

Date: 21 May 2018

Dear Councillor,

**Audit-Sub Committee**

A Meeting of the **Audit-Sub Committee** will be held in the **Council Chamber (Special)**, on **Wednesday, 30 May 2018 at 16:00**. You are requested to attend.

Yours faithfully,



Chief Executive

To:- **Conservative Group**  
Councillor Grant (Chairman), Councillor Atkin (Vice-Chairman) and Councillor MacPherson

**Labour Group**  
Councillors Dunn and Shepherd

## **AGENDA**

### **Open to Public and Press**

- 1** Apologies.
- 2** To receive the Open Minutes of the following Meeting:  
  
Audit Sub-Committee 21st March 2018 Open Minutes **4 - 8**
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6** INTERNAL AUDIT PROGRESS REPORT **9 - 27**
- 7** INTERNAL AUDIT ANNUAL REPORT 2017-18 **28 - 42**
- 8** LOCAL CODE OF CORPORATE GOVERNANCE REVIEW 2017-18 **43 - 58**
- 9** ANNUAL GOVERNANCE STATEMENT 201718 **59 - 82**
- 10** ANTI-FRAUD and CORRUPTION PLAN 2018-19 (2) **83 - 89**
- 11** COMMITTEE WORK PROGRAMME **90 - 93**

### **Exclusion of the Public and Press:**

- 12** The Chairman may therefore move:-  
That in accordance with Section 100 (A)(4) of the Local Government

Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

- 13** To receive the Exempt Minutes of the following Meeting:  
Audit Sub-Committee 21st March 2018 Exempt Minutes
- 14** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

AUDIT SUB-COMMITTEE

21<sup>st</sup> March 2018

**PRESENT:-**

**Conservative Group**

Councillor Grant (Chairman) and Councillor Atkin (Vice-Chairman)

**Labour Group**

Councillors Dunn and Shepherd

AS/38 **APOLOGIES**

Apologies were received from Councillor MacPherson (Conservative Group)

AS/39 **MINUTES**

The Open Minutes of the Meeting held on 13<sup>th</sup> December 2017 were taken as read, approved as a true record and signed by the Chairman.

In relation to Minute No.AS/34 Councillor Dunn queried the current position in relation to the dry waste recycling contract. The Strategic Director (Corporate Resources) confirmed that the contract remained unsigned, but that it was being operated satisfactorily. Whilst not the ideal situation, the Sub-Committee was informed that in the circumstances, implied terms and conditions could be enforced and if the contractor wished to cease the contract, they would still need to invoke the break clause. It was acknowledged that this case did not represent good practice and that the process relating to contracts had been re-affirmed with the relevant staff. It was confirmed that the likely risks had been accommodated, it being deemed that greater risks could be encountered if legal action was taken to enforce the contract or its terms.

With regard to the same Minute No. the Strategic Director provided an update on the Waste Less, Save More matter, in that the Monitoring Officer was progressing investigations into the issues raised. Councillor Dunn queried the length of time this was taking and the Chairman requested that a definitive response be issued before the next meeting of the Sub-Committee.

AS/40 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/41 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/42 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

**MATTERS DELEGATED TO SUB-COMMITTEE**

AS/43 **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

The external auditor presented the report to the Sub-Committee.

The Strategic Director (Corporate Resources) outlined responses to the Key Questions listed in the report:-

- The Council had considered the enhanced Council Tax flexibilities during the 2018/19 budget round, but had opted to retain a sub 2% increase.
- The Council was now part of the Derbyshire-wide Business Rates Retention Pool Pilot for 2018/19 and this was being considered in the medium-term financial plan.
- The collapse of Carillion Plc had had no known effect on the Council.
- Increases in employee pay in excess of 1% had been budgeted for.
- The potential impact of Financial Instrument Standard IFRS 15 was being monitored.
- Preparations within the Council had been made in readiness for the early closure of the 2017/18 accounts.
- In relation to the General Data Protection Regulation (GDPR), preparations were on schedule to meet the new legal requirements. A report was due to be submitted to Council on the 12<sup>th</sup> April 2018.

Councillor Dunn queried whether a wages cap was still applicable and what had prompted the earlier accounts closure, both matters addressed by the Strategic Director.

**RESOLVED:-**

***Members considered the key questions posed by the Council's External Auditors contained in their latest sector update.***

AS/44 **CERTIFICATION OF CLAIMS AND RETURNS REPORT 2016/17**

The external auditor presented the report to the Sub-Committee, stating that whilst there was still a qualified response, there were more positive outcomes.

In relation to benefits processing, the Chairman commended the reducing error rate, but enquired whether there were any recurring errors. The external auditor confirmed that whilst there were, much of this was down to the complexity of the benefit system and the information provided by claimants. He also noted that due to additional training there was evidence of an improving situation and a commitment to progress.

Councillor Dunn made reference to a resident who had received a benefit overpayment letter and queried where the responsibility lay. The external auditor confirmed that the onus was on the claimant to notify the Council of any changes in their circumstances and that the claim form contained several guidance notes to this effect.

Councillor Atkin queried how errors came to light. The external auditor confirmed that this depended on the circumstances of the case, that errors could be initially identified by the DWP, HMRC, notification of new details, fraud enquiries and/or tip-off's. He added that Audit undertake prescriptive tests to check the accuracy of claims processing and to identify errors.

Councillor Shepherd queried the appointment of a separate reporting accountant from 2018/19. The external auditor confirmed that this a requirement of the Housing Benefit Assurance Process being established by the DWP relating to the certification of housing benefit subsidy claims.

**RESOLVED:-**

***Members considered the Claims and Returns Report for 2016/17 and noted the recommendations, together with management actions as detailed in Section 5 of the Auditor's Report.***

AS/45 **INTERNAL AUDIT PROGRESS REPORT**

The internal auditor presented the report to the Sub-Committee, stating that their work on reviewing the 32 recommendations identified in the whistleblowing investigation was due to commence imminently, held until officers were appointed to the vacant posts in Housing. As regards other Audits, attention was also drawn to the 17 recommendations for which the agreed implementation date had passed and the opportunity this gave for the Sub-Committee to call managers before them.

Members raised comment or queries relating to implementation delays, audit activity, fraud resources, responses to recommendations and risks.

Councillor Shepherd made reference to two items under People Management, namely version controls and information relating to allegations of harassment and bullying. With regard to the latter, some concern was expressed relating to the details provided and the Chairman asked that the matter be returned to Management for further comment.

**RESOLVED:-**

***Members considered the report of the Audit Manager and agreed that any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.***

AS/46 **AUDIT PLANNING REPORT FOR THE YEAR ENDING 31st MARCH 2018**

The external auditor presented the report to the Sub-Committee.

Councillor Dunn queried the projected drop in General Fund Reserves. The Strategic Director (Corporate Resources) explained that the decrease was due to such issues as the anticipated impact of the withdrawal of the Revenue Support Grant, continued growth in the District together with a provision for inflation which were both projected to increase costs in the medium-term..

Councillor Atkin questioned the pensions situation given that the Derbyshire Pension Fund was now part of a combined pool. The external auditor expressed a view that this development should have no impact, as the Derbyshire Pension Fund will still need to report to its members.

**RESOLVED:-**

***Members considered the proposed Audit Plan for the year ending 31st March 2018 and approved the proposed approach to undertaking audit work for the year.***

AS/47 **PROPOSED INTERNAL AUDIT PLAN 2018-19 and AUDIT CHARTER**

The internal auditor presented the report to the Sub-Committee.

Councillor Dunn raised IT related comments, querying the password requirements, capacity limits, attachments, etc, of the current iPads. The Strategic Director (Corporate Resources) assured Members that the new tablets were of a better, more comprehensive specification. Delays encountered in the procurement process were also outlined.

**RESOLVED:-**

***1.1 Members considered the proposed Internal Audit Plan for 2018-19 and approved its implementation, subject to any changes agreed by the Committee.***

***1.2 Members approved the Audit Charter.***

AS/48 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

**RESOLVED:-**

***That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.***

**MINUTES**

***The Exempt Minutes of the Meeting held on 13<sup>th</sup> December 2017 were received.***

**EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

***The Sub-Committee was informed that no questions from Members of the Council had been received.***

The Meeting terminated at 5.30pm.

COUNCILLOR J GRANT

CHAIRMAN

<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE: SPECIAL</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>30<sup>th</sup> MAY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>INTERNAL AUDIT MANAGER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ADRIAN MANIFOLD (01332 643281)</b> <a href="mailto:adrian.manifold@centralmidlandsaudit.co.uk">adrian.manifold@centralmidlandsaudit.co.uk</a>	<b>DOC:</b> u/ks/audit/internal audit/quarterly reports/quarterly report cover
<b>SUBJECT:</b>	<b>INTERNAL AUDIT PROGRESS REPORT</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 02</b>

## **1.0 Recommendations**

- 1.1 That the report of the Audit Manager is considered and any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.

## **2.0 Purpose of Report**

- 2.1 To provide an update on progress against the approved Internal Audit Plan. This details the performance and activity of Internal Audit for 2017/18 as at 30th April 2018.

## **3.0 Detail**

- 3.1 The detailed report is attached.

## **4.0 Financial Implications**

- 4.1 None.

## **5.0 Corporate Implications**

- 5.1 None directly.

## **6.0 Community Implications**

- 6.1 None directly.

## **7.0 Background Papers**

- 7.1 None



# South Derbyshire District Council – Audit Progress Report

Audit Sub-Committee: 30<sup>th</sup> May 2018



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## Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

## Contacts

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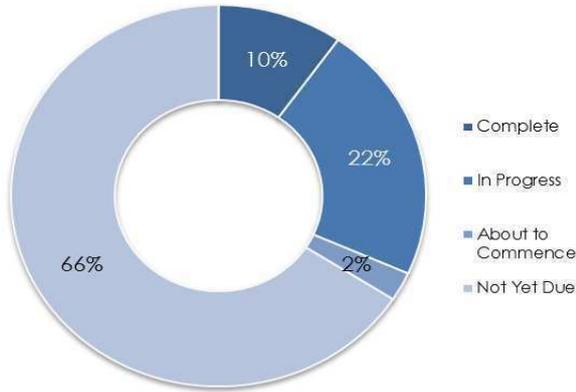
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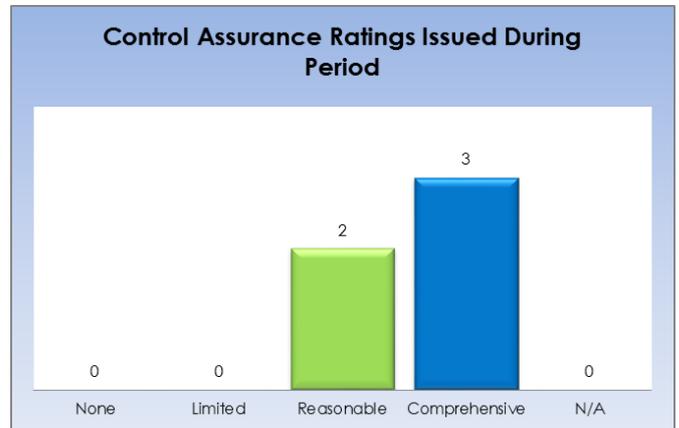
# South Derbyshire District Council – Audit Progress Report

## AUDIT DASHBOARD

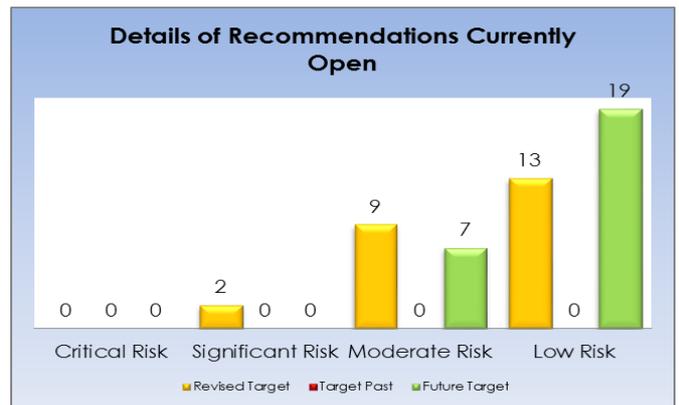
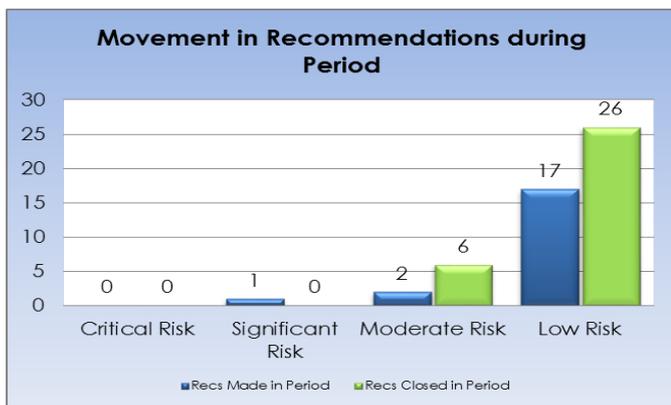
### Plan Progress



### Jobs Completed in Period

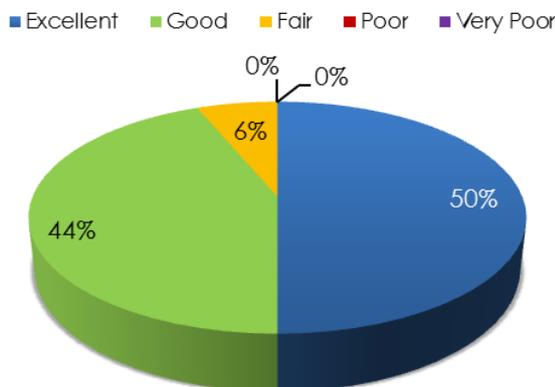


### Recommendation Tracking



### Customer Satisfaction

Mar 17 to Apr 18



### Continuous Improvement

1. CMAP is currently going through a management restructure to meet partner expectations. The driver for the proposals is not to deliver savings, but to strengthen the management tiers within CMAP. A proposed structure is being considered that will offer resilience, whilst also being affordable, and able to support the Partner Organisations' requirements over the next few years.
2. Efforts are being made to develop and enhance the reports presented to Audit Committees, with a view to providing Committees with appropriate risk focused information on the key governance, risk management and control issues highlighted by Internal Audit's work.

## South Derbyshire District Council – Audit Progress Report

### AUDIT PLAN

#### Progress on Audit Assignments

The following table provide Audit Sub-Committee with information on how audit assignments were progressing as at 30<sup>th</sup> April 2018.

2017-18 Jobs	Status	% Complete	Assurance Rating
Data Protection & Freedom of Information	Not Started		
Records Management	Not Started		
Treasury Management 2018-19	Not Started		
Insurance 2018-19	Not Started		
Capital Programme	Not Started		
Payroll 2018-19	Not Started		
Creditors 2018-19	Not Started		
Council Tax 2018-19	Not Started		
NDR 2018-19	Not Started		
Housing Benefit & Council Tax Support 2018-19	Not Started		
PCI Compliance	Not Started		
IT Applications	Not Started		
IT Infrastructure	Not Started		
Waste Management (Collection, Trade, Recycling)	Not Started		
Fleet Management	Not Started		
Street Cleansing	Not Started		
Section 106 Agreements	Allocated	0%	
Development Control	Not Started		
Pollution Control	Not Started		
Food Safety	Not Started		
Sport & Health Funding	Not Started		
Rosliston Forestry Centre	Not Started		
Housing Repairs (Planned & Responsive Maint)	Not Started		
Gas/Electric/Asbestos/Legionella/Fire Safety Insp	Not Started		
Allocations & Homelessness	Not Started		
Sheltered Housing / Careline	Not Started		
Community Safety Partnership	Not Started		
Corporate Governance	Not Started		

B/Fwd Jobs	Status	% Complete	Assurance Rating
Risk Management	In Progress	25%	
Organisational Culture & Ethics	Final Report	100%	Reasonable
Council Tax 2017-18	In Progress	60%	
NDR 2017-18	Fieldwork Complete	90%	
Housing Benefit & Council Tax Support 2017-18	In Progress	70%	
Payroll 2017-18	In Progress	75%	
Express Electoral System Security Assessment	Final Report	100%	Reasonable

## South Derbyshire District Council – Audit Progress Report

Sharpe's Pottery	Final Report	100%	Comprehensive
New Build / Affordable Housing	Draft Report	95%	
Licensing	Final Report	100%	Comprehensive
Health & Safety	In Progress	55%	
Safeguarding	Draft Report	95%	
Followup of Whistleblowing Recommendations	In Progress	30%	

### Audit Plan Changes

None since last Sub-Committee.

## South Derbyshire District Council – Audit Progress Report

### AUDIT COVERAGE

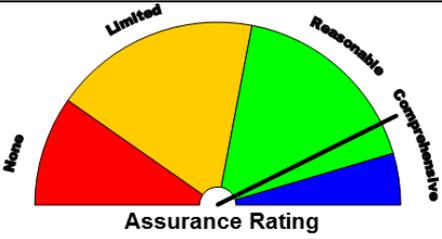
#### Completed Audit Assignments

Between 7<sup>th</sup> March 2018 and 30<sup>th</sup> April 2018, the following audit assignments have been finalised since the last Progress Report was presented to this Sub-Committee.

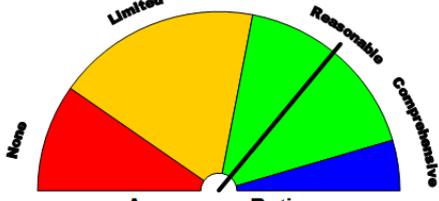
Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Payroll 2016-17	Comprehensive	0	0	0	1	0%
Organisational Culture & Ethics	Reasonable	0	0	1	3	50%
Express Electoral System Security Assessment	Reasonable	0	1	1	4	83%
Licensing	Comprehensive	0	0	0	4	75%
Sharpe's Pottery	Comprehensive	0	0	0	5	20%

Payroll 2016-17	Assurance Rating			
	None	Limited	Reasonable	Comprehensive
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Verify that up to date and comprehensive policies and guidelines were accessible to all relevant staff.	1	1	0	0
To confirm that payroll records were securely maintained, accurate and promptly updated.	4	4	0	0
To confirm that leavers payroll details were appropriately recorded, final payments correctly calculated and no overpayment occurred.	3	2	0	1
To confirm that deduction transactions were supported by relevant documents, correctly calculated and approved in accordance with the Council's policies.	1	1	0	0
To ascertain the process for prevention and recovery of overpayments; verify that prompt recovery actions had been taken where/if overpayments occurred in 2016/17 financial year.	2	2	0	0
Payroll system records are reconciled for HMRC reporting purposes.	1	1	0	0
<b>TOTALS</b>	<b>12</b>	<b>11</b>	<b>0</b>	<b>1</b>
Summary of Weakness	Risk Rating	Agreed Action Date		
Four Termination forms in a sample of fifteen were authorised by line managers after the actual leaving date, two of them leading to late processing and overpayments	Low Risk	31/05/2018		

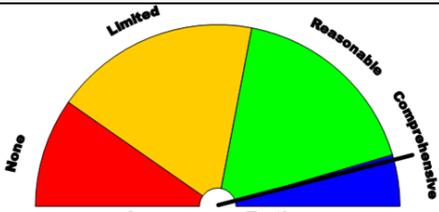
## South Derbyshire District Council – Audit Progress Report

Organisational Culture & Ethics	 <p style="text-align: center;">Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
SDDC has a set of meaningful ethical values which are underpinned by relevant policies and guidance which are available to staff and members.	9	6	3	0
SDDC ethical values are known, used and understood throughout the Council	2	1	1	0
The ethical framework is understood, actively encouraged and promotes high standards which are recognised by staff and others as having high personal/professional standards of conduct.	1	1	0	0
Work undertaken by external bodies concludes that the Council displays evidence of having an ethical culture.	1	1	0	0
<b>TOTALS</b>	<b>13</b>	<b>9</b>	<b>4</b>	<b>0</b>
Summary of Weakness	Risk Rating	Agreed Action Date		
The Council had not established a separate, over-arching policy on ethics.	Low Risk	31/05/2018 Implemented		
The decision whether to complete an Equality Impact Assessment was made by the Council's Corporate Equality and Safeguarding Group. However, the justification for the decision made was not formally documented.	Low Risk	31/05/2018 Implemented		
The Council had not undertaken a staff survey which was specifically geared towards the Council's culture, ethics and values.	Moderate Risk	31/10/2018		
The Council did not have regular awareness training for employees and members in respect of ethical issues.	Low Risk	30/11/2018		

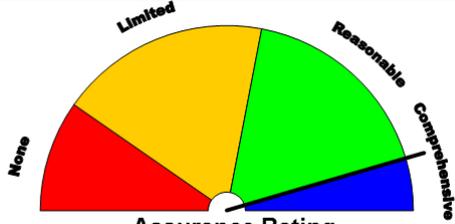
## South Derbyshire District Council – Audit Progress Report

Express Electoral System Security Assessment	 <p style="text-align: center;">Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Ensure that the eXpress server is secured and managed in line with best practices.	13	11	0	2
Ensure that the eXpress database is secured and managed in line with best practices.	15	12	0	3
Ensure that procedures are in place for maintaining the electoral register in line with the Cabinet Office/Electoral Commission Guidance.	13	6	0	7
Ensure effective systems administration processes are in place for maintaining the system.	7	5	0	2
<b>TOTALS</b>	<b>48</b>	<b>34</b>	<b>0</b>	<b>14</b>
Summary of Weakness	Risk Rating	Agreed Action Date		
3 accounts had access to personal and sensitive registration documents on the 'eXpress' file share via the 'SDDC\express users' security group, which could not be justified. This included officers who had changed role within the Council, and a former consultant whose account had not been disabled. In 2 of these cases, full access to the elections@south-derbys.gov.uk had also not been revoked.	Low Risk	31/01/2018 Implemented		
The page verification settings for the eXpress database were not configured in line with Microsoft best practices.	Low Risk	30/04/2018 Being Implemented 08/06/2018		
The Council's postal vote application form on the main Council website (www.south-derbys.gov.uk) was requesting personal and sensitive information, including names, addresses, dates of birth and contact details to be submitted over an unsecure unencrypted protocol (HTTP).	Significant Risk	31/01/2018 Implemented		
It was not standard practice to include information when issuing copies of the register to eligible parties, setting out how it may be used, the penalty for misuse, and that the data should be securely destroyed once the purpose for which it has been supplied has finished.	Low Risk	19/03/2018 Implemented		
Through discussions with the Technical Support Analyst at the software suppliers, we found that that whereas the version of the software in use was still covered by technical support, the Council were a few minor versions (i.e. patch updates) behind the latest. It was found a number of these patches had been issued to provide functionality updates/enhancements and also address bug fixes.	Low Risk	31/01/2018 Implemented		
A generic shared user account (sysadmin) had been granted administrator permissions in the application, meaning users of the account would be able to view sensitive data when looking at the image tab within the system (e.g. National Insurance number). Furthermore, the account was configured with password never expires, and the password had not been changed in over 20 months.	Moderate Risk	30/04/2018 Implemented		

## South Derbyshire District Council – Audit Progress Report

Licensing				
	Assurance Rating			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The procedures to issue licenses are robust.	6	4	2	0
Licence applications are processed in accordance with the relevant regulations and fees are collected in a timely manner.	9	6	3	0
There is a planned programme of inspections of licence holders/premises in place.	5	3	2	0
Appropriate procedures are in place to prosecute unlicensed premises/individuals.	3	3	0	0
Performance measures have been established and are monitored and reported on a regular basis.	2	2	0	0
<b>TOTALS</b>	<b>25</b>	<b>18</b>	<b>7</b>	<b>0</b>
Summary of Weakness	Risk Rating		Agreed Action Date	
Inconsistent record keeping was identified between the Flare system and the spreadsheet, used in conjunction with the process.	Low Risk		31/05/2018	
Incorrect and unclear payments for licensing had been identified through testing as well as missing evidence of supporting documents and checks having been undertaken on applications.	Low Risk		Implemented	
There was no evidence that spot checks on the work of the Licensing team were being undertaken.	Low Risk		Implemented	
Records of licences issued were not involved in the income reconciliation process.	Low Risk		Implemented	

## South Derbyshire District Council – Audit Progress Report

Sharpe's Pottery		 <p style="text-align: center;">Assurance Rating</p>			
Control Objectives Examined		Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Appropriate financial and service monitoring arrangements have been put in place and are being adhered to in accordance with the Service Level Agreement.		17	12	4	1
<b>TOTALS</b>		<b>17</b>	<b>12</b>	<b>4</b>	<b>1</b>
Summary of Weakness		Risk Rating	Agreed Action Date		
The Service Level Agreement between the Council and Sharpe's Pottery Heritage and Arts Trust Limited was a draft unsigned document, which had not been reviewed or updated when it expired on 31 <sup>st</sup> March 2017.		Low Risk	21/05/2018		
Sharpe's Pottery had not submitted a financial statement to the Council detailing how the grant paid to them, by the Council, had been spent.		Low Risk	01/09/2018		
Whilst methods of performance had been determined in the Service Level Agreement, criteria from a historic Tourist Information Centre accreditation scheme were being followed instead. However, this was being followed informally with no results documented.		Low Risk	31/03/2019		
An annual return had been completed and submitted to the Council, but the figures relating to the financial performance of the Tourist Information Centre had been omitted.		Low Risk	30/04/2019		
The annual review meeting to discuss the previous year's financial and service performance had not taken place in April as stipulated in the Service Level Agreement.		Low Risk	Implemented		

## South Derbyshire District Council – Audit Progress Report

### RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
07-Dec-16	Land Charges	Reasonable	-	1	-
26-Jan-17	NDR 2016-17	Reasonable	-	1	-
06-Jun-17	Leisure Centres	Reasonable	-	3	-
07-Aug-17	Parks & Open Spaces	Reasonable	-	6	-
21-Aug-17	Whistleblowing Investigation 2	Reasonable	-	1	-
9-Oct-17	Business Continuity & Emergency Planning	Comprehensive	-	-	1
19-Oct-17	Dry Waste Recycling Contract	Reasonable	-	1	-
13-Nov-17	Officers Expenses & Allowances	Reasonable	-	-	2
17-Nov-17	Backup Server Healthcheck	Limited	-	3	-
23-Nov-17	Housing Contracts Review	Limited	-	7	-
19-Dec-17	People Management 2017-18	Reasonable	-	-	5
19-Jan-18	Rent Accounting 2017-18	Reasonable	-	-	2
02-Mar-18	Backup Policy	Reasonable	-	-	4
06-Mar-18	Tenants Arrears 2017-18	Reasonable	-	-	4
29-Mar-18	Payroll 2016-17	Comprehensive	-	-	1
03-Apr-18	Express Electoral System Security	Reasonable	-	1	-
25-Apr-18	Organisational Culture & Ethics	Reasonable	-	-	2
14-May-18	Licensing 2017-18	Comprehensive	-	-	1
18-May-18	Sharpe's Pottery	Comprehensive	-	-	4
Totals TOTALS			-	24	26

**Action Due** = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

**Being Implemented** = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

**Future Action** = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

## South Derbyshire District Council – Audit Progress Report

Audit Assignments with Recommendations Due	Being Implemented		
	Significant Risk	Moderate Risk	Low Risk
Land Charges	-	-	1
NDR 2016-17	-	-	1
Leisure Centres	-	2	1
Parks & Open Spaces	-	2	4
Whistleblowing Investigation 2	-	1	-
Dry Waste Recycling Contract	1	-	-
Backup Server Healthcheck	-	1	2
Housing Contracts Review	1	3	3
Express Electoral System Security Assessment	-	-	1
	2	9	13

### Highlighted Recommendations

The following significant or moderate risk outstanding recommendations are detailed for Committee's scrutiny.

### Being Implemented Recommendations

Dry Waste Recycling Contract	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There was limited information available to support the tender evaluation process which could lead the contract award open to challenge.</p> <p>We recommend that in all future tendering exercises the Council ensure that they assess bids in line with the scoring methodology prescribed in the Invitation to Tender. Full and complete records of tender evaluations should be retained, including all assessments completed by individual members of the Assessment Panel, in order to provide evidence of a clear and transparent process. All documentation associated with contracts should be retained for 6 years after the end of the contract in order to meet the requirements of the Limitation Act 1980.</p>	<b>Significant Risk</b>
Management Response/Action Details	Action Date
<p>This is normal practice. Unfortunately, individual scoring sheets could not be located for this particular tender. All relevant staff are aware of this requirement. The Council is currently reviewing the provision of procurement services and we will ensure that this issue is considered as part of that process.</p>	19/09/2017
Status Update Comments	Revised Date
<p>This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	01/09/2018

## South Derbyshire District Council – Audit Progress Report

Housing Contracts Review	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Supplier spend analysis was not being effectively undertaken to identify instances where corporate contracts or frameworks would be advantageous.</p> <p>We recommend that the Procurement Section review the organisations identified through our spend analysis to see whether the Council would benefit from establishing corporate contracts and/or frameworks in these areas. Consideration should be given to the following actions:</p> <ul style="list-style-type: none"> <li>• If a contract is in place with the organisation and they have merely not been deposited with Legal Services then this should be addressed with immediate effect.</li> <li>• A corporate contract may be required for the area of spend and as such a formal tender exercise should be undertaken.</li> <li>• The area of spend may be relevant to an existing or new framework agreement/contract which should be used to formalise the process.</li> <li>• It may be that the Council will not be seeking to engage the organisation in the future and as such, no further action would be required.</li> <li>• The organisation may be required to undertake limited work where a tender exercise would not be beneficial to the Council or where the particular organisation is required for a specific reason, should this be the case then a formal exemption from the CPR should be put in place.</li> </ul> <p>Furthermore, future spend analysis should be undertaken by the Procurement Section to ensure that all organisations where cumulative spend is above the £25,000 threshold over the last 5 years, are properly reviewed and monitored, with the necessary actions taken in line with those identified above.</p>	<p><b>Significant Risk</b></p>
Management Response/Action Details	Action Date
<p>A review of the spend analysis detailed in the report will be undertaken. A schedule will be produced to provide an audit trail of action against each identified supplier or to note that a contract is no longer required, etc. in accordance with the recommended action and commentary within the Audit report. This will be actioned by 8th December 2017.</p> <p>A proposal to transfer the Council's Procurement Function to a Shared Service Arrangement (SSA) will be considered by the Finance and Management Committee on 30th November 2017. As part of that arrangement, an annual spend analysis will be part of the service offered back to the Council. Following the transfer of the Service, it is also intended that the outcomes of the spend analysis will be taken forward.</p> <p>If the proposal to join the Shared Service is not agreed by the Council, current interim arrangements will continue and alternative arrangements will be made to complete this action by the planned date. In the meantime, a review of the spend analysis as detailed above, will be undertaken.</p>	<p>27/04/2018</p>
Status Update Comments	Revised Date
<p>This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. The Financial Services Unit has been requested to undertake this action corporately as an added control. An updated supplier spend analysis from the FMS has been completed and this is being reviewed to identify potential areas of contractual spend. A revised action date has been agreed with Officers against this recommendation.</p>	<p>01/09/2018</p>

## South Derbyshire District Council – Audit Progress Report

Housing Contracts Review	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The Procurement Section were not taking an active role in enforcing annual contract reviews throughout the Council, to ensure that contracts were being legally managed and extended in accordance with legislation.</p> <p>We recommend that the Head of Procurement devise a system for overseeing the various contract management activities within the Council and for actively monitoring them. This should ensure that the on-going monitoring of contracts is not only taking place, but also being evidenced and that it informs subsequent contract management activities. This function should also ensure that contracts are being extended correctly and that formal exemptions are being utilised, where required.</p>	<p><b>Moderate Risk</b></p>
Management Response/Action Details	Action Date
<p>As part of the proposed Shared Service, the Council will benefit from a fully automated Contracts Register. This will provide the functionality to aid contract management, which will for example, provide alerts regarding key dates for each major Contract and quarterly meetings with service leads.</p> <p>If the proposal to join the Shared Service is not agreed by the Council, then the current E-tendering portal that the Council currently uses will be upgraded to include a Contract Monitoring module.</p> <p>In the meantime, work is on-going to compile contract information in readiness for transition to the Shared Service or an upgrade to the Council's current system, to enable future monitoring and review.</p>	<p>30/03/2018</p>
Status Update Comments	Revised Date
<p>This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	<p>01/09/2018</p>

## South Derbyshire District Council – Audit Progress Report

Housing Contracts Review	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>Contract opportunities for adaptations (where collective works were over the £25,000 threshold) were not being advertised on the 'Contracts Finder' website, in line with the requirements of the Public Contract Regulations 2015.</p> <p>We recommend that the Head of Procurement identify a range of options available to the Council for complying with this ruling and seek to strengthen systems to ensure compliance with the Public Contract Regulations 2015. Such a system should ensure that the principles of transparency, equal treatment and non-discrimination, under European Union Treaties, are also adhered to.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>The Council agreed changes to the procurement of Disabled Facility works at a meeting of the Finance and Management Committee on 12th October 2017. The current "standing" list will be replaced by a Framework of 4 to 5 contractors to undertake smaller works below £25,000. This will be subject to an OJEU process.</p> <p>Any larger works above £25,000 will be tendered separately and advertised in the normal way (Source Derbyshire, etc.)</p>	30/03/2018
Status Update Comments	Revised Date
<p>This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	01/08/2018

Housing Contracts Review	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>The Procurement Contracts Register was found to be incomplete and out-of-date. As such this did not completely fulfil the purpose of a Contracts Register.</p> <p>We recommend that the Head of Procurement review and update the Contracts Register to ensure that this document is accurate and up-to date. This register should be updated on an on-going basis and used as the central record of all contracts held by the authority in order to facilitate the effective contract management of existing contracts and future procurement exercises.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>As part of the proposed Shared Service, the Council will benefit from a fully automated Contracts Register.</p> <p>If the proposal to join the Shared Service is not agreed by the Council, then the current E-tendering portal that the Council currently uses will be upgraded to include a register module.</p> <p>In the meantime, work is on-going to review and update the current Register and to provide sufficient and accurate data in order to populate the new Register.</p>	30/03/2018
Status Update Comments	Revised Date
<p>This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	01/09/2018

## South Derbyshire District Council – Audit Progress Report

Whistleblowing Investigation 2	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Annual contract reviews were not being undertaken by the Contract Managers, to monitor contract spend amongst other requirements, and we believe that certain Housing Contracts may be overspent.</p> <p>We recommend that the Housing Section undertake annual contract reviews over all major Housing Contracts, in conjunction with the Head of Procurement, to ensure that these contracts are operating effectively, providing value for money and are not overspent against official contract values. This process should be formally documented and where issues are identified, appropriate remedial action(s) should be undertaken without undue delay.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Reviews will be put into place to evaluate the contract performance, value for money and effectiveness based on the start dates of the individual contracts.</p> <p>This is separate from a need to have an ongoing multi-year programme that should be refreshed and reviewed regularly.</p>	01/04/2018
Status Update Comments	Revised Date
<p>This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	01/08/2018

Parks & Open Spaces	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Comprehensive risk assessments of play equipment were not available for inspection. A limited number of non-descript risk assessments were located with play equipment listed as a hazard, suggesting that risk assessments had not been completed for all playgrounds and equipment across the district.</p> <p>We recommend that the Council establish risk assessments for all the playgrounds and the equipment therein, for which it could be held liable. The risk assessments should be undertaken with the above guidance provided by ROSPA and should consider the activity classification, hazard identification, the evaluation of risk, the evaluation of the control measures and the specification for further action.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Agree action plan with H&amp;S officer. Agree content of risk assessments and list of sites to be inspected - SDDC own sites only. Establish which Parish Councils already undertake risk assessments. Write to advise remaining Parish Councils of their responsibilities. NOTE: there may be budget/cost implication</p>	31/12/2017
Status Update Comments	Revised Date
<p>Due to officer departure from the Council don't believe any action has been taken to date so deadline will need moving back probably to end March for now. We now have an interim 3 day replacement and will be convening to discuss how we take the audit recommendations forward.</p> <p>Our internal capacity to progress is temporarily limited but we are undertaking a district wide play audit of our own which will help to address the outstanding recommendations. We are currently engaged in a procurement exercise to secure external expertise to undertake the audit. To allow for the procurement, the audit and then remedial action suggest a revised date for implementing the outstanding recommendations of end September</p>	30/09/2018

## South Derbyshire District Council – Audit Progress Report

Parks & Open Spaces		Rec No. 8
Summary of Weakness / Recommendation		Risk Rating
<p>Park Keepers and other members of the Grounds Maintenance team undertaking inspections of play equipment had not received appropriate training.</p> <p>We recommend that the Park Keepers and any other members of the Grounds Maintenance team who would be expected to undertake inspections of play equipment, undertake appropriate training on playground inspections. This is in accordance with the Grounds Maintenance Contract Specification which states that routine visual inspections should be undertaken on a daily basis by appropriately trained and accredited staff.</p>		Moderate Risk
Management Response/Action Details		Action Date
Identify relevant staff. Training of all relevant staff to be carried out and documented, including regular refresher training		31/03/2018
Status Update Comments		Revised Date
We would look to book the relevant operatives onto a course as soon as possible in the new financial year. We are now in that period so will look for an appropriate course for the staff to attend.		30/06/2018

Leisure Centres		Rec No. 1
Summary of Weakness / Recommendation		Risk Rating
<p>The Contractor had not included all the areas which it was responsible for maintaining within the planned preventative maintenance schedule and this had not been highlighted by the Council.</p> <p>We recommend that the Council ensure that the existing planned preventative maintenance schedule established by the Contractor is expanded to include all the areas that they are responsible for as per the contract summary of maintenance responsibilities. This would ensure all areas of responsibility are captured and subject to inspection on a periodic basis, thereby serving to minimise any costs which could escalate as a result of unidentified defects.</p>		Moderate Risk
Management Response/Action Details		Action Date
Programme to be confirmed and monitored at Contract Management Meetings		01/10/2017
Status Update Comments		Revised Date
<p>The new control system is on the agenda for our contract meeting on 23<sup>rd</sup> October 2017. Suggest revise date to 1<sup>st</sup> November 2017 and minutes of meeting to be sent as evidence.</p> <p>As with Recommendation 4 discussed at contract meeting. Expecting transition by February 2018 so please revise date to end of February 2018.</p> <p>Transition to WAM system more labour intensive than originally envisaged. Now expecting completion in April 2018.</p> <p>WAM still being implemented. Suggest mid-June 2018 for completion.</p>		15/06/2018

## South Derbyshire District Council – Audit Progress Report

Leisure Centres	Rec No. 2
Summary of Weakness / Recommendation	
Risk Rating	
<p>The Council had not undertaken inspections on the exterior fabric of the building as per the contract summary of maintenance responsibilities.</p> <p>We recommend that the Council fulfil its obligations in respect of those areas which it has responsibility for maintaining. Inspections should be undertaken on a regular basis, in accordance with any relevant legislation and properly documented.</p>	<b>Moderate Risk</b>
Management Response/Action Details	
Programme of inspections to be agreed with Building Maintenance Officer	01/10/2017
Status Update Comments	
<p>Our public building officer resigned several months ago and has not been replaced pending both a housing services and Council wide restructure. Once responsibility for this area of work is identified in the final structure and someone in post we will be able to commence the required inspections. Given the uncertainty suggest a revised compliance date of 31<sup>st</sup> January 2018.</p> <p>The long term future of the Public Building Officer post has still not been settled and an interim arrangement with a housing office picking up related duties put in place. This officer has been contacted with a view to them undertaking the inspections pending settlement of the longer term arrangements with this post. Suggest a further revised date of 1<sup>st</sup> April 2018.</p> <p>Unfortunately no change from last update in terms of recruitments, restructures, capacity. Matter is on corporate agenda but suggest date put back to September 2018.</p>	<p>30/09/2018</p>

Backup Server Healthcheck	Rec No. 4
Summary of Weakness / Recommendation	
Risk Rating	
<p>A local administrator account on one of the Council's Backup Exec Server had a weak corresponding password which was representative of the word password with only minor character substitutes. Furthermore, this password had not been changed in 656 days.</p> <p>We recommend that management looks to strengthen the weak corresponding password vulnerability which has been reported confidentially to the IT team.</p>	<b>Moderate Risk</b>
Management Response/Action Details	
Where possible passwords have been changed to resolve this issue. Again we need to be careful when changing passwords as many accounts run services and so we don't want the Backup processes to start failing. This issue will be fully addressed when a new solution is implemented.	27/04/2018
Status Update Comments	
A project to review the corporate requirements and ICT service approach to Back Ups and Disaster Recovery is underway. Suppliers have been invited to review existing infrastructure and suggest best practice solutions. These will be considered in relations to the 'business requirements' set by engaging core stakeholders in the organisation regarding their needs. The new approach will be documented and reviewed corporately and by the ICT service. This work commenced 1st February 2018 and is due to conclude by late Summer 2018.	31/08/2018

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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE: SPECIAL</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>30th MAY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>AUDIT MANAGER</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>ADRIAN MANIFOLD</b> <a href="mailto:Adrian.manifold@centralmidlandsaudit.gov.uk">Adrian.manifold@centralmidlandsaudit.gov.uk</a> <b>(01332 643281)</b>	<b>DOC:</b> u/ks/audit/internal audit/annual reports/summary
<b>SUBJECT:</b>	<b>INTERNAL AUDIT ANNUAL REPORT 2017/18</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 02</b>

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## **1.0 Recommendations**

1.1 To consider and note the Annual Internal Audit Opinion for 2017/18.

## **2.0 Purpose of Report**

2.1 The Public Sector Internal Audit Standards (PSIAS) sets out the requirements for the Chief Audit Executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

## **3.0 Detail**

3.1 The report of the Audit Manager is detailed in the separate document.

## **4.0 Financial Implications**

4.1 None

## **5.0 Corporate Implications**

5.1 None directly

## **7.0 Community Implications**

7.1 None directly

## **8.0 Background Papers**

8.1 The Accounts and Audit Regulation 2015



# South Derbyshire District Council – Internal Audit Annual Report 2017-18

Audit Sub-Committee: 30<sup>th</sup> May 2018



South Derbyshire  
District Council



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## Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

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*Providing Excellent Audit Services in the Public Sector*

## Introduction

### Why an Audit Opinion is required

The Public Sector Internal Audit Standards (PSIAS) states:

*"The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control."*

#### Public sector requirement

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Extracted from Public Sector Internal Audit Standards Updated March 2016 - 2450 Overall Opinions

In this instance, the Chief Audit Executive is the Audit Manager.

### How an Audit Opinion is Formed

Internal Audit's risk-based plan must take into account the requirement to produce an annual internal audit opinion. Accordingly, the Audit Plan must incorporate sufficient work to enable the Audit Manager to give an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Internal Audit must therefore have sufficient resources to deliver the Audit Plan.



### Possible Overall Opinions

The Audit Manager's opinion relative to the organisation as a whole could fall into one of the following 3 categories:

- **Inadequate System of Internal Control** – Findings indicate significant control weaknesses and the need for urgent remedial action. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified.
- **Adequate System of Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.
- **Satisfactory System of Internal Control** - Findings indicate that on the whole, controls are satisfactory, although some enhancements may have been recommended.

### Quality Assurance and Improvement Programme

A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Public Sector Internal Audit Standards state:

#### Public sector requirement

The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

Extracted from Public Sector Internal Audit Standards Updated March 2016 - 1320 Reporting on the Quality Assurance and Improvement Programme

Public Sector Internal Audit Standard 1312 also requires that:

*"External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation."*

Assessments are based on the following 3 ratings:

- **Generally Conforms** - means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards.
- **Partially Conforms** - means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.

## South Derbyshire DC – Internal Audit Annual Report 2017-18

- **Does Not Conform** - means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

An external quality assessment of the internal auditing activities of CMAP was undertaken during the period February – April 2017 and identified some opportunities for further improvement and development. The consultant provided an update position on our overall conformance with the Standards in September 2017 and was content to re-assess our conformance as follows:

	<b>Number of standards</b>	<b>Generally Conforms</b>	<b>Partially Conforms</b>	<b>Does Not Conform</b>
Code of Ethics	4	4	0	0
Attribute Standards	19	19	0	0
Performance Standards	33	33	0	0

## Audit Opinion 2017-18

Based on the work undertaken during the year, I have reached the overall opinion that there is an **Adequate System of Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.

I have arrived at this opinion having regard to the following:

- In 2016-17 a major investigation was conducted into the procurement and contracting arrangements in the Council's Housing Department. This attracted a 'Limited' assurance rating. Management has resolved to take appropriate remedial action to improve controls. Management has provided evidence to suggest that significant progress has been made to address the control weaknesses identified by this assignment.
- A further investigation of additional allegations into the procurement and contracting arrangements in the Council's Housing Department was concluded in 2017-18 which identified further examples of issues identified in the original investigation as well as other similar issues. This work attracted a 'Reasonable' assurance rating. Again, Management has resolved to take appropriate remedial action to improve controls. Management has provided evidence to suggest that significant progress has been made to address the control weaknesses identified by this assignment.
- A wider examination of procurement and contracting arrangements within the Council was concluded in 2017-18. This work attracted a 'Limited' assurance rating. Management has resolved to take appropriate remedial action to improve controls.
- A specific assignment has been commenced to follow-up all of management's agreed actions to address the weaknesses in internal control identified by all three of the investigative assignments mentioned above. This work has yet to be concluded, but we are able to comment that whilst significant progress has been made to address many issues, some remedial actions have yet to be fully completed. It is considered that the lack of continuity of management has had a detrimental impact upon the implementation of agreed audit recommendations.
- The level of coverage provided by Internal Audit was considered adequate. Although, a number of planned audit assignments were replaced with the investigative work mentioned above.
- Of the 33 assignments that have been significantly completed, 10 attracted a 'Comprehensive' rating and 21 a 'Reasonable' assurance rating. The remaining 2 attracted a 'Limited' assurance rating.
- The following table summarises the number of control issues formally raised by Internal Audit from the audit assignments completed during 2017-18. These are

## South Derbyshire DC – Internal Audit Annual Report 2017-18

grouped by the type of review undertaken and by the risk rating assigned to each audit recommendation. This table is followed by a summary update position on the significant and moderate risk recommendations.

Type of Review	Recommendations Made			
	Critical Risk	Significant Risk	Moderate Risk	Low Risk
Key Financial System (12)	-	-	9	32
System/Risk (6)	-	-	7	23
Governance/Ethics (3)	-	-	3	23
IT Audit (4)	-	3	9	21
Anti-Fraud (3)	-	1	6	11
Procurement/Contract (2)	-	1	3	4
<b>Totals</b>	-	<b>5</b>	<b>37</b>	<b>114</b>
Recommendation Status				
Implemented	-	3	20	75
Risk Accepted	-	-	1	4
Superseded	-	-	-	5
Being Implemented	-	2	9	11
Action Due	-	-	-	-
Future Action	-	-	7	19
<b>Totals</b>	-	<b>5</b>	<b>37</b>	<b>114</b>

- From the 12 **Key Financial System** audits concluded in 2017-18, of the 9 moderate risk recommendations, management decided to accept the risk associated with 1 issue and take no remedial action, 7 recommendations have now been implemented and the 1 remaining has yet to reach its target implementation date.
- From the 6 **System/Risk** audits concluded in 2017-18, of the 7 moderate risk recommendations, 4 have received revised implementation dates in the future and the 3 remaining have yet to reach their target implementation dates.
- From the 3 **Governance/Ethics** concluded in 2017-18, of the 3 moderate risk recommendations, 1 recommendation has now been implemented, and the 2 remaining have yet to reach their target implementation dates.
- From the 4 **IT Audits** completed during 2017-18:
  - 2 of the **significant** risk recommendations came from the Backup Server Healthcheck audit. The issues being that "Access to the server and communications room was vulnerable to unauthorised access" and "Copies of revenues and benefits databases were accessible to every user in the network, exposing both residents personal and financial data (BACS)". Management have now addressed both of these issues to our satisfaction.

The other **significant** risk recommendation related to the Express Electoral System Security Assessment; this being "The Council's postal vote

## South Derbyshire DC – Internal Audit Annual Report 2017-18

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*application form on the main Council website (www.south-derbys.gov.uk) was requesting personal and sensitive information, including names, addresses, dates of birth and contact details to be submitted over an unsecure unencrypted protocol (HTTP).*" This matter was also addressed to our satisfaction before the conclusion of the audit.

- Of the 9 moderate risk recommendations, 7 recommendations have now been implemented, 1 has yet to reach its target implementation date and the 1 remaining has received a revised implementation date in the future.
- From the 3 **Anti-Fraud** audit assignments completed during 2017-18:
  - The **significant** risk recommendation related to the Housing Contracts Review has yet to reach its target implementation date. The issue identified was *"Supplier spend analysis was not being effectively undertaken to identify instances where corporate contracts or frameworks would be advantageous."* Management's response was that the new shared service arrangement for the Council's Procurement function would be undertaking an annual spend analysis. This recommendation was followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. The Financial Services Unit has also been requested to undertake this action corporately as an added control. An updated supplier spend analysis from the FMS has been completed and this is being reviewed to identify potential areas of contractual spend. A revised action date has been agreed with Officers against this recommendation.
  - Of the 6 moderate risk recommendations, 2 recommendations have now been implemented and the 4 remaining have passed their original action dates. These recommendations were also followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for these matters to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. Revised action dates have also been agreed with Officers against these recommendations.
- From the 2 **Procurement/Contract** audit assignments completed during 2017-18:
  - The **significant** risk issue related to the Dry Waste Recycling Contract audit; it was that *"There was limited information available to support the tender evaluation process which could lead the contract award open to challenge."* Management's response to this issue was *"Unfortunately, individual scoring sheets could not be located for this particular tender. All relevant staff are aware of this requirement."* Management stated that

they would ensure that the new Procurement service would consider this issue as part of their process." This recommendation was also followed-up by Internal Audit in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the service provision in Procurement. A revised action date has been agreed with Officers against this recommendation.

- All 3 of the moderate risk recommendations have now been implemented.

This opinion is provided with the following caveats:

- The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Council. The opinion is substantially derived from the conduct of risk-based audit work and as such, it is one component that is taken into account when producing the Council's Annual Governance Statement.
- No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised.

## Audit Coverage

### Assurances Provided

The following table seeks to summarise the extent of audit coverage provided to South Derbyshire District Council during 2017-18 and the assurance ratings associated with each audit assignment.

Summary of Audit Plan 2017-18 Results (incl. Jobs B/Fwd)	Type of Review						Totals
	Key Financial System	System/ Risk	Governance /Ethics	IT Audit	Anti-Fraud	Procurement /Contract	
Not Yet Complete	3	-	2	-	1	-	6
Comprehensive	6	3	-	-	1	1	11
Reasonable	7	2	4	3	1	3	20
Limited	-	-	-	1	1	-	2
None	-	-	-	-	-	-	0
N/A	-	-	-	-	-	-	0
	<b>16</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>39</b>

### Assurance Ratings Explained

**Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

**Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

**Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

**None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

**N/A** – The type of work undertaken did not allow us to reach a conclusion on the adequacy of the overall level of internal control.

These assurance ratings are determined using our bespoke modelling technique which takes into account the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks.

## South Derbyshire DC – Internal Audit Annual Report 2017-18

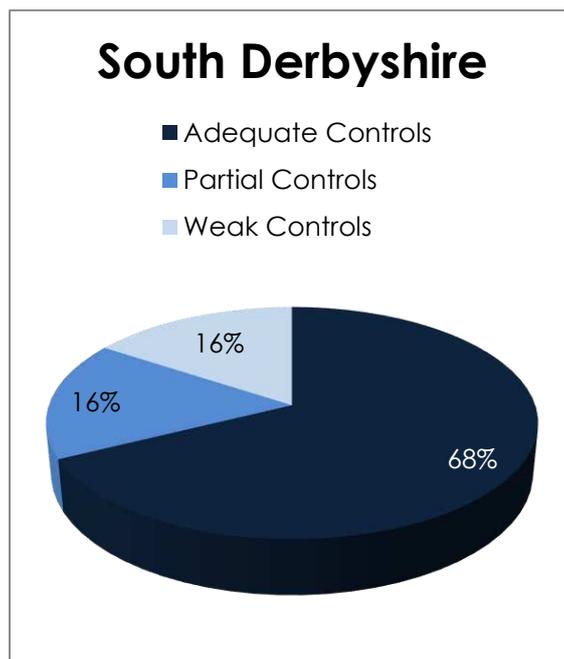
## Audit Assignments Completed in 2017-18

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Main Accounting System (Reconciliations)	Comprehensive	-	-	-	1	100%
Main Accounting System 2016-17	Comprehensive	-	-	-	4	100%
Payroll 2016-17	Comprehensive	-	-	-	1	0%
Fixed Assets 2016-17	Reasonable	-	-	1	3	100%
Creditors 2016-17	Reasonable	-	-	1	2	100%
Debtors 2016-17	Comprehensive	-	-	-	-	n/a
Housing Benefit & Council Tax Support 2016-17	Reasonable	-	-	3	2	100%
Cashiering (Agile Audit)	Reasonable	-	-	1	4	100%
Tenants Arrears 2017-18	Reasonable	-	-	2	4	33%
Rent Accounting 2017-18	Reasonable	-	-	1	3	50%
Banking Services	Reasonable	-	-	-	7	100%
Taxation	Comprehensive	-	-	-	1	100%
NDR 2017-18 (Fieldwork Complete)	Comprehensive	-	-	-	-	n/a
People Management 2017-18	Reasonable	-	-	3	3	17%
Business Continuity & Emergency Planning	Comprehensive	-	-	-	2	50%
Parks & Open Spaces	Reasonable	-	-	2	6	25%
Leisure Centres	Reasonable	-	-	2	3	40%
Licensing	Comprehensive	-	-	-	4	75%
Sharpes Pottery	Comprehensive	-	-	-	5	20%
Officers Expenses & Allowances	Reasonable	-	-	2	1	33%
Data Quality & Performance Management 16-17	Reasonable	-	-	-	19	100%
Organisational Culture & Ethics	Reasonable	-	-	1	3	50%
Safeguarding (Draft)	Reasonable	-	-	-	-	n/a
Backup Policy	Reasonable	-	-	3	6	56%
Backup Server Healthcheck	Limited	-	2	1	5	63%
Change & Configuration Management	Reasonable	-	-	4	6	100%
Express Electoral System Security Assessment	Reasonable	-	1	1	4	83%
Waste Less, Save More	Comprehensive	-	-	-	2	100%
Whistleblowing Investigation 2	Reasonable	-	-	2	6	88%
Housing Contracts Review	Limited	-	1	4	3	13%
Dry Waste Recycling Contract	Reasonable	-	1	1	3	80%
New Build / Affordable Homes (Draft)	Comprehensive	-	-	-	-	n/a
Client Monitoring - Corporate Services Contract	Reasonable	-	-	2	1	100%
<b>TOTALS</b>		<b>0</b>	<b>5</b>	<b>37</b>	<b>109</b>	<b>71%</b>

### Internal Controls Examined

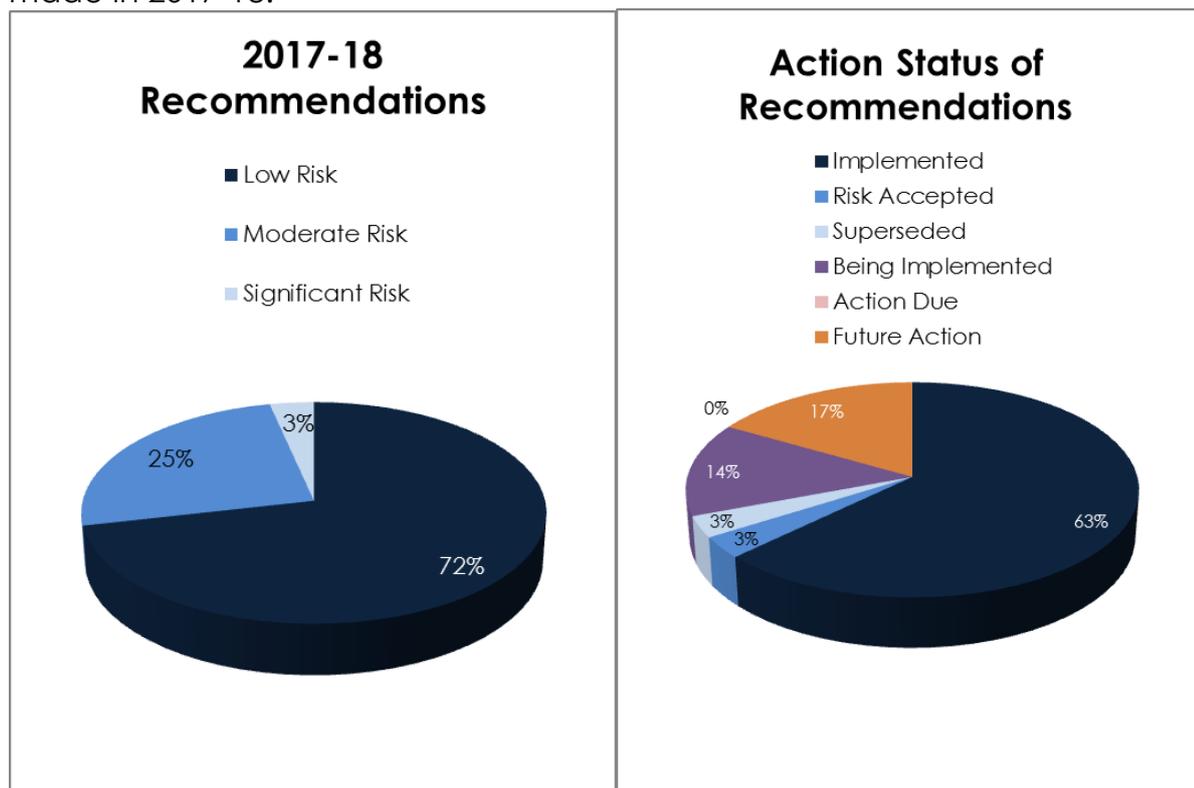
For those audits finalised during 2017-18, we established the following information about the controls examined:

South Derbyshire DC	2017-18
Evaluated Controls	603
Adequate Controls	408
Partial Controls	100
Weak Controls	95



### Recommendations Made

The control weaknesses identified above resulted in 156 recommendations which suggested actions for control improvements. The following charts show the how the recommendations were risk rated and the current status of all recommendations made in 2017-18:



## South Derbyshire DC – Internal Audit Annual Report 2017-18

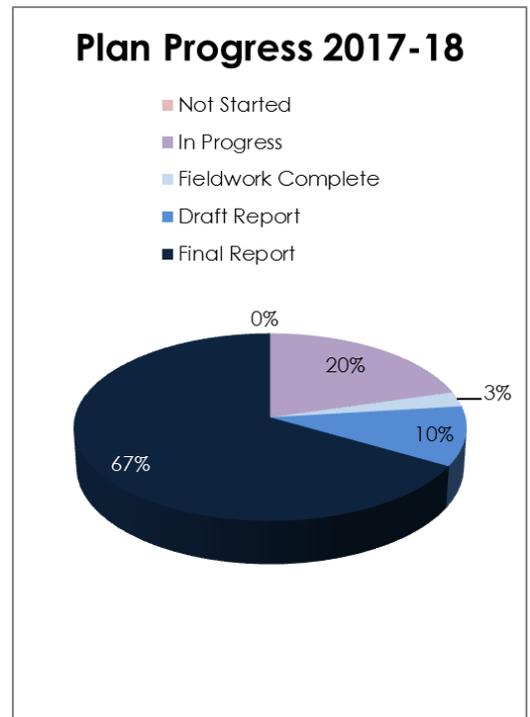
Audit Assignments Completed in Period	Type of Review	Recommendations Status			
		Total Closed	Action Due	Being Implemented	Future Action
Main Accounting System (Reconciliations)	Key Financial System	1	-	-	-
Main Accounting System 2016-17	Key Financial System	4	-	-	-
Payroll 2016-17	Key Financial System	-	-	-	1
Fixed Assets 2016-17	Key Financial System	4	-	-	-
Creditors 2016-17	Key Financial System	3	-	-	-
Debtors 2016-17	Key Financial System	-	-	-	-
Housing Benefit & Council Tax Support 2016-17	Key Financial System	5	-	-	-
Cashiering (Agile Audit)	Key Financial System	5	-	-	-
Tenants Arrears 2017-18	Key Financial System	2	-	-	4
Rent Accounting 2017-18	Key Financial System	2	-	-	2
Banking Services	Key Financial System	7	-	-	-
Taxation	Key Financial System	1	-	-	-
NDR 2017-18 ( <b>Fieldwork Complete</b> )	Key Financial System	-	-	-	-
People Management 2017-18	System/Risk	1	-	-	5
Business Continuity & Emergency Planning	System/Risk	1	-	-	1
Parks & Open Spaces	System/Risk	2	-	6	-
Leisure Centres	System/Risk	2	-	3	-
Licensing	System/Risk	3	-	-	1
Sharpes Pottery	System/Risk	1	-	-	4
Officers Expenses & Allowances	Governance/Ethics	1	-	-	2
Data Quality & Performance Management 2016-17	Governance/Ethics	19	-	-	-
Organisational Culture & Ethics	Governance/Ethics	2	-	-	2
Safeguarding ( <b>Draft</b> )	Governance/Ethics	-	-	-	-
Backup Policy	IT Audit	5	-	-	4
Backup Server Healthcheck	IT Audit	5	-	3	-
Change & Configuration Management	IT Audit	10	-	-	-
Express Electoral System Security Assessment	IT Audit	5	-	1	-
Waste Less, Save More	Anti-Fraud	2	-	-	-
Whistleblowing Investigation 2	Anti-Fraud	7	-	1	-
Housing Contracts Review	Anti-Fraud	1	-	7	-
Dry Waste Recycling Contract	Procurement/Contract	4	-	1	-
New Build / Affordable Housing ( <b>Draft</b> )	Procurement/Contract	-	-	-	-
Client Monitoring - Corporate Services Contract	Procurement/Contract	3	-	-	-
<b>TOTALS</b>		<b>108</b>	<b>-</b>	<b>22</b>	<b>26</b>

## Performance Measures

### Service Delivery (% of Audit Plan Completed)

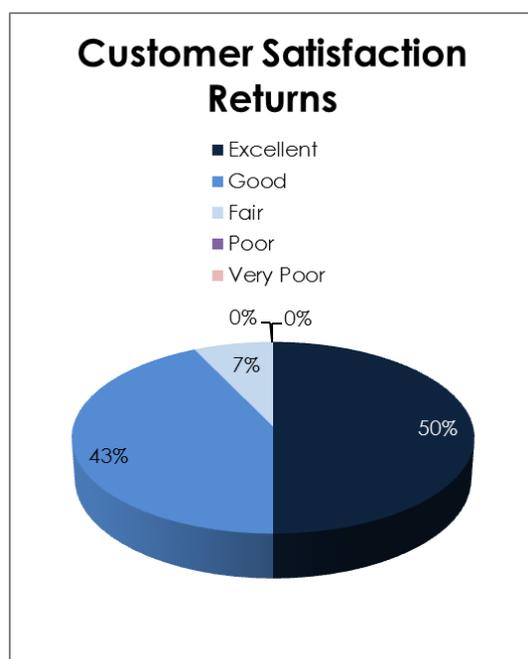
By the end of the Plan year 88.1% of the Audit Plan had been completed against a target of 90%.

Plan Progress	As at 31 <sup>st</sup> March 2018
Not Started	-
In Progress	8
Fieldwork Complete	1
Draft Report	4
Final Report	26
<b>Total</b>	<b>39</b>



### Customer Satisfaction Returns

The chart below summarises the overall scores from the 14 customer satisfaction survey responses received in 2017-18. The average score from the surveys was 46.9 out of 55. The lowest score received from a survey was 34, whilst the highest score was 55 which was achieved on 2 occasions.



<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE: SPECIAL</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>30<sup>th</sup> MAY 2018</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>LEGAL and DEMOCRATIC SERVICES MANAGER/ MONITORING OFFICER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ARDIP KAUR (01283 595715)</b> <a href="mailto:Ardip.kaur@south-derbys.gov.uk">Ardip.kaur@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/governance/local code/Dec 18/update report May 18
<b>SUBJECT:</b>	<b>LOCAL CODE OF CORPORATE GOVERNANCE REVIEW 2017/18</b>	
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 04</b>

## **1.0 Recommendation**

- 1.1 That the review against the Council's Local Code of Corporate Governance for 2017/18 as detailed in **Appendix 1** is approved.
- 1.2 That progress on the work plan to strengthen the Council's governance arrangements in 2017/18 as detailed in **Appendix 2** is approved.

## **2.0 Purpose of the Report**

- 2.1 To assess the Council's governance arrangements against the national framework which the Council has adopted.
- 2.2 The report also details progress on actions arising out of the Council's Annual Governance Statement (AGS) for 2017/18. This is in accordance with the Corporate Plan to review the Council's Local Code of Corporate Governance on a half-yearly basis.

## **3.0 Detail**

### **Background**

- 3.1 In 2016, the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published an updated national framework for ensuring proper and robust governance in local authorities. This was adopted by the Council in December 2016 following a review by this Committee.
- 3.2 The main aim of corporate governance relates to having a system by which a local authority directs and controls its functions and relates to its local community.

- 3.3 Good corporate governance is considered to be essential in demonstrating that there is credibility and confidence in public services. Sound arrangements should be founded on openness, integrity and accountability, together with the overarching concept of leadership.

### **The Framework**

- 3.4 The framework is based on a set of core principles. The national framework is intended to assist authorities individually in reviewing and accounting for their own approach.
- 3.5 The overall aim is to ensure that resources are directed in accordance with agreed priorities, that there is sound and inclusive decision making, together with clear accountability for the use of resources to achieve intended outcomes for local communities.
- 3.6 Within the national framework, focus is also placed upon demonstrating economic, social and environment sustainability over a longer-term, together with the principles of social value.

### **The Core Principles**

- 3.7 These are:
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - Managing risks and performance through robust internal control and strong public financial management.
  - Implementing good practice in transparency, reporting and audit to deliver effective accountability.
- 3.8 Within each principle there are a series of sub-principles. The Framework advocates a self-assessment against each of the sub-principles.
- 3.9 The latest self-assessment against the Framework is detailed in **Appendix 1**. Proposed changes and additional comments have been highlighted.
- 3.10 The associated template sets out each core principle and details the degree to which, on the evidence base, the Council meets each of the sub-principles. As

previously, a score from 1 to 5 has been allocated, where a score of 5 demonstrates strong compliance.

### The Council's Assessment

3.11 The Council has been able to demonstrate that it generally has a sound and robust system of corporate governance in place when compared to the Framework. The latest assessment shows that this continues to be the case in many instances with a score of 5 remaining prevalent in many areas. The ratings, with a comparison to previous periods, are summarised in the following table.

	Dec 2016	June 2017	Dec 2017	May 2018
Total number of principles	21	21	21	21
Total number scoring 5	16	18	17	18
Total number scoring 4	5	3	4	3

3.12 Overall, it is considered that there are no material weaknesses in the Council's governance arrangements when assessed against the national Framework.

3.13 The areas scoring 4 are where it is considered additional work is or can be undertaken to provide additional evidence and to further strengthen the Council's arrangements. These are detailed in the following table.

Sub-Principle	Action	Time
Demonstrating a strong commitment to ethical values	Following a Culture and Ethics audit, the Council has adopted an Ethics Statement which was approved by Full Council on 17 <sup>th</sup> May 2018. The statement provides guidance regarding the standards of ethical behavior expected from officers. During 2018/19, the document will sit alongside the existing Employee Code of Conduct and will be promoted to officers as well as forming part of the Council's induction process of new staff.	November 2018
Developing the entity's capacity	In February 2018, the Council commissioned a Decision Making Accountability (DMA) Exercise, which was undertaken by the Local Government Association. This followed a review and the subsequent restructure of Senior Management in 2017 which created 2 Strategic Directors and a new Leadership Team.  The DMA exercise focused on determining the best organisational	Peer Review to be undertaken in the 4 <sup>th</sup> quarter of 2018/19.

	structure at the Council. It included a high level review of service provision, together with risks and opportunities. The outcomes are due to be reported shortly and are included as an action in the Corporate Plan for 2018/19.	
Developing the capability of the entity's leadership and other individuals	As above  One of the aims of the DMA exercise was to review post structures and determine whether 3 <sup>rd</sup> tier officers in particular could be empowered more to take decisions and become leaders in their own service areas.	Peer Review to be undertaken in the 4 <sup>th</sup> quarter of 2018/19.

### **Progress on actions in the Annual Governance Statement 2017/18**

3.14 The approved work plan is detailed in **Appendix 2** and besides an overall review of the Local Code as detailed in this report, features 2 key themes regarding Information Governance and Procurement. Approved actions were completed in 2017/18 as detailed in Appendix 2.

#### **4.0 Financial Implications**

4.1 None

#### **5.0 Corporate Implications**

5.1 The Local Code applies to all of the Council's services and activities.

#### **6.0 Community Implications**

6.1 A key outcome in the Council's Corporate Plan is "proper corporate governance". Adopting a local code is a definitive way of demonstrating that the Council is aspiring to this principle.

#### **7.0 Background Papers**

7.1 Delivering Good Governance in Local Government; Framework and Guidance Notes 2016 Edition. (*Published by CIPFA and SOLACE*).

# APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

## **Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

**Framework Description:** “Local Government organisations are accountable not only for how much they spend but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.”

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Behaving with integrity	<ul style="list-style-type: none"> <li>• There are established Member and Officer Codes of Conduct which are detailed in the Council’s Constitution.</li> <li>• Members and Officers sign-up to the Codes when appointed.</li> <li>• Standards and behavior expected are part of the induction processes.</li> <li>• Standards and behavior are part of the PDR process for Officers and are included in the job competency framework.</li> <li>• There is an established process for Members to declare any interests at Committee meetings and these are recorded in official Minutes.</li> <li>• There is an established procedure governing conduct at Committee meetings, including the use of social media.</li> <li>• The Council has an established Standards Committee with independent persons appointed.</li> <li>• There are anti-fraud and corruption policies in place which are regularly reviewed and audited.</li> <li>• There are registers of interests for Members and Officers which are maintained and regularly reviewed. The Codes of Conduct refer Officers and Members to declare any interests.</li> <li>• There is a procedure for declaring gifts and hospitality and these declarations are registered with and held centrally by the Monitoring Officer.</li> <li>• The Council has an established Whistleblowing Policy which protects individuals and is communicated to all stakeholders, including contractors.</li> <li>• An established Complaints Procedure which includes provision for raising issues regarding standards and the behavior of Officers.</li> <li>• This Procedure makes provision to identify improvements and changes to procedures if required; these are reported to the Council.</li> </ul>	<p><b>4</b></p> <p><b><i>Revised up to</i></b></p> <p><b>5</b></p>	<p>Following an Internal Audit review, proposed revisions to the Conflicts of Interest Policy were approved by the Full Council on 26<sup>th</sup> February 2018.</p>

## APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

<p>Demonstrating a strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• The Council's Ethical Framework is set out in its Constitution. Specific references are detailed below. <ul style="list-style-type: none"> <li>➤ The Code of Conduct for both Members and Officers sets out the standards of conduct that Members are required to adhere to.</li> <li>➤ The Protocol for Member and Officer relations defines respective roles and stresses the principles of mutual courtesy and respect.</li> <li>➤ The Planning Code of Good Practice is designed to assist and protect Members involved in the planning process.</li> <li>➤ The ICT Protocol is designed to assist and protect Members when using computer equipment and social media.</li> <li>➤ The Licensing Protocol sets out procedures so that Members act in a fair and proper manner and are seen to do so.</li> <li>➤ The Code of Conduct for Representation on Outside Bodies provides support and guidance to Members when representing the Council on funded bodies and partnerships.</li> <li>➤ Ethical values are an element of the Council's Procurement framework and feature in the tendering/contract process.</li> </ul> </li> </ul>	<p><b>5</b></p> <p><b><i>Revised down to</i></b></p> <p><b>4</b></p>	<p>An Ethics Statement was approved by Full Council on 17<sup>th</sup> May 2018.</p> <p>The statement will be promoted to officers to ensure the expected standards of behavior are communicated, implemented and maintained throughout the Council.</p>
<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• The role of the Monitoring Officer and associated Protocol is designed to ensure that the Council operates within the law.</li> <li>• The Council complies with the national Statement on the "<i>Role of the Chief Financial Officer</i>" to ensure that the Council uses and accounts for its resources in accordance with legislation.</li> <li>• All Council Committees operate under a Terms of Reference.</li> <li>• An established Scheme of Delegation from Full Council to Committees and to Senior Officers is in place.</li> <li>• All Committees are supported by Committee Clerks.</li> <li>• The Monitoring Officer attends all meetings of Full Council.</li> <li>• New policies and operational developments/changes are only considered at Committee following consultation and analysis by the Chief Finance Officer, Head of Legal and Democratic Services and Head of HR.</li> </ul>	<p><b>5</b></p>	

# APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

## **Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

**Framework Description:** “Local Government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders. “

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Openness	<ul style="list-style-type: none"> <li>• An established Freedom of Information Publication Scheme is in place which informs how and where information is available.</li> <li>• The Corporate Plan and Annual Report set out what the Council wants to achieve and how it has performed.</li> <li>• The Council adheres to the Government’s Transparency Code of Practice and publishes information accordingly.</li> <li>• Records of decisions at Committee meetings are published.</li> <li>• Committee reports are published in a standard form.</li> <li>• Committee reports include financial, legal and HR implications where required, together with an assessment of the Corporate and Community implications of proposals.</li> <li>• The Council adheres to a Committee timetable which is reported and approved ahead of every Civic Year; dates of meetings are publicised in advance.</li> <li>• A Committee work programme is updated and reviewed at each Committee which publishes forthcoming business and reports.</li> <li>• Committee agendas are published 5 working days prior to a meeting in accordance with the Access to Information Regulations.</li> <li>• All meetings are open to the press, media and public and each Agenda allows questions to be raised by the Public.</li> </ul>	<b>5</b>	
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• The Council has an established Communications Strategy with an annual action plan subject to quarterly review.</li> <li>• The Council engages the support of other agencies and the voluntary sector to undertake consultations as appropriate.</li> <li>• Where the Council works in Partnership, protocols and procedures allow for views to be shared and challenge to take place.</li> </ul>	<b>5</b>	
Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> <li>• An SLA is in place with the local CVS to undertake consultation on potential changes affecting specific groups.</li> <li>• The Council regularly consults with council house tenants and users of sport and leisure facilities through established groups.</li> <li>• Results of public consultation are reported to the Council and assessed as part of any new proposals or changes to service provision.</li> </ul>	<b>5</b>	

# APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

## **Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

**Framework Description:** “The long-term nature and impact of many of local government’s responsibilities mean that it should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available. “

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Defining outcomes	<ul style="list-style-type: none"> <li>• The Council has an established vision of “<i>Making South Derbyshire a better place to live, work and visit</i>”. This is supported by 3 priorities of People, Place and Progress.</li> <li>• This vision and the priorities are central to the Corporate Plan which is set for a 5-year period.</li> <li>• The achievement of the priorities is measured in terms of a set of performance indicators for defined outcomes.</li> <li>• The Corporate Plan is published and advertised extensively both internally and externally.</li> <li>• It is approved and adopted by Full Council.</li> <li>• Operational targets are cascaded down into Service Plans.</li> <li>• The Council’s Performance Management Framework monitors and reviews performance against the priorities; this includes comparisons and trends which are reported quarterly.</li> <li>• Identified risks to the achievement of defined outcomes are integral to this process. Risk registers are reviewed on a quarterly basis.</li> <li>• The Corporate Plan also aligns to the Sustainable Community Strategy for the District.</li> </ul>	<b>5</b>	
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• The allocation of resources is subject to a Service and Financial Planning process which evaluates proposals in accordance with the Corporate Plan and takes into account risk and sustainability.</li> <li>• The Council’s Capital Programme focuses resources on long-term benefits with investment in new housing, new leisure facilities, sustainable infrastructure and the purchase of land to secure investment and future service provision.</li> <li>• Key plans and strategies such as the Corporate Plan, Housing Business Plan and Medium-Term Financial Plan, focus on a period that overlaps each 4-year democratic term.</li> <li>• Current financial constraints are factored into strategic plans for Housing, Economic and Environmental Services.</li> <li>• A corporate Equalities Working Group ensures that there is fair access to all services and this is demonstrated in an Annual Report.</li> </ul>	<b>5</b>	

## APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

	<ul style="list-style-type: none"> <li>The Communications Strategy sets out guidelines on how and when stakeholders are engaged.</li> </ul>		
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### **Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Framework Description:** “Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.”

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Determining interventions	<ul style="list-style-type: none"> <li>The Service and Financial Planning framework is effectively an options appraisal which includes an analysis of risk and opportunities together with short and long term resourcing implications.</li> <li>The process directs that all major procurements are subject to a prior options appraisal which is recorded and signed off corporately; this includes soft market testing where appropriate.</li> <li>The framework determines that proposals are discussed at senior officer level, with senior Members and are then subject to the Committee process.</li> <li>Working groups are set up if necessary to review options, for example on the HRA Business Plan and future management of the Forestry Centre; this includes representative groups (tenants) and service users (sport facilities).</li> <li>Established consultation is undertaken with service users in housing, sport and health, etc. Consultation outcomes have helped to shape the design of facilities, for example, local skate parks.</li> </ul>	5	
Planning interventions	<ul style="list-style-type: none"> <li>Established quarterly performance and budget monitoring reports with key indicators which report performance results and highlight corrective action where necessary.</li> <li>Annual budgets are based on current and future service provision and in accordance with the Medium-Term Financial Plan (MTFP).</li> <li>The key aim of the Financial Strategy is sustainability and the MTFP factors in potential funding constraints in which services plan accordingly.</li> </ul>	5	

## APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>The MTFP integrates and balances service priorities, affordability and external pressures. This is analysed in the comprehensive service and budget reports during the Annual Budget Round and ½ yearly reviews.</li> <li>Service planning and the procurement framework consider “social value” and this is a part of the evaluation in procurement exercises to encourage local employment and apprenticeship schemes, etc.</li> <li>Work is commissioned in partnership with the local voluntary sector (for example CVS) to optimise the social and environmental well-being of local residents and to help all groups access services.</li> </ul>	5	
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### **Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

**Framework Description:** *“Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.”*

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Developing the entity’s capacity	<ul style="list-style-type: none"> <li>The Council uses comparative data where this is appropriate through benchmarking and soft market testing to determine how resources are used and allocated and to inform future service provision, for example ICT (September 2016) and the HRA New Build programme.</li> <li>The Council uses representative groups, for example council house tenants and leisure centre users, to help formulate service provision.</li> <li>The Council actively works in partnership where this is deemed to be beneficial to achieving its desired outcomes with added value, for example the management of leisure facilities.</li> <li>The Council has several partnership/collaborative working arrangements.</li> <li>An established Workforce Strategy is in place which includes an annual work plan setting out training and development activities.</li> <li>An established training programme is in place to develop senior</li> </ul>	<p>4</p> <p>No Change proposed at this stage</p>	<p><b>The guidelines recommend that organisations should be subject to an external peer review from time-to-time.</b></p> <p>It should be noted that the Council has recently (February 2018) had a Decision Making Accountability (DMA) Exercise undertaken, conducted by the Local Government Association. This followed a review and the subsequent restructure of Senior Management in 2017 which created 2 Strategic Directors and a new Leadership Team. The DMA exercise focused on determining the best organisational</p>

**APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT**

	<p>and aspiring managers, which is delivered by external facilitators; this is aligned to corporate priorities and factors in external issues such as limiting resources.</p>		<p>structure at the Council. It included a high level review of service provision, together with risks and opportunities. The outcomes are due to be reported shortly and are included as an action in the Corporate Plan for 2018/19. This includes undertaking a peer review in the fourth quarter of the year.</p>
<p>Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> <li>• Regular meetings take place between senior managers and leading Members to ensure regular and effective communication.</li> <li>• Article 12 of the Constitution sets out the principles of Decision Making with Section 21 detailing the Scheme of Delegation; these are designed to ensure that the responsibility for decision making is clear and rests at the right place in the Council.</li> <li>• The Council also operates within a set of Financial Regulations and Procedural Rules.</li> <li>• A weekly meeting takes place between the Leader and Chief Executive to ensure a continuing and effective relationship.</li> <li>• Members undertake statutory training on Licensing, Planning and Finance in order to keep updated on developments and legislative changes in key areas of service delivery.</li> <li>• Members have access to training and seminars through the District Council's Network and the East Midlands Regional Council.</li> <li>• Development plans for Officers are linked to a competency framework and where appropriate to the leadership programme.</li> <li>• The Council employs external support for key specialist tasks and to relieve pressure on capacity, for example, to implement job evaluation, ICT Strategy and assessment of housing options.</li> <li>• The Council works with other authorities to deliver services to benefit from economies of scale, for example, the provision of internal audit, building control and fraud prevention.</li> <li>• All employees, including the CEO and Directors are subject to annual appraisals.</li> <li>• Certain training courses are mandatory for specific groups of employees or for all Officers, regarding health and safety, equality and absence management, etc.</li> <li>• HR policies are designed to assist and guide Officers and further their well-being to ensure that they act in the correct manner, are safe and have access to appropriate benefits. These policies are regularly reviewed in consultation with employee representatives.</li> </ul>	<p style="text-align: center;">4</p> <p style="text-align: center;">No Change proposed at this stage</p>	<p><b>As above</b></p> <p>One of the aims of the DMA exercise was to review post structures and determine whether 3<sup>rd</sup> tier officers in particular could be empowered more to take decisions and become leaders in their own service areas.</p>

# APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

## **Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

**Framework Description:** “Local government needs to ensure that the organisation and governance structures that it oversees have been implemented and can sustain an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

*A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.*

*It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.”*

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Managing risk	<ul style="list-style-type: none"> <li>• The Council has an established risk management framework in place. This is reviewed regularly and was updated in 2016 against the new Corporate Plan. The framework is also subject to Audit from time-to-time.</li> <li>• Responsibility for managing risks is assigned to service managers in Service Plans. Strategic risks are owned by the Corporate Management Team. These risks are regularly reviewed and reported quarterly.</li> <li>•</li> </ul>	<b>5</b>	
Managing performance	<ul style="list-style-type: none"> <li>• The Council has an established performance framework with comprehensive performance reports considered by policy committees on a quarterly basis.</li> <li>• All key activities in the Corporate Plan are subject to performance measures which assesses progress against intended outcomes.</li> <li>• Consultation takes place between Members and Officers in the planning process to establish what and the format that information is required for decision making.</li> <li>• The Council has an established Overview and Scrutiny function in place, including a separate Committee whose Chair does not sit on any other policy committees.</li> <li>• This Committee operates under a terms of reference set out in the Constitution and sets its own work programme. It focuses on a balance of internal and external issues and reports to Council, in</li> </ul>	<b>5</b>	

## APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

	<p>an annual report, its outcomes for the year and where it has added value.</p> <ul style="list-style-type: none"> <li>The Council's outcomes in terms of finance are reported from base budget stage through to the publication of the annual financial statements.</li> </ul>		
<p><b>Robust internal control</b></p>	<ul style="list-style-type: none"> <li>The Council has an established Audit Committee.</li> <li>The Committee has its own specific terms of reference around ensuring good governance, internal control and risk management.</li> <li>The effectiveness of the Committee is regularly reviewed and Members receive training and briefings.</li> <li>The Committee oversees an annual Internal Audit Plan which covers all fundamental systems on a yearly basis and all Council services/activities over a 5 year rolling period based on risk.</li> <li>Internal Audit reports quarterly on its audits, the outcomes and ranks the control status from limited to comprehensive assurance. Any potential implications for the Council's Governance Statement are highlighted at that stage.</li> <li>An established counter fraud and anti-corruption framework is in place and the Council works in partnership with other councils to prevent and detect fraud; this includes sharing systems and data.</li> <li>The Council reports its Governance Framework and its effectiveness is assessed through an Annual Governance Statement which is reported in the Financial Statements.</li> <li>The provision of Internal Audit is through an established partnership arrangement with other authorities; this ensures that the Council benefits from economies of scale and additional expertise in its audit coverage.</li> <li>Internal Audit meets the requirements of the nationally recognised Public Sector Internal Auditing Standards.</li> </ul>	<p><b>5</b></p>	
<p><b>Managing data</b></p>	<ul style="list-style-type: none"> <li>The Council has an established Data Quality framework in place which is subject to annual review and audit.</li> <li>Methodology statements are established for each key performance indicator in the Corporate Plan; these ensure that there are proper procedures to ensure that the data collected and reported is correct, reliable and accurately measures progress on intended outcomes.</li> <li>The Council's ICT and Business Change Manager is the designated Data Protection Officer.</li> <li>The Council has established policies regarding the security of data, and data protection, etc.</li> <li>Arrangements for managing and storing data are subject to audit.</li> <li>Information asset owners assigned to data folders and systems.</li> <li>The Council only shares data with other agencies after a proper</li> </ul>	<p><b>4</b></p> <p><b>Revised up to</b></p> <p><b>5</b></p>	<p><i>Although it is considered that the Council is well placed in managing data, the Council does not currently have a dedicated Information Governance Officer.</i></p> <p><b>Update:</b> The Council has completed preparations for the introduction of the General Data Protection Regulations 2018 which came into force on 25<sup>th</sup> May. The Council formerly appointed the Council's ICT and Business Change Manager as the Data Protection Officer under Article 39 of</p>

**APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT**

	<p>data sharing protocol has been established. These currently exist with the DWP, the Police and Fire authorities</p> <ul style="list-style-type: none"> <li>• From time-to-time, other agreements are established with for example, credit rating agencies for specifically defined purposes.</li> <li>• Where high volumes of data are processed, the Council undertakes independent quality checking, for example in the processing of housing benefits.</li> </ul>		<p>the GDPR on 12<sup>th</sup> April. The Council has entered into an agreement with a neighbouring authority to provide an on-going support and advice service for Information Governance.</p>
<p><b>Strong public financial management</b></p>	<ul style="list-style-type: none"> <li>• The Council's Medium-Term Financial Plan (MTFP) aims to maintain resources over the longer-term to deliver services and factors in potential changes in service provision.</li> <li>• The MTFP is underpinned by a Financial Strategy which sets out procedures for the proper stewardship of public money, together with safeguarding the sustainability of the Council's financial position.</li> <li>• The Strategy sets out the overriding financial target that defines a minimum level of General Reserves over a rolling 5-year period (10 years for the HRA).</li> <li>• Quarterly budget and financial monitoring reports to the Council assess progress against annual budgets and also keep under review any current issues and their potential impact on the longer-term financial position.</li> </ul>	<p><b>5</b></p>	

# APPENDIX 1: SOUTH DERBYSHIRE DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE: SELF ASSESSMENT

## Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

**Framework Description:** “Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.”

Sub Principle	Evidence Base to Demonstrate Compliance	Self-Assessment Score (out of 5)	Actions to Strengthen Compliance
Implementing good practice in transparency	<ul style="list-style-type: none"> <li>• The Council publishes its successes and answers any issues through a series of media releases; these are designed to explain matters in a more easily understandable, but factual way, and summarises decisions made following consideration of technical Committee reports.</li> <li>• The Council publishes an Annual Report which helps to explain what the Council does, its achievements, etc. in a more easily understandable style.</li> <li>• The Council’s website is also a means of publishing information in an informative way. A new website was implemented in October 2017 to improve the access to and transparency of information.</li> <li>• Social media is also being used as a tool for engaging with residents and other stakeholders.</li> </ul>	<b>5</b>	
Implementing good practice in reporting	<ul style="list-style-type: none"> <li>• In accordance with statutory requirements, the Council publishes Audited Accounts and Financial Statements, together with an Annual Governance Statement. These are considered and approved by the Council and then published in accordance with a statutory timescale.</li> </ul>	<b>5</b>	
Assurance and effective accountability	<ul style="list-style-type: none"> <li>• All key indicators and projects in the Corporate Plan have a named responsible officer.</li> <li>• These responsible officers are accountable to the relevant Policy Committee.</li> <li>• Any recommendations made by External Audit in their annual report, are assigned a responsible Council Officer and actions are monitored by the appropriate Committee.</li> <li>• Recommendations made by Internal Audit are designed to strengthen the Council’s internal control environment.</li> <li>• Recommendations made by Internal Audit are also assigned a responsible Council Officer to implement agreed actions.</li> <li>• Internal Audit provides quarterly updates on outstanding recommendations and there have been instances where the Audit Committee has requested specific reports from responsible officers where agreed actions are still to be implemented.</li> </ul>	<b>5</b>	

## APPENDIX 2: ANNUAL GOVERNANCE STATEMENT 2017/18 – PROGRESS ON WORK PLAN

Work Area	Timescale	Responsible Officer(s)	Governance / Corporate Plan Priority	Action and Outcome
Continue to review the Local Code of Corporate Governance and to monitor the Governance Work Plan for the year	½ yearly review	Legal and Democratic Services Manager	This is the overall framework that monitors the priority outcomes for the Corporate Plan	<p>Reviews to be held in December 2017 and June 2018.</p> <p><b><u>Progress</u></b> Completed. Reviewed and reported as planned.</p>
Information Governance	March 2018	Strategic Director Corporate Resources	To ensure that the Council complies with data protection principles and safeguards the data that it manages	<p>Policies and monitoring arrangements to be reviewed during the year to ensure consistency of approach and compliance ahead of changes to Data Protection Regulations in May 2018.</p> <p><b><u>Progress</u></b> Completed. Report to Full Council on 12<sup>th</sup> April.</p>
Procurement Regulations	December 2017	Strategic Director Corporate Resources	Proper procurement practice	<p>To ensure all staff involved in procurement at whatever level are updated on the Council's procurement procedures and wider procurement practice.</p> <p><b><u>Progress</u></b> Completed. Senior Managers were briefed at a performance board meeting on 31<sup>st</sup> October 2017 and then again by the Head of Procurement from the new shared service arrangement in Derbyshire on 8<sup>th</sup> February 2018. An open day also took place on 15<sup>th</sup> March 2018 with specific training for Housing staff in May 2018.</p>

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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE: SPECIAL</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>30<sup>th</sup> MAY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>LEGAL and DEMOCRATIC SERVICES MANAGER / MONITORING OFFICER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ARDIP KAUR (01283 595715)</b> <a href="mailto:ardip.kaur@south-derbys.gov.uk">ardip.kaur@south-derbys.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>ANNUAL GOVERNANCE STATEMENT 2017/18</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 04</b>

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## **1.0 Recommendations**

- 1.1 To recommend to Finance and Management Committee the Annual Governance Statement (AGS) for the year ended 31st March 2018 and its publication within the Statement of Accounts for 2017/18.
- 1.2 To authorise the Leader of the Council and Chief Executive Officer to sign the Annual Governance Statement.

## **2.0 Purpose of Report**

- 2.1 To submit the Council's Annual Governance Statement (AGS) for 2017/18 in accordance with the Accounts and Audit Regulations 2003 (as amended).

## **3.0 Detail**

### **Background**

- 3.1 Governance is about how South Derbyshire District Council ensures that it does the right things, in the right way, for the right people in a timely, inclusive, open and accountable manner. As such, it comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages and leads its local community.

### **Annual Governance Statement (AGS)**

- 3.2 The AGS is the formal statement that records and publishes a council's governance arrangements; it is a statutory requirement to publish an AGS on an annual basis.
- 3.3 Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states [page 59](#) production and publication of the AGS,

are the final stages of an on-going review of governance and not activities that can be planned and viewed in isolation. Compilation of the AGS involves the Council in:

- reviewing the adequacy of its governance arrangements
- knowing where it needs to improve these arrangements
- communicating to stakeholders how better governance leads to best quality public services

3.4 The proposed AGS for 2017/18 is attached. It is led by the Council's Monitoring Officer in consultation with the Council's Leadership Team. The AGS has been produced in accordance with the CIPFA guidelines and includes commentary on:

- the governance environment and how this is reviewed to determine its effectiveness; and
- issues of significance that require addressing as part of the review of effectiveness

3.5 **Section D** of the Statement highlights those issues and matters dealt with under the Governance framework. This includes a summary of any complaints made against the Council by the Local Government Ombudsman and other Government agencies, together with any significant issues raised by Auditors and failures to operate within expected standards.

### **Compiling the AGS**

3.6 The aim of the AGS is to set out established processes and to reflect on any matters arising during the year. Much of the content of the AGS will already be known and may have been reported and noted elsewhere in other Council forums.

3.7 As the governance framework at the Council is relatively well established, the existing AGS is used as the basis of the annual review. The lead officers in compiling and reviewing the AGS are the Council's Monitoring and Chief Finance Officers.

3.8 In monitoring the AGS, these officers review policy committee reports and decisions, together with Management Team minutes to ensure that any relevant matters are included in the AGS.

3.9 Work in other forums such as the Health and Safety Committee, Licensing and Appeals Committee and the Joint Negotiating Group, where potential matters affecting the AGS are reported, are also reviewed. These committees and forums are usually attended by the Monitoring and Chief Finance Officers.

- 3.10 In addition, investigations that may have been undertaken by the Information Commissioner, Data Protection Registrar and Local Government Ombudsman are also reviewed. Any legal action brought against the Council is also reviewed to determine its impact on the Council's governance arrangements.
- 3.11 When the draft statement is complete, the Chief Executive and other corporate directors are consulted and asked to highlight any other matters. The AGS is also circulated to Unit Managers across all Council Services for additional feedback.

### **Work Plans**

- 3.12 A work plan, considered and approved by the Committee in June 2017, was progressed during 2017/18 to address matters identified to maintain and strengthen the governance environment. These are detailed within the AGS and summarised in Section E.
- 3.13 The proposed work plan for 2018/19 is detailed in the AGS. These actions have been identified to maintain robust governance and to ensure arrangements keep abreast of a changing environment. The work programme includes:
- Continue to review on a 6-monthly basis the Local Code of Corporate Governance.
  - Promoting culture and ethics amongst staff.
  - Conducting an external Peer Review

## **4.0 Financial Implications**

- 4.1 None

## **5.0 Corporate Implications**

- 5.1 Corporate governance affects the whole authority and as part of the process, all members of senior management have been consulted and made aware of its contents. Generally, senior managers are briefed at corporate meetings in respect of governance generally, together with the AGS and its importance for the financial statements.
- 5.2 Maintaining good governance is a key outcome in the Corporate Plan adopted by the Council. This reflects that sound governance should underpin all services and activities of the Council.
- 5.3 The AGS itself will be signed by the Council's Leader and most senior officer, the Chief Executive. This also emphasises that corporate governance is at the centre of the leadership and management of South Derbyshire District Council.

## **6.0 Community Implications**

- 6.1 The AGS is designed to act as a public assurance statement that the Council has a sound system of corporate governance, designed to help deliver services in a proper, inclusive, open and accountable manner.

## **7.0 Background Papers**

The Annual Governance Statement and Rough Guide published by the Chartered Institute of Public Finance and Accountancy.

# GOVERNANCE STATEMENT 2017/18

## A SCOPE OF RESPONSIBILITY

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

In discharging 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, which includes arrangements for the management of risk.

The Council has formulated a Local Code of Corporate Governance which is based on the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.

This Annual Governance Statement explains how South Derbyshire District Council has complied with the Local Code of Corporate Governance and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.

## B THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Governance Framework comprises:

- The systems and processes, culture and values, by which the Council is directed and controlled.
- The activities through which it accounts to, engages with and leads the community.

It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate economical, efficient and effective services.

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 on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and strategic objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, in order to manage them efficiently, effectively and economically.

The Governance Framework detailed in this Statement has been in place at South Derbyshire District Council for the year ended 31st March 2018, up to the date that the Annual Report and Statement of Accounts were approved.

# GOVERNANCE STATEMENT 2017/18

## C THE GOVERNANCE FRAMEWORK AT SOUTH DERBYSHIRE DISTRICT COUNCIL

The key elements of the systems and processes that comprise South Derbyshire District Council's Governance Framework are set out in the following sections.

### Decision Making

The Council operates under a Constitution. This sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It sets out the individual roles and responsibilities of Members and the three statutory officers (i.e. the Head of Paid service, the Chief Finance Officer and the Monitoring Officer).

The Full Council makes decisions on key policies and sets the budget and levels of local taxation for the Council's services. The Constitution includes the delegation from Full Council down to the Policy Committees and provides a Scheme of Delegation to Officers.

### Policy Making

This is facilitated through 3 policy committees which are responsible for the main service areas of the Council and are:

- Environmental and Development Services
- Housing and Community Services
- Finance and Management

Each Committee is governed by its own Terms of Reference, as laid down in the Constitution. Meetings of these committees are open to the public, except where issues of an exempt nature are being disclosed.

An Overview and Scrutiny Committee has 'call-in' powers to consider the appropriateness of Policy Committee decisions. It also shadows the policy committees, supports policy development and review, together with carrying out external reviews on issues that affect South Derbyshire.

Six Area Forums, a Parish Liaison Meeting and a Flood Liaison Meeting are well established and these meet throughout the year. These forums are designed to improve community involvement in decision-making and provide a continuous link with local residents, parish councils, the voluntary sector and other public bodies.

### Governance and Accountability

The Council designated the Legal and Democratic Services Manager as its Monitoring Officer during 2017/18.

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of the Council's Paid Service (the Chief Executive) and Chief Finance Officer, the Monitoring Officer will report to Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration.

# GOVERNANCE STATEMENT 2017/18

Such a report would prevent the proposal or decision being implemented until the report has been considered.

In addition, the Council operates 2 regulatory committees; a Planning Committee focusing on development control (planning applications and enforcement) together with a Licensing and Appeals Committee.

Furthermore, a Standards Committee, which contains independent (of the Council) members, oversees the conduct of elected councillors.

Accountability for the use of public funds and service provision is largely undertaken through the annual publication of a Statement of Accounts and an Annual Report.

## **The Local Code of Corporate Governance**

The Council has adopted a National Code developed by CIPFA/SOLACE. The Code is subject to regular six monthly reviews by Senior Officers reporting to the Audit Sub-Committee. This helps to inform this Governance Statement.

## **Standards of Financial Conduct**

Financial management is conducted in accordance with financial regulations and procedural rules, as set out in Part 4 of the Constitution. The Council has designated the Strategic Director of Corporate Resources in accordance with Section 151 of the Local Government Act 1972.

This Officer is responsible for making arrangements for the proper administration of financial affairs in accordance with best professional practice.

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).

In addition, under the Code of Audit Practice, the Council has a responsibility to ensure that its affairs are managed in accordance with proper standards and to prevent and detect fraud and corruption. The Council has adopted a Fraud and Corruption Strategy.

The financial management system includes:

- A Medium Term Financial Plan
- An annual budget cycle incorporating Council approval for revenue and capital budgets, together with a Treasury Management Strategy
- Financial Procedure Rules that are reviewed as required
- Process and procedure guidance manuals
- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Proper Accounting Practice and International Financial Reporting Standards
- Regular budget monitoring by budget holders through monthly financial monitoring reports
- Identification of financial risks that are regularly reviewed and updated

# GOVERNANCE STATEMENT 2017/18

## Standards of Overall Conduct

Members and Officers of the Council operate under codes of conduct. These codes provide a set of standards of conduct expected of employees at work and for councillors in performing their public duties. In addition, both Members and Officers are required to declare interests and register gifts and hospitality which are valued at over £100.

The codes take into account the requirements of the law and the provisions of official conduct in the appropriate National Conditions of Service (for employees).

The Council Leader and the Chief Executive are the Corporate Governance Champions for Members and Officers respectively, designed to create a climate of openness, support and respect, promoting a strong ethical culture and upholding the values of good governance.

The Standards Committee hears Member Code of Conduct complaints referred by the Monitoring Officer in line with the procedure for considering such complaints. These are complaints against elected Members of the District Council and elected or co-opted Members of the Parishes of South Derbyshire. The Standards Committee is also informed of complaints not referred to them for consideration and dealt with by Monitoring Officer, with a summary of the outcome in relation to each matter.

## Development of Members and Officers

Members and officers receive a formal induction tailored to their role in the Council, including when they take on new roles. The Council has adopted an e-induction system for Officers and induction training is undertaken by Members at the beginning of each four year term of office. Member role profiles exist under Section 6 of the Constitution.

Members also have access to regional training courses and seminars organised through the forum of East Midlands Regional Councils.

In addition, on an annual basis, existing and new Members of the Planning and Licensing & Appeals Committees must attend training sessions to enable them to continue to sit on these Committees, to ensure that they are fully briefed on all new developments in these areas.

The Council provides a full range of development opportunities for Members with ad-hoc training and briefing sessions.

## Establishing Council Objectives

These are set out in the Council's Corporate Plan. This is effectively the Council's business/forward plan, set for five years and reviewed on an annual basis. This plan sets out the Council's vision for South Derbyshire, its values and the priorities for delivering services for local communities.

The Sustainable Community Strategy for South Derbyshire (2009-2029) is co-ordinated by The South Derbyshire Partnership. This sets out the District wide priorities across a range of public service providers that include the District Council, County Council, Police, Health Authority and the Voluntary Sector.

# GOVERNANCE STATEMENT 2017/18

This plan aims to improve the overall economic, social and environmental wellbeing of South Derbyshire by addressing issues that are important to the local community, businesses and service providers. The Strategy was refreshed in 2017 and can be accessed at:

<https://www.south-derbys.gov.uk/assets/attach/1891/Sustainable%20Community%20Strategy.pdf>

## Compliments and Complaints

The Council has a Corporate Compliments and Complaints Policy. This is used to help identify service improvements from compliments, complaints and other comments received. Information is collated centrally and reported half yearly to the Finance and Management Committee, where performance can be challenged and areas for improvement identified.

Arrangements are also in place for dealing with and monitoring Ombudsman's complaints and reporting annually to Full Council.

The Council also has arrangements in place for whistleblowing to which staff and all those contacting the Council have access. The confidential reporting code is reviewed regularly and publicised.

## Organisational Assessment and Performance Review

The Council has in place a range of Key Performance Indicators (KPIs) which it uses to measure performance. Indicators are developed for each of the Council's main priorities in the Corporate Plan, alongside specific indicators in service plans.

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

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

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

In drawing their conclusion, the Auditors consider the financial resilience of the Council and its past record of delivering financial management.

## Data Quality

A key element of reporting performance is the information that underpins it, i.e. data quality. This is to ensure that the Council's arrangements for recording and collecting information are robust so that the evidence and management information is reliable. The Council has adopted a Strategy to govern data quality and its arrangements are subject to regular review, including an annual audit.

## Data Management

The Council has Records Management and Document Retention Policies that direct how the Council manages personal and other data that it holds and processes. These policies were reviewed and

# GOVERNANCE STATEMENT 2017/18

updated in 2017/18 in readiness for the introduction of the General Data Protection Regulation on 25<sup>th</sup> May 2018.

## **Business Change**

To support service delivery, the Council has Procurement and Business Change functions. These Council Units are intended to co-ordinate greater efficiency and effectiveness in the use of Council resources.

## **Procurement**

A central procurement unit (which became part of a Shared Service Arrangements on 1<sup>st</sup> January 2018) also ensure that purchasing is legal, ethical and accountable and is carried out in accordance with regulatory and legislative requirements.

## **Continuous Service Review**

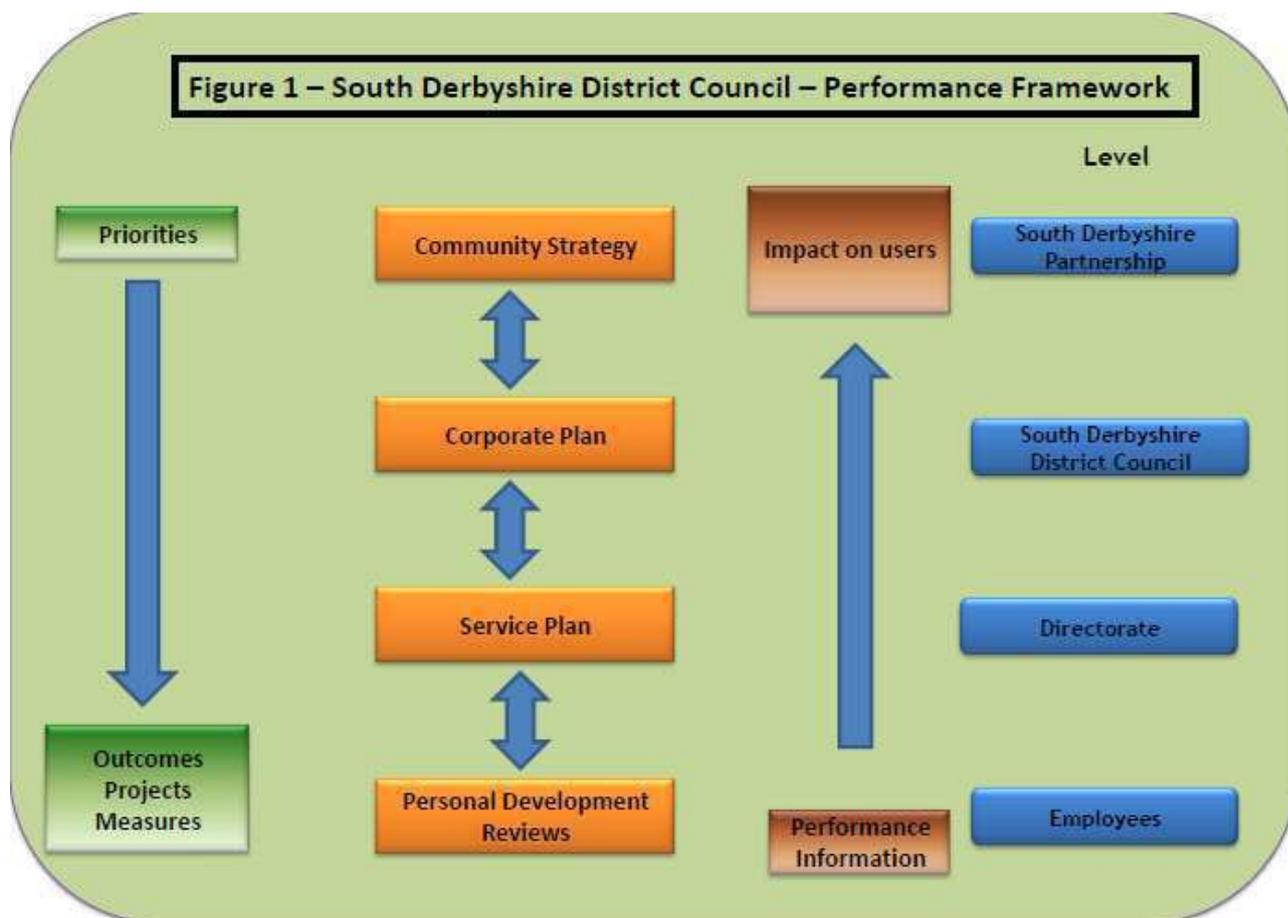
The Council continuously reviews, in various ways, its service areas. This is designed to identify transformation and efficiency opportunities to ensure that services remain efficient and effective as possible.

A key aim is to identify efficiency savings and in particular cashable/budget savings without adversely affecting service delivery.

## **Managing Performance**

The Council's performance framework is largely developed from national requirements and regulatory frameworks, together with local issues that are emerging from its own planning framework. An outline of the framework and its components is shown in Figure 1, below.

# GOVERNANCE STATEMENT 2017/18



The **Community Strategy**, currently covering a 20-year period to 2029, sets the long-term vision and community aims for several public and community agencies in South Derbyshire.

The Council's **Corporate Plan** describes how the Council provides services to support the Community Strategy and focuses resources on key priorities, together with actions for improvement. This is an integral part of the Council's Performance Management Framework and the actions set out how key priorities are delivered together with measures of success. The development of the Corporate Plan takes place alongside the development of the Medium Term Financial Plan to ensure that the corporate priorities are fully resourced.

**Service Plans** are the cornerstone of the performance framework and demonstrate how each section of the Council will deliver improvements in line with priorities detailed in the Corporate Plan.

**Personal Development Reviews** provide employees with a clear understanding of how their work is enabling the Council to deliver the priorities detailed in the Corporate Plan, together with identifying their own individual training needs.

## Partnership Working

The Council works in partnership with many other public agencies, including the voluntary sector, together with private organisations to deliver its services. The extent of these partnerships varies across the Authority.

# GOVERNANCE STATEMENT 2017/18

The Council's most significant partnerships are the South Derbyshire Partnership and the Safer South Derbyshire Partnership for Derbyshire. These partnerships are properly constituted and Committees are established (comprising representatives of the Council) who monitor and review progress.

The governance arrangements include a constitution and terms of reference. They have annual action plans which are monitored and reported quarterly to the relevant Strategic Boards. The Council receives annual reports on their performance which identifies the outcomes of partnership work and the financial implications of their work undertaken.

## **Risk Management**

The Council has adopted a Risk Management Policy Statement, which sets out the principles, responsibilities and commitment to dealing with risk. Backed-up by a detailed framework, it is effectively the process for the management of risk throughout the Council.

The Council, through its service planning process, has a system for identifying and evaluating significant risks. Each Service maintains an operational risk register and this is developed and maintained by Officers involved in planning and delivering services.

In addition, the Council's Corporate and Financial Plans identify and evaluate risk at a more strategic level. Furthermore, evaluation of proposals for new spending and capital investment includes a risk assessment analysis. The Council's risk management process provides a framework to embed risk within services. It also includes guidance for managers in assessing and treating risk.

## **Business Continuity**

The Council's arrangements are overseen by a Resilience Liaison Forum and this includes training and awareness briefings in the event of an incident. The Council is supported by Derbyshire County Council's Emergency Planning Unit.

## **Internal Audit**

Under the Account and Audit Regulations 2015, the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. This should take into account public sector internal auditing standards or guidance.

The Council employs the services of the Central Midlands Audit Partnership (CMAP) to provide its Internal Audit function.

This function provides an independent evaluation on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Internal Audit works in accordance with an annual plan, agreed with and monitored by Members and Senior Officers. It provides opinions on internal controls in place to manage risks across the Council's activities. Its plans and outputs are monitored and challenged by the Council's Audit Sub-Committee.

Internal audit is the main means by which the Council obtains assurances that systems are operating effectively. Internal Audit is required to issue an Assurance Statement (Annual Report) each year that provides an assessment of the Council's internal control system.

# GOVERNANCE STATEMENT 2017/18

## Health and Safety

The Council has a Health and Safety Policy and an Annual Action Plan that sets out the Council's commitment to health and safety and identifies those positions with responsibility under the policy. There is also a quarterly Employee Health and Safety Committee, where representatives from the trade unions meet with service managers and Members. The Committee monitors policies, work practices and reviews accident statistics.

## The Council's Audit Sub-Committee

Under its terms of reference, the Committee independently reviews the assurance of the adequacy of the risk management framework and the associated control environment.

It also provides 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. The Sub-Committee also oversees the Authority's corporate governance arrangements in relation to financial matters

## External Scrutiny

Ernst & Young LLP (EY) is the Council's appointed external auditor. Besides auditing the accounts and financial statements of the Council, they also focus on more strategic performance and financial management arrangements. This includes reviewing arrangements in place for securing Value for Money.

The Audit Sub-Committee and Officers of the Council meet regularly with the external auditors to discuss planned and on-going external audit activity through the Annual Audit Plan. The Annual Audit Letter, which is considered by a meeting of the Full Council, summarises the conclusions and significant issues arising out of their audit.

## Information Communication Technology (ICT)

The Council would not be able to operate without an effective ICT infrastructure in place. The Council's ICT Strategy is designed to ensure that the appropriate infrastructure is in place to enable the Council to deliver its services effectively and implement the Council's Corporate Plan.

Therefore, the ICT Strategy is aligned to the strategic objectives of the Council, with technology being used as an enabler of business change to support the Council's priorities. The ICT infrastructure in place enables the Council's service areas to concentrate on delivering their customer and business requirements.

Appropriate safeguards are in place to ensure the integrity of the Council's ICT infrastructure and this is subject to an annual audit and independent health check. In addition, the Council complies with national best practise for security as contained within the Public Services Network (PSN) Code. Under this Code, the Council's ICT security arrangements are tested and reviewed each year by an independent organisation, approved for such work.

# GOVERNANCE STATEMENT 2017/18

## Transparency in the Publication of Information

The Council is required to publish a wide range of information on its services. The Council accounts for the use of resources and publishes this in an Annual Statement of Accounts.

The Council also publishes an Annual Pay Policy Statement which details the pay and remuneration of senior officers, together with the relationship between the pay of the highest paid officer and other officers. This Statement is approved by the Council in April each year.

From 2017/18, the Council was also required to comply with regulations regarding the “Gender Pay Gap”. The Council published this in March 2018.

In addition, the Council also publishes various data sets and information in accordance with Council’s Transparency Agenda. This includes details of all payments (excluding those to employees) in excess of £250, details of procurement card transactions, together with remuneration and expenses paid to Members. There are also details regarding assets owned, including council housing.

This information is available on the Council’s web-site in the “**Open Data and Transparency**” section.

# GOVERNANCE STATEMENT 2017/18

## D REVIEWING THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework, including the system of internal control. This is the responsibility of the Council's Leadership Team, who has responsibility for the development and maintenance of the governance environment. The Leadership Team contains the Council's Chief Executive, two Strategic Directors, together with the Legal and Democratic Services Manager in their role as Monitoring Officer

The Leadership Team works closely with Elected Members to deliver the Council's vision and values. The review of effectiveness is informed by the work of the Council's Leadership Team. This is supplemented by Internal Audit reports on work conducted through the year, from recommendations made by the External Auditor, together with any other review agencies and inspectorates.

As part of an on-going review, the overall framework was strengthened in 2017/18 following a work programme arising out the Governance Statement for the previous year 2016/17. Actions are detailed in **Section E**.

The overall processes and indicators that have been applied in maintaining and reviewing the effectiveness of internal control during the year 2017/18 are set out in the following sections.

### Overall Corporate Governance

The Council continued to apply its Local Code of Corporate Governance based on recommended best practice, as developed by CIPFA/SOLACE. This Code sets out the systems by which the Council directs and controls its functions. It was reviewed twice during the year with a work programme, monitored by the Audit Sub Committee, being progressed to maintain and improve overall Governance.

### ICT Security

During 2017/18, work continued in order to comply with the Government's Public Sector Network (PSN) security standard. Regular liaison continued with the Government's Cabinet Office and Department for Works and Pensions.

There were no major security incidents during 2017/18. However, the Council is aware that there is a constant risk of computer viruses and potentially hacking through external emails. Although the Council's security system filters these away, regular communications are sent out internally to remind staff to be vigilant.

In 2017/18, an audit of the Council's computer back-up arrangements identified areas to be strengthened. Work commenced in 2017 and will continue in 2018.

### The System of Internal Audit

Internal Audit is responsible for monitoring the quality and effectiveness of internal control. They review all fundamental financial systems each year and other systems over a five yearly cyclical period. This is based on a risk assessment of each service area.

# GOVERNANCE STATEMENT 2017/18

Internal Audit reports to the Council's Audit Sub-Committee on a quarterly basis. The reporting process requires a report of each audit to be submitted to the relevant service manager.

The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by managers. The process includes reviews of recommendations by the auditors through a tracking system, to ensure that they are acted upon.

Under its terms of reference, the Audit Sub-Committee considers in detail any recommendations that are found to have a potentially "high-risk" impact on the Council's control environment. These are subject to on-going monitoring until all recommended actions have been implemented.

Reports to the Audit Sub-Committee provide an overall assurance rating of each system or service area subject to audit. This includes a statement as to whether there are any possible implications for the Annual Governance Statement.

## Internal Audits 2017/18

All audits completed and reported to the Audit Sub-Committee during 2017/18 found no material weaknesses which could affect the Council's Governance framework. Two reports provided a "Limited" Assurance Rating in internal control. These audits related to the computer back-up server and contracts in Housing Services.

Several recommendations were made to strengthen arrangements and relevant actions still outstanding are due to be completed in 2018. Management action is being followed-up by Internal Audit to ensure that the recommendations are implemented.

## Procurement and Contract Management

The Council joined a Shared Service Arrangement (SSA) on 1<sup>st</sup> January 2018 to deliver its Procurement function. The SSA comprises 4 other local authorities in Derbyshire, together with a NHS Trust and a local College. Besides generating savings through economies of scale, the Council joined the SSA to benefit from greater resilience and to strengthen compliance.

This followed issues found by Internal Audit arising from investigations into certain procurement and contract management practices in 2016/17. These matters were reported in detail by Internal Audit in 2016/17.

Internal Audit undertook a follow-up review in April 2018 to test the extent of how far new practices and procedures had become embedded. Their review is reported in their Annual Report.

## Value for Money

The issues in 2016/17 had an adverse impact on the Council's Value for Money Assessment. In November 2017, the External Auditor also issued a qualified "except for" opinion on the Council's arrangements for securing Value for Money.

Having considered the Council's arrangements to take informed decisions, deploy resources in a sustainable manner and to work with partners and other third parties, their review identified that there were weaknesses in the Council's arrangements to work with partners and other third parties,

# GOVERNANCE STATEMENT 2017/18

specifically in relation to contractual arrangements for procuring supplies and services effectively to support the delivery of strategic priorities. The report (Annual Audit Letter) of the External Auditor is available at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/2060/Committee/439/Default.aspx>

## The Effectiveness of Internal Audit

The Council has adopted the Public Sector Internal Auditing Standards as set out by the regulatory body (CIPFA). This requires Internal Audit to operate within an Internal Audit Charter, together with a Quality Improvement and Assessment Programme. The Charter is reviewed each year and is reported alongside the annual Internal Audit Plan.

Under Auditing Standards, the Audit Partnership (CMAP) is subject to an independent quality assessment of their operational effectiveness at least once in every 5 years. The last review was completed and reported in 2016/17. In September 2017, the external reviewer provided an update on the overall conformance with Auditing Standards. This assessed the Audit Service as generally conforming to all approved standards.

The review in 2016/17 led to a longer-term change and improvement programme being implemented. Performance against this programme is reported to an Operational Board which oversees the performance of (CMAP) in conjunction with other partners.

Some longer-term development work is on-going regarding the management structure and approach to audit work to increase resilience to each of the partner organisations.

## Annual Internal Audit Report on the Council's System of Internal Control

Under the Code of Practice for Internal Audit in Local Government in the United Kingdom (2006) the Head of Internal Audit (HIA) provided their annual report regarding their overall opinion on the Council's system of Internal Control.

The report for 2017/18 was considered by the Audit Sub-Committee on 30<sup>th</sup> May 2018. This concluded that:

*“Based on the work undertaken during the year, the HIA reached the overall opinion that there is an **Adequate System of Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given”.*

## Communication

Corporate communication covers the full range of media management, publications, external and internal communications. By targeting communication activities, the Council can enhance its reputation and profile at a local and national level in its role as a community leader.

# GOVERNANCE STATEMENT 2017/18

Good corporate communications can encourage people to feel positively about the Council because they are better informed, have higher levels of satisfaction and can make an assessment on whether they are getting value for money.

The Council's Communications Strategy and Action Plan is reviewed and updated on an annual basis. It is reported to and considered by the Council's Finance and Management Committee in June each year.

A series of media campaigns are also undertaken by the Council each year. During 2017/18, these included:

- *Working with partner agencies including South Derbyshire Citizens Advice to further initiatives that support the vulnerable, such as the Safe Place initiative.*
- *Publicising successful prosecutions and enforcement actions supported by or initiated by the Council. For example, Criminal Behaviour Orders and fly-tipping prosecutions.*
- *Supporting the implementation of the Physical Activity, Sport and Recreation Strategy, with a focus on the wide variety of facilities, activities, events and opportunities available in South Derbyshire for people of all ages.*
- *Targeting campaigns across all channels to reach new audiences and educate residents – particularly those on new housing developments - on the importance of recycling, composting and reducing the amount of waste sent to landfill.*
- *Publicising Area Forums and other opportunities for community/tenant involvement, while arming staff with the knowledge of how to reach residents and volunteers through digital/social media channels.*
- *Focusing on South Derbyshire's unique position at the heart of The National Forest, working with partners to promote our rich and diverse culture.*
- *Promoting events and initiatives that help town centres to thrive, such as the International Food and Drink Festival and Christmas Lights Switch On.*
- *Through the new website, online forms and channel shift, shaping and improving campaigns/services around customer demand and expectation. This included offering broader choice and flexibility for residents to transact and interact with us.*

The Council continued to make extensive use of social media to communicate and promote community events.

In addition, the Council implemented a new website during 2017/18 to make it more modern and user friendly, together with providing greater opportunities for people to transact on-line.

# GOVERNANCE STATEMENT 2017/18

## Consultation

The Corporate Plan is informed by consultation and is based on the views of stakeholders including local people, voluntary and community groups, together with local businesses.

The Council's Consultation Strategy aims to coordinate consultation activities between the services within the Council and with key partners, to ensure that residents' views are used effectively to inform council decision-making. This Strategy is reviewed and updated on an annual basis.

During 2017/18, there was a wide-ranging series of consultation in order to inform service provision. The main areas of consultation focused on:

- *May 2017 – Those who took part in The National Forest Walking Festival were asked to rate their experience and feedback any observations as part of a wide ranging evaluation exercise.*
- *July 2017 - Planning consultations took place across the District covering potential green spaces, design and affordable housing.*
- *July 2017 - A series of 'Repairs Roadshows' were held as the Housing Service looked to improve the service it offers to tenants.*
- *July 2017 – Feedback was invited on the 'main modifications' and an updated sustainability appraisal to the Local Plan Part 2 – a blueprint that will allocate sites in the District for developments of fewer than 100 homes and provides policies to help determine planning applications up to 2028.*
- *August 2017 – Participants, all with different requirements, background and experience, tested the usability of the new Council website. This included scenarios relating to popular tasks, services and transactions to offer constructive feedback on how it could be enhanced even further.*
- *January/February 2018 – Residents were invited to comment on budget and spending plans for 2018/19 through the Area Forums.*
- *March 2018 - Proposals to introduce a Public Spaces Protection Order (PSPO) to prevent vehicles from gaining access to a fly-tipping site.*

## The Constitution

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure that its aims and principles are given full effect. Major changes to the Constitution have to be approved by Full Council and reflect any changes to the Council's structure and responsibilities.

Changes to the Constitution in 2017/18 included an update to the Conflicts of Interest Policy and the insertion of an Ethics Statement.

The Conflicts of Interest Policy included additional guidance to ensure transparency and integrity, where there is officer responsibility for engaging or supervising contractors. The amendment was approved by the Full Council on 26<sup>th</sup> February 2018.

# GOVERNANCE STATEMENT 2017/18

The introduction of an Ethics Statement was to provide guidance with regard to the standard of ethical behaviour expected from officers.

## Culture and Ethics

The introduction of the Ethics Statement followed an Internal Audit review, from which four recommendations were made to strengthen culture and ethics amongst Council officers. Two of these recommendations were implemented during the year. In addition to the Ethics Statement, updated guidance was written to ensure that due regard is given for the Equality Act 2010 when implementing service changes and policy direction.

The remaining two recommendations regarding raising awareness are planned to be completed during 2018/19.

## Work of the Overview and Scrutiny Committee

Under the Constitution, the Overview and Scrutiny Committee has the power to “call in” a decision, which has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate.

No decisions were called in during 2017/18.

The Overview and Scrutiny Committee also scrutinises key service issues and priorities in the Corporate Plan, recommending and reporting back actions to the main policy committees.

Their annual report to Full Council set out details of the Committee’s work and outcomes during the year. The Annual Report for 2017/18 is available at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/2166/Committee/465/Default.aspx>

In particular, the Committee scrutinised and supported the following areas:

- *Regulation of Investigatory Powers Act (RIPA) 2000*
- *Review of Funding to Voluntary & Community Sector Organisations*
- *Review of Area Forums / Safer Neighbourhood meetings*
- *Review of Etwall Leisure Centre Contract / Community Use*
- *Review of Grounds Maintenance Services, Street Scene and Waste Collection*
- *Review of Approach to Customer Services / Engagement*
- *Budget Proposals 2018/19*
- *Development contributions to Public Health*
- *Member IT Provision*
- *Section 106 Health Based NHS Contributions*
- *Recreation Facilities in Rural Villages*

## Propriety in the Conduct of Council Business

In respect of 2017/18, the following matters are noted.

# GOVERNANCE STATEMENT 2017/18

## Complaints

There were no cases of maladministration found against the Council. The annual report of the Local Government Ombudsman is available at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/2059/Committee/439/Default.aspx>

## Code of Conduct

There were no breaches of the Member Code of Conduct. There was one breach of the Employee Codes of Conduct which was dealt with under the Council's Disciplinary procedure.

## Register Of interests

There were no issues raised in the year regarding the register of interests and declarations of gifts/hospitality which required formal investigation.

## Whistleblowing

There were no matters raised under the Council's Whistleblowing Policy in 2017/18.

## Data Protection

There were no security breaches under Data Protection which required reporting to the Information Commissioners Office.

## Health and Safety

There were 3 reportable accidents under Health & Safety Regulations during 2016/17 involving either council employees or members of the public. This compares with 2 in 2016/17, 7 in 2015/16, 5 in both 2014/15 and 2013/14, 3 in 2012/13 and 10 in 2011/12.

Following investigation of each accident, risk assessments were reviewed and updated as appropriate.

## Legal Claims – Planning Appeals

These arose where refusal by the Council's Planning Committee for residential development was subsequently overturned on appeal by the Government's Planning Inspectorate.

In these instances the Council incurs legal costs and makes a provision in its accounts to meet any associated liability.

## Contractor Claim

A claim was submitted by a contractor to the Employment Tribunal. The Court determined the matter and the claim was subsequently struck out.

# GOVERNANCE STATEMENT 2017/18

## Monitoring Performance

The Performance Management framework specifies the performance monitoring regime. A “traffic light” monitoring system is used to highlight areas at risk of not being achieved.

During the year, policy committees received quarterly performance monitoring reports and agreed remedial measures in action plans where these were necessary. In addition, the Finance and Management Committee received quarterly financial monitoring reports. Performance reporting includes a review of both service and corporate risks.

## Service Recognition

Several areas of the Council’s work is regularly reviewed independently and recognised as being of an excellent standard. The following awards are currently relevant to the Council’s activities.

**Health and Safety** - the Council has attained the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Programme. This is in recognition of an excellent safety record. The Award is only given to those organisations that have demonstrated their commitment to continuous improvement in accident and ill health prevention.

**Environmental Management** – the Council has attained an international standard for its approach to reducing the carbon footprint in its own services and for supporting work across the District.

**Leisure Facilities** – the Council has attained a Green Flag Award for one of its urban parks acknowledging how well it is maintained and managed and for providing good facilities.

**Food Waste Initiatives** – in partnership with Sainsbury’s, the Council received the national Green Apple Award in 2017/18 for its work on reducing food waste and environmental educational activities.

## Business Continuity

There were no major incidents during 2017/18 which necessitated the Council invoking its Business Continuity procedures.

# GOVERNANCE STATEMENT 2017/18

## E KEY GOVERNANCE MATTERS FOR SOUTH DERBYSHIRE

The Council operates within a changing environment with constant development in electronic communications and increasing public expectations, together with additional demand on its services due to Growth.

Consequently, Governance needs to be subject to constant review to take account of changing circumstances. Good governance is a key outcome underpinning the Council's Corporate Plan.

Some areas for review were identified in the Governance Statement for 2016/17 to strengthen the Council's arrangements and these were addressed in 2017/18. In particular, these related to data management and procurement as detailed earlier in this Statement.

These actions were noted by the Audit Sub-Committee on 30<sup>th</sup> May 2018 following consideration of the half-yearly review of the Local Code of Corporate Governance.

### Work Plan 2018/19

The areas identified for development during 2018/19 are:

- Continue to review on a 6-monthly basis the Local Code of Corporate Governance.
- Raise awareness of Culture and Ethics amongst Officers by promoting the new Ethics Statement to ensure the expected standards of behaviour are communicated, implemented and maintained throughout the Council.
- Commission an External Peer Review to develop the Council's capacity in a period of significant change. This has been identified in the Local Code of Corporate Governance as good practice.

These developments are set out and included in the Governance Work Plan for 2018/19 in **Appendix 1**.

# GOVERNANCE STATEMENT 2017/18

## APPENDIX 1: GOVERNANCE WORK PLAN 2018/19

<b>Work Area</b>	<b>Timescale</b>	<b>Lead Officers</b>	<b>Corporate Plan Priority</b>
Continue to review the Local Code of Corporate Governance and to monitor the Governance Work Plan for the year	½ yearly review	Legal and Democratic Services Manager	Maintain Proper Corporate Governance
Undertake a staff survey and hold briefing sessions to promote the Council's Culture and Ethics Framework	November 2018	Chief Executive and Strategic Directors	Maintain Proper Corporate Governance
Undertake an external Peer assessment	March 2019	Chief Executive	Maintain a skilled workforce

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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE: SPECIAL</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>30<sup>th</sup> MAY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR CORPOARTE RESOURCES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/revenues and benefits/fraud/fraud committee report 18 19
<b>SUBJECT:</b>	<b>ANTI-FRAUD and CORRUPTION PLAN 2018/19</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 04</b>

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## **1.0 Recommendations**

1.1 That the proposed Anti-Fraud and Corruption Plan attached to this report is approved.

## **2.0 Purpose of Report**

2.1 To consider an updated Anti-Fraud and Corruption Plan. This sets out how the Council aims to prevent and detect fraud, together with action the Council will take when dealing with identified cases of fraudulent activity.

## **3.0 Detail**

3.1 The Plan is aimed at directing the Council's Fraud Service to achieve its targets. These targets are to:

- Embed fraud awareness as part of the competency framework for employees.
- Advise and instil fraud checks as part of the Council's operational processes.
- Continue to develop the Fraud Partnership to include sanction targets.
- Maximise recovery of fraudulent payments and return of Council Assets with a performance target for the value of recovery and prevention to exceed the annual costs of the Fraud Service to the Council.
- Continue joint working arrangements with the Department for Work and Pensions and other agencies as appropriate.

- Engage with the Council's Internal Audit Service and the Audit-Sub Committee to maximise the use of resources and to identify potential errors of fraud and error.

#### **4.0 Financial Implications**

4.1 The Council's operational Fraud Service is delivered in Partnership with Derby City Council. The Council is also part of a wider Derbyshire Partnership which has attracted county-wide funding to develop the use of ICT and the implementation of a joint software package.

4.2 The Corporate Resources Service Plan includes a performance target of:

*"The value of fraud identified exceeds the cost of providing the fraud service."*

4.3 This performance target was introduced for 2017/18 and is reported to the Finance and Management Committee. Provisional figures for 2017/18 show that the value of fraud identified of approximately £70,000, which was attributable to South Derbyshire, exceeded the cost of the Service (staffing and licensing) which was just over £40,000 in 2017/18.

4.4 A further £89,000 has already been identified in 2018/19.

#### **5.0 Corporate Implications**

5.1 The Plan includes raising awareness of staff through the induction process and from regular briefings.

#### **6.0 Community Implications**

6.1 The prevention and detection of fraudulent activity reduces the burden on the public purse.

#### **7.0 Background Papers**

7.1 None

# Anti-Fraud and Corruption Plan 2018/19

Corporate  
Resources  
May 2018

## 1.0 Introduction

This document sets out the Council's Fraud Plan for the 2018/19 financial year.

South Derbyshire District Council works in partnership with Derby City Council to provide a team of dedicated counter fraud professionals. This team works to prevent fraud from entering the system by providing a visible presence within the Council and across the area to raise public awareness of the types and sources of fraud that may occur.

The team carries out investigations of corporate, benefit and tenancy related fraud including 'right to buy' and works to identify losses to be recovered either directly or in accordance with the Proceeds of Crime Act.

## 2.0 Objectives and Targets

The main objectives of the Fraud Service are to:

- Embed fraud awareness as part of the competency framework for employees.
- Advise and instil fraud checks as part of the Council's operational processes.
- Continue to develop the Fraud Partnership to include sanction targets.
- Maximise recovery of fraudulent payments and return of Council Assets with a performance target for the value of recovery and prevention to exceed the annual costs of the Fraud Service to the Council.
- Continue joint working arrangements with the Department for Work and Pensions and other agencies as appropriate.
- Engage with the Council's Internal Audit Service and the Audit-Sub Committee to maximise the use of resources and identify potential errors of fraud and error.

### 3.0 Work Programme

The Fraud Plan will follow a three strand approach of “*Acknowledge, Prevent and Pursue*”.

#### Acknowledge

This is about recognising, understanding and assessing specific fraud risks. Consequently, it involves assigning appropriate support and resources to provide an anti-fraud response.

#### Prevent

Preventing fraud and error in the first place is the ideal scenario. This is achieved through:

- The use of technology and common systems in the Derbyshire Partnership
- Sharing information with other agencies
- Controls and procedures in systems which are reviewed by Internal Audit
- Promoting an anti-fraud culture

#### Pursue

This entails the use of sanctions, recovery of assets and legal proceedings

#### Acknowledge

Activity	Detail	Outcomes
Council Tax	<p>Council Tax remains one of the major sources of potential fraud given the wide range of discounts exemptions and relief.</p> <p>Continue to work with National Fraud Initiative (NFI) Call Credit and the Derbyshire Partnership.</p> <p>Extend checks to medium risk cases.</p>	<p>To give assurance that the current processes are sufficiently robust to mitigate fraud risks and are carried out periodically.</p> <p>Random inspections will help raise the service profile.</p> <p>To apply penalties where required.</p>
Business Rates	<p>With the move to 100% business rate retention it</p>	<p>To give assurance that the current processes are</p>

	is vital that relief and exemptions are accurately awarded, particularly where cross boundary eligibility may occur.	sufficiently robust to mitigate fraud risks and are carried out periodically. Random inspections will help raise the service profile.
Housing Benefit and Council Tax Reduction Support	Continue to work with the NFI and Housing Benefit Matching Service.  Extend checks to medium risk cases.	To identify fraud and apply sanctions.
Right to Buy	Continue to develop checks into applications from tenants to buy their homes.	To identify instances of fraud and give assurance that processes are mitigating risks.
Social Housing	Continue to develop arrangements to identify tenants no longer living in rented SDDC accommodation.	To release accommodation back to stock; carry out prosecutions where appropriate, prevent and detect.

**Prevent**

<b>Activity</b>	<b>Detail</b>	<b>Outcome</b>
Continue to develop fraud awareness training for all staff.  Extend to include bribery.	Introduce into competency framework for new staff.  Issue Officers Guide on Fraud and Corruption.  Introduce refresher training for all staff.  Roll out key messages and alerts together with the publication of actual events.	Managers and staff aware of fraud risks.  Fraud mitigation processes embed in operational procedures.  Supply the means to report suspicion of misconduct.

<p>Raise awareness of fraud team’s capabilities to identify new areas of activity.</p>	<p>Allow updating of fraud risk register.</p>	<p>Development of the Fraud Plan Promote controls Focus Internal Audit work</p>
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**Pursue**

<b>Activity</b>	<b>Detail</b>	<b>Outcomes</b>
<p>As a member of the NFI, numerous sets of data for matching purposes are received and allocated to staff to review.</p>	<p>Work is carried out in priority order based on those cases most likely to generate the recovery of assets where data matching identifies anomalies.</p> <p>Work involves other departments of the Council.</p>	<p>To identify errors and overpayments.</p>

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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE: SPECIAL</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>30<sup>th</sup> MAY 2018</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR CORPOARTE RESOURCES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811) <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>COMMITTEE WORK PROGRAMME</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: G</b>

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## **1.0 Recommendations**

1.1 That the Committee considers and approves the updated work programme.

## **2.0 Purpose of Report**

2.1 The Committee is asked to consider the updated work programme.

## **3.0 Detail**

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

## **4.0 Financial Implications**

4.1 None arising directly from this report.

## **5.0 Background Papers**

5.1 Work Programme.

## Audit Sub-Committee: Indicative Work Programme 2018/19

Work Programme Area	Date of Committee meetings	Contact Officer (Contact details)
Internal Audit Progress Report	30 <sup>th</sup> May 2018	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Internal Audit Annual Report 2017/18	30 <sup>th</sup> May 2018	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Local Code of Corporate Governance Annual Report 2017/18	30 <sup>th</sup> May 2018	Ardip Kaur (Legal and Democratic Services Manager) <a href="mailto:Ardip.kaur@south-derbys.gov.uk">Ardip.kaur@south-derbys.gov.uk</a>
Annual Governance Statement 2017/18	30 <sup>th</sup> May 2018	Ardip Kaur (Legal and Democratic Services Manager) <a href="mailto:Ardip.kaur@south-derbys.gov.uk">Ardip.kaur@south-derbys.gov.uk</a>
Anti-Fraud and Corruption Plan 2018/19	30 <sup>th</sup> May 2018	Kevin Stackhouse (Strategic Director Corporate Resources) <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>
Audit Results Report (ISA 260) for the year ending 31 <sup>st</sup> March 2018	25 <sup>th</sup> July 2018	Jason Burgess (Assistant Manager) EY <a href="mailto:Jburgess3@uk.ey.co">Jburgess3@uk.ey.co</a>
Internal Audit Progress Report	25 <sup>th</sup> July 2018	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>

Local Government Audit Committee Briefing	19 <sup>th</sup> September 2018	Jason Burgess (Assistant Manager) EY <a href="mailto:Jburgess3@uk.ey.co">Jburgess3@uk.ey.co</a>
Internal Audit Progress Report	19 <sup>th</sup> September 2018	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Local Government Audit Committee Briefing	12 <sup>th</sup> December 2018	Jason Burgess (Assistant Manager) EY <a href="mailto:Jburgess3@uk.ey.co">Jburgess3@uk.ey.co</a>
Internal Audit Progress Report	12 <sup>th</sup> December 2018	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Local Code of Corporate Governance Review 2018/19	12 <sup>th</sup> December 2018	Ardip Kaur (Legal and Democratic Services Manager) <a href="mailto:Ardip.kaur@south-derbys.gov.uk">Ardip.kaur@south-derbys.gov.uk</a>
Local Government Audit Committee Briefing	13 <sup>th</sup> February/20 <sup>th</sup> March 2019	Jason Burgess (Assistant Manager) EY <a href="mailto:Jburgess3@uk.ey.co">Jburgess3@uk.ey.co</a>
Internal Audit Progress Report	13 <sup>th</sup> February/20 <sup>th</sup> March 2019	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Certification of Claims and Returns Report 2017/18	13 <sup>th</sup> February/20 <sup>th</sup> March 2019	Jason Burgess (Assistant Manager) EY

External Audit Planning Report for the year ending 31 <sup>st</sup> March 2019	13 <sup>th</sup> February/20 <sup>th</sup> March 2019	<a href="mailto:Jburgess3@uk.ey.co">Jburgess3@uk.ey.co</a>
Internal Audit Plan 2018/19 and Audit Charter	13 <sup>th</sup> February/20 <sup>th</sup> March 2019	Adrian Manifold (Audit Manager) <a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>