.

1.11.3 During the forthcoming year the team will continue to develop internal working practices as necessary and remain flexible to respond to the needs of the Council.

Annual Counter Fraud Report 2015/16

1.12 Prevention and Detection of Fraud and Corruption

1.12.1 This section of the report provides details of the Council's activity in preventing and detecting fraud and corruption in the year 2015/16 to date.

1.12.2 The Council proactively takes part in the National Fraud Initiative (NFI). This is a nationwide data matching exercise, comparing computer records held by the Council against computer records held by other councils and other bodies. Where a match is found it does not necessarily indicate fraud in all instances; it does however highlight an inconsistency in the information held which requires further investigation and could be attributed to either fraud or error.

1.12.3 Data in relation to a Council Tax Single Person Discount matching exercise was submitted in December with results received in January and a total of 708

matches to be reviewed. To date 242 cases have been closed with no further action required, 80 are subject to further investigation and 386 are pending review.

- 1.12.4 Following the transfer of Housing Benefit Fraud investigation to the DWP proactive work in relation to preventing and detecting fraud, and managing the risk of fraud, has been enhanced. This involves a broader scope identified through an assessment of fraud risk in relation to all Council services. The Team continue to investigate allegations of fraud for the Council Tax Reduction Scheme, Discounts and Exemptions in relation to Council Tax and NNDR and other allegations relating to TMBC services. To demonstrate TMBC's ongoing commitment to prevent and detect fraud, and to provide a framework against which to measure good practice, our level of compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption was assessed and reported to the April meeting of this Committee. The assessment concluded that TMBC's current approach to fraud and corruption complies with all of the principles; however this is a developing function and 2016/17 will be fundamental to embedding the role of the team.
- 1.12.5 The team have continued to play a key role in the Council's corporate approach to the prevention and investigation of allegations of fraud, corruption and misconduct where appropriate. In addition a proactive fraud-proofing review of the Council's arrangements in relation to new Housing Benefit applications was undertaken. This is currently at draft stage therefore further details will be provided in the next update to this Committee (September 2016).

1.13 Investigating Fraud

- 1.13.1 The Fraud Team is responsible for investigating allegations of fraud and corruption, whether this is through internal fraud or external stakeholders or customers, as well as assisting with disciplinary investigations as and when required. The Team works closely with a number of external agencies including the Department for Work and Pensions (DWP), the UK Border Agency, Kent Police and NHS Fraud to progress investigations.
- 1.13.2 In 2015/16 the Investigation Team closed 294 cases; open Cases relating to Housing Benefits were passed to the DWP on 2nd February. There are currently 17 ongoing investigations. **[Annex 6]** summarises the results of investigations concluded in 2015/16.

1.14 Legal Implications

- 1.14.1 The Accounts and Audit Regulations place a statutory requirement on authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Proper practice is defined as that contained within the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the PSIAS.

1.14.2 The Council has a legal duty under s151 of Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.

1.14.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

1.15 Financial and Value for Money Considerations

1.15.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

1.15.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as Protecting the Public Purse, National Fraud Initiative and Fighting Fraud Locally maintaining a high profile. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

1.16 Risk Assessment

1.16.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the Council on the adequacy and effectiveness of its internal control arrangements.

1.16.2 Failing to have an efficient and effective counter fraud function could lead to an increased level of fraud. This report, summarising the work of the counter fraud function, provides a key source of assurance for the Council on the adequacy and effectiveness of its counter fraud arrangements.

Background papers:

contact: Samantha Buckland

Nil

Samantha Buckland
Chief Audit Executive

2015-16 Internal Audit Assurance Reviews

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Cemetery Memorials	1	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – The existing memorials and grounds of the cemetery and churchyards comply with adequate health and safety standards Opinion: Green. Testing established that there are adequate inspection and monitoring regimes with some minor improvements required in documentation</p> <p>RM02 - Procedures exist for the external inspection and consequential work to be carried out with limited damage to the Council's budget and reputation Opinion: Amber. Testing established that external inspections have been carried out and improvements in condition were noted in the second inspection However there were some inconsistencies in the charging process</p> <p>RM03 - All new memorials are built to approved standards and specifications and are authorised by Cemetery staff Opinion: Amber. Testing established that although a system to authorise specifications for new standards exists there is currently no monitoring undertaken to ensure specifications have been complied with. It is accepted that the external inspection process compensates for this to some extent and no memorials failed the last inspection.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
IT Software and network user access	1	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - There are controls in place to prevent inappropriate user access to the IT Network and systems</p> <p>Opinion: Amber. Testing established that there are controls in relation to starters and leavers although these could be enhanced. Security measures vary by application, although are better for higher risk systems in the main. There is a need for all systems to be reviewed in line with Code of Connection requirements and TMBC policy as well as monitoring of current user access.</p>
Payroll	1	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – Adequate controls are in place to effectively process new starters on the Council's Payroll</p> <p>Opinion: Green. Testing established that set up of new employees is adequately controlled and all starters in the sample tested had been set up timely and accurately</p> <p>RMO2 – Adequate controls are in place to effectively remove leavers from the Council's Payroll</p> <p>Opinion: Green. Testing established that the removal of leavers is adequately controlled and all leavers in the sample tested had been removed timely with final payments accurate. Two areas were identified where processes could be enhanced in relation to removal of casual workers that have not worked for a cumulative six month period and timely invoicing of early termination fees for leased cars.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Car park income	1	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RM01 - Adequate arrangements exist to ensure the regular collection of money from the Council's parking meters. Opinion: Amber. Testing did not identify any instances of missing income however audit tickets had been destroyed prior to 1st April so we are only able to give assurance on a limited time period. Cash limits on machines were exceeded in a number of instances and key security should be improved.</p> <p>RM02 - There are adequate arrangements in place to manage the Council's parking meters. Opinion: Amber. Testing established that meters were adequately managed overall; however current arrangements could be streamlined and aligned and further cashless options could be considered.</p> <p>RM03 - Income received in respect of parking is verified, recorded and banked efficiently Opinion: Amber. Testing established that income from meters is adequately controlled; however it is not currently possible to reconcile income received via the mobile payment provider.</p>
Parking Enforcement/PCNs	1	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RM01 - There are adequate procedures to monitor and recover income from Parking Enforcement Penalty Charge Notices (PCNs) Opinion: Amber. Testing established that the system automatically increases charges in line with agreed time periods and monitoring of tickets issued is undertaken which highlights any in need of further action. However, although the majority of dispensations, variations to charges and cancellations tested were appropriate limited supporting documentation and/or system reporting meant that we were unable to confirm this in all cases.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Creditors	1	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – There are adequate controls to ensure that all suppliers are bona fide and all changes to supplier details are accurate and legitimate</p> <p>Opinion: Amber. Suppliers are allocated a unique reference however testing established a small number (11) of duplicate suppliers on the system. While Exchequer process change of bank details for suppliers and advised that checks are undertaken no evidence of those checks is retained and a report of all changes to bank details from the system for independent validation is not available.</p> <p>RMO2 – Orders are raised in advance, are authorised and within the budget limits of both the service and the authorised budget of the signatory</p> <p>Opinion: Amber. Of a sample of 30 invoices tested 14 required an order to be raised in advance according to the categories set in Financial Procedure Rules, of these 9 did not have an order raised in advance, however all had been appropriately authorised.</p> <p>RMO3 Invoices are only processed for payment that are legitimate and after the goods and/or services have been received</p> <p>Opinion: Green. Adequate controls exist to ensure all invoices are appropriately authorised and that goods and/or services had been received. There is a robust process for identifying and addressing any errors prior to payment.</p> <p>RMO4 There are adequate controls to ensure that payments made are accurate, complete, timely and processed only once</p> <p>Opinion: Green. Adequate controls exist to ensure that payments processed are accurate, complete and timely. No duplicate payments were identified.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Corporate Credit Cards	2	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RM01 - Policy and processes for the issue, usage, security and return of Corporate Credit Cards are adequate. Opinion: Amber. There is no formal policy on who cards will be issued to and why, although all were appropriately authorised. Testing established some instances where cards were not held securely or were used by individuals other than the card holder.</p> <p>RM02 - Corporate Credit Cards are being used in line with policy. Opinion: Amber. Testing established that authority in relation to individual purchases is retrospective and therefore adds little in terms of control. Guidance does not make clear that purchases should not be spit to circumvent limits and one instance was identified where this had happened. However, no inappropriate spend was identified.</p> <p>RM03 - : Exchequer procedures to process Corporate Credit Cards are appropriate and followed in practice. Opinion: Green. Testing established that all purchases were supported by an authorised form and were correctly allocated against budget codes. There is potential to streamline the process through introduction of a monthly form rather than one per transaction.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Homelessness	2	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - We meet our statutory responsibility to provide emergency accommodation for those where there is reason to believe that they may be homeless, eligible for assistance, and have a priority need. Opinion: Green: Testing established statutory responsibilities are met.</p> <p>RMO2 - Accommodation provided to customers is suitable for their needs. Opinion: Green: Accommodation provided is suitable in terms of size, safety and special needs. No further criteria are applied due to the limited amount of emergency accommodation available.</p> <p>RMO3 - The financial costs incurred through providing emergency accommodation are adequately controlled through appropriate allocation, monitoring and recovery of amounts due. Opinion: Green: Testing established that adequate processes exist for recovery of costs although systems to monitor build-up of arrears are recent. Placements are appropriately authorised.</p> <p>RMO4 - There is periodic monitoring of homelessness in the borough; the suitability of emergency accommodation and the budget to ensure the continual compliance with our homelessness duties. Opinion: Green: Periodic monitoring is undertaken with homelessness figures reported. The availability of emergency accommodation in the Borough affects the ability to select providers on price.</p> <p>RMO5 - The West Kent Homelessness Strategy fulfils the statutory requirements of the Homelessness Act (2002) and achievement of outcomes is monitored and reported appropriately. Opinion: Amber: The current Strategy fulfils statutory requirements. Progress is monitored but the action plan was last updated in July 2013. The strategy is due for review and scheduling difficulties have led to delays in frequency of meetings therefore an up to date review of performance against the plan with the engagement of all partners is required to inform the strategy going forward.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Insurance	2	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - There are adequate policies and procedures in place. Opinion: Green: Adequate policies and procedures are in place.</p> <p>RMO2 - Sufficient arrangements are in place to ensure only eligible claims are appropriately processed. Opinion: Green: Sufficient arrangements exist in relation to eligibility however better evidence of progress on claims would highlight any delays and ensure the status of claims is readily available.</p> <p>RMO3 - Arrangements are in place to minimise the possibility that re-occurring claims arise. Opinion: Green: For all claims tested appropriate action had been taken to prevent similar incidents occurring.</p>
Expenses claims	2	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – There are adequate policies and procedures in place for the reimbursement of staff travel and subsistence claims. Opinion: Green. Testing established that there are a variety of guidance documents and claim forms; while comprehensive some updating to ensure consistency was required.</p> <p>RM02 - Claims are verified, processed and paid correctly and appropriately. Opinion: Green. Testing established that all claims were appropriately authorised and correctly paid. Where roles require multiple location visits the level of information on claim forms could be improved to assist verification.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Complaints handling	2	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – There are adequate arrangements in place for complaints handling</p> <p>Opinion: Amber: Testing established that there are adequate arrangements for complaints to be made and those complaints tested had been responded to reasonably. No complaints escalated to the Ombudsman had been upheld. However there was a lack of consistency in recording and in the information provided in response to complaints on how to escalate if dissatisfied; we acknowledge that a new computerised system is currently being implemented which should address this issue as well as providing the opportunity to enhance monitoring.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Property management	2	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - There are policies, procedures and guidance notes in place that are easily accessible and have been appropriately approved.</p> <p>Opinion: Amber: The Capital Strategy and Savings and Transformation Strategy are both up to date and accessible, however there is currently no specific Asset Management Strategy</p> <p>RMO2 - Adequate records are maintained of all the Council's land and property holdings in respect of fixed assets with reviews of assets occurring timely.</p> <p>Opinion: Green: Testing established that asset reviews are undertaken in line with the agreed 5-year cycle and relevant documentation is held.</p> <p>RMO3 - Acquisitions, grants, commercial rents, sale/ disposals and leases are appropriately dealt with obtaining the best terms for the Council.</p> <p>Opinion: Green: No acquisitions have been undertaken and disposals had been reported appropriately and value for money obtained. Invoicing for commercial rents is in line with agreed leases however rent reviews had been impacted by a delay in receiving up to date financial information, including RPI increases.</p> <p>RMO4 - Performance and decisions relating to the Council's asset portfolio are reported.</p> <p>Opinion: Amber: There are no formal agreed performance measures although a savings target has been set. Unutilised assets are discussed however there is no formal process to monitor an assets effectiveness and utilisation.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Housing register and allocations	2	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – There are policies, procedures and guidance notes in place that are easily accessible and have been appropriately approved</p> <p>Opinion: Green. Policy, procedure and guidance are all up to date, appropriately approved and easily accessible, including use of the website and hard copies on request.</p> <p>RMO2 – Criteria are correctly applied and eligible applicants are assessed appropriately.</p> <p>Opinion: Green. Testing established that robust controls exist to ensure criteria are correctly applied and assessments are appropriate. Recommendations in relation to retrospective fair processing notices, declarations of non-interest, documenting checks and additional detail in letters to applicants were made to further enhance this.</p> <p>RMO3 - The review process to appeal decisions is followed correctly, is transparent, and well publicised</p> <p>Opinion: Green. Testing established that robust controls exist to ensure the appeals process is correctly followed and applicants informed of outcomes. Where original decisions are overturned these were due to additional evidence or change of circumstances rather than error. Again some recommendations were made to further enhance this including consistent recording of detail on applicants files and additional detail in letters to applicants.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Refuse and Recycling contract monitoring	3	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Appropriate controls exist to ensure that the refuse collection & recycling contracts are monitored and managed effectively by trained staff to ensure that the council's obligations are delivered and terms of the contract met.</p> <p>Opinion: Amber: Good contract monitoring processes are in place although some gaps in performance information were identified due to issues with the current IT system. This is being addressed through implementation of a new system. Procedures for inspections are in place but need enhancing to include enforcement and contract monitoring elements.</p> <p>RMO2 - Contingency plans are in place if the service provider fails to meet their contractual obligations.</p> <p>Opinion: Green: Although measures are in place to address contractor performance issues and a performance bond is held to provide a financial contingency current business continuity plans do not adequately address contingencies for total failure of the contract, for example provider going into liquidation.</p> <p>RMO3 - Benchmarking against other authorities for Refuse collection & recycling and joint work is undertaken to ascertain if value for money is achieved and current performance of arrangements in place.</p> <p>Opinion: Green: Benchmarking established that TMBC perform higher than average overall in terms of level of income cost per household and % recycled although dry recycling performance is less than average.</p>
Youth and Play Development	3	Cancelled	N/a	Cancelled due to the recommendations of the Scrutiny Review Group and changes to service provision. This audit was replaced by consultancy work consisting of benchmarking to support the review of car parking charges

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Environmental protection	3	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – Investigations into Statutory Nuisance Complaints re processed effectively, efficiently and economically. Opinion: Green. Testing established that processes for and methods to investigate complaints are effective, efficient and economical. Minor efficiency recommendations were made including emailing correspondence to save on costs and recording and obtaining signatures for equipment loaned to demonstrate return.</p> <p>RMO2 – Statutory Nuisance Complaints are processed timely and key stakeholders are informed of each stage appropriately. Opinion: Green. Testing established that complaints are responded to timely and stakeholders kept informed in line with the council's guidelines, however recording detail of investigations varied and could be improved.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Tonbridge Castle Facilities Hire	3	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 – Policy and processes for the hiring of Tonbridge Castle are adequate.</p> <p>Opinion: Amber. Policies and procedures, including fees, are adequate for the current level of bookings but further detail in relation to cancelled events and rationale for charges compared to other venues could be enhanced, particularly if the level of bookings, and therefore financial materiality, increased. Risk assessments for hire of facilities need to be completed.</p> <p>RMO2 – Financial arrangements, including complimentary use of the facilities, are adequate and followed in practice.</p> <p>Opinion: Green. Testing established that payments are received in advance for weddings and for all events concessionary rates are applied appropriately. Charges were accurate however for invoices raised after the event (for example corporate bookings or educational visits) the Castle are not informed whether payment has been received and could take subsequent bookings from customers with outstanding debts.</p> <p>RMO3 – Opportunities for development are identified to maximise the potential for income generation and community development.</p> <p>Opinion: Green. Efficient utilisation of office space is currently being considered and a report had been commissioned which made recommendations aimed at improving visitor and event level, customer feedback is also monitored. Consideration could be given to methods for marketing the venue for events should the council wish to increase income but this would need to be considered in line with any impact on other visitors.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Contingency Planning & Disaster Recovery	3	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - There is a robust and comprehensive IT Disaster Recovery Plan in place which is agreed by Management Team and feeds in to the Corporate Business Continuity Plan</p> <p>Opinion: Amber: Back-up and recovery processes are robust however the current IT Disaster Recovery Plan (DRP) is out of date</p> <p>RMO2 - The IT Disaster Recovery Plan is reviewed, tested and outcomes feed into the planning process.</p> <p>Opinion: Amber: The IT DRP is made up of a number of documents resulting in disparity and some documents that have not been reviewed for a number of years. The DRP is not proactively tested although reactively situations are reviewed and there is no evidence of failure to respond to/recover from an incident.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Building Control	3	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - An appropriate written partnership agreement is in place for the delivery of the building control service which ensures that the council's obligations are delivered. Opinion: Green: The partnership agreement in place is robust and contains appropriate financial and performance measures.</p> <p>RMO2 - The arrangements in place are monitored including key performance indicators to ensure that value for money is achieved. Opinion: Green: Introduction of a joint system has enhanced performance monitoring and savings achieved have exceeded initial targets. However audit identified a discrepancy in TMBC and SDC figures that was as a result of VAT not being transferred to TMBC's detriment. A reconciliation process was not in place at the time.</p> <p>RMO3 - Contingency plans are in place which define a clear exit strategy should the partnership no longer be in the best interests of the Council. Opinion: Amber: Although the partnership agreement details the arrangements to end the contract by either party if required there is currently no contingency plan documented.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Members' Allowances	3	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Members allowances, including the Mayor, are clearly and transparently documented and approved by full Council.</p> <p>Opinion: Green: The Scheme of Members' Allowances is published on the website as are statements of actual payments made up to 2014/15. It was noted that the Mayor and Deputy Mayor allowances are not defined as special responsibilities therefore information on those allowances is not published. It is recognised this is not a statutory requirement.</p> <p>RMO2 - Allowances and claims made by Members and the Mayor are appropriate, accurate, reflect special responsibilities granted and are paid in accordance with Council Procedures.</p> <p>Opinion: Green: All allowances paid and claims tested were appropriate and accurate. A recommendation was made to remind members to submit receipts and allow the Council to reclaim VAT where relevant.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Sickness Absence Monitoring	4	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - The Council has adequate policies and procedures in place to monitor sickness absence effectively. Opinion: Green: Policies and procedures are in place and readily available to all staff</p> <p>RMO2 - Managers monitor sickness absence at individual level to identify any persistent, short term absence and take action as necessary. Opinion: Amber: Testing established some inconsistencies and gaps in use and retention of required forms. This lead to difficulties in identifying and therefore testing cases of frequent short-term absence although instances that were identified had been dealt with appropriately. Streamlining the process would help to improve this.</p> <p>RMO3 - Adequate monitoring is undertaken at organisational level to identify themes and trends and address issues arising. Opinion: Green: Monitoring is undertaken up to and including Management Team, some enhancements were recommended as a 'low' priority but were not accepted. However Management Team are giving consideration to the current process in light of the findings of the audit.</p>
Housing Benefit Assessments	4	Draft Report to be issued following completion of QA process	TBC	<p>This audit is reviewing the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Adequate arrangements exist to ensure all new claims are legitimate and the correct benefit is being paid to the correct person.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Section 106 Arrangements	4	Draft Report	TBC	<p>This audit is reviewing the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - There are policies and guidance in place which explain the Council's aims for development, negotiation and implementation of planning obligations. In addition there are processes in place to ensure that the policies and guidance are adhered to.</p> <p>RMO2 - There are arrangements to monitor whether developers provide facilities/affordable housing as required in their agreements and there is a record of the planning obligations negotiated.</p> <p>RMO3 - There are arrangements in place for following up and monitoring any financial contributions.</p> <p>RMO4 - There are arrangements to ensure that any unspent financial contributions are returned to the developer where the infrastructure is not brought forward.</p>
Community Safety Partnership	4	Complete	Green	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - The Council fulfils its statutory responsibilities, with the operational functions of the Community Safety Unit managed appropriately.</p> <p>Opinion: Green: Statutory responsibilities are fulfilled and operational functions adequately managed as demonstrated through supporting documentation ranging from job descriptions to minutes of meetings and action plans. A staff handbook is in place but requires updating.</p> <p>RMO2 - The Council provides accurate, accountable financial management on behalf of the Community Safety Partnership.</p> <p>Opinion: Green: Accurate and accountable financial management is provided however the Partnership Terms of Reference does not document use of reserve funds or what would happened to any surplus/deficit should partnership membership change. Due to recent elections future funding from the PCC had not been confirmed at the time of the audit. Due to multi-agency membership the partnership cannot be audited in its entirety.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Licensing Functions	4	C/f to 1617 Audit Plan		
Corporate Policy Maintenance	4	C/f to 1617 Audit Plan		
Empty Properties	4	Draft report	TBC	<p>This audit is reviewing the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - The role of Housing as corporate lead is clearly defined and there is evidence that the role is proactively fulfilled.</p> <p>RMO2 - The Corporate Working Group to tackle the issue of Empty Homes has been established with a clear terms of reference. It meets regularly and has clear action plans, monitoring and escalation processes in place.</p> <p>RMO3 - Public awareness has been raised through appropriate marketing strategies and the reporting process is simple and accessible. The impact/success of both is monitored.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
IT Helpdesk	4	Complete	Amber	<p>The audit considers the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Procedures are in place to manage demand on Help Desk resources.</p> <p>Opinion: Amber. Strategies to manage demand include Help Desk pages on the intranet and circulation of council wide emails for issues such as upgrades and down time. However a knowledge base, including FAQ, and a self-service function will be introduced with the new Helpdesk system which, if effective, should better manage demand.</p> <p>RMO2 - Help Desk have the systems and resources in place to resolve calls in a timely manner and in line with priority.</p> <p>Opinion: Red. During 2015/16 Helpdesk resources were impacted by a vacancy in the team and deployment of staff to support roll out of large projects, in addition support to the Leisure Trust has been extended and the current Helpdesk system is limited in terms of reporting functions, performance monitoring and recording of calls. As a result performance on response times declined. An additional staff member has been recruited to start in June and the new Helpdesk system is due to go live in the Autumn. Both should help to address resource issues and improve response times but this will need to be closely monitored.</p> <p>RMO3 - The IT Help Desk has a plan to resume the feedback process including trend analysis with clear timescales.</p> <p>Opinion: Green. Results of surveys up to 2014/15 are available on the intranet, although there was a gap in 2015/16 (see reasons above) this has been reinstated for 2016/17.</p>

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Data Protection	4	Draft	N/a	<p>This audit was planned as an assurance report however initial work undertaken established that no progress had occurred since the 2013/14 audit and therefore actions remained outstanding. While this has been recognised as a risk area the newly formed Information Governance OSG will have a key role in progressing this subject (one meeting undertaken to date). Based on this we do not consider it appropriate to issue a formal report and as such a letter will be issued to management team to ensure the current position is understood and line of sight can be maintained. An audit of Information Governance will be undertaken early in 2017/18 and a formal report issued regardless of progress.</p>

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Definitions of Audit Opinions

Green – Risk management operates effectively and objectives are met

Overall audit opinion: Expected controls are in place and effective to ensure risks are well managed and the service objectives are being met. Any errors found are minor or the occurrence of errors is considered to be isolated. Recommendations made are considered to be opportunities to enhance existing arrangements.

Amber – Key risks being managed to enable the key objectives to be met

Overall audit opinion: Expected key or compensating controls are in place and generally complied with ensuring significant risks are adequately managed and the service area meets its key objectives. Instances of failure to comply with controls or errors / omissions have been identified. Improvements to the control process or compliance with controls have been identified and recommendations have been made to improve this.

Red – Risk management arrangements require improvement to ensure objectives can be met

Overall audit opinion: The overall control process is weak with one or more expected key control(s) or compensating control(s) absent or there is evidence of significant non-compliance. Risk management is not considered to be effective and the service risks failing to meet its objectives, significant loss/error, fraud/impropriety or damage to reputation. Recommendations have been made to introduce new controls, improve compliance with existing controls or improve the efficiency of operations.

Recommendations made will be categorised as High, Medium or Low.

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Service	Audit Title	Recommendation	Priority	Date due	Audit opinion on client response	Revised Target Date
Central	Expenses	Declarations of claiming and authorising officers should be standardised for consistency and robustness. For claiming officers the declaration should state that the expenses were necessarily incurred in connection with official duties. For authorising officers it should state that the form has been checked and that they agree the expenses have been necessarily incurred in connection with official duties.	Medium	31/03/16	Complete	
Central	Tonbridge Castle	Reasons for approving exceptions to booking fees should be recorded with the booking. Political Party bookings should not be exempt from charge unless explicitly in relation to Borough business.	Low	02/03/16	Complete	
Central	Maintaining High Standards of Officer Conduct	Review the use of Netconsent in the circulation of core policies required for new employees to read and agree to.	Low	31/03/16	Awaiting Response	
Central	Maintaining High Standards of Officer Conduct	Review the redistribution of core policies to existing staff and that this complies with assurance given in the AGS and is as stated within the relevant policies.	High	31/03/16	Awaiting Response	
Central	Audit Follow Up - Mobile Phones	The TMBC Mobile Phones Policy should be drafted with mention being made to the Unified Communications System and the impact mobiles have on the Emergency Plan.	High	31/07/15	Awaiting clarification	
Central	Audit Follow Up - Mobile Phones	The spreadsheet maintained by Central Services Administration to aide coding of mobile telephone bills should be updated to reflect current users.	Medium	Original 31/07/2015 Revised 30/09/2015	Superseded	
Central	Audit Follow Up - Recruitment Vetting	Ensure that a full review of all posts against DBS requirements is carried out appropriately	Medium	01/09/15	Complete	
Central	Maintaining High Standards of Officer Conduct	Review the suite of policies published in the Personnel Reference Manual to ensure they are up to date and reflective of the current Council's rules, principles and leadership. Make the most recently approved versions available on the TMBC website where appropriate.	High	09/11/15	Complete	
Central	Maintaining High Standards of Officer Conduct	Amend the Declaration of Interest form for Users of Revenue & Benefits Data to include an option to declare 'no interest' and that this is completed by all relevant officers in accordance with the Annual Governance Statement	Medium	01/09/15	Complete	
Central	Maintaining High Standards of Officer Conduct	Review and update the Code of Conduct to reflect current best practice guidance and subsequent significant legislation	Medium	07/08/15	Complete	
Central	Complaints Handling	Use the implementation of the new complaints handling system to perform a review of both the Corporate Complaints Policy and Procedure in line with LGO guidance	Medium	30/09/15	In progress	30/11/16
Central	Complaints Handling	Ensure all relevant employees are aware of the complaints procedures and requirements, including a complainant's right to escalate their complaint	Medium	30/09/15	Awaiting clarification	
Central	Complaints Handling	Either expand the racial incidents section of the complaints form (or equivalent under the new system) to include complaints about any form of discrimination by the Council, or remove the section as all complaints and allegations should be investigated fully	Low	30/09/15	In progress	30/11/16
Central	Complaints Handling	Update as part of the complaints review, the Council's policy and procedures on compensation arising from complaints, ensuring that doing so complies with any requirements for Committee approval	Medium	30/11/15	Awaiting clarification	
Central	Personal and Premises Licences	Review the report of all premises which appear not to have a premises licence on Uniform.	Medium	01/08/14	Complete	
Central	Personal and Premises Licences	Ensure that the appropriate licensing enforcement policy is agreed by members	High	30/09/14	Superseded	
Central	Personal and Premises Licences	Update the licensing enforcement policy to include reference to the different level of fees that can be charged by a Magistrates Court using the Standard Scale of Fines within the Criminal Justice Act 1982. This information should also be available on the website.	Medium	30/09/14	Superseded	
Central	Complaints Handling	Include reports, with an appropriate level of detail, on complaints and resolutions as a standing agenda item at service level team meetings, departmental team meetings and management team meetings to give an overview of complaints within the Council and as an early indicator of possible escalations.	Medium	31/07/15	Complete	
Central	Personal and Premises Licences	Investigations should be carried out to establish the rateable value of the Olive Stores to ensure the correct application fee has been levied.	Medium	01/10/14	Complete	
Central	Personal and Premises Licences	Ensure that a Disclosure of Convictions and Declaration Form is received and stored on file for all applications prior to a personal licence being awarded	Medium	01/11/14	Complete	
Central	Personal and Premises Licences	Ensure that the receipts screen on Uniform is appropriately updated when payments are received	High	01/11/14	Complete	
Central	Personal and Premises Licences	Ensure that when applications are received, the rateable value is checked against the Valuation Office Agency Website	Low	01/11/14	Complete	
Central	Personal and Premises Licences	Ensure that the case reference or surname is used as a narrative for all payments on Integra for ease of reference.	Medium	01/11/14	Complete	
Central	Personal and Premises Licences	Information should be provided on the councils website on how to contact the council regarding licence breaches	Low	30/09/15	Complete	
Finance	Expenses	Guidance for staff expenses claims should be reviewed, aligned and accessible from a single intranet page. As part of this review, accommodation rates should be revised to market value, or a statement that authorisation should be obtained should the rate payable be in excess of the published rate.	Low	31/03/16	Complete	
Finance	Expenses	Officers responsible for monitoring of business cover insurance for travel claims must ensure that insurance is adequate, current, and that evidence of renewal is seen before expiry. Insurance cover for officers who only do training mileage needs to be checked by line management. An escalation process should be established for expired certification where renewal has not been verified to mitigate the Council against claims.	Low	31/03/16	Complete	
Finance	Expenses	Payroll and Personnel should perform a reconciliation of all posts in receipt of essential user allowance to ensure that the right posts and in receipt of the allowance.	Medium	31/03/16		30/06/16
Finance	Expenses	Consider streamlining the expenses and mileage claim process. This could include consolidation to reduce the number of forms used, reduction of methods of payment or the implementation of an electronic based expenses and mileage system subject to cost/benefit	Medium	31/03/16	Awaiting clarification	

Service	Audit Title	Recommendation	Priority	Date due	Audit opinion on client response	Revised Target Date
Finance	VAT	Review and update all internal VAT guidance and procedures to ensure that staff are only able to access current information. Include a date of review/revision when reviewing or amending documentation.	Medium	31/03/16	In progress	30/09/16
Finance	Council Tax DDE	Consider providing staff with training on fraud prevention and the identification of fraudulent documents.	Low	10/12/15		30/09/16
Finance	VAT	Consult the Council's Data Protection Officer on the risk of retaining personal data for longer than required on the Purchase Ledger; and take any action warranted.	Low	30/11/15	In progress	30/04/16
Finance	VAT	Obtain advice from the Council's VAT advisory service, LAVAT, on how to handle incorrect invoices received.	Low	31/07/15	In progress	30/04/16
Finance	Council Tax DDE	Ensure all the application forms and information online provide consistent information on the timescale required for changes of circumstance to be notified to the Council.	Medium	10/09/15	Complete	
Finance	Council Tax DDE	Review current practices in line with the minimum standards suggested in the MOU.	High	10/12/15	Complete	
Finance	Council Tax DDE	Remind staff that discounts that fall out outside of the scope of Regulation 15 of the Council Tax (Administration and Enforcement) Regulations 1992 must have recorded evidence before they are applied.	Medium	10/12/15	Complete	
Finance	Write Offs	Service reports of write offs to be approved by Director of Finance should evidence approval at service manager level.	Medium	10/09/15	Complete	
Finance	Income Collection - Web and Telephone	Exchequer Services should liaise with the Land Charges Manager in order to provide an online payment facility for the service	Low	31/07/15	Complete	
Finance	Direct Debit / Standing Order	Remove or replace the out of date How to Pay.pdf http://finance.tmbc.gov.uk/assets/SL5/HowtoPay_pmd_v2.pdf	Low	30/06/2015	Complete	
Finance	Direct Debit / Standing Order	The Principal Revenues Officer should conduct a sweep of the suspense account to write on any unidentified payments older than six years (prior to 31st March 2009) and repeat annually to avoid funds remaining on the suspense account indefinitely.	Medium	30/06/2015 Revised 31/03/2016	Complete	
Finance	VAT	Introduce arrangements to monitor credit notes or refunds for lease vehicles returned as early termination.	Low	31/05/15	Complete	
Finance	VAT	Perform follow up checks to ensure that World Pay is not being entered as EU when they are supplying a GB VAT registration number	Low	31/05/15	Complete	
Finance	VAT	Send a guidance note to relevant staff reminding them of the importance of being able to reclaim VAT and what is required for the Council to be able to do this, especially in the case of Credit Card transactions. At the same time include details of all information required to appear on Credit Notes.	Low	30/09/15	Complete	
Finance	VAT	Amend mileage claim and VAT spreadsheets, using conditional formatting to highlight potential anomalies.	Low	30/06/15	Complete	
Finance	Procurement	When procurement documents are next amended ensure that dates of publication, amendment or review are included in a logical place within the document; this should apply to all relevant documentation, not just the Procurement Strategy and Buyer's Guide. ('as and when', check in September)	Low	30/09/15	Complete	
Finance	Procurement	Either amend/remove the wording of the Procurement Strategy (15.1/15.2) about performing a skills audit or perform an ongoing skills audit/review.	Low	30/06/15	Complete	
Finance	Procurement	Amend the Procurement Checklist to give job titles rather than the officer names.	Low	30/09/15	Complete	
Finance	Procurement	When the Procurement Strategy and/or Buyer's Guide are updated following the introduction of the new regulations consideration should be given to both CIPFA's Strategy Outputs which are key areas that should be referenced in an all-encompassing strategy document or in standalone but linked documents, and also the National Procurement Strategy.	Medium	30/09/15	Complete	
Finance	Procurement	The contract with BPS Chartered Surveyors should be reviewed; if it is felt that they still offer best value for money for the Council then a waiver should be obtained from the Statutory Officers every 3 to 5 years by presenting an appropriate business case. If it is felt that they no longer offer best value, or are unsure of this, then three written quotes should be obtained as per the current Contract Procedure Rules.	Low	Original 30/06/2015 Revised 15/09/15	Complete	
Finance	Procurement	Staff should be reminded that original contract documents should be passed to Legal Services for retention in a secure fire-proof location. (Directors to cascade via SMT)	Medium	31/08/2015 Revised 30/04/2016	Complete	
Finance	Corporate Credit Cards	Introduce a basic internal card holder request form for Corporate Credit Cards, and retain on file. It should include the name, job title and service of the applicant, the business case including proposed limits, Service Director's comments approval and Director for Finance and Transformation's (or delegated officer's) comments and approval. A section should be included to request changes in limits which should also be approved by the Director of Finance and Transformation or delegated officer. This could be an e-Form.	Low	30/11/15	Complete	
Finance	Corporate Credit Cards	Authorisation for cards to be issued and any amendments should be by the Director of Finance and Transformation, or delegated officer. Changes and authorisation should not be authorised by a less senior officer and therefore amendments to the Director of Finance and Transformation's card should be authorised by the Chief Executive	Medium	30/11/15	Complete	
Finance	Corporate Credit Cards	Amend the User Agreement and Guidance Notes to refer to each other and: 1. include a prohibition of splitting purchases to circumvent transactional limits 2. correct the contact telephone number for the Exchequer Services Manager 3. include a number for the Bank to report in the case of loss or misuse 4. clarify whether the card can be taken off-site and security arrangements 5. update to include guidance on using the card online 6. and replace names with job titles, or both Send out amended guidance to all card holders	Medium	31/12/15	Complete	

Service	Audit Title	Recommendation	Priority	Date due	Audit opinion on client response	Revised Target Date
Finance	Corporate Credit Cards	All card holders and budget holders should be informed that, as per the user agreement, Corporate Credit Cards are personal issue and therefore must only be used by the card holder. If there are insufficient cards in a service area, a business case should be put forward for additional card holders. Consideration should be given to taking appropriate action where cards have been used by non-card holders	High	31/12/15	Complete	
Finance	Payroll	Termination Forms should be completed for casual staff who have not worked /submitted a time sheet for 6 months or more.	Low	31/08/15	Complete	
Finance	Payroll	Personnel should instigate procedures to ensure that payments for early termination fees on lease cars are reclaimed promptly.	Medium	31/07/15	Complete	
P, H & EH	Housing Allocations Register	A fair processing statement should be included in the annual review letters for all applications which pre-date inclusion of such statement.	High	31/03/16	Complete	
P, H & EH	Housing Allocations Register	Good practice: Include a short statement of non-interest on the file sheet for case officers to sign and date	Low	31/03/16	Complete	
P, H & EH	Housing Allocations Register	Good practice: File checklists should have the name of the case officer as well as the date the checks are completed	Low	31/03/16	Complete	
P, H & EH	Housing Allocations Register	Transparency: Welcome letters should explain the reason that the band has been allocated, from the information available on Locata, and include the right to a review.	Low	31/03/16	Complete	
P, H & EH	Housing Allocations Register	Define a percentage of QA checks to be conducted and record evidence that checks have been performed and by whom.	Low	31/03/16	Complete	
P, H & EH	Housing Allocations Register	Letters should show the correct amount of time to request a review as stated in the current version of the Housing Allocations Scheme.	Medium	31/03/16	Complete	
P, H & EH	Housing Allocations Register	Ensure that customers are advised of any delays in decision making, in line with the timescales in section 9 of the Housing Allocations Scheme, recording contact and progress on Locata's Journal facility.	Low	31/03/16	Complete	
P, H & EH	Housing and Financial Assistance	Finalise the draft Anti-Fraud policy and Fraud Prevention appendix.	Low	01/09/15	Superseded	
P, H & EH	Housing and Financial Assistance	Improve and streamline the customer experience when applying for Housing Financial Assistance and / or Discretionary Housing Payments; consider amending the Housing financial assistance application form to include a section for eligible applicants are able to request Discretionary Housing Payment where applicable, and instigate a joined-up approach where the teams share information to conduct one set of checks and source of client contact.	Medium	31/10/15	In progress	30/04/16
P, H & EH	Housing and Financial Assistance	Introduce arrangements for Finance to contact Housing when recovering / considering write-offs relating to Housing financial assistance to make best use of the relationship Housing have with their customers.	Medium	31/07/15	Complete	
P, H & EH	Housing and Financial Assistance	Amend the application form to state any relationship with, rather than just related to, a Council Member or Officer and instigate the requirement for case officers to declare non-interest as well as interest on each case they handle.	Low	30/06/15	Complete	
P, H & EH	Housing and Financial Assistance	Continue to promote the use of insurance, Discretionary Housing Payments and rent deposit bonds as these are lower risk to the Council than cash rent deposit advances. (listed as ongoing, check in September)	Medium	30/09/15	Complete	
P, H & EH	Housing and Financial Assistance	Consider the option of supplying the Landlord Packs in electronic format. A CD-ROM or small USB stick is often cheaper than printed material. A printed pack should still be available for landlords who may not have access to computer.	Low	30/09/15	Complete	
P, H & EH	Housing and Financial Assistance	Document reasons for any exceptions made to the application process, or awards made, along with approval from higher level management where appropriate. (listed as ongoing, check in September)	Medium	30/09/15	Complete	
P, H & EH	Housing and Financial Assistance	Retain electronic or hard copies of all confirmation replies from other interested Council teams when checking for outstanding debt or fraud investigation. (listed as ongoing, check in September)	Low	30/09/15	Complete	
P, H & EH	Housing and Financial Assistance	Be consistent in the use of I/We in all agreements, particularly where there is a joint application or joint landlords	Low	30/09/15	Complete	
P, H & EH	Housing and Financial Assistance	As advances can be repaid over a period of 6-12 months, and be extended further, consider using a 'rolling spreadsheet' rather than annual spreadsheet to better monitor cases which cross over years.	Low	30/09/15	Complete	
Street Scene	Tonbridge Cemetery Services	Provide basic information about the Cemetery including the address on the Council's website	Low	08/02/16	Complete	
Street Scene	Tonbridge Cemetery Services	Review the pricing strategy for historical searches.	Low	08/02/16	Complete	
Street Scene	Car Park Income	Parking should commission an audit of Park Mobile to gain assurance that their systems correctly calculate monies due to the Council.	High	31/10/15		31/03/17
Street Scene	Car Park Income	Leisure Services should seek advice from the Council's legal team with regards to signage at country parks indicating that funds from parking are used to fund other services. If required the wording should be removed or amended.	Medium	30/09/15	In progress	30/04/16
Street Scene	Car Park Income	Transfer responsibility for leisure Services parking to the Parking Team to avoid duplication of work and provide a consistent approach.	Medium	31/12/15	Awaiting Response	
Street Scene	Car Park Income	Rationalise team functions between field staff and administrative staff.	Medium	31/12/15	Awaiting Response	
Street Scene	Car Park Income	Improve key security so that only approved staff has access to cash machine keys	Medium	31/07/15	Complete	
Street Scene	Car Park Income	The Parking Manager should liaise with IT and/or Park Mobile to discover the root cause of the reporting issue and find a way to utilise the reporting functions to be able to reconcile usage against income.	High	31/08/15	Complete	
Street Scene	Car Park Income	Reconcile parking refund reports with the invoices received and bring a consistent approach on whether ticket stubs are verified or not for all management companies.	Medium	31/07/15	Complete	
Street Scene	Car Park Income	Retain audit tickets and other parking related documentation in line with the Council's document retention policy and ensure that duplicate audit tickets are obtained where they have not been produced by the machine or have been lost.	Medium	31/07/15	Complete	

Service	Audit Title	Recommendation	Priority	Date due	Audit opinion on client response	Revised Target Date
Street Scene	Tonbridge Cemetery Services	Introduce procedures to serve customers requesting to view the Registers of Burial under Article 11 of the Local Authorities Cemeteries Order 1977, including access to information only stored on the BACAS system.	High	09/11/15	Superseded	
Street Scene	Parking Enforcement / PCN	Ensure that system notes are updated on Parking Gateway to explain any variations from standard processing of penalty charge notices.	Medium	30/09/15	Complete	
Street Scene	Parking Enforcement / PCN	Create a level of access between Default/Parking Attendant and Supervisor so that the Senior and Supervising CEOs can perform the tasks required of their role, but removes the possibility of cancelling a PCN; and/or implement a suitable monitoring regime.	Medium	30/11/15	Complete	
Street Scene	Parking Enforcement / PCN	Conduct a review of user access, ensuring that terminated employees are deactivated and that active users have the correct level of access.	Medium	30/11/15	Complete	
Street Scene	Parking Enforcement / PCN	Discussions should take place with debt collection agencies used to look at sensible repayment agreements, which may include paying the Council larger sums less often to reduce administrative time processing payments.	Low	30/09/15	Complete	
Street Scene	Parking Enforcement / PCN	Application forms for dispensations should be obtained and scanned in all circumstances and where a chargeable dispensation is given free of charge notes to should added to give reasons for discretion.	High	30/09/15	Complete	
Street Scene	Tonbridge Cemetery Services	Confirm the Council's electronic-only storage meets the legal requirement to hold a Register of Burials.	High	09/11/15	Complete	
Street Scene	Grounds Maintenance	Ensure all payments for the 2015-2019 Grounds Maintenance Contract are made to the correct finance code for the Contractor.	High	31/05/15	Complete	
Street Scene	Grounds Maintenance	Ensure that the Contractor is consistently referred to as Landscape Services.	Low	31/05/15	Complete	
Street Scene	Grounds Maintenance	Increase the number of ad-hoc Health and Safety inspections to one a month during the off-peak season to three or four during peak periods.	Medium	30/06/15	Complete	
Street Scene	Grounds Maintenance	Expand the scope of the inspection form to include comment on quality of work and other relevant areas. This could be as simple as a text box for other comments.	Low	30/06/15	Complete	
Street Scene	Grounds Maintenance	Ensure inspection forms are promptly filed; consider scanning forms if the handwritten version is legible (avoiding time required to type up forms) or seek to introduce mobile technology	Low	30/06/15	Complete	
Street Scene	Grounds Maintenance	Implement monitoring arrangements to keep a track of all health and safety inspections, Playground inspections and well any issues found in the course of routine work. It is suggested this could be through a simple spreadsheet showing date of inspection, name of inspector, inspection type, result, comments, follow up action, resolution.	Medium	30/06/15	Complete	
Street Scene	Grounds Maintenance	Review the Health and Safety Monitoring Note and amend following consultation with the Health and Safety Officer, taking account of the comments and suggestions made in point 4.16 of this report.	Low	30/09/15	Complete	
Street Scene	Leisure Trust Contract	In the interests of Business Continuity, and given that staff from several teams have input into the monitoring of Leisure Trust contract, an organogram should be compiled and maintained that details which Council officers have input and their responsibilities; if possible include their TMLT counterparts.	Low	31/08/15	Complete	
Street Scene	Leisure Trust Contract	Improve the structure and consistency of the electronic filing of all relevant documentation on a shared drive folder with access available to all relevant staff, including copies of files received from support and maintenance services.	Low	31/08/15	Complete	
Street Scene	Leisure Trust Contract	Periodically monitor uptake of each of the available schemes to ensure that all sectors of the community are taking advantage of the facilities.	Low	31/10/15	Complete	
Street Scene	Leisure Trust Contract	Create and use site visit forms which details what should be checked on each visit, using a risk based approach so that all required checks are performed at each premises throughout the year, plus room for comments and action points.	High	31/07/15	Complete	
Street Scene	Leisure Trust Contract	Create and use a matrix detailing what checks and meetings are required throughout the course of the year, so that any deficiencies in monitoring or receipt of reports, meetings or other functions can be identified and rectified or explained.	High	31/07/15	Complete	
Street Scene	Leisure Trust Contract	Conduct a review of the Management Agreement and other relevant agreements to identify all aspects which require monitoring and perform a risk based analysis to decide how often each aspect should be checked. This should form the basis of the Site Inspection Form, a monitoring matrix, identify whether any aspects are not being discussed at review or strategic meetings, and help ensure that all monitoring is relevant and proportionate to the Council's needs.	High	31/07/15	Complete	
Street Scene	Car Park Income	When the next review of Council owned car parks is undertaken, identify whether income can or should be obtained to cover or contribute towards the running costs of each car park either as Pay and Display, Pay by Mobile, Permits or selling/leasing to parish councils. The review should not be limited to car parks with existing charges	Low	31/03/16	Complete	

Corporate projects and other project & responsive work

Project / task	Summary of work undertaken
Review of car park charges	Information gathering and analysis/benchmarking in relation to on and off-street parking (including station car parks) to inform review of TMBC parking charges
Leisure Trust Contract Management	Advice in relation to setting up contract monitoring tools and designing spreadsheets to assist in recording results of monitoring process
Various	Internal audit have attended meetings and provided advice in relation to Information Governance, parking ticket machine replacement and the waste services contract as well as responding to ad hoc queries requesting controls advice

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Internal Audit Performance Measures

Performance Measures	Actual Performance 2015-16	Opinion	Performance in 2014-15 for comparison
At least 80% of staff time (excluding holidays, sickness etc.) to be spent on productive audit activity providing client services. (Target of 80 per cent)	83% of available audit resources spent on productive audit activity during.	Target achieved	74.6% Target achieved (Previous target 65%)
Delivery of the Annual Audit Plan. (Target of 95 per cent)	92.8% of the 2015-16 annual audit plan completed.	Target not achieved	85% Target not achieved
Effectiveness of Internal Audit gaining commitment (1) based on the number of recommendations made against the number of recommendations accepted by Management. (Target of 90 per cent)	95% of all recommendations made were accepted by Management. (2 low priority recommendations rejected therefore risk is not material)	Target achieved	100% Target achieved
Effectiveness of Internal Audit gaining commitment (2) based on the number of recommendations revisited in the period where Management have confirmed implementation. (Target of 90 per cent)	Management assurance of implementation (or revised dates agreed) was obtained for 91% of recommendations revisited in the period.	Target achieved	100% Target achieved
Client Satisfaction with Internal Audit (1) based on results of biannual client satisfaction consultation. (Target of above 2.5)	Responses to the April 2013* client survey returned a rating of the Internal Audit Service of 3.86 against a maximum rating of 4.0	Target achieved	3.86 rating Target achieved
Client Satisfaction with Internal Audit (2) based on post audit client satisfaction surveys. (Target of 80 per cent)	Responses received to post audit client surveys returned a 100% satisfaction rating.	Target achieved	100% Target achieved
Positive statement by the External Auditor regarding satisfaction with the work of Internal Audit.	In the Update to the June 2016 Committee for TMBC Grant Thornton state: <i>We have concluded that the arrangements for internal audit contribute to an effective internal control environment.</i>	Target achieved	Target achieved

- Biennial survey not conducted for 2015, this process will be re-instated as an annual survey for 2016 onwards

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Fraud type	Cases closed	No evidence of fraud	Customer Error or Incorrect benefit/ discount	Passed to DWP	Fraud proven	Reduction in benefit*	Total overpayments	Increase in liability*
Housing	3	2	0	0	1	N/A	N/A	N/A
Council Tax Reduction only	6	4	0	2	0	0	0	0
Housing Benefits only	20	7	7	4	2	Incorporated below	£17,659.63	N/A
Housing Benefits and Council Tax Reduction	196	110	16	58	12	£4,064.65	£145,901.45	£534.49
Council Tax Discounts and Exemptions only	69	36	33	0	0	N/A	£16,506.75	£15,718.91
	294	159	56	64	15	£4,064.65	£180,067.83	£16,253.40

For cases where fraud was proven sanctions were as follows:

9 Cautions

4 Administrative penalty totalling £5,648.24

2 Criminal Prosecution, all of which resulted in successful convictions

In addition 24 Fixed Penalties were issued in relation to Council Tax Discounts or Exemptions totalling £1,680 (fully retained by TMBC)

*Annual figures

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TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 AUDIT FEE LETTER 2016/17

Report to inform Members of the receipt of the Audit Fee Letter 2016/17.

1.1 Introduction

1.1.1 I have received from Grant Thornton the Audit Fee Letter for 2016/17 [**Annex 1**] which sets out details of the audit fee for the Council along with the scope and timing of audit work and the audit team.

1.1.2 The fee represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes. The audit fee for 2016/17 is the same as that for 2015/16 at £45,776. There is also a charge for certification work where the indicative fee is £13,950.

1.2 Legal Implications

1.2.1 None.

1.3 Financial and Value for Money Considerations

1.3.1 As set out above.

1.4 Risk Assessment

1.4.1 None.

Background papers:

contact: Neil Lawley

Nil

Sharon Shelton
Director of Finance and Transformation

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15 April 2016

Dear Sharon

Planned audit fee for 2016/17

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2016/17, bar the adoption of new measurement requirements for the Highways Network Asset.

CIPFA/LASAAC is expected to confirm, subject to consultation, that the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom will adopt the measurement requirements of the CIPFA Code of Practice on Highways Network Asset.

As Tonbridge & Malling Borough Council is not a highway authority, this change for accounting for highways assets is not applicable.

Chartered Accountants

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PSAA have proposed that 2016/17 scale audit fees (excluding work completed on the Highways Network Asset) are set at the same level as the scale fees applicable for 2015/16. The Council's scale fee for 2016/17 has been set by PSAA at £45,776.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies a single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by PSAA at £13,950. This fee covers the cost of certifying the housing benefit subsidy claim only.

The indicative fee for certification work is based on the expectation that you provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	11,444
December 2016	11,444
March 2017	11,444
June 2017	11,444
Total	45,776
<hr/>	
Grant Certification	
March 2017	13,950
Total	59,726

Outline audit timetable

We will undertake our audit planning and interim audit procedures from November 2016 to March 2017. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed in July 2017.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2016- March 2017	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	July 2017	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	July 2017	Audit Findings (Report to those charged with governance)	As above

Whole of government accounts	July 2017	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2017	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	April – November 2017	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2016/17 are:

	Name	Phone Number	E-mail
Engagement Lead	Sarah Ironmonger	01293 554072	sarah.l.ironmonger@uk.gt.com
Engagement Manager	Trevor Greenlee	01293 554071	trevor.greenlee@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Paul Dossett our Public Sector Assurance regional lead partner (paul.dossett@uk.gt.com).

Yours sincerely



Sarah Ironmonger
Engagement Lead
For Grant Thornton UK LLP

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 NATIONAL FRAUD INITIATIVE 2016/17

This report informs Members of the Proposed Work Programme and Scales of Fees in respect of the National Fraud Initiative 2016/17.

1.1 Introduction

- 1.1.1 The National Fraud Initiative (NFI) is a data matching exercise run every two years, in addition relevant local authorities are also required to upload council tax and electoral register data every year which is matched to identify potential erroneous Single Person Discount claims. The Cabinet Office became responsible for data matching exercises following the closure of the Audit Commission. The NFI 2016/17 will be undertaken under the Cabinet Office's data matching powers set out in Part 6 of the Local Audit and Accountability Act 2014.
- 1.1.2 Under these powers, the Cabinet Office has a statutory duty to prescribe scales of fees for its data matching exercise. Before, prescribing any scales of fees, the Cabinet Office is required to consult with all authorities that it requires to provide data, as well as other bodies as the Cabinet Office sees fit.
- 1.1.3 The Proposed Work Programme and Scales of Fees 2016/17 can be found at **[Annex 1]**. The Cabinet Office propose to introduce two new mandatory datasets, social housing waiting list data and council tax reduction scheme data, and that the scale of fees will remain unchanged from the NFI 2014/15.
- 1.1.4 This is technically a consultation process and the return date was 6 May 2016. It was considered on this occasion there were no particular comments that needed to be made in response to the consultation.
- 1.1.5 Following the consultation, the Cabinet Office will publish the final NFI 2016/17 Work Programme and Scales of Fees in June 2016.

1.2 Legal Implications

1.2.1 The NFI 2016/17 will be undertaken under the Cabinet Office's data matching powers set out in Part 6 of the Local Audit and Accountability Act 2014.

1.3 Financial and Value for Money Considerations

1.3.1 The proposed fee can be met from within existing budget provision.

1.4 Risk Assessment

1.4.1 None.

Background papers:

contact: Samantha Buckland

Nil

Sharon Shelton

Director of Finance and Transformation



Cabinet Office

Proposed Work Programme and Scales of Fees NFI 2016/17

March 2016

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Introduction

1. This document sets out the Cabinet Office's proposals for the National Fraud Initiative (NFI) 2016/17 and the associated scale of fees.

Background

2. The National Fraud Initiative (NFI), is a data matching exercise. It has been run every two years since 1996 and, to date, has been used to identify fraud and overpayments totalling £1.17 billion.
3. Prior to March 2015, the NFI was conducted by the Audit Commission under its statutory data matching powers set out in Part 2A of the Audit Commission Act 1998. The current NFI 2014/15 exercise commenced under the Audit Commission and is being completed by the Cabinet Office following closure of the Audit Commission and subsequent transfer of its data matching functions in March 2015.
4. The full outcomes from NFI 2014/15, will be reported in the NFI national report, scheduled to be published in June 2016. Early analysis of outcomes indicates that NFI participants have identified significant fraud, overpayments and errors from NFI 2014/15, demonstrating that NFI continues to prove effective at preventing and detecting fraud and error.

Statutory Framework

5. The Cabinet Office, as the 'relevant minister' responsible for data matching exercises, conducts the NFI under its statutory data matching powers set out in Part 6 of the Local Audit and Accountability Act (LAAA) 2014.
6. Under this legislation the Cabinet Office:
 - may carry out data matching exercises for the purpose of assisting in the prevention and detection of fraud;
 - may require certain bodies to provide data for data matching exercises;
 - may accept data submissions on a voluntary basis;
 - must prescribe a scale or scales of fees for mandatory data matching exercises;
 - may charge a fee for voluntary data matching exercises; and
 - must consult mandatory participants and relevant stakeholders before prescribing the mandatory scale or scales of fees.
7. Our aim is to ensure that, while upholding and protecting citizens' rights in relation to their personal data at all times, the NFI continues to serve the public interest by:
 - safeguarding public money against losses from fraud or misappropriation; and
 - making an effective contribution to the wider fight against fraud and, potentially, other crime.

Proposed Work Programme

8. The proposed NFI 2016/17 work programme setting out mandatory datasets by authority type is shown in [Appendix 1](#).
9. We propose that existing mandatory data matches will continue to be a part of the NFI 2016/17 work programme. In addition we are also proposing to introduce two new mandatory requirements for NFI 2016/17:
 - Social Housing Waiting List data;
 - Council Tax Reduction Scheme (CTRS) data.
10. The additions will increase the benefits of the NFI to mandatory participants. We are proposing these changes because:
 - Social housing waiting list data has been piloted over NFI 2012/13 and NFI 2014/15. In total across the pilots, 3000 applicants have been removed from a social housing waiting list. The local authorities removing these applicants have estimated savings at almost £20m.
 - This data match is designed to prevent fraudulent tenancies before they occur, potentially reducing the number of future cases and subsequent cost of tenancy fraud. Mandating this data aligns with NFI work in fraud prevention.
 - Following the replacement of council tax benefits by locally administered council tax reduction schemes (CTRS) in April 2013, CTRS data matching was piloted in NFI 2014/15 to capture fraud in this area. In previous years, council tax benefit fraud was identified in the NFI via the Single Housing Benefit Extract (SHBE). As CTRS data is not available via the SHBE, CTRS fraud was not automatically targeted in the same way.
 - 51 local authorities took part in the CTRS pilot as part of the NFI 2014/15, with matches released in July 2015. With work still on-going, fraudulent and erroneous overpayments prevented and detected stand at £250K. Based on these figures, it is estimated that mandating this dataset for NFI 2016/17 would prevent and detect fraudulent and erroneous CTRS overpayments worth around £1.5m.

Pilots

11. The Code of Data Matching Practice states that the NFI will undertake new areas of data matching on a pilot basis to test their effectiveness in preventing or detecting fraud. Only where pilots achieve matches that demonstrate a significant level of potential fraud do they become mandatory.
12. As in NFI 2014/15, we propose that authorities participating in NFI pilot schemes will not incur an additional fee. Approved pilot initiatives will be funded from existing resources during NFI 2016/17.

Proposed Scale of Fees

13. Extensions to the work programme and funding pilots will incur extra costs. However, they will further enhance the benefits of participation in the NFI and ensure that the NFI continues to effectively target the key fraud risks faced by participants.
14. We propose that the scale of fees for mandatory participants will remain the same as for NFI 2014/15. To do this we will absorb the costs of additional activity in NFI 2016/17, including further investment in developing the service, through efficiency savings and increasing our commercial income from use of NFI products.
15. Many mandatory participants will therefore receive more data matches, targeting further fraud risks, for the same fee.
16. The proposed scale of fees for mandatory participants is shown in table 1. Mandatory participants include the same authorities from NFI 2014/15, with the addition of Foundation Trusts, which were added to the list of bodies from whom data could be mandated in the LAAA 2014.

Table 1 Mandatory Participant Fees

Authority type	2014/15	2016/17
	£	£
London borough council ¹	4,150	4,150
Metropolitan borough council	4,000	4,000
Unitary authority	3,650	3,650
County council	3,750	3,750
County council (with fire)	4,500	4,500
District council (large)	2,300	2,300
District council (medium)	2,200	2,200
District council (small)	2,100	2,100
Pension authority (stand-alone)	3,000	3,000
Police ²	1,000	1,000
Fire and rescue authority	1,000	1,000
Integrated transport authority	1,000	1,000
Passenger transport executive	1,000	1,000
Waste regulation or disposal authority	1,000	1,000
NHS trust	1,000	1,000
Clinical commissioning group	1,000	1,000
Foundation trust	1,000	1,000

¹ The Greater London Authority and Transport for London will be charged the same rate as a London borough council.

² Both police and crime commissioners and police chief constables are mandatory participants. A fee of £1,000 will be charged to the police body in each area which will submit data on behalf of both bodies

Invoicing arrangements

17. The NFI is run over a two year period, so the NFI 2016/17 work programme and scale of fees covers the two financial years 2016/17 and 2017/18. However, to avoid duplicating the administration, mandatory participants will be billed in one instalment around November / December 2016.
18. Following the transfer of the NFI to the Cabinet Office, the majority of NFI participants will need to set up the Cabinet Office as a new supplier to enable the invoice to be paid. To facilitate this, we will issue each NFI participant with a standard document containing all the information needed to set up the Cabinet Office as a new supplier on their respective payment systems.

Timetable

19. A provisional timetable for the NFI 2016/17 is shown in table 2. This will be confirmed following the consultation period and published on our [web pages](#)

Table 2 Provisional timetable for NFI 2016/17

Activity	When
NFI 2016/17 work programme and scale of fees consultation begins	10 March 2016
Issue NFI draft data specifications	31 March 2016
Consultation ends	6 May 2016
Publication of the final NFI 2016/17 work programme and scale of fees	20 June 2016
Submit Fair Processing Notifications	From 30 June 2016
Issue NFI final data specifications	30 June 2016
Issue NFI Instructions	30 June 2016
Extract and submit NFI 2016/17 data	3 October 2016
2016/17 matches are available	By 29 January 2017

Next Steps

20. NFI 2016/17 will be undertaken under the Cabinet Office's data matching powers in Part 6 of the Local Audit and Accountability Act 2014. Prior to prescribing a work programme and scale of fees, the Cabinet Office is required to consult with all authorities that it requires to provide data, as well as other bodies as the Cabinet Office sees fit.
21. We therefore welcome comments from NFI participants and key stakeholders on any aspect of the proposed work NFI 2016/17 programme and scale of fees, as set out in this document.
22. Comments on the proposed work programme and scale of fees should be sent to **nfiqueries@cabinetoffice.gov.uk** or by post to:

Darren Shillington,
Head of the NFI Team,
Cabinet Office FED team,
4th Floor, 1 Horse Guards Rd,
London, SW1A 2HQ
23. The deadline for consultation responses is **Friday 6 May 2016**.
24. Following the consultation, the Cabinet Office will approve the final 2016/17 work programme and scales of fees for publication in June 2016.
25. If you have comments or complaints about the way this consultation has been conducted, these should be sent by email to COCComplaints@cabinetoffice.gov.uk.

Appendix 1 – NFI 2016/17 Proposed Work Programme

Authority type	Mandatory Datasets
<ul style="list-style-type: none"> London borough council Greater London authority Transport for London Metropolitan borough council County council Unitary authority District council 	<ul style="list-style-type: none"> Payroll Pensions Trade creditors' payment history and trade creditors' standing data Housing benefits Housing - Tenants, Waiting list, Right to buy Council tax Council tax reduction scheme Electoral register Students eligible for a loan Private supported care home residents Transport passes and permits (including residents parking, blue badges and concessionary travel) Insurance claimants Licences – market trader/operator, taxi driver and personal licences to supply alcohol Personal budget (direct payments)
<ul style="list-style-type: none"> Passenger transport executive Integrated transport authority 	<ul style="list-style-type: none"> Payroll Pensions Trade creditors' payment history and trade creditors' standing data Concessionary travel passes³
<ul style="list-style-type: none"> Police body⁴ Fire and Rescue authority Waste regulation or disposal authority 	<ul style="list-style-type: none"> Payroll Pensions Trade creditors' payment history and trade creditors' standing data
<ul style="list-style-type: none"> Pension authority (stand-alone) 	<ul style="list-style-type: none"> Pensions
<ul style="list-style-type: none"> Clinical commissioning group NHS Trust Foundation Trust 	<ul style="list-style-type: none"> Payroll Trade creditors' payment history and trade creditors' standing data

Note: Relevant local authorities are required to upload council tax and electoral register data every year. All other datasets are required every 2 years.

³ Passenger Transport Executives only

⁴ This includes both police and crime commissioners and police chief constables

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TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

20 June 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 GRANT THORNTON – AUDIT COMMITTEE UPDATE

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments that may be relevant to you as a Council.

1.1 Committee Update

1.1.1 Attached at **[Annex 1]** is a report from Grant Thornton giving information on the following areas:

- Progress update and results of interim audit work.
- Better Together: Building a successful joint venture company.
- Fighting Fraud and Corruption Locally.

1.2 Legal Implications

1.2.1 As set out in the paper.

1.3 Financial and Value for Money Considerations

1.3.1 As set out in the paper.

1.4 Risk Assessment

As set out in the paper.

Background papers:

Nil

contact: Neil Lawley

Paul Worden

Sharon Shelton
Director of Finance and Transformation

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Audit Committee
Tonbridge & Malling Borough Council
Progress Report and Update
Year ended 31 March 2016

Page 141
June 2016

Sarah Ironmonger

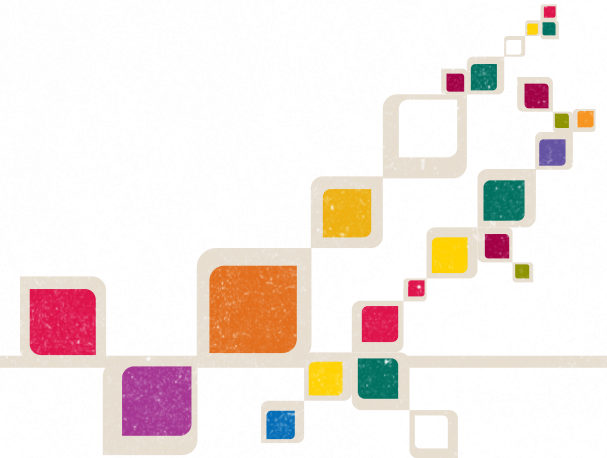
Engagement Lead
T 01293 554072
E sarah.ironmonger@uk.gt.com

Trevor Greenlee

Engagement Manager
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E trevor.greenlee@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

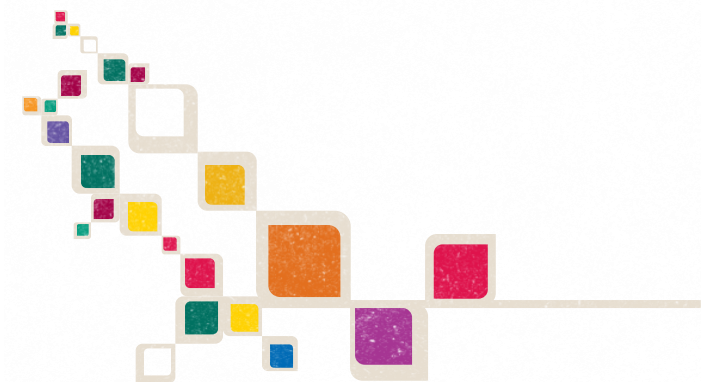
The paper also includes a summary of emerging national issues and developments that may be relevant to you as a Council.

Page 143 Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector at www.grant-thornton.co.uk/en/Services/Public-Sector/ and where you can also download copies of our publications.

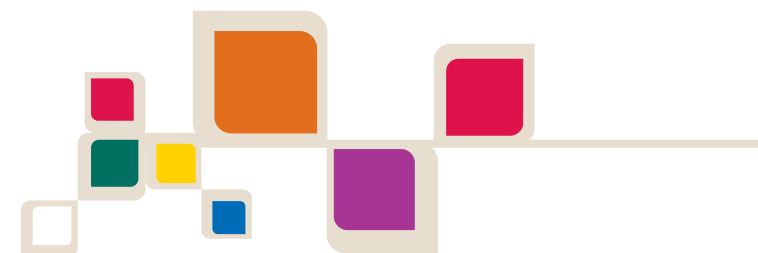
143 If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Sarah Ironmonger Engagement Lead T 01293 554072 E sarah.lironmonger@uk.gt.com

Trevor Greenlee Engagement Manager T 01293 554071 E trevor.greenlee@uk.gt.com

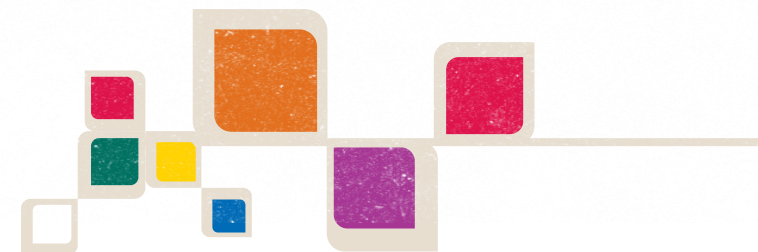


Progress at June 2016



2015/16 work	Planned Date	Comments
<p>Interim accounts audit Our interim work will include:</p> <ul style="list-style-type: none"> • work to understand the control environment and the framework of controls for financial systems • walkthrough testing to confirm whether controls are implemented in accordance with our understanding in areas where we have identified a possible risk of material misstatement • early substantive testing • early work on any emerging accounting issues. 	February – March	A summary of findings from our interim audit work is included in this report.
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.</p>	March	Our Audit Plan was presented to the 5 April Audit Committee.
<p>Final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 	July	A schedule of working paper requirements for the 2015/16 audit has been shared with the finance team.

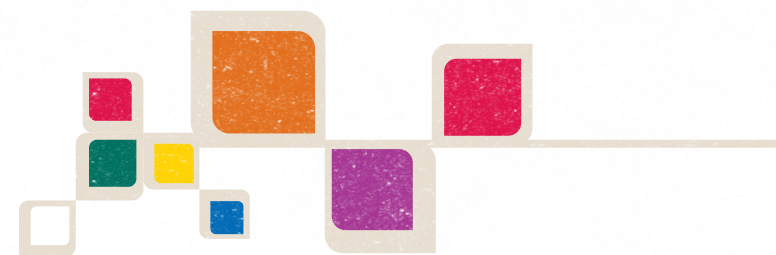
Progress at March 2016



2015/16 work	Planned Date	Comments
<p>Value for Money (VfM) conclusion</p> <p>Work to reach a conclusion on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>The National Audit Office (NAO) has issued revised guidance to auditors on the work required to conclude if audited bodies have proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources. This guidance applies for 2015/16 and is available at https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/</p> <p>Auditors are now required to reach their statutory conclusion based on the following 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".</p> <p>The guidance also identifies sub-criteria intended to guide auditors in reaching their overall conclusion:</p> <ul style="list-style-type: none"> • informed decision making • sustainable resource deployment • working with partners and other third parties. <p>We are required to report by exception if we conclude that we are not satisfied that the CCG has in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p> <p>We have performed an initial risk assessment under the new guidance. Our findings are reported in our 2015/16 Audit Plan.</p>	<p>March - July</p>	<p>Our work is in progress. There our no changes to the initial risk assessment reported to the 5 April Audit Committee.</p>

Results of interim audit work

Findings from our interim audit work, and the impact of our findings on the accounts audit approach, are summarised below.



	Work performed	Conclusion
Internal audit	We have completed a high level review of the Council's overall arrangements for internal audit.	We have concluded that the arrangements for internal audit contribute to an effective internal control environment.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • communication and enforcement of integrity and ethical values • commitment to competence • participation by those charged with governance • management's philosophy and operating style • organisational structure • assignment of authority and responsibility • human resource policies and practices. 	Our work has not identified any material weaknesses which are likely to adversely impact on the Council's financial statements.
IT controls	<p>As part of our review of internal controls our information systems specialist will perform a high level review of the Council's general IT control environment.</p> <p>We have agreed with officers that this work will be performed in June 2016.</p>	
Walkthrough testing	We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.	Our work has not identified any weaknesses which impact on our audit approach.

Grant Thornton Publications

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Better Together: Building a successful joint venture company

Grant Thornton reports

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

Page 148

'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Local Government Accounting and other issues

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Fighting Fraud and Corruption Locally

CIPFA publication

Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

Page 150

This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from

<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>





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Agenda Item 13

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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Agenda Item 14

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

**ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT
INFORMATION**

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Agenda Item 15

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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