

# ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2014/15

## Scope of responsibility

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

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

Cheltenham Borough Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (December 2012)*. A copy of the code is on the council's website along with a copy of the Council's Constitution. This statement explains how the council has complied with the Accounts and Audit (England) Regulations 2011 Regulation 4.

## The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cheltenham Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Cheltenham Borough Council throughout the year ended 31st March 2015 and up to the date of approval of the Annual Report and Statement of Accounts.

## The Governance framework

The 16 key elements of Cheltenham Borough Council's governance framework are summarised below:

- 1. Focusing on the purpose of the council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.**
    - (a) A Corporate Strategy revised in March 2014 to reflect the Vision, Objectives and Priorities of the Council.
    - (b) The Council and NHS Gloucestershire, together with the Police and other partners have worked together to identify the needs of the area including Health matters and have published a Joint Strategic Needs Assessment.
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- (d) A Medium Term Financial Strategy (MTFS) which is regularly updated to support the delivery of the Council's corporate objectives.
- (e) A performance management framework which includes performance reports that are reported to Cabinet.
- (f) Consultation with the public through public meetings and other mediums on a regular basis.
- (g) As part of its budget setting process the Council consults with a public panel to gain an understanding of the communities' views.
- (h) The Council communicates with employees and all stakeholders via regular internal and external updates using promotional material, the web, the intranet and formal and informal briefings and 1-2-1s with their managers.
- (i) 2014/15 Statement of Accounts for the year ended 31st March 2015.

**2. Arrangements for reviewing the authority's vision and its implications for the authority's governance arrangements.**

- (a) Consultation events were used to inform the development and review of the authority's vision, objectives and financial priorities.
- (b) The Audit Committee considered and approved a revised version of the Code of Corporate Governance which is published on the website.
- (c) The budget setting process includes detailed scrutiny of proposals by elected Members and their links to the Council's vision, priorities and stakeholder views, together with equalities impact assessments.
- (d) The Council is also very mindful that staff are also key stakeholders and as such, senior officers and Members have taken part in consultation events and senior manager briefings. Internal communication approaches have been reviewed to ensure all staff are aware of all issues and new policies and practices. There are positive working relationships with trades unions through formal meetings with GOSS HR and informal regular briefings to the entire workforce by the Chief Executive.

**3. Arrangements for measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources.**

- (a) Cheltenham Borough Council is a commissioning authority and a high proportion of its services are delivered by either a shared service or a standalone organisation, for example housing is delivered by Cheltenham Borough Homes, Waste Management is delivered by UBICO, Leisure and Culture Services are delivered by The Cheltenham Trust. There are specific and detailed contracts and agreements in place with each of these organisations which include the arrangements for performance measurement and reporting.
- (b) The commissioning team monitor key performance measures within the contract and report findings to the Senior Leadership Team. The delivery organisations also monitor performance

including quality and the outcome of this monitoring is reported in annual reports which are published.

- (c) The council records performance information using performance-reporting software and action on areas of poor performance is closely scrutinised, by the Senior Leadership Team (SLT) and reported to Cabinet. Where quarterly performance reports to SLT highlight a concern, appropriate corrective action will be considered, implemented and monitored.
- (d) Corporate Risks are identified recorded and monitored through an on-line system; performance against the mitigation of these risks is monitored by SLT on a monthly basis and then reported informally to Cabinet. Audit Committee receive an annual Risk Management report which includes performance data; this is reported on the council's website.
- (e) The Council uses a range of benchmarking information, including the Audit Commission comparative data set, the National Health Service (NHS) data and *Inform* the Gloucestershire Research and Intelligence service. It also uses the Cipfa benchmarking data to measure performance against comparators and to identify authorities from whom the Council could learn, and to identify potential areas of focus for budget reductions.
- (f) There is also a range of consultation and feedback mechanisms for obtaining feedback from customers.

**4. Arrangements for defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

- (a) The Constitution sets out how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
  - (b) This includes the publication of a monthly Forward Plan containing all key decisions.
  - (c) The Constitution includes Rules of Procedures, Financial Regulations , Responsibility for Functions, Contract Procurement Rules and the Budget and Policy Framework. These are underpinned by Codes of Conduct for officers and Members, Gifts and Hospitality rules, local protocols and by the Authority's Code of Corporate Governance.
  - (d) Council consists of 40 elected members and is chaired by the Mayor and is responsible for setting the budget, constitutional amendments and decisions not delegated to Cabinet. It also elects the Mayor and makes appointments to committees.
  - (e) The Cabinet is the part of the Council which is responsible for most day-to-day decisions.
  - (f) The Cabinet consists of the Leader and up to seven councillors appointed by the Leader. Upcoming items for consideration are published in the Cabinet's Forward Plan except where urgency procedures are applicable. Cabinet meetings are held in public save for where confidential or exempt information is to be discussed.
  - (g) The Cabinet , Cabinet Members and Officers are required to make decisions within the Council approved Budget and Policy Framework; any decision outside that Framework may only be made within prescribed urgency procedures or with the agreement of Council.
  - (h) There are circumstances in which Cabinet Members may make individual executive decisions and these are set out in the constitution.
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- (i) Matters outside of the Budget and Policy Framework are referred to Council for decision.
- (j) There is an Overview and Scrutiny committee (O&S) which aims to promote open and transparent decision-making, democratic accountability and to hold the Cabinet to account for its actions.
- (k) The O&S is responsible for ensuring that the overview and scrutiny process is operating effectively and is making a difference for local people. The committee's role includes commissioning scrutiny task groups.
- (l) The work of O&S Committee is led by elected members, who carry out work both in committee and outside of the formal committee process. O&S members are not members of the Council's Cabinet and do not make decisions which bind the Authority, but they set their own agenda and can make recommendations to Cabinet/Council for policy development and improvement.
- (m) Scrutiny not only looks at the way the Council does things, it can look at anything that affects the lives of people in Cheltenham and allows the opportunity for residents to have a greater say on issues of local concern.
- (n) There is an Audit Committee which is responsible for all internal and external audit matters along with some other governance associated matters.
- (o) The Audit Committee provides a broad based audit role across all areas of the Council. The committee promotes and ensures effective internal control and independent assurance mechanisms, including: Internal Audit; External Audit; Risk Management; Annual Statement of Accounts; Corporate Governance Framework.
- (p) There are also Regulatory Committees i.e. Licensing and Planning.
- (q) All meetings are open to the public save for exempt / confidential matters which are considered in private when the press and public are formally excluded from meetings. It is the Council's objective to conduct its business in public wherever possible and to keep exempt discussions and documentation to a minimum. This ensures open and transparent decision making is undertaken at all times. Council officers provide appropriate advice at the points of consideration and decision, and report to Members on progress and outcomes of decisions taken.
- (r) The Authority has developed a number of Local Codes and protocols e.g. Transparency and Commissioning, all in line with good Corporate Governance.
- (s) The Council has a Code of Members' and co-opted Members' Conduct.

**5. Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behavior for members and staff**

- (a) The Council's intranet contains a range of policies, procedures and guidance for all staff including Human Resources (HR) policies, iLearn training modules, Information Security Policy, Freedom of Information Policy and Data Protection Policy and the Corporate Plan and Constitution.
  - (b) The council's key policies stipulate roles and responsibilities for both elected Members and employees; these are reviewed and refreshed on a regular basis.
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- (c) Legislative changes are monitored and reported to SLT and communicated to staff as required.
- (d) Corporate induction courses are run by GOSS HR on a regular basis. Managers are responsible for local induction arrangements. Officers in politically restricted posts and those responsible for negotiating contracts are required to register their personal interests; all employees complete these declarations on an annual basis.
- (e) The Council has a Counter Fraud, Corruption and Bribery Policy which is reviewed by Internal Audit regularly and has been communicated to all staff and is available on the Council's Intranet, this was approved by the Cabinet.
- (f) The Council has a Standards Committee to help maintain and promote high standards of conduct, assist Members and Co-opted Members of the Borough Council to observe the Code of Conduct and monitor the operation of the Code. The Committee is made up of 7 Borough Councillors and 2 Independent Persons who are co-opted on to the Committee and do not have voting rights.

**6. Arrangements for reviewing and updating Standing Orders and Financial Regulations; a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.**

- a. The Council's Constitution is reviewed each year by the Constitution Working Group to ensure the Council's governance arrangements reflect best practice.
- b. Directors and Service Managers are responsible for managing risk within their departments.
- c. The Director of Corporate Resources is responsible for the implementation and monitoring of the Risk Management Policy which is monitored by the Audit Committee and approved by Cabinet.
- d. There is a Corporate Risk Register which identifies strategic risks with clearly identified measures for mitigation. Divisional, Service and Project Risks are monitored and managed by Directors and Service Managers. Any risk that has corporate implications or scores 16 or over must be referred to SLT for consideration for inclusion on the Corporate Risk Register.
- e. The Council or Cabinet, when considering any matter, will have a risk assessment within the report.
- f. The Council fully recognises the need to manage risks in all projects and, where appropriate Prince II and MSP methodologies are applied.

**7. Ensuring the Authority's financial management arrangements conform to the governance arrangements of the CIPFA statement on the role of the Chief Finance Officer (CFO) in local government.**

- (a) The Council's Financial Rules and Constitution are approved by Council and published on the website.
- (b) The Council ensures;
  - compliance with the Financial Procedure Rules set out in the Constitution; it has designated the Director of Corporate Resources as Section 151 officer (Chief Finance Officer). It is able to confirm that it conforms to the governance requirements

of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

- that the s151 Officer is qualified and a substantially and suitably experienced accountant, who is responsible for the proper administration of the Council's financial affairs and for ensuring the lawfulness and financial prudence of financial transactions
  - that the s151 Officer is a member of the Executive Board and Senior Leadership Team with responsibility for, leading and advising on the strategic financial decisions impacting on the Council's delivery of its objectives, ensuring continuing effective financial controls and risk management, management of the Corporate Finance function, which is appropriately resourced with professionally qualified management.
- (c) All reports to Members include resource implications; prior to publication these implications are considered and approved by the CFO or one of his senior staff. These reports also cover value for money and benchmarking implications where appropriate.
- (d) The Council approves the Treasury Management Strategy on an annual basis and all Members are briefed on key financial issues.
- (e) The CFO has responsibility for ensuring that the Council operates secure and reliable financial and accounting systems. Audit Cotswolds' undertake the role of auditing these systems to give the assurance needed.
- (f) The Council has a Medium Term Financial Strategy, which is reviewed and approved annually to take into account new information, changing circumstances and new priorities; this is used to inform reports to Members. Detailed forecasts are also produced as part of the annual budget process. These represent strategic objectives and service priorities through which financial and operational performance are monitored.

## **8. Undertaking the core functions of an Audit Committee, as defined in CIPFA's Audit Committee's – Practical Guidance for Local Authorities.**

- (a) The Council has a standalone Audit Committee which meets on a quarterly basis (or as required in exceptional circumstances) where reports from both Internal and External Audit are considered as well as risk and associated matters.
- (b) The role of the Audit Committee is defined within the Constitution together with the responsibilities of the Chairman, Councillors and Lead officers.
- (c) The Audit Committee provides a broad based audit role across all areas of the Council. The committee promotes and ensures effective internal control and independent assurance mechanisms, including: Internal Audit; External Audit; Risk Management; Annual Statement of Accounts; Corporate Governance Framework.
- (d) It approves internal and external audit plans, the annual accounts, and the Code of Corporate Governance; it also reviews and recommends to Cabinet for approval the Risk Management Policy.
- (e) The Chairman of the Audit Committee has direct access to the Section 151 officer and the Head of Internal Audit (Audit Cotswolds).

**9. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

- (a) The system of internal financial control is based on a coherent accounting and budgeting framework including Financial Regulations, Contract Standing Orders, Scheme of Delegation and accountability.
  - (b) The Medium-term Financial Strategy covers both revenue and capital spend which provides a framework for the planning and monitoring of resource requirements. These also link in with the business development proposals and Project Assessment Tool (PAT).
  - (c) The Asset Management Plan and Capital Strategy aims to ensure that investment is linked to strategic objectives. Bids for capital and other asset management funding require an effective 'business case' and a PAT linked to strategic objectives and progress in delivering key projects is formally monitored by the Senior Leadership Team, Councillor's and Commissioners. The Asset Management Plan also ensures that assets are only retained for effective business purposes.
  - (d) Financial stewardship in respect of both capital and revenue proposals are reviewed and challenged by the Budget Support Working Group, and considered regularly by the Strategic Leadership Team. Service\Cost Centre Managers also consider their respective budgets on a regular basis. This is supported and challenged by the Bridging the Gap program, an established budget monitoring process by managers and Finance staff and the electronic distribution of budget monitoring reports to all managers.
  - (e) Grant Thornton were commissioned to undertake a forensic investigation of the Art gallery and Museum project to identify the reasons why and how the overspend arose. The results of the investigation were reported by Grant Thornton to Audit Committee on the 29 January 2015. This report concluded with a range of recommendations relating to various aspects of the project all of which were accepted by the Senior Leadership Team and an action plan was put in place to deliver compliance. Reference to this has been added to the Significant Issues Action as part of this report.
  - (f) One of the grant Thornton recommendations related to an internal control process, this was to consider how the Council operates its purchase order system on capital projects to ensure that any significant revision to a project budget is communicated to the appropriate persons immediately. Since that recommendation was made the process for raising and approving purchase orders for capital and revenue expenditure has been made mandatory to ensure that commitments can be properly accounted for, in accordance with the council's financial regulations.
  - (g) The s151 officer has requested that compliance checks in relation to the Purchase Order management system instigated across the organisation in 2015 to ensure that this process is being followed. This has been added to the Significant Issues Action Plan as part of this report.
  - (h) In addition to the Grant Thornton report into the Art gallery and Museum overspend the Audit committee commissioned Audit Cotswolds to undertake a further more detailed review into *Why* the failings occurred. This will be reported back to Audit Committee before September 2015.
  - (i) Directors are required to produce an Annual Statement of Internal Control for their Divisions which include statements about risk and the internal control framework. Any significant issues arising from the annual assessment are reported to Audit Committee. This is supported by Internal Audit who deliver targeted assurance and cyclical audits and help embed risk management and other management initiatives.
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**10. Arrangements for whistle-blowing and for receiving and investigating complaints from the public.**

- (a) The Counter Fraud, Corruption and Bribery Policy, and the Whistle Blowing Policy are owned and revised periodically by Internal Audit and GOSS HR. The policies are available on the council's website, intranet and direct from GOSS HR or Internal Audit.
- (b) If an employee has concerns about any manager or director they are encouraged to contact the GOSS HR Manager who will undertake an independent investigation.
- (c) The Council has a three stage complaints procedure which is managed by the Customer Relations Team for dealing with customer complaints and provides the means for customers to feedback concerns or issues. The process and on-line form are available on the Council's website or at Municipal office.
- (d) Complaints are investigated and analysed and reported back to managers along with the actions taken.

**11. Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.**

- (a) All Members have an induction and training program, corporate training needs are identified through the Democratic Services Team.
- (b) The Member Development Program provides a structured approach to member development to ensure all members are supported in their role.
- (c) The Council has strongly supported staff development which is delivered by GOSS Learning and Development Team, through programs such as Institute of Leadership and Management.

**12. Arrangements for establishing clear channels of communication with all sections of the local community and stakeholders, ensuring accountability and encouraging open consultation.**

- (a) Consultation events are held with public and voluntary services, Cheltenham Business partnership and The Cheltenham Partnership. Other consultation and feedback surveys are also undertaken as required throughout the year.
  - (b) The Council has published a Statement on Community Involvement which sets out the opportunities by which the public and organisations can engage with the planning system, including the procedures and methods we use to consult on planning applications.
  - (c) The website also has a dedicated webpage providing information about current and past consultation events on subjects affecting the budget, licensing and major capital expenditure.
  - (d) The Council's website also has a 'Report It' facility where the public can report issues concerning the delivery of services or make complaints. They can also access over 50 on line forms and documents enabling quicker, more effective, service delivery.
  - (e) The website provides access to information on the Councillor's, directors and senior managers together with a description of their portfolios, roles, responsibilities and contact details.
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- (f) The Council also uses and funds the Cheltenham Fiesta which is a free event that brings together many of the town's voluntary organisations enabling them to raise and promote their profile of working with the council.

**13. Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.**

- (a) The Council's Code of Corporate Governance is reviewed annually by the Audit Committee and is available on its website.
- (b) The Leader of Cheltenham Borough Council is a Board member of Gloucestershire Local Enterprise Partnership (LEP) whose key aim is to support growth and the creation of private sector jobs in the area. The partnership covers the district council areas of Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud and Tewkesbury.
- (c) The Cheltenham Development Task Force brings together the private, public and voluntary sectors in partnership, as a way to progress the challenges and opportunities to improve the town for its citizens and businesses. The Task Force is led by its Managing Director who is an employee of Cheltenham Borough Council. The Council's Chief Executive chairs the Task Force Risk and Accountability Group which monitors the management of the Task Force key strategic risks. These risks are managed by the Task Force Managing Director who ensures that any risks scoring over 16 which impact on CBC are brought to the attention of the Senior Leadership Team.
- (d) Appropriate governance arrangements in respect of service specific partnerships are approved by Cabinet or Council and published on the website. These include the Gloucestershire Waste Partnership, Gloucestershire Airport Ltd, The Cheltenham Trust, Audit Cotswolds, One Legal, ICT, Building Control and GO which manages the delivery of the Council's Finance and HR support services.

**14. Review of effectiveness**

- (a) Cheltenham Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Board who have responsibility for the development and maintenance of the governance environment, the Head of Audit Cotswold's (Internal Audit) annual report, and also by comments made by the External Auditors and other review agencies and inspectorates.
- (b) Overall responsibility for the governance framework, including the system of internal control rests with the Council Leader and Chief Executive and they receive reports from the Section 151 Officer on financial issues and the Monitoring Officer on legal issues as and when appropriate. This includes regular budget monitoring information and the Medium Term Financial Strategy.
- (c) The Council carries out its review of the effectiveness of the framework on an annual basis. All executive directors and directors complete an Annual Statement of Assurance which outlines the key control areas to which their division should comply. The outcome of this assessment is considered by the Senior Leadership Team who approve any appropriate action.
- (d) There are two significant Issues carried forward to this year's action plan from 2014/15;
1. To review, business continuity plans to ensure that they are robust enough to mitigate the identified Service Delivery risks for the Council and its partner organisations (CBC responsibility)
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2. Provide annual refresher training for all members and staff on information security (ICTSS responsibility) and to

Undertake a review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council. (Partnership Team Leader).

- (e) The Council's approved Code of Corporate Governance was reviewed in March 2014 by the Audit Committee and it has established a Corporate Governance Group with Terms of Reference that include the considering of the outcome from the Annual Assurance review.
- (f) In addition to the internal review of the effectiveness of the governance framework we also drew on evidence from Commissioning and Client Officers in respect of compliance with agreements with Ubico, Cheltenham Borough Homes, ICT Shared Services, the GOSS Partnership and Gloucestershire Airport.
- (g) A new process for recording declarations of interest from employees was introduced in 2014 with a 98 % compliance (long-term sick and maternity leave accounted for the 2%). Applications for accepting any gift, hospitality and sponsorship need to be approved by the appropriate line manager before they can be accepted; and a register of these applications is held centrally and reported to SLT.
- (h) In addition to this there is also an annual review of Internal Audit by the Section 151 Officer which reviews compliance with the CIPFA Code of Practice and the effectiveness of the audit service. 2014-15 saw the fifth year of operation of the Audit Cotswold partnership between Cheltenham Borough Council and Cotswold District Council. As in previous years the service undertook certain assurance work on behalf of the Council to give assurance to the external auditors as part of their audit opinion. The external auditors raised no concerns about the standard of work performed by the Audit Cotswolds' Partnership. No major issues were identified and the service has maintained the level of assurance it is able to provide to management.
- (i) Cheltenham Borough Council operates a Leader and Cabinet system of governance and the Council's Constitution is continually reviewed throughout the year by the Democratic Services Manager. The Constitution defines the responsibilities of the Council, the Leader, Overview and Scrutiny Committee, Audit Committee and Statutory Officers. This also includes the Council Functions, Committee Functions, Officer Non-Executive Functions and Executive Functions as well as Codes of Conduct.
- (j) All members are inducted into the importance and processes of good governance and have informal and if required, formal ways of raising governance issues with the Monitoring Officer, Chief Executive and s151 Officer. Additional training is provided to members of the Audit Committee based upon need.
- (k) The Cabinet is the part of the Authority which is responsible for most day-to-day decisions.
- (l) The Cabinet has to make decisions which are in line with the Council's Budget and Policy Framework, unless urgency procedures are applicable or Council approves the departure. Cabinet Members may make individual executive decisions and these are set out in the Constitution and guidance provided to Cabinet Members.
- (m) The Audit Committee and Overview and Scrutiny Committee operate to provide assurance and call the Executive to account, through decisions in the forward plan, performance management and risk and the use of 'call in' where appropriate. Both Committees have their own
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work plan and there are briefings with the chairman to consider agenda items prior to every meeting.

- (n) Risk is embedded in culture of the organisation and supports the decision making process at Council and Cabinet and can therefore be challenged through the Cabinet, Audit Committee and Overview and Scrutiny.
- (o) The Standards Committee continues to be part of the successful operation of the council's governance, maintaining and promoting high standards of conduct with Members and Co-opted Members of the Borough Council.
- (p) There is also the whistle blowing mechanism which can be used to raise concerns which can include governance matters.
- (q) The council's s151 officer holds regular meetings with the Head of Internal Audit to discuss all on-going and planned work and any issues which arise. The Head of Internal Audit reports to the Audit Committee setting out work undertaken and the planned work for the year. This will include reporting on audits and work undertaken where there are concerns over practice or systems of internal control and sets out how these will be addressed.

## **15. Internal Audit**

- a. The Audit Cotswolds' partnership is managed by the Head of Audit Cotswolds' whose role has been defined in the s101 agreement and a job description; both of which help to ensure that the requirements of the CIPFA 'Role of the Head of Internal Audit' standard are delivered.
  - b. The Audit Cotswolds' partnership began in 2009 with an agreement between Cheltenham Borough Council and Cotswold District Council to combine their Audit services. West Oxfordshire District Council then joined the partnership in 2010. The partnership is constituted under a s101 agreement. It also delivers internal audit functions for GO Shared Service, Cheltenham Borough Homes, UBICO and The Cheltenham Trust.
  - c. The Council's Internal Audit Plan, which is risk based, is agreed following consultation with senior officers across the council it is agreed annually with the s151 officer and approved by the Council's Audit Committee. This provides the basis for the review of internal control and governance within the Council and includes the following: -
    - Annual reviews of the Council's key financial systems by Internal Audit against known and evolving risks;
    - Cyclical reviews by Internal Audit of internal controls in operation within each service area against known and evolving risks based on a detailed risk assessment which considers the strategic and operational risks identified in the Corporate Risk Register; and
    - includes consideration of materiality, sensitivity and previous audit and inspection findings;
    - Work in relation to the prevention of fraud and corruption and an allowance for the investigation of any potential irregularities identified either from audit work or through the Council's whistle-blowing policy;
    - Assurance advice and support to key projects and programs to ensure safeguards are applied when implementing new systems of working;
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- Value for Money work in relation to assessing the efficiency, economy and effectiveness of the Council's operations and recommending improvements as necessary;
  - Achievement of the Audit Plan is reported to the Audit Committee; this report also includes an opinion and assurance about the system of internal control throughout the Council;
  - Regular meetings were also held between the s151 officer and a representative of the Cotswolds' Audit Partnership to discuss specific issues that have arisen
- d. Changes to the Department of Work and Pensions, Benefit Fraud Investigation requirements – Single Fraud Investigation Service (SFIS) have led to Cabinet agreeing an evolutionary approach for the establishment of a Counter Fraud Unit to be managed by the internal audit provider Audit Cotswolds. This will entail the s151 officer putting in place an agreement with Cotswold District Council (as host authority for Audit Cotswolds) to enable the establishment of the Counter Fraud Unit.

## 16. Significant governance Issues

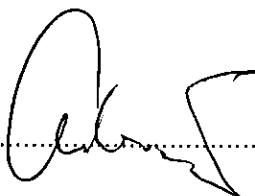
- (a) The Annual Assurance Review and the work of the Audit Cotswolds' assurance work throughout the year have identified the following issues which need to be addressed;
- Introduce effective testing of the new ICT disaster recovery (DR) plan; (ICTSS responsibility)
  - Ensure service area disaster recovery and business continuity plans link to the DR plan (ICTSS and CBC shared responsibility)
  - To review business continuity plans to ensure that they are robust enough to mitigate the identified service delivery risks for the Council and its partner organisations (carried forward from 2014/15) (CBC responsibility)
  - Review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council. (carried forward from 2014/15) (Partnership Team Leader)
  - Hold a register of acknowledgements for all employees, casual staff, volunteers and elected members that they have read and understood the Safeguarding Children and Vulnerable Adults handbook. (carried forward from 2014/15) (Partnership Team Leader)
  - Purchase Order Management System compliance (S151 officer).
- (b) A Significant Issues Action Plan\* has been developed to address these issues Appendix 3.

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
<p>To review, develop and test ICT Business Continuity Plan to ensure that it is robust enough to mitigate the identified risks for the Council and its partner organisations</p>	<p>March 2015</p>	<p>Deliver ICT Business Continuity back up arrangements through ICT shared service with FoDDC that have been tried and tested.</p> <p><b>March 2015 position.</b> Business Continuity plans for the ICT Shared Service have been reviewed by South West Audit Partnership (SWAP).</p> <p>Senior officers from both authorities are reviewing the arrangements for individual authorities and developing a shared approach to Business Continuity.</p> <p>ICTSS installed and tested a back-up generator at the Coleford site this has been installed commissioned and tested.</p> <p>ICT SS commissioned a Disaster recovery/ Business Continuity action plan for ICTSS</p> <p><b>Action Plan 2015/16</b> Close this Issue and manage within three new work streams</p>	<p>Director of Corporate Resources</p>
<p><b>Work stream 1</b></p> <ul style="list-style-type: none"> <li>Deliver effective testing of the new ICT disaster recovery (DR) plan; (ICTSS responsibility)</li> </ul>	<p>TBA</p>	<p>ICTSS to brief Audit Committee June 2015</p>	<p>Director Resources</p>
<p><b>Work stream 2</b></p> <ul style="list-style-type: none"> <li>Ensure service area disaster recovery and business continuity plans link to the DR plan (ICTSS and CBC shared responsibility)</li> </ul>	<p>TBA</p>	<p>Service specific Business Continuity Plans will be updated during 2015/16 to align with the Corporate Business Continuity Plan and the ICTSS Disaster Recovery Plan once the ICTSS Disaster Recovery Plan has been finalised.</p>	<p>Director Resources</p>

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
<p><b>Work stream 3</b></p> <ul style="list-style-type: none"> <li>To review business continuity plans to ensure that they are robust enough to mitigate the identified service delivery risks for the Council and its partner organisations (carried forward from 2014/15) (CBC responsibility)</li> </ul>	TBA	Consult with directors and service managers to ensure that all Service specific Business Continuity Plans are updated to align with the Corporate Business Continuity Plan and the ICTSS Disaster Recovery Plan	Director Resources
<p><b>Safeguarding Children and Vulnerable Adults</b></p> <ol style="list-style-type: none"> <li>Review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council.</li> <li>Hold a register of acknowledgements for all employees, casual staff, volunteers and elected members that they have read and understood the Safeguarding Children and Vulnerable Adults handbook.</li> </ol>	September 2015	<p>The Learning and organisational Development Team will upload the suitable declarations to the Learning gateway and the appropriate declaration for the 'level' of training needed by each member of staff will be added to their development plans by the service manager</p> <p><b>December position</b> The manager reports that the declaration process is in place and that training records are being pulled together but are not complete.</p> <p>A self-assessment to comply with s11 in respect of its safeguarding practices and processes is being undertaken by the Service manager. The result of this will be considered by the Corporate Governance Group</p> <p><b>Action Plan 2015/16</b></p>	Strategy and Engagement Manager
<p><b>Car Parking</b> An internal Audit Assurance report has identified a number of issues relating to the management of the car parking services impacting on income and operational effectiveness</p>	September 2015	<p><b>December position</b></p> <p>Cabinet has made budgetary provision for investment in car parking equipment,</p> <p>In addition, the service is reviewing the effectiveness of the Automatic Number Plate Recognition (ANPR) system in Regent Arcade car park and the experience of customers through feedback monitoring.</p> <p>The outcome of the review was reported to Cabinet in February 2015, with recommendations regarding any further proposed investment.</p> <p><b>Action Plan 2015/16</b> Invitation to Tender documents for a Pay</p>	Head of Public Protection

Action	Deadline as per AGS	Action planned and EoY position	Lead officer
		<p>and Display solution for the Regent Arcade Car Park have been sent out to 5 interested companies under an ESPO Framework. Closing date for applications is 26th June. On site survey meetings will take place within this time frame as and when requested. It is hoped that replacement will take place in October/ November 2015.</p> <p>The Tender process for a new Pay by Phone contract has been completed and a new contract will be drawn up in due course.</p>	
<p><b>Purchase Order Management System compliance</b></p>	<p>September 2015</p>	<p>Internal Audit to undertake compliance testing of the Purchase Order management System and to report findings to Audit Committee</p>	<p>Director of Resources</p>

(c) We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified and will monitor their implementation and operation as part of our next annual review.

Signed  ..... Andrew North Chief Executive

Signed  ..... Steve Jordan, Leader

Date 29/9/2015 .....

