

Meeting	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Time/Day/Date	6.30 pm on Wednesday, 27 September 2017
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

All persons present are reminded that the meeting may be recorded and by attending this meeting you are giving your consent to being filmed and your image being used. You are kindly requested to make it known to the Chairman if you intend to film or record this meeting.

The Monitoring Officer would like to remind members that when they are considering whether the following items are exempt information under the relevant paragraph under part 1 of Schedule 12A of the Local Government Act 1972 they must have regard to the public interest test. This means that members must consider, for each item, whether the public interest in maintaining the exemption from disclosure outweighs the public interest in making the item available to the public.

## AGENDA

Item	Pages
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. DECLARATION OF INTERESTS</b>	
Under the Code of Conduct members are reminded that in declaring disclosable interests you should make clear the nature of that interest and whether it is pecuniary or non-pecuniary.	
<b>3. MINUTES</b>	
To confirm and sign the minutes of the meeting held on 21 June 2017.	<b>3 - 6</b>
<b>4. REPORT TO THOSE CHARGED WITH GOVERNANCE 2016/17</b>	
Report of the Financial Planning Manager	<b>7 - 46</b>
<b>5. ANNUAL GOVERNANCE STATEMENT 2016/2017</b>	
Report of the Financial Planning Manager	<b>47 - 90</b>



<b>6.</b>	<b>LOCAL CODE OF CORPORATE GOVERNANCE</b>	
	Report of the Financial Planning Manager	<b>91 - 104</b>
<b>7.</b>	<b>ANNUAL STATEMENT OF ACCOUNTS 2016/17</b>	
	Report of the Financial Planning Manager	<b>105 - 108</b>
<b>8.</b>	<b>INTERNAL AUDIT PROGRESS REPORT - AUGUST 2017</b>	
	Report of the Audit Manager	<b>109 - 126</b>
<b>9.</b>	<b>TREASURY MANAGEMENT ACTIVITY REPORT - APRIL TO AUGUST 2017</b>	
	Report of the Financial Planning Manager	<b>127 - 134</b>
<b>10.</b>	<b>STANDARDS AND ETHICS - QUARTER 1 REPORT</b>	
	Report of the Head of Legal and Support Services	<b>135 - 148</b>
<b>11.</b>	<b>COMMITTEE WORK PLAN</b>	
	To note the Committee's work plan	<b>149 - 150</b>

Circulation:

Councillor R Ashman  
Councillor J Cotterill (Chairman)  
Councillor F Fenning  
Councillor D Harrison (Deputy Chairman)  
Councillor G Houlton  
Councillor G Jones  
Councillor S McKendrick  
Councillor P Purver  
Councillor A C Saffell  
Councillor S Sheahan

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 21 JUNE 2017

Present: Councillor J Cotterill (Chairman)

Councillors R Ashman, F Fenning, G Hoult, G Jones, S McKendrick, A C Saffell and S Sheahan

Officers: Ms T Ashe, Ms L Cotton, Mrs C Hammond, Mr A Hunkin and Miss E Warhurst

#### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors D Harrison and P Purver.

#### **2. DECLARATION OF INTERESTS**

There were no declarations of interest.

#### **3. MINUTES**

Consideration was given to the minutes of the meeting held on 22 March 2017.

Councillor S Sheahan advised that Councillor R Ashman's name was spelt incorrectly on page 5.

It was moved by Councillor G Hoult, seconded by Councillor S McKendrick and

RESOLVED THAT:

Subject to the above amendment, the minutes of the meeting held on 22 March 2017 be approved and signed by the Chairman as a correct record.

#### **4. INTERNAL AUDIT PROGRESS REPORT - MAY 2017**

The Senior Auditor presented the report to Members. She informed Members that four final reports had been issued since the last report, one of which was the Review of Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and she was of the opinion that internal controls required some improvement. She advised Members that a Head of Transformation had been appointed to cover the role of the Head of Finance, that the work in the final reports had not identified any significant control weaknesses and that there were no overdue recommendations at the time.

In response to a question from Councillor S Sheahan, the Senior Auditor advised Members that when visiting the Partnership, the authority's employees had raised concerns that the key policies were available on the internal website, however due to ICT account set ups they were unable to access the information. However the issue had now been addressed.

Councillor S Sheahan sought further information on the report into the Disabled Facilities Grants and the recommendations expressing concerns that there may have been a financial loss to the Council or issues for residents.

The Senior Auditor informed Members that the main issues were in relation to procedures in maintaining files so that previous grants checks could be carried out as before the recording on the files was inconsistent.

Councillor A C Saffell expressed concerns over the length of time that inert accounts were left before being reviewed and that it should be tighter; that should the systems be hacked, the inert accounts could be targeted; and that how access and use of generic accounts was monitored was important as that also was a dangerous path.

The Senior Auditor advised Members that accounts for staff that have left the authority are closed as soon as possible after they leave. The accounts that are reviewed after 90 days are for staff who that are on long term sick, Maternity Leave or partner staff accounts. In relation to the partner staff accounts ICT monitored the access controls but may not have been notified when they no longer work here so this review of inactive accounts would identify this.

Councillor A C Saffell felt that all inert accounts should be deactivated within 48 hours as Managers of staff on sick or Maternity Leave know when they are coming back to ensure that they are reactivated. He did not feel entirely reassured but was not convinced. The Senior Auditor explained that even when staff were absent on long term sickness or maternity leave, arrangements were generally put in place through email so that the employee could keep up-to-date with the council's developments and news.

The Senior Auditor advised that ICT specialist auditors employed by the County Council carried out the audit and internal audit will follow up to ensure that everything is implemented, and that she would pass his comments on to the ICT Manager.

In response to a question from Councillor R Ashman, the Senior Auditor advised Members that the Council had three credit cards and that there were no issues surrounding the inappropriate use but that a check was required by finance as there were issues over the procedures in the recovery of VAT. She informed Members that the credit cards were used for online payments.

The Head of Legal and Support Services advised Members that the Legal Team held a credit card as court payments had to be made online.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

## **5. INTERNAL AUDIT ANNUAL REPORT 2016/17**

The Senior Auditor presented the report to Members. She advised Members that the report included her annual opinion on the organisation's framework for governance and risk management and control, and a summary of the work carried out over the year. She informed Members that, in her opinion, the Council's overall control arrangements were a grade 2 as she considered that improvements were required in some areas and that following two updates to the Public Sector Internal Audit Standards she could confirm that the Authority had and would continue to conform to them.

Councillor S Sheahan questioned the date in relation to the new category of critical in appendix A and should it have read 2016 not 2017, and if that was the case was there any critical recommendations.

The Senior Auditor confirmed that the date should have been 2016 and that there were no critical recommendations.

Councillor R Ashman sought further clarification around the two areas of concern that had been identified at the Partnership.



The Senior Auditor advised Members that the audits for the Revenues and Benefits Partnership were carried out by the Hinckley and Bosworth Borough Council auditors but she had contacted the partnership to confirm the actions that were now in place. She informed Members that the first concern related to the storage of the BACS payment card which was addressed immediately by moving them to a secure location. The second concern related to the recovery of Council Tax overpayments and that since the audit had been carried out a dedicated team had been put in place to keep the overpayment activity up to date.

The Interim Director of Resources assured Members that, as a Member of the Partnership Management Board, he had seen the audit reports and the Board was happy that the appropriate measures were in place.

Following a question from Councillor R Ashman, the Senior Auditor advised Members that the number of high priority recommendations mentioned in paragraph 4.1 were more service specific than Corporate and therefore felt that it was not necessary to include them in the Annual Governance Statement.

It was moved by Councillor A C Saffell, seconded by Councillor G Jones and

RESOLVED THAT:

The report be noted.

## **6. TREASURY MANAGEMENT STEWARDSHIP REPORT 2016/17**

The Chairman welcomed the new Financial Planning Team Manager to her first meeting.

The Financial Planning Team Manager presented the report to Members. She informed Members that at paragraph 1.4 the Annual Minimum Revenue Position Statement should read 2016-17 not 2015-16. She advised Members that CPI had risen to over 2.3% in the last year, that there had been no opportunities for debt rescheduling and that the average rate of return on the Authority's investments had been 0.5% which had compared favourably with the benchmark.

Councillor S Sheahan stated that inflation was pushing 3% and the way the country was changing it may go up and that the 0.5% return against the rate of inflation could be better.

The Financial Planning Team Manager stated that the investment activity tied in with the Council's policy on investment priorities, focusing on short term rather than long term and putting loan security first.

The Interim Director of Resources advised Members that the return rate was in line with the benchmark and that now the new Financial Planning Team Manager was in place the MTFs and Treasury Management Strategy could be reviewed and brought back to committee.

Councillor F Fenning stated that the American base rate was higher than the UK and that he was concerned for the economy. He felt that shipping money to the USA to get the extra 1% was logical.

The Financial Planning Team Manager stated that both the MTFs and the Treasury Management reports would provide scope to look at risks in the future.

It was moved by Councillor A C Saffell, seconded by Councillor G Jones and

RESOLVED THAT:

The report be approved.

## **7. STANDARDS AND ETHICS - QUARTER 4 REPORT**

The Head of Legal and Support Services presented the report to Members. She highlighted to Members that no complaints had been received in Quarter 4 in relation to Member conduct and that there had been a decrease in Corporate complaints against the same period of the previous year. Members' attention was also drawn to the reduction in FOI requests and that the reduction may have been as a result of the increased amount of information available on the Council's website.

It was moved by Councillor A C Saffell, seconded by Councillor R Ashman and

RESOLVED THAT:

The report be noted.

Councillor F Fenning asked for an update on the capacity issues surrounding the finance team now that the new Financial Planning Team Manager was in place.

The Interim Director of Resources advised that they were confident that Internal Audit now had enough resources and that as pointed out the Financial Planning Team Manager post had been filled. He informed Members that the new Chief Executive would consider the management structure and that a review of the finance function had been carried out and work was now being done on what skills and capacity were required to ensure the service provided a modern finance function.

Councillor F Fenning sought clarification that, since it had been agreed that the Revenues and Benefits Partnership would stay as a shared service and not become a separate company, NWLDC would keep its staff that had knowledge of the district to ensure that the best service was offered.

The Interim Director of Resources informed Members that a number of staff at the Partnership were NWLDC employees and that the Chief Executive had been to visit the staff and was keen to look at how the authority could ensure its staff were still part of the Council by liaising and providing strong links.

## **8. COMMITTEE WORK PLAN**

RESOLVED THAT:

The Committee Work Plan be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.06 pm

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## AUDIT AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017

Title of report	<b>REPORT TO THOSE CHARGED WITH GOVERNANCE 2016/17</b>
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Interim Director of Resources 01530 454833 <a href="mailto:andrew.hunkin@nwleicestershire.gov.uk">andrew.hunkin@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager / Deputy Section 151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	To consider the External Auditor's Report to Those Charged With Governance for 2016/17.
Reason for Decision	In order to approve the Letter of Representation in relation to the 2016/17 Statement of Accounts.
Council Priorities	Value for Money
Implications:	
Financial/Staff	No direct implications.
Link to relevant CAT	None
Risk Management	The Council's governance arrangements are a fundamental part of the Authority's management of risk and contribute towards good corporate governance.
Equalities Impact Assessment	Not applicable
Human Rights	None identified.
Transformational Government	No direct implications.
Consultees	None
Background papers	None
Recommendations	<p><b>THAT THE COMMITTEE:</b></p> <p><b>(A) NOTES THE CONTENTS OF THE EXTERNAL AUDITOR'S REPORT ATTACHED AT APPENDIX A.</b></p> <p><b>(B) APPROVES THE LETTER OF REPRESENTATION</b></p>

	<b>ATTACHED AT APPENDIX B. (C) NOTES THE EXTERNAL AUDITOR'S RECOMMENDATIONS AND MANAGEMENT COMMENTS SET OUT IN APPENDIX 1 TO THEIR REPORT.</b>
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**1.0 BACKGROUND**

- 1.1 The annual accounts of the authority are audited in accordance with Part II of the Audit Commission Act 1998 and, as part of that process; the External Auditor (KPMG) produces an Annual Report to Those Charged With Governance which is attached. The Director from KPMG will present his report to the Committee.
- 1.2 The Report states that the auditors will issue an unqualified audit report and that there are no important weaknesses in internal control. It also confirms that there are proper arrangements to secure value for money.
- 1.3 There are three audit recommendations and these are set out in Appendix 1 to the auditor's report along with the formal Management Responses. There are also three recommendations from the 2015/16 audit that are yet to be fully addressed. All recommendations will be addressed in time for the production of the 2017/18 Accounts.



# External audit report 2016/17

**North West Leicestershire  
District Council**

September 2017



# Summary for Audit and Governance Committee

**Financial statements** This document summarises the key findings in relation to our 2016-17 external audit at North West Leicestershire District Council ('the Authority').

This report focuses on our on-site work which was completed in July and August 2017 on the Authority's significant risk areas, as well as other areas of your financial statements. Our findings are summarised in Section One.

**Subject to all outstanding queries being resolved to our satisfaction we anticipate issuing an unqualified audit opinion on the Authority's financial statements before the deadline of 30 September.**

The following outstanding matters are currently outstanding:

- Resolution of revaluation accounting for property, plant and equipment;
- Third party confirmations for investments;
- Receipt of the management representation letter;
- Post balance sheet events review up to the date of signing the audit opinion;
- Final review of the revised financial statements and Annual Governance Statement; and
- Final review following clearance of remaining matters.

Based on our work, we have raised three recommendations. Details can be found in Appendix one.

The Authority has not yet fully implemented three out of six recommendations from our ISA 260 Report 2015/16. Details can be found in Appendix two.

We are now in the completion stage of the audit and anticipate issuing our completion certificate and Annual Audit letter on or before 30 September.

**Use of resources** We have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**We therefore anticipate issuing an unqualified value for money opinion.**

See further details in section two.

**Acknowledgements** We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

**We ask the Audit and Governance Committee to note this report.**

# Contents

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## The key contacts in relation to our audit are:

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- 4 Section One: Financial Statements
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### **Appendices**

- 20 One: Key issues and recommendations
- 22 Two: Follow-up of prior year recommendations
- 26 Three: Materiality and reporting of audit differences
- 27 Four: Declaration of independence and objectivity
- 29 Five: Audit fees

This report is addressed to North West Leicestershire District Council (the Authority) and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.



**Section One**

# Financial Statements





We anticipate issuing an unqualified audit opinion on the Authority's 2016/17 financial statements by 30 September 2017. We will also report that your Annual Governance Statement complies with the guidance issued by CIPFA/SOLACE (*'Delivering Good Governance in Local Government'*) published in April 2016.

For the year ending 31 March 2017, the Authority has reported a surplus of £1.825m on the General Fund.



# Significant audit risks

**Our *External Audit Plan 2016/17* sets out our assessment of the Authority's significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:**

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## **Significant audit risk 1 - Significant changes in the pension liability due to LGPS Triennial Valuation**

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### **Why is this a risk?**

During the year, the Pension Fund has undergone a triennial valuation with an effective date of 31 March 2016 in line with the *Local Government Pension Scheme (Administration) Regulations 2013*. The share of pensions assets and liabilities for each admitted body is determined in detail, and a large volume of data is provided to the actuary to support this triennial valuation.

There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Leicestershire County Council, who administer the Pension Fund.

### **Our work to address this risk**

We have reviewed the process used to submit payroll data to the Pension Fund and have found no issues to note. We have also tested the year-end submission process and agreed pension costs, liabilities and disclosures under IAS19 to confirmations from the scheme actuary.

We raised a recommendation in our previous year's ISA 260 report that actuarial assumptions should be formally reviewed to ensure that they are appropriate for the Authority, and that this review should be documented. We noted that the actuarial report was presented to Corporate Leadership Team meeting in August 2017 for review, however there is little documentation of management's assessment of the actuarial assumptions. We therefore reiterate the recommendation again this year. See recommendation one in Appendix two.

We have liaised with our own internal actuary as well as engaging with our Pension Fund audit team to gain assurance over the pensions figures. We have received formal letter of assurance from the Pension Fund audit team.

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## **Significant audit risk 2 – Valuation of Property, Plant and Equipment**

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### **Why is this a risk?**

Due to the inherent risk associated with the estimation of assets, the omission of instructions to the external valuer in relation to a number of surplus assets the Authority held last year and the level of amendments required in this area of the financial statements in the previous three years, we consider this to be a significant risk.

### **Our work to address this risk**

As part of our audit, we reviewed the terms of engagement with the external valuer to ensure compliance with the Authority's accounting policies, CIPFA Code of Practice and IFRS accounting standards. We reviewed the completeness and accuracy of information provided to the external valuer and have found no issues to note.

At the time of this report we are working with officers to resolve our queries on the accounting for the revaluation process to ensure that it is in line with the CIPFA Code of Practice and the underlying IFRS accounting standards. We will provide an update at Audit and Governance Committee.

# Significant audit risks

## Considerations required by professional standards

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### Fraud risk of revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2016/17* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.



### Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud. Management may have the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

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# Other areas of audit focus

We identified one area of audit focus. These areas are not considered as significant risks as there are less likely to give rise to a material error. Nonetheless these are areas of importance where we would carry out substantive audit procedures to ensure that there is no risk of material misstatement.

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## **Other areas of audit focus - Disclosures associated with retrospective restatement of CIES, EFA and MiRS**

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### **Background**

CIPFA has introduced changes to the 2016/17 Local Government Accounting Code (Code):

- Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and
- Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MiRS) and replaces the current segmental reporting note.

The Authority was required to make a retrospective restatement of its CIES (cost of services) and the MiRS. New disclosure requirements and restatement of accounts require compliance with relevant guidance and correct application of applicable accounting standards.

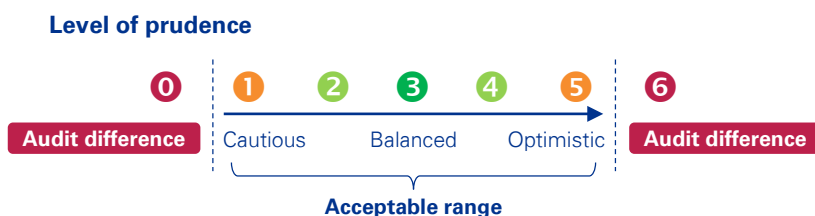
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### **What we have done**

For the restatement, we have obtained an understanding of the methodology used to prepare the revised statements. We have also agreed figures disclosed to the Authority's supporting working papers, which have resulted in presentational changes to the Expenditure and Funding Analysis (EFA) statement and notes to EFA to bring in line with CIPFA Code of Practice.

# Judgements

We have considered the level of prudence within key judgements in your 2016/17 financial statements and accounting estimates. We have set out our view below across the following range of judgements.



Subjective areas	2016/17	2015/16	Commentary
<b>Provisions for business rate appeals</b>	3	3	In 2013/14, changes in local authority funding arrangements meant that the Authority became responsible for a proportion of successful rateable value appeals. The Authority has previously provided for a fixed percentage of outstanding appeals in accounting for the potential liability.  NNDR business rates appeals provisions have increased in year to £3.420 million from £2.862 million (2015/16) due to new appeals raised in year. We consider the provision to be proportionate.
<b>Debtors provisioning</b>	3	3	The principles the authority has applied to calculate its bad debt provision have not changed. The bad debt provision has increased over the financial year from £1.736m to £2.048m, which is mainly due to an increase in housing benefits overpayments. We consider the provision disclosures to be prudent.
<b>Property, plant and equipment (valuations and asset lives)</b>	3	3	The Authority continues its use of the beacon methodology in line with the DCLG's <i>Stock Valuation for Resource Accounting</i> published in November 2016. The Authority has utilised an external valuation expert to provide valuation estimates. We have reviewed the instructions provided and deem that the valuation exercise is in line with the instructions. The resulting increase is in line with Industry expectations. Asset lives used have not changed from the prior year, and are considered reasonable.
<b>Pensions liability</b>	3	3	The balance of £47.228 million (2015/16: £38.467 million) represents the deficit on the pension scheme. The reported balance, together with assumptions and disclosures, are consistent with the report from the external actuary. KPMG actuaries have reviewed the assumptions applied by the external actuary in calculating the pension liability. All assumptions used are considered to be within our benchmark range.

# Proposed opinion and audit differences

**Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the Authority's 2016/17 financial statements following approval of the Statement of Accounts by the Audit and Governance Committee on 27 September 2017.**

### Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix three for more information on materiality) level for this year's audit was set at £900,000. Audit differences below £45,000 are not considered significant.

We identified a small number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code'). We understand that the Authority will be addressing these where necessary.

We have also identified that the Cash Flow Statement does not reconcile by £0.161m and as a result the Authority has included a balancing figure to balance the statement. This balance has reduced from the unreconciled balance of £0.558m included within the 2015/16 financial statements. We have raised a recommendation for the Authority to resolve this issue going forward, see Appendix one.

### Annual governance statement

We have reviewed the Authority's 2016/17 draft Annual Governance Statement (not received until 23 August 2017) and have made a number of comments in respect of its format, content and the requirements of *Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE (2016)*.

Once we receive the final version of 2016/17 Annual Governance Statement we will assess if:

- It complies with *Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE*; and
- It is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

Going forward the Annual Governance Statement should be produced alongside the financial statements.

### Narrative report

We have reviewed the Authority's 2016/17 draft narrative report and confirmed that it is consistent with the financial statements and our understanding of the Authority. However we have made a number of comments in respect of its content and the requirements of Code of Practice, which we understand that the Authority will be addressing. Once we receive the final version of 2016/17 we will assess if the narrative report complies with the requirements of Code of Practice.

# Accounts production and audit process

The Accounts and Audit Regulations 2015 introduces a statutory requirement to produce a draft set of financial statements earlier for the year 2017/18. It also shortens the time available for the audit.

Our audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting.

We also assessed the Authority's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good quality working papers are critical to meeting the tighter deadlines.



## Accounting practices and financial reporting

The Authority needs to tighten its financial reporting process to ensure the new 2017/18 deadline is met. The Authority recognises the additional pressures the earlier deadline will bring and will implement lessons learned from this year for the 2017/18 closedown. We consider the Authority's accounting practices appropriate.

### Completeness of draft accounts

We received a complete set of draft accounts on 30 June 2017, which is the statutory deadline. Some areas required a number of amendments, notably the narrative report. The annual governance statement was provided on 23 August 2017, which is after the statutory deadline.

### Quality of supporting working papers

We issued our *Accounts Audit Protocol 2016/17* ("Prepared by Client" (PBC) request), which outlines our documentation request. This helps the Authority to provide audit evidence in line with our expectations.

The supporting working papers provided did not in all cases meet the requirements of our PBC list and in some cases were delayed. This has caused delays and placed additional pressures on the audit. There is an opportunity for improvements to be made in providing a clear set of working papers that fully meet our audit requirements at the outset of the audit.

### Response to audit queries

In the main officers dealt with our audit queries within 2 working days of inquiry. There were however delays in relation to obtaining payroll information, which impedes our ability to conclude our audit work. This needs to be addressed if the Authority is to meet the earlier statutory deadline in 2017/18.

### Prior year recommendations

As part of our audit we have specifically followed up the Authority's progress in addressing the recommendations in last year's ISA 260 report.

The Authority has fully implemented three out of six recommendations from our ISA 260 Report 2015/16. See Appendix two for further details.

### Controls over key financial systems

We have tested controls as part of our focus on significant audit risks and other parts of your key financial systems on which we rely as part of our audit. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Below we have highlighted exceptions in relation to this year's controls:

#### Users on Total system

- Our testing identified that nine leavers had not been removed from the Total system in a timely manner and a regular review of user accounts is not undertaken and documented.

#### Documentation of management review of valuation assumptions

- Officers review the fixed asset revaluation assumptions. However this review is not documented and as such could not be re-performed.

See recommendations in Appendix one.

# Completion

**We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's 2016/17 financial statements.**

**Before we can issue our opinion we require a signed management representation letter.**

**Once we have finalised our opinions and conclusions we will close our audit.**

## **Declaration of independence and objectivity**

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of North West Leicestershire District Council for the year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and North West Leicestershire District Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix five in accordance with ISA 260.

## **Management representations**

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Financial Planning Team Manager for presentation to the Audit and Governance Committee. We require a signed copy of your management representations before we issue our audit opinion.

## **Other matters**

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the

oversight of the financial reporting process; and

- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances).

There are no other matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Authority's 2016/17 financial statements.





**Section two**

# Value for money

Our 2016/17 VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions, worked with partners and other third parties and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions, worked with partners and other third parties and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

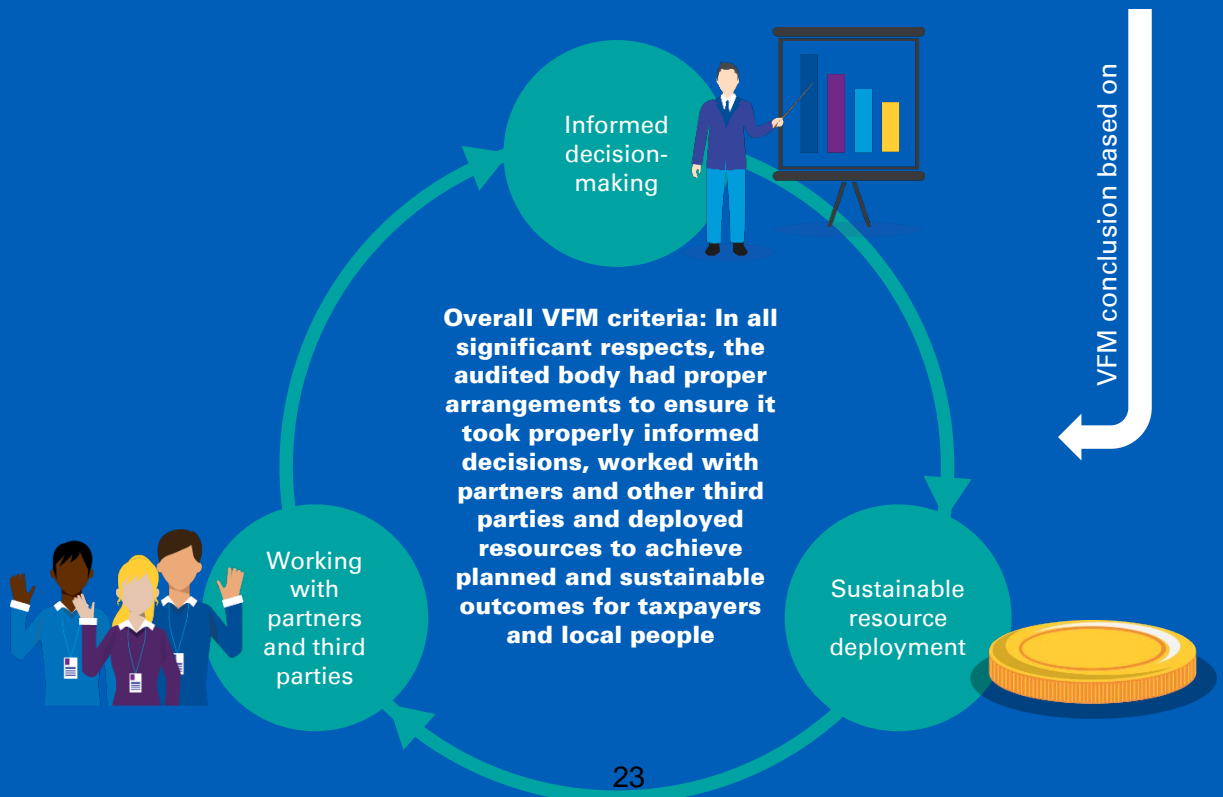
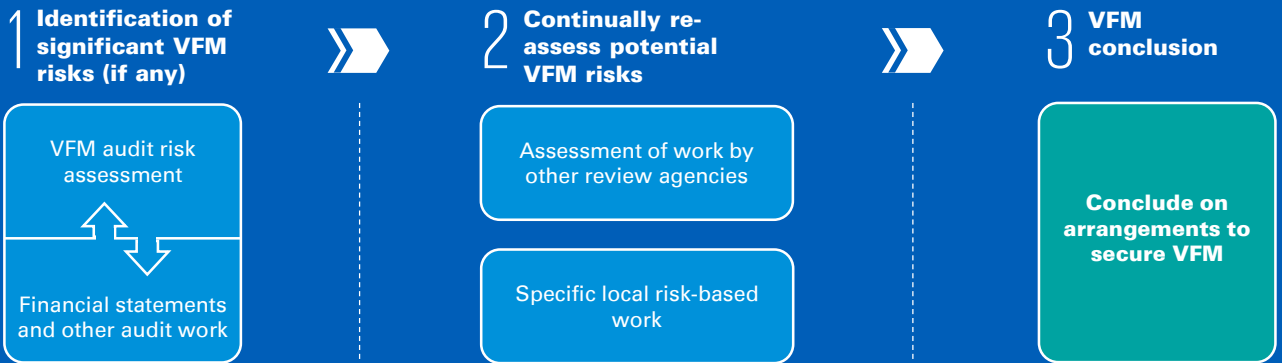
# VFM conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Our VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions, worked with partners and other third parties and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We follow a risk based approach to target audit effort on the areas of greatest audit risk.





## Section two: value for money

The table below summarises our assessment of the individual VFM risk identified against the three sub-criteria. This directly feeds into the overall VFM criteria and our value for money opinion.

VFM assessment summary			
VFM risk	Informed decision-making	Sustainable resource deployment	Working with partners and third parties
Medium Term Financial Plan	✓	✓	✓
Overall summary	✓	✓	✓

In consideration of the above, we have concluded that in 2016/17, the Authority has made proper arrangements to ensure it took properly-informed decisions, worked with partners and other third parties and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Further details on the work done and our assessment are provided on the following pages.

# Significant VFM risks

We have identified one significant VFM risk, as communicated to you in our *2016/17 External Audit Plan*. We are satisfied that a combination of external and internal scrutiny and our own review provides us with sufficient assurance to enable us to conclude that the Authority's current arrangements in relation to this area is adequate. Nevertheless, there are significant challenges ahead.

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## VFM risk – Medium Term Financial Plan

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### Why is this a risk?

The Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector, such as the future of business rate distribution. For 2017/18, the Authority has a balanced budget, but the Medium Term Financial Strategy 2017-20 highlights savings of £0.372m are required in 2019/20. The Authority needs to have effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan.

### Summary of our work

We have reviewed the Authority's General Fund outturn report for 2016/17 and noted that the Authority achieved a surplus of £1.825m compared with a budgeted surplus of £1.082m. The additional surplus is mainly due to the Authority receiving higher than anticipated income from planning fees (£0.172m), recycling (£0.316m) and business rates (£0.342m).

We also note that the Authority's Housing Revenue Account (HRA) outturn for 2016/17 was a surplus of £3.234m compared with a budgeted surplus of £2.395m. This is mainly due to £0.308m underspend on cyclical repairs, £0.210m additional rental income and £0.138m savings from corporate recharges.

The Authority has submitted its four-year efficiency plan to the DCLG. This was in response to the invitation from the Secretary of State in March 2016 for local authorities to engage with Government to secure a multi-year settlement for Revenue Support Grant, thus helping to strengthen the Authority's financial management. The provisional financial settlement for 2017/18 was announced by the Secretary of State on 15 December 2016 and therefore the levels of Revenue Support Grant for the next four years are known which aids medium-term financial planning and target setting.

We have reviewed the income and expenditure assumptions contained in the Medium Term Financial Strategy (MTFS) 2017 to 2020 and consider them to be reasonable. A number of uncertainties exist for the Authority that will impact on future revenue including implications of Brexit, mechanism changes in New Homes Bonus funding, one hundred percent business rates retention of locally collected rates and the outcome of outstanding business rates appeals. The MTFS identifies funding gap of £0.372m in 2019/20, which will be funded through either use of reserves or savings generated.

The income and expenditure assumptions underpinning the 2017/18 budget are reasonable. For 2017/18 the Authority has set a General Fund balanced budget of £12.473m including predicted surplus of £0.903m. In addition the Authority has set a surplus HRA budget for 2017/18 of £0.142m.

# Significant VFM risks

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**VFM risk - Medium Term Financial Plan (Cont.)**

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**Summary of our work**

The Authority works with a number of partners to deliver services including providing onsite office space to Leicestershire Police, and working with the Leicestershire Revenues and Benefits Partnership to deliver the Authority's revenue and benefits services. The Authority is part of the proposed Leicester and Leicestershire Combined Authority, which aims to build closer working relationships with neighbouring Authorities and work collectively for the benefit of Leicestershire. At present approval has not yet been received from Central Government.

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A close-up, shallow depth-of-field photograph of a stack of books on a wooden surface. The books are stacked vertically, with a red book visible at the bottom. A silver pen lies horizontally in the foreground, its tip pointing towards the left. The background is softly blurred, showing more books and a warm, golden light. The word 'Appendices' is overlaid in a red, serif font, centered horizontally and partially enclosed by two vertical red lines.

# Appendices

# Key issues and recommendations

Our audit work on the Authority's 2016/17 financial statements have identified a number of issues. We have listed these issues in this appendix together with our recommendations which we have agreed with Management. We have also included Management's responses to these recommendations.

The Authority should closely monitor progress in addressing the risks, including the implementation of our recommendations. We will formally follow up these recommendations next year.

Each issue and recommendation have been given a priority rating, which is explained below.



Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.



Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.



Issues that would, if corrected, improve internal control in general but are not vital to the overall system. These are generally issues of good practice that we feel would benefit if introduced.

The following is a summary of the issues and recommendations raised in the year 2016/17.

2016/17 recommendations summary	
Priority	Number raised from our audit
High	-
Medium	3
Low	-
<b>Total</b>	<b>3</b>



## 1. Users on Total system

Our testing identified that nine leavers had not been removed from the Total system in a timely manner and a regular review of user accounts is not undertaken and documented.

### Recommendation

The Authority should remove leavers from the Total system in a timely manner. Additionally, the Authority should perform review of user accounts on a regular basis to ensure that user access remains appropriate.

## Management Response

### Accepted

When an employee leaves the authority their user account is deactivated so although their account may still be live on the TOTAL system, their ability to access the system is removed.

We receive information from ICT regarding employees that leave the authority. The timeliness and completeness of this information will be strengthened and leavers promptly deactivated from the system as a result. We will implement a documented quarterly review of user accounts moving forward.

### Owner

Financial Planning Team Manager and Deputy S151 Officer.

### Deadline

31 March 2018



# Key issues and recommendations (cont.)

Medium priority

## 2. Documentation of management review of valuation assumptions

Property assets are revalued on an annual basis by a professional valuer in accordance with the CIPFA Code. Officers review the assumptions related to the estimation processes followed by the appointed valuers. However this review is not documented and as such could not be re-performed.

### Recommendation

The Authority should document its review of these assumptions to strengthen the control process.

## Management Response

### Accepted

In future, the annual officer's review of valuation assumptions will be documented.

### Owner

Financial Planning Team Manager and Deputy S151 Officer.

### Deadline

31 March 2018

Medium priority

## 3. Unreconciled Cash Flow Statement

Our testing identified that the Cash Flow Statement did not reconcile by £0.161m due to uncertainty. Whilst this unreconciled balance has reduced from £0.558m that was included within the 2015/16 financial statements, further review of the Cash Flow Statement is required to eliminate the unreconciled balance.

### Recommendation

The Authority should review the Cash Flow Statement in detail to resolve the unreconciled balance. This may include using CIPFA's Cash Flow Model.

## Management Response

### Accepted

Consideration will be given to the method and tools used in producing the Cash Flow Statement for future years with a view to reconcile all balances.

### Owner

Financial Planning Team Manager and Deputy S151 Officer.

### Deadline

31 March 2018

# Follow-up of prior year recommendations

In the previous year, we raised six recommendations which we reported in our *External Audit Report 2015/16 (ISA 260)*. The Authority has fully implemented three recommendations. We reiterate the importance of the outstanding recommendations and recommend that these are implemented by the Authority.

We have used the same rating system as explained in Appendix one.

Each recommendation is assessed during our 2016/17 work, and we have obtained the recommendation’s status to date. We have also obtained Management’s assessment of each outstanding recommendation.

Below is a summary of the prior year’s recommendations.

2015/16 recommendations status summary			
Priority	Number raised	Number fully implemented	Number partially implemented / outstanding
High	-	-	-
Medium	3	2	1
Low	3	1	2
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>



### 1. Review of actuarial assumptions

The Authority performs a review of the assumptions used by the actuaries upon receipt of their report, but this is not documented.

#### Recommendation:

The Authority should document its review of the actuarial assumptions. This may include reporting to the Audit and Governance Committee for approval by members as happens at a number of authorities.

### Management original response

The Actuary’s report is reviewed by the Finance Section, but not documented. In future this will be documented and presented to the Auditors as part of the working papers.

Responsible Officer: Deputy S151 Officer

Date: March 2017

### KPMG assessment

We noted that the actuarial report was presented to Corporate Leadership Team meeting in August 2017 for review, however there is little documentation of management’s assessment of the actuarial assumptions.

Partially implemented

### Management response

An assessment of the actuarial assumptions will be documented in future.



**2. Bank reconciliations**

The monthly bank reconciliations were not completed on a timely basis. There is therefore a risk of potential errors arising from unreconciled cash not being identified on a timely basis. We note that the Authority has brought the bank reconciliations up to date.

**Recommendation**

The Authority should ensure bank reconciliations are completed on a monthly basis.

**Management original response**

During the financial year 2015/16 the Exchequer Services department experienced resource constraints due to a vacant post. This led to bank reconciliations not being completed on a timely basis. This issue was resolved in May 2016 and the bank reconciliations have been brought up to date.

Responsible Officer: Deputy S151 Officer

Date: May 2016

**KPMG assessment**

We have confirmed that bank reconciliations were completed and reviewed in a timely basis.

Fully implemented



**3. Service organisation - Reconciliation between VOA and Academy system for Council Tax and NNDR**

Our audit work identified a lack of evidence to confirm that weekly reconciliations were completed between property data provided by the Valuation Office Agency (VOA) and the Academy system for Council Tax and NNDR. There is therefore a risk that the number of properties are not recorded accurately on the Academy system.

**Recommendation**

A reconciliation between the data provided by the VOA and that recorded on Academy should be performed and documented on a weekly basis by the Leicestershire Partnership.

**Management original response**

**Agreed**

On a number of occasions the weekly reconciliations were not evidenced and documented properly. This has been actioned at the Leicestershire Partnership.

Date: March 2017

Responsible Officer: Deputy S151 Officer

**KPMG assessment**

We have confirmed that this reconciliation has been performed and documented during 2016/17.

Fully implemented



**4. Service organisation – Privileged users on Academy system**

Our audit of IT controls in place at the Leicestershire Partnership identified that there are a large number of users with administrative access to the system.

Officers stated that this was due to an advanced level of access being required to allow individuals to amend or re-run batch reports. There is a risk that unauthorised or unwarranted changes are made to the system by users with advanced permissions.

**Recommendation:**

A review of access rights to the Academy system should be carried out to ensure privileged access rights are only available to limited key individuals.

**Management original response**

**Agreed**

A review of system users is scheduled during September 2016. This will ensure the number of users with administrative access is restricted.

Date: 31 December 2016

Responsible Officer: Deputy S151 Officer

**KPMG assessment**

Our IT work confirmed that there has been a reduction in users with administrative access to the Academy system. There are now thirteen users, which management has confirmed are required in order for the Leicestershire Partnership to deliver the service.

Fully implemented



**5. Properties, Property, Plant and Equipment processing**

There were a number of errors in the notes for Investment Properties, Property, Plant and Equipment (PPE), Capital Adjustment Account and Revaluation Reserves, which resulted in audit adjustments.

**Recommendation:**

The Authority gives priority to reviewing the compilation of these notes.

**Management original response**

**Agreed**

Date: 31 March 2017

Responsible Officer: Deputy S151 Officer

**KPMG assessment**

Whilst there has been some improvement from last year, we have queried whether or not depreciation written out upon revaluation is in line with CIPFA Code of Practice. We are currently working with officers to resolve this issue.

Partially implemented

**Management response**

A full and thorough review in relation to capital items will be undertaken in readiness of the production of the 2017/18 financial statements.



**6. Working papers**

The supporting working papers to the accounts were of an adequate standard, although could be more clearly presented to avoid additional queries being raised.

**Recommendation:**

The Authority should improve working papers to ensure they are clearly presented to support the figures in the financial statements.

**Management original response**

**Agreed**

We agree that in some cases there is scope for presenting working papers more clearly. We welcome the opportunity to discuss further the specific working papers involved. In respect of NNDR Pooling in particular the issue should not arise in 2014/15 as the Council is not taking part of any such arrangements, we will however take these comments on board should this change in future years. We will be reviewing our working papers at an early stage prior to commencing the closure of the 2014/15 accounts.

Due Date: March 2017

Responsible Officer: Deputy S151 Officer

**KPMG assessment**

We have seen some improvement to working papers provided from prior year, but there is still scope for further improvement. We are keen to work with officers on this.

Partially implemented

**Management response**

We will review our working papers with auditors and take any specific comments on board.

# Materiality and reporting of audit differences

## The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2016/17, presented to you in March 2017.

Materiality for the Authority's accounts was set at £900,000 which equates to around 1.6 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

### Reporting to the Audit and Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under *ISA 260*, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. *ISA 260* defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

*ISA 450* requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £45,000 for the Authority.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

# Declaration of independence and objectivity

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

*"The auditor should carry out their work with integrity, objectivity and independence, and in accordance with the ethical framework applicable to auditors, including the ethical standards for auditors set by the Financial Reporting Council, and any additional requirements set out by the auditor's recognised supervisory body, or any other body charged with oversight of the auditor's independence. The auditor should be, and should be seen to be, impartial and independent. Accordingly, the auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so."*

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd Terms of Appointment ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 Integrity, Objectivity and Independence ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of *ISA (UK&I) 260 'Communication of Audit Matters with Those Charged with Governance'* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.
- The related safeguards that are in place.
- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately

disclosed. We do this in our Annual Audit Letter.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Audit and Governance Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

## General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings.

Our Ethics and Independence Manual is fully consistent with the requirements of the Ethical Standards issued by the UK Auditing Practices Board. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values, Communications, Internal accountability, Risk management and Independent reviews.

We would be happy to discuss any of these aspects of our procedures in more detail.

## Auditor declaration

In relation to the audit of the financial statements of North West Leicestershire District Council for the financial year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and North West Leicestershire, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

# Declaration of independence and objectivity (cont.)

## Non-audit work and independence

Below we have listed the non-audit work performed during 2016/17 and set out how we have considered and mitigated (where necessary) potential threats to our independence.

Summary of non-audit work		
Description of non-audit service	Estimated fee	Potential threat to auditor independence and associated safeguards in place
Pooling of Housing Capital Receipts claim 2015/16 (performed in 2016/17)	£3,000	<p><b>Self-interest:</b> This engagement is entirely separate from the audit through a separate contract. In addition, the statutory audit fee scale rates were set independently to KPMG by the PSAA. Therefore, the proposed engagement will have no perceived or actual impact on the audit team and the audit team resources that will be deployed to perform a robust and thorough audit.</p> <p><b>Self-review:</b> The nature of this work is auditing this grant claim. The Pooling of Capital Receipt claim has no impact on the main audit, and is completed after the audit was completed. Therefore this does not impact on our opinion and we do not consider that the outcome of this work threatens to our role as external auditors. Consequently we consider we have appropriately managed this threat.</p> <p><b>Management threat:</b> This work will be audit work only – all decisions will be made by the Authority.</p> <p><b>Familiarity:</b> This threat is limited given the scale, nature and timing of the work. The existence of the separate team for this work is the key safeguard.</p> <p><b>Advocacy:</b> We will not act as advocates for the Authority in any aspect of this work. We will draw on our experience in such roles to provide the Authority with a range of approaches but the scope of this work falls well short of any advocacy role.</p> <p><b>Intimidation:</b> not applicable</p>
<b>Total estimated fees</b>	<b>£3,000</b>	
<b>Total estimated fees as a percentage of the external audit fees</b>	<b>6%</b>	



## Appendix 6

# Audit fees

### Audit fees

As communicated to you in our External Audit Plan 2016/17, our scale fee for the audit is £50,522 plus VAT (£50,522 in 2015/16), which is consistent with the prior year. See table below for further detail.

Our work on the certification of Housing Benefits (BEN01) is not yet complete. The planned scale fee for this is £15,184 plus VAT (£9,128 in 2015/16). See further details below.

PSAA fee table,		
Component of audit	2016/17 (planned fee) £	2015/16 (actual fee) £
<b>Accounts opinion and use of resources work</b>		
PSAA scale fee set in 2015/16	50,522	50,522
Estimated additional work to conclude our opinions (note 1)	TBC	-
<b>Subtotal</b>	<b>50,522*</b>	<b>50,522</b>
<b>Housing benefits (BEN01) certification work</b>		
PSAA scale fee set in 2015/16 – planned for October 2017	15,184	9,128
<b>Total fee for the Authority</b>	<b>65,706*</b>	<b>59,650</b>

All fees are quoted exclusive of VAT.

#### Note 1: Accounts opinion and use of resources work

For 2016/17, we have discussed additional fee in relation to the work undertaken in respect of the CIES restatement with the Acting s151 Officer. We have also discussed additional fee relating to the delays and issues noted earlier in this report. This is still subject to final agreement and PSAA approval.

\*Total excludes this additional fee.



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**Financial Planning**

Please ask for: Tracy Ashe

Telephone: 01530 454707

Email: [tracy.ashe@nwleicestershire.gov.uk](mailto:tracy.ashe@nwleicestershire.gov.uk)

Date: 27 September 2017

Mr Tony Crawley  
KPMG LLP  
Chartered Accountants  
St. Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

27 September 2017

*Dear Mr Crawley*

This representation letter is provided in connection with your audit of the financial statements of North West Leicestershire District Council ("the Authority"), for the year ended 31 March 2017, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of the Authority's expenditure and income for the year then ended; and
- ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

These financial statements comprise of the Authority's Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Expenditure and Funding Analysis, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the Collection Fund and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

## **Financial statements**

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015, for the preparation of financial statements that:
  - i. give a true and fair view of the financial position of the Authority as at 31 March 2017 and of the Authority's expenditure and income for the year then ended; and
  - ii. have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

## **Information provided**

4. The Authority has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Authority for the purpose of the audit; and
  - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Authority confirms the following:
  - i) The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Authority has disclosed to you all information in relation to:

- a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

7. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
8. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.
10. The Authority confirms that:
  - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view.
  - b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority to continue as a going concern.
11. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (revised) *Employee Benefits*.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
  - statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and

- approved or unapproved,

have been identified and properly accounted for; and

- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit and Governance Committee on 27 September 2017.

Yours faithfully,

Chair of the Audit and Governance Committee

Acting S151 Officer

## **Appendix to the Authority Representation Letter of North West Leicestershire District Council: Definitions**

### **Financial Statements**

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- An Expenditure and Funding Analysis for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

## **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

## **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or



- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control, joint control or significant influence over the reporting entity; and
- b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL****AUDIT AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017**

Title of report	<b>ANNUAL GOVERNANCE STATEMENT 2016/17</b>
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Interim Director of Resources 01530 454833 <a href="mailto:Andrew.hunkin@nwleicestershire.gov.uk">Andrew.hunkin@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	To present the Annual Governance Statement 2016/17 for consideration and approval.
Reason for Decision	To ensure that members of the Committee have considered the Council's governance during 2016/17 and agreed the report.
Council Priorities	Value For Money
Implications:	
Financial/Staff	Not Applicable
Link to relevant CAT	Could impact on all CATs.
Risk Management	Failure to produce an accurate and comprehensive AGS could result in adverse comment from the External Auditor and failure to comply with current guidance.
Equalities Impact Screening	Not Applicable
Human Rights	Not Applicable
Transformational Government	Not Applicable
Consultees	None
Background papers	None
Recommendations	<b>THAT COMMITTEE MEMBERS APPROVE THE ANNUAL GOVERNANCE STATEMENT (AS ATTACHED TO THIS REPORT AT APPENDIX A)</b>

## **1.0 BACKGROUND**

- 1.1 An Annual Governance Statement (AGS) is a requisite part of the annual review of corporate governance. Good practice dictates that an AGS is published alongside the statement of accounts, but is considered in its own right.
- 1.2 The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue annually joint guidance on corporate governance, which encourages Local Authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.3 The CIPFA/SOLACE guidance outlines seven core principles for good governance, with a number of supporting principles. These seven principles are:

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

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

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

Core Principle D: Determining the interventions necessary to optimise the

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it  
achievement of the intended outcomes

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

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

## **2.0 REVIEW OF EFFECTIVENESS**

- 2.1 A new approach in developing the AGS has been taken for the 2016/17 year. This has included a line by line assessment of the Council's governance framework against the CIPFA/SOLACE guidance to arrive at an assessment score of either:

Good - Good governance exists and there are no improvements required

Fair – Satisfactory governance exists but improvements are required to meet good governance

Poor – Significant issues with governance exists which need addressing

- 2.2 The review is documented with details of evidence listed in support of the AGS.

## **3.0 THE ANNUAL GOVERNANCE STATEMENT**

- 3.1 The Annual Governance Statement is subject to audit and requires final approval from this Committee.
- 3.2 The Council's governance framework is summarised in Section 3 of the AGS, and was in place throughout 2016/17.

- 3.3 Section 4 of the AGS summarises the Council's governance framework and structure.
- 3.4 Section 5 details the responsibility for undertaking a review of governance.
- 3.5 Section 6 summarises the new review process that has been undertaken to review the effectiveness of the Council's governance, including details of any significant issues or areas for improvement which have arisen from the review of effectiveness, and proposals for addressing them.
- 3.6 There were no significant issues identified for 2016/17, however a number of areas for improvement were identified and summarised in Table 1 (page 10).
- 3.7 Evidence gathered throughout the review is detailed as an appendix to the AGS statement. Progress against improvement areas will be reported to the Audit and Governance Committee at regular intervals and the AGS of future years will report on the progress/completion of improvements areas or significant issues from the prior period.
- 3.8 The Council's external auditors, KPMG, have reviewed the AGS and confirmed that it complies with the CIPFA/SOLACE framework and that it is not misleading or inconsistent with any other information they are aware of from their audit of the financial statements.
- 3.9 After this Committee gives its approval to the AGS it will be signed by the Leader of the Council and the Chief Executive.

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# Annual Governance Statement 2016 - 2017

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## **1. Background and Scope of Responsibility**

North West Leicestershire 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, properly accounted for and used economically, efficiently and effectively. In addition, the Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

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

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016. A copy of the Code is available on our website at [http://www.nwleics.gov.uk/pages/corporate\\_policies](http://www.nwleics.gov.uk/pages/corporate_policies) or can be obtained from the Council Offices in Coalville upon request.

This Statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement. The Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.

## **2. The Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values, by which the authority is controlled and directs its activities and 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 Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood 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 for the year ended 31 March 2017, and up to the date of the approval of the Statement of Accounts.

## **3. The Governance Framework**

The Council's vision is set out in the Council Delivery Plan. The plan which was adopted by Council on 22 March 2016 includes our Vision, Priorities and Values for the District.

'North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home' is the Vision for North West Leicestershire, as set out in the CDP.

The Council's priorities reflect the overall vision and are detailed in a series of critical activities which are incorporated into annual departmental team business plans and the Medium Term Financial Strategy.

The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

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

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. Accordingly, the Council has a Members' Code of Conduct, Planning Code of Conduct, Licensing Code of Conduct and Citizens' Rights which are all set out in the Constitution. These are regularly reviewed to take account of the latest legislation and guidance, the last review of these codes being completed in March 2016 as part of the annual update of the Council's Constitution.

The Constitution contains a section on the "Principles of Decision Making", and non-compliance is a ground for "call-in" of Cabinet decisions by the Policy Development Group.

During 2016/17 the Audit & Governance Committee had a pro-active work programme and each meeting of the Committee received a report from the Monitoring Officer on complaints about members under the code of conduct and the ethical indicators report.

The Council has robust arrangements for monitoring compliance with the Member Code of Conduct (including gifts and hospitality). The Officer Register of Gifts and Hospitality received its six monthly checks by the Monitoring Officer. Members are responsible for ensuring their register of interests is kept up to date. The Monitoring Officer and her staff provide training, advice and guidance to members in completing their register of interests forms and on the implications of their interests on decision making.

The Head of Paid Service, Acting Section 151 Officer and Monitoring Officer are part of the Corporate Leadership Team to ensure a consistent approach to governance at a strategic level. Their work includes monitoring compliance with standards of conduct across the Council, including both Officers and Members, and horizon scanning.

The Council's Whistle Blowing Policy includes Members, contractors, suppliers and service providers and people working in partnership with the Council (e.g. volunteers). All reports received under the policy are investigated thoroughly.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The "Monitoring Officer" function is carried out by the Head of Legal and Support Services who reports to the Interim Director of Resources. The Legal Team Manager who has

responsibility for legal matters and is also the “Deputy Monitoring Officer”, reports to the Head of Legal and Support Services.

#### Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. The Human Resources Team Manager, who is responsible for all HR matters reports to the Chief Executive. The Head of Paid Service can delegate this function during their absence.

#### Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit and Governance Committee whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Acting Section 151 Officer and the Senior Auditor. Arrangements are in place for the Senior Auditor to report independently to the Audit Committee should he/she feel it appropriate to do so.

#### Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Acting Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Human Resources Team Manager who facilitates the management and mitigation of risk and the Senior Auditor who provides assurance on matters of internal financial control. All reports delivered to Council, Cabinet and other Committees are subject to checking by the statutory officers.

There is an in-house, Lexcel accredited legal team. Lexcel is the Law Society’s legal practice quality mark for excellence in legal practice management and excellence in client care. The Legal Team work closely with all teams across the council providing risk based advice.

The Human Resources function uses appraisals and other performance driven and developmental processes ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

#### Whistle-blowing and for receiving and investigating complaints from the public

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing policy was approved by Audit and Governance Committee on 25 March 2015. Staff are aware of the Whistle Blowing policy through the I-Net (Council intranet) and as an integral part of their induction.

There is also a well established and responsive complaints procedure to deal with both informal and formal complaints from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to Heads of Service and the Corporate Leadership Team.

## **Principle B. Ensuring openness and comprehensive stakeholder engagement**

At the heart of the Council's strategic planning process is the Council Delivery Plan (CDP), annual Team Business Plans and Medium Term Financial Strategy (MTFS). The Council's CDP has been developed in line with the Council's strategic aims and was updated and adopted by Council on 21 March 2017 for 2017/20. The MTFS 2017/18 to 2019/20 was approved by Cabinet on 11 October 2016.

Our Communications Strategy sets out who we communicate with, and why and how we do it. The Council uses various means to communicate key messages to staff and members of the public, such as the weekly NWL News and the Chief Executive's road shows for staff, and increased use of the internet and Social Media for the public.

The Council has adopted a consultation framework which involves staff at all levels and a formal, regular mechanism of meetings with representatives and officials from the recognised Trade Unions is in place.

The Council's scrutiny arrangements are designed to ensure that key elements were externally scrutinised and involve all sections of the community and stakeholders as necessary.

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

### Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail.

### Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council is a partner in the Leicestershire, Leicester and Rutland Resilience Partnership (LRIP). All Councils at Unitary, District and Borough levels are members of the Partnership to bring together emergency management resources to prepare for and respond to civil emergencies within the Leicester, Leicestershire and Rutland area. The HR Manager is the Council's representative on the LRIP Management Board.

The Council has over recent years invested considerably to promote the economic development and regeneration of Coalville through the Building Confidence in Coalville project.

## **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome**

The Council Delivery Plan and our Medium Term Financial Strategy detail how we have planned all our resources, both financial and staffing to deliver against our priorities.

The Council's performance management arrangements include the Business Planning process across all of the Council's aims and objectives to better align activities, improvements and resources. A set of clear and consistent Team Business Plans was developed this year. Teams were able to plan for a single year or for the 3 year period to match the CDP. All plans are monitored throughout the year by management on a monthly basis and reported to Cabinet publicly on a quarterly basis using a traffic light system to facilitate robust member challenge. After the month end, enabling managers to respond to issues in a timely manner, profiled financial monitoring reports which also project the outturn are reviewed by all budget holders on a monthly basis. Similarly, financial performance is reported to Cabinet on a quarterly basis.

## **Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.**

The Council's "BEE Valued" programme includes rigorous recruitment and selection, performance management and staff development processes.

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skills sets to fulfil their strategic role in the organisation. A comprehensive induction programme exists for both Members and Officers which has been developed to deal with all relevant core issues. The Council is committed to creating an environment where elected Members' skills can develop and thrive with regular courses being delivered.

An annual development review is undertaken for all officers, which includes the identification of training and development needs, which are then considered and built into a service level and corporate training programme where appropriate.

The end of 2016/17 marks a new beginning for North West Leicestershire District Council with the appointments of a new Chief Executive and Acting S151 Officer.

## **Principle F – Managing risks and performance through robust internal control and strong public management**

The Policy Development Group carries out the Council's Scrutiny function. The Council maintains an Executive Decision Notice of key decisions to maximise transparency and consultation. The writing of formal reports follows a prescribed procedure which requires the completion of a number of procedural requirements for content including Statutory Officer checks for legality, budgetary compliance, rationale, etc. Reasons for all decisions must be given and these are recorded in the minutes.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias.

The Audit & Governance Committee undertook the functions of an audit committee as identified by CIPFA Guidance. It received reports and presentations from the External Auditor and is independent of Cabinet.

The Council has a customer feedback complaints system and this information is used to improve service delivery and customer satisfaction.

The Council has a Risk Management Strategy and maintains and reviews its strategic risk register on a quarterly basis. The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan and the Service Planning process and Risk Management is an integral part of the Council's performance management arrangements.

As part of the Council's Corporate Project Management Framework, all major projects have their own risk log and all reports going to Members include the risk implications associated with the decision Members are being asked to make. The corporate project toolkit has been reviewed in 2017 to improve its accessibility and use by managers. A risk based approach has been taken to the production of the toolkit and compliance with the strict requirements of project management methodology depending on, inter alia, size, value and reputational factors.

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2015/16.

The Council's 2016/17 Treasury Management Strategy was approved by Council in February 2016, and risks are fully evaluated as part of this strategy.

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

#### Ensuring the Authority's Financial Management Arrangements Conform With the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)

For most of 2016, the Head of Finance was absent from the organisation, leaving in September 2016. As a result the Acting S151 Officer fulfilled this role for part of 2015/16 and for the full 2016/17 financial year. The Council's financial management arrangements during this time have continued to conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

#### Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Senior Auditor reports directly to the Council's Audit and Governance Committee on all matters appertaining to audit outcomes.

## **4. The Council's governance framework**

### **Role of the Council**

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework. The 'Call-in' provisions found within the Constitution provide members of the Policy Development Group with a mechanism to scrutinise decisions of Cabinet where they feel that they have been taken outside the budget and policy framework.

The Council's statutory officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal & Support Services) and Acting S151 Officer (Financial Planning Team Manager) fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and legislative requirements, and that financial budgets are set appropriately and are monitored regularly. The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). Although there was not a Head of Finance, S151 Officer in post the function was fulfilled during the 2016/17 year by the Deputy S151 Officer acting up.

The Constitution of the Council is subject to a continuous review process which sets out matters reserved to Council, Cabinet and Committees for decision, all other decisions are delegated to officers. The Constitution has undergone a revision this year and the new version, which was actively reviewed by Members, was approved by Council on 22 March 2016.

The Council formally reviews its Financial Regulations on a regular basis albeit on-going updates are implemented as part of the regular reviews of the Constitution.

### **Role of Cabinet**

The Cabinet has responsibility for all executive functions and for making recommendations to Council within the Budget and Policy Framework. Its remit is clearly set out in the Constitution and it plays a major role in reviewing key aspects of overall service delivery, including monitoring its effectiveness and related governance issues.

### **Role of Audit and Governance Committee**

The Audit and Governance Committee which meets the external auditor to discuss findings in the Annual Audit Management Letter and reports and was responsible for ensuring that the Council's systems for internal control were sound by reviewing control mechanisms, and guidelines (both internal and external) as well as adherence to these; ensuring continued probity and good governance of the Council's operations.

### **Role of Policy and Development Group**

The Policy Development Group carries out the Council's Scrutiny function. The Policy and Development Group can "call in" a decision which has been made by the Cabinet but not yet implemented, to enable them to consider whether the decision is appropriate.

The Constitution contains a section on the “Principles of Decision Making”, and non-compliance with one or more of those principles is a ground for “call-in” by the Policy Development Group.

### **Risk Management**

The overall objective of the Council’s risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council’s ability to pursue its approved delivery plan”

The Risk Management Strategy was updated and approved by Cabinet on 29 July 2014 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and approved at both Corporate Leadership Team and by Elected Members. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process

The Corporate Risk Group is represented by each of the Council’s services. The CRG will identify new risks and review the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Cabinet as part of the quarterly Performance Management Report.

### **Role of Internal Audit**

The Internal Audit service is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual work plan, progress against which is reviewed each quarter by the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service as well as the Acting S151 Officer and Monitoring Officer. The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation. . Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance on a quarterly basis throughout the year. The Internal Audit Annual Report 2016/17 was considered by the Audit and Governance Committee on 21<sup>st</sup> June 2017. The opinion overall, based on all Internal Audit work during the year, was a Grade 2 which means that internal controls require improvement in some areas. This is a positive opinion and no Grade 3 audit reports were issued during 2016/17.



## **5. Effectiveness**

### **Review of Effectiveness**

The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers and directors within the Council who have responsibility for the development and maintenance of the internal control environment, the Internal Audit Annual Report, the work of the Audit & Governance Committee plus the comments of external auditors and other review agencies and inspectorates.

## **6. Assurance**

### **Assurance Review**

An assurance review was undertaken in respect of the 2016/17 year with evidence identified to support where the Council meets the CIPFA/SOLACE guidance. No significant governance issues were identified, however a number of improvement areas have been identified for 2016/17.

The Assurance Review and Evidence document lays out the evidence in support of the Council's Annual Governance Statement and includes an assurance score, with any significant governance issues and/or improvement areas identified.

This document will, in future years, also look back at any identified significant governance issues and/or improvement areas relating to the previous year and provide an update, although 2016/17 forms the first year of this in depth review.

There were no issues identified in 2015/16.

In terms of specific assurance, the Council has considered its position in relation to Council owned housing stock following the recent catastrophe at Grenfell Tower. The Council, having checked records, has confirmed that there are no high rise blocks within the Council's ownership or buildings with cladding or external wall insulation that do not meet fire safety regulations.

The table overleaf is an extract from the Assurance Review and Evidence document and includes details of the improvement areas identified. Please note that due to the cross-cutting themes of the CIPFA/SOLCAE framework, some improvements are repeated against the different principles.

Where appropriate, improvements will be included in the Council Delivery Plan.

(For full details on the assessment, evidence and identification of improvement areas please refer to the Assurance Review and Evidence document).

**Table 1 – Areas of improvement identified during 2016/17**

CIPFA/SOLACE Principle	Improvement
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	Review of Equality policy.
	Currently the Acting S151 Officer is fulfilling Statutory Officer duties in line with CIPFA's <i>Statement on the Role of the Chief Financial Officer in Local Government</i> (CIPFA, 2015). Formal arrangements will be put in place with regards to the S151 Officer role.
	Review approach to consultation (see principle B).
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>	Development of a Communications Strategy to support key Communications policies.
	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D).
	Review approach to consultation, including the need for processes to be structured to improve inclusion with varying methods used to gather views from different stakeholder groups.  Development of a Communications Strategy to support key Communications policies.
<b>Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	MTFS to be extended over longer time period in order for Members to be making informed decisions regarding future years.
	Review approach to consultation (as above).
	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D).
	Review of Strategic and Financial Planning timetables to be undertaken to allow for better alignment for 2018/19 planning.
	MTFS to be extended over longer time period in order for Members to be making informed decisions regarding future years (as above).  Develop Commercial and Sustainability strategy to support MTFS, to include approach to partnerships.
	Implement longer term revenue planning from 2018/19 budget planning.
<b>Principle E : Developing the entity's capacity, including the</b>	Review approach to consultation (as above)
	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see

<b>capability of its leadership and the individuals within it</b>	principle D)
	Update People Plan following appointment of new Chief Executive
	Review approach to consultation (as above).
<b>Core Principle F : Managing risks and performance through robust internal control and strong public financial management</b>	Ensure the Audit and Governance Committee review risks on a regular basis.
	Review the Council's approach to and appetite for risk and the associated Risk Management strategy and policy.
	Development of performance management system to be more intuitive and less administratively burdensome.
	Risks to be reported to Audit and Governance Committee twice per year for review.
	Training for Audit Committee members, development of active Audit Committee participation.
	Develop new financial model to achieve balance between budget holders and finance team in respect of responsibilities.
<b>Core Principle G : Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	Evidence used for assessment of governance to be documented and made available to users of financial statements
	Review opportunities to undertake peer governance review.

## 7. Overall opinion and conclusion

### Conclusion

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

## 8. Statement of Leader and Chief Executive

*We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Corporate Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.*

Signed \_\_\_\_\_

Councillor Richard Blunt

Leader of the Council

27 September 2017

Signed \_\_\_\_\_

Bev Smith

Chief Executive

27 September 2017

## **Annual Governance Statement**

### **Assurance Review**

**August 2017**

**Assurance and evidence in support of the Council's annual governance statement**

**Assessment Score:**

**Good – Good governance exists and there are no improvements required**

**Fair – Satisfactory governance exists but improvements are required to meet good governance**

**Poor – Significant issues with governance exist which needs addressing**

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

<b>Supporting Principle 1: Behaving with Integrity</b>				
<b>Requirement of local authorities to:</b>	<b>Assessment</b>	<b>Evidence</b>	<b>Significant Issues</b>	<b>Areas for Improvement</b>
1 Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	Good	Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules) Council, Cabinet, Committees Service policies Complaints procedure Head of Paid Service, Monitoring Officer and s151 Officer HR policies and procedures Anti-fraud and corruption policy, which includes whistle-blowing and other countering fraud arrangements Staff and member training including mandatory training for planning and licensing and appeals committees Induction for new members and staff. Codes of conduct BEE valued appraisal system. Standards and Ethics report taken to Audit and Governance Committee quarterly Corporate Leadership Team and extended Corporate management Team. External Audit reports Internal Audit reports	None.	None.
2 Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Good	Council Delivery Plan Council's values as set out in the Council Delivery Plan	None.	None.

3 Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Good	Council leadership (Leader of the Council and portfolio holders) Declarations of interest noted. Up-to-date register of gifts and hospitality.	None.	None.
4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Good	Anti-fraud and corruption policy, register of interests and annual declaration of related parties. Whistle blowing policy which staff are aware of. Anti-fraud and corruption audit undertaken in 2016/17 identified a number of improvements required which are timetabled in an action plan. Complaints policy well established and continually reviewed, improved and reported on. Members and officers code of conduct refers to a requirement to declare interests Minutes show declarations of interest were sought and appropriate declarations made.	None.	None.

<b>Supporting Principle 2: Demonstrating strong commitment to ethical values</b>				
<b>Requirement of local authorities to:</b>	<b>Assessment</b>	<b>Evidence</b>	<b>Significant Issues</b>	<b>Areas for Improvement</b>
1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Good	Values embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to Audit and Governance Committee quarterly.	None.	None.
2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Good	Values embedded into induction process for officers and members and appraisals for staff.	None.	None.
3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Fair	Appraisal process built upon values of the Council. Equality Policy in place, but requires review as existing policy does not	None.	Review of Equality Policy.



		satisfy equalities obligations or reflect changes in legislation (i.e. do not fulfil publish information requirements).		
4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Good	Key partnerships have mechanisms in place to define role and scope of partners.	None.	None.

<b>Supporting Principle 3: Respecting the rule of law</b>				
<b>Requirement of local authorities to:</b>	<b>Assessment</b>	<b>Evidence</b>	<b>Significant Issues</b>	<b>Areas for Improvement</b>
1. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Good	Constitution is adhered to and reviewed regularly. Statutory provisions are adhered to. Head of Paid Service, Monitoring Officer and s151 Officer	None.	None.
2. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Fair	Job descriptions and roles of statutory officers are well defined and understood by the organisation. Structure of the CLT ensures statutory officers are included in key decision making. S151 duties fulfilled in line with CIPFA's <i>Statement on the Role of the Chief Financial Officer in Local Government</i> (CIPFA, 2016) by Deputy S151 Officer.	None.	Currently the Deputy S151 Officer is fulfilling Statutory Officer duties in line with CIPFA's <i>Statement on the Role of the Chief Financial Officer in Local Government</i> (CIPFA, 2016). Formal arrangements will be put in place with regards to the S151 Officer role.

3. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Good	Arrangements in place for legal advice and recording of advice. All reports requiring a decision are considered by Finance, Legal and HR staff before being considered by the relevant decision making forum	None.	None.
4. Dealing with breaches of legal and regulatory provisions effectively	Good	Proper arrangements in place for legal advice and recording of advice, Monitoring Officer referenced to give advice and ensure Council's operates within the law at all times.	None.	None.
5. Ensuring corruption and misuse of power are dealt with effectively	Good.	Whistleblowing policy, anti-fraud & corruption policy Call-in arrangements	None.	None.

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

Supporting Principle 1: Openness				
Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Good	Council Delivery Plan and Annual Report FOI requests actively responded to, website, online publishing of expenditure. Anti-fraud and corruption audit undertaken in 2016/17 identified a number of improvements required which are timetabled in an action plan.	None.	None.
2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Good	Record of decision making and supporting materials Standard report format used. The Council's governance framework aims to ensure it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner; and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively	None.	None.
3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Good	Decisions well documented with supporting information and advice included. Forward Plan detailing report publication on a timely basis. Calendar of dates for submitting, publishing and distributing timely reports is adhered to Council, Cabinet and committee meetings are normally open to the public The conduct of business is defined by	None.	None.

		formal procedures and rules that are set out in the Constitution.		
4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	Fair	Customer and staff satisfaction surveys carried out regularly. Consultation exercise carried out periodically. However a Council policy for consultations does not exist.	None.	Review approach to consultation (see principle B, supporting principle 3).

<b>Supporting Principle 2: Engaging comprehensively with institutional stakeholders</b>				
<b>Requirement of local authorities to:</b>	<b>Assessment</b>	<b>Evidence</b>	<b>Significant Issues</b>	<b>Areas for Improvement</b>
1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Fair	Formal and informal partnerships in place.	None.	
2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Fair	Partnership working across the authority is strong in some areas but needs to be embedded across the Council. Service Level Agreements. Partnership agreements exist.	None.	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D, supporting principle 2)
3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	Fair	As above, good, strong partnerships exists in some areas. Partnership agreements exist. Partnership framework to be developed.	None.	

**Supporting Principle 3: Engaging stakeholders effectively, including individual citizens and service users**

<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	Fair	Council regularly consult on major changes to service e.g. annual budget consultation, customer satisfaction survey.	None.	Review approach to consultation, including the need for processes to be structured to improve inclusion with varying methods used to gather views from different stakeholder groups.  Development of a Communications Strategy to support key Communications policies.
2. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Good	Communication policies in place. includes Internal, external, social media, intranet, style guide, corporate branding guide.	None.	
3. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	Fair	Communications policies. Council regularly consults on major changes to service e.g. annual budget consultation, customer satisfaction survey.	None.	
4. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	Fair	Council regularly consults and feedbacks on major changes to service e.g. annual budget consultation, customer satisfaction survey.	None.	
5. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Fair	Consultation processes established	None.	
6. Taking account of the interests of future generations of tax payers and service users	Fair	Use of relationships with academies to understand views of the younger generation.	None.	

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

<b>Supporting Principle 1: Defining outcomes</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1 Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	Good	The Council Delivery Plan defines the vision for the Council, including values and priorities. Service Plans are developed based on the Council Delivery Plan.	None.	None.
2 Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Good	Intended impacts set out in Council Delivery Plan	None.	None.
3 Delivering defined outcomes on a sustainable basis within the resources that will be available	Good	Team Business Plans developed for each service area.  Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.	None.	None.
4 Identifying and managing risks to the achievement of outcomes	Good	Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.	None.	None.
5 Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	Good	Performance Indicators within Team Business Plans include agreed set of quality standard measures.	None.	None.

<b>Supporting Principle 2: Sustainable economic, social and environmental benefits</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Good	Capital Strategy in place. 5 year capital budget planning.	None.	None.
2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Fair	Record of decision making and supporting materials made available publicly on website. MTFS provides medium term view.	None.	MTFS to be extended over longer time period in order for Members to be making informed decisions regarding future years.
3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Fair	Elected members act in public interest. Record of decisions made available to public via website. Consultations on key projects with key groups.	None.	Review approach to consultation (as above).
4. Ensuring fair access to services	Good	Equalities Officer in post. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access.	None.	None.

**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

<b>Supporting Principle 1: Determining interventions</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	Good	All reports details options appraisals and risks associated with decisions.	None.	None.
2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Good	Car park strategy. MTFS.	None.	None.



**Supporting Principle 2: Planning interventions**

Requirement of local authorities to:		Assessment	Evidence	Significant Issues	Areas for Improvement
1.	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Good	calendar dates agreed in advance, reports published in a timely manner Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.	None.	None.
2.	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Fair	Consultation and engagement policies	None.	Review approach to consultation (as above).
3.	Considering and monitoring risks facing each partner when working collaboratively including shared risks	Fair	Strong partnerships exist in some areas. Partnership agreements exist. Partnership framework to be developed and linked to risk management strategy	None.	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D).
4.	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Good	Delegated responsibility in some areas. Constitution is flexible.	None.	None.
5.	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to	Good	KPIs established and approved for each service and included in Team Business Plans	None.	None.

	identify how the performance of services and projects is to be measured				
6.	Ensuring capacity exists to generate the information required to review service quality regularly	Good	Performance is included to give context for decisions to be made where necessary	None.	None.
7.	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	Fair	CDP and Team Business Planning timetable currently not in sync with financial planning timetable.	None.	Review of Strategic and Financial Planning timetables to be undertaken to allow for better alignment for 2018/19 planning
8.	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Fair	Medium Term Financial Plan in place via MTFS for 3 year period from 2017/18. 35 year HRA Business Plan cash flow model.	None.	MTFS to be extended over longer time period in order for Members to be making informed decisions regarding future years.  Develop Commercial and Sustainability strategy to support MTFS, to include approach to partnerships.

<b>Supporting Principle 3: Optimising achievement of intended outcomes</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Good	MTFS and budget formulated with strategic view of service priorities and involvement of Members and CLT.	None.	None.
2. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Fair	5 year Capital budget planning. Revenue currently only planned 1 year at a time. MTFS focuses on 3 year medium term.	None.	Implement longer term revenue planning from 2018/19 budget planning.
3. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Good	Financial summary of MTFS updated annually or more frequently if information is received warrants an update.	None.	None.
4. Ensuring the achievement of 'social value' through service planning and commissioning.	Good	Social value considered through procurement processes. I.e. new build council housing.	None.	None.

**Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

**Supporting Principle 1: Developing the entity’s capacity**

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<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Good	Reviews of structures, ways of working and performance carried out as necessary. Interim Property Services team establishing an asset register so that strategy can be developed.	None.	None.
2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently	Good	Services encouraged to make use of APSE benchmarking subscription via Team Business Planning process.	None.	None.
3. Recognising the benefits of partnerships and collaborative working where added value can be achieved	Fair	Revenues and Benefits Partnership, Shared Internal Audit service. Strong partnerships exist in some areas. Partnership agreements exist. Partnership framework to be developed.	None.	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D).
4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Fair	People Plan.	None.	Update People Plan following appointment of new Chief Executive

**Supporting Principle 2: Developing the capability of the entity's leadership and other individuals**

<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Good	Regular Strategy Group meetings between the Leader, Deputy Leader, Chief Executive and Directors.	None.	None.
2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Good	Regular review of delegation and financial regulations. Constitution.	None.	None.
3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Good	Clear roles and responsibilities with CE's objectives set and monitored by Members. Regular 1:1's in place for Chief Executive.	None.	None.
4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>• ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are</li> </ul>	Good	Members trained as and when required. Formal induction process for new administration and new members.	None.	None.

<p>able to update their knowledge on a continuing basis</p> <ul style="list-style-type: none"> <li>ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul>				
5. Ensuring that there are structures in place to encourage public participation	Fair	Have your say, Tenant groups.	None.	Review approach to consultation (as above).
6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Good	Members performance monitored, Cabinet held to account by PDG and call-in arrangements.	None.	None.
7. Holding staff to account through regular performance reviews which take account of training or development needs	Good	Staff development plans linked to BEE appraisals	None.	None.
8. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Good	Discount on leisure facilities for staff. Careserve, 24 hours service providing advice and counselling service, family, personal, debt, workplace, home and health.	None.	None.

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

<b>Supporting Principle 1: Managing risk</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Fair	Risk Management system in place with regular monitoring at Team Manager/HoS level and CLT and Cabinet.	None.	Ensure Audit and Governance Committee are reviewing risks on a regular basis.
2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Fair	Risk management policy formally approved and adopted. Policy requires review	None.	Review the Council's approach to and appetite for risk and the associated Risk Management policy.
3. Ensuring that responsibilities for managing individual risks are clearly allocated	Good	Risk Management system in place with regular monitoring at Team Manager/HoS level and CLT and Cabinet. Each risk has an owner responsible.	None.	None.

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<b>Supporting Principle 2: Managing Performance</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Fair	Performance data held Team Business Plans currently Calendar of dates published and reporting dates adhered to.	None.	Development of performance management system to be more intuitive and less administratively burdensome.
2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Good	Information discussed at Cabinet pre-meet and Strategy Group as necessary.	None.	None.
3. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	Good	Scrutiny role established via Audit and Governance Committee and Policy Development Group. Meetings once per quarter and published in advance. Agendas and minutes published.	None.	None.
4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Good	Calendar of dates published and reporting dates adhered to	None.	None.
5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements )	Good	Standing orders in place. Approval reports separate from financial updates.	None.	None.



<b>Supporting Principle 3: Robust internal control</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Aligning the risk management strategy and policies on internal control with achieving the objectives	Good	Risk management strategy, audit plan and regular audit reports.	None.	None.
2. Evaluating and monitoring the authority's risk management and internal control on a regular basis	Fair	Risk management policy with risks reviewed regularly by CLT and Cabinet. Risks should be monitored by the Audit and Governance Committee but this has not happened since November 2015.	None.	Risks to be reported to Audit and Governance Committee twice per year for review.
3. Ensuring effective counter fraud and anti-corruption arrangements are in place	Good	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). Anti-fraud and anti-corruption policies in place. Anti-fraud and corruption audit undertaken in 2016/17 identified a number of improvements required which are timetabled in an action plan.	None.	None.
4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Good	Annual governance statement, internal audit arrangements adequate with internal audit actively involved in service improvement.	None.	None.
5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon	Fair	Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) Terms of Reference in place for Committee.	None.	Training for Audit and Governance Committee members, development of active Audit Committee participation.

<b>Supporting Principle 4: Managing Data</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Good	Policies in place for data management and data protection. Designated data protection officer. Information CAT in place to monitor safeguarding measures and lead strategy for the organisation supported by Information Champions in each department	None.	None.
2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Good	Data sharing agreements in place and data processing agreements where necessary.	None.	None.
3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Good	Regular internal audits carried out	None.	None.

**Supporting Principle 5: Strong public financial management**

<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Fair	Review of finance function during April 2017 identified some improvements in respect of support to service areas in respect of financial management.	None.	Develop new financial model to achieve balance between budget holders and finance team in respect of responsibilities.
2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Good	Budget monitoring reports and regular reviews	None.	None.

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

<b>Supporting Principle 1: Implementing good practice in transparency</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Good	Website user friendly, annual report, reports written in 'plain English'.	None.	None.
2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Good	Website user friendly, annual report, reports written in 'plain English'.	None.	None.

<b>Supporting Principle 2: Implementing good practices in reporting</b>				
<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Reporting at least annually on performance, value for money and the stewardship of its resources	Good	Council Annual report, Statement of Accounts. Regular customer satisfaction surveys with results published in Annual reports.	None.	None.
2. Ensuring members and senior management own the results	Good	Members and CLT approve reports	None.	None.
3. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Fair	Annual governance statement.	None.	Evidence used for assessment of governance to be documented and made available to users of financial statements.
4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Good	Annual governance statement, application of policies where NWLDC works in partnership with other organisations.	None.	None.
5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Good	Format follows best practice	None.	None.

**Supporting Principle 3: Assurance and effective accountability**

<i>Requirement of local authorities to:</i>	<i>Assessment</i>	<i>Evidence</i>	<i>Significant Issues</i>	<i>Areas for Improvement</i>
1. Ensuring that recommendations for corrective action made by external audit are acted upon	Good	Recommendations from external audit acted upon. Compliance of Internal Audit arrangements with the Public Sector Internal Audit Standards.	None.	None.
2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Good	Internal Audit report directly to Audit and Governance Committee. Recommendations from internal audit acted upon with internal audit being actively referenced to assist with service improvements. Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards.	None.	None.
3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Fair	Peer challenge and review welcomed, but not undertaken.	None.	Review opportunities to undertake peer governance review.
4. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Good	Strong partnership approach in place –e.g. the Revs and Bens Partnership	None.	None.
5. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Good	Strong partnership approach in place –e.g. the Revs and Bens Partnership	None.	None.

## **COUNCIL'S VISION**

North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home

North West Leicestershire District Council,  
Council Offices, Whitwick Road, Coalville,  
Leicestershire, LE67 3FJ.

This document is available in other formats on request

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL****AUDIT & GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017**

Title of report	<b>LOCAL CODE OF CORPORATE GOVERNANCE</b>
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Interim Director of Resources 01530 454833 <a href="mailto:andrew.hunkin@nwleicestershire.gov.uk">andrew.hunkin@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	For the Committee to consider and approve the Local Code of Corporate Governance.
Reason for Decision	To comply with the Accounts and Audit Regulations
Council Priorities	Value for Money
Implications:	
Financial/Staff	Not Applicable
Link to relevant CAT	Could impact on all CATs
Risk Management	Not Applicable
Equalities Impact Screening	Not Applicable
Human Rights	Not Applicable
Transformational Government	Not Applicable
Consultees	Corporate Leadership Team (CLT)
Background papers	None
Recommendations	<b>THAT THE COMMITTEE APPROVE THE LOCAL CODE OF CORPORATE GOVERNANCE</b>



## **1.0 BACKGROUND**

- 1.1 The Local Code of Corporate Governance describes the arrangements in place to ensure that the council conducts its business in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2 The Local Code for North West Leicestershire District Council was last reviewed and updated in 2009. Since then, The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have issued revised joint guidance on corporate governance, and the code presented in Appendix A reflects up to date guidance.
- 1.3 Following approval by the Audit and Governance Committee the code will be approved by Cabinet on 17 October 2017. The Code will then be made publicly available on the Council's website.

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CORPORATE GOVERNANCE**

**Local Code of Corporate Governance**

**1 INTRODUCTION**

- 1.1 Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which we are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.<sup>1</sup>
- 1.2 The Chartered Institute of Public Finance and Accountancy in association with SOLACE have published a new Framework entitled 'Delivering Good Governance in Local Government 2016'. The document defines the principles that should underpin the governance of each local government organisation and forms the basis of our Local Code of Corporate Governance.

**2 SUMMARY OF COMMITMENT**

- 2.1 By adopting this Local Code of Corporate Governance, we are responding to the CIPFA/SOLACE Joint Working Group Guidance and Framework entitled 'Delivering Good Governance in Local Government'.
- 2.2 In doing so we will:
- Accept the six core principles set out in section 3 below as the basis for our Corporate Governance arrangements.
  - Publish an Annual Governance Assurance Statement with the Council's Statement of Accounts.
  - Draw up Action Plans of improvements to our corporate governance arrangements, such plans to be monitored by the Audit and Governance Committee.

**3 FUNDAMENTAL PRINCIPLES OF CORPORATE GOVERNANCE**

- 3.1 Set out in this document is the Council's proposed updated Local Code of Corporate Governance which is based on the seven core principles adopted for local government from the report of the Independent Commission on Good Governance in Public Services. The seven principles being:-

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

Principle B – Ensuring openness and comprehensive stakeholder engagement

Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it

Principle F – Managing risks and performance through robust internal control and strong public financial management

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

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

The Council is committed to:

### **Behaving with Integrity**

- Ensuring members and officers behave with integrity and lead as a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
- Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (The Nolan Principles).
- Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure they are operating effectively.

### **Demonstrating strong commitment and ethical values**

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation

### **Respecting the rule of law**

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

## **Principle B – Ensuring openness and comprehensive stakeholder engagement**

The Council is committed to:

### **Openness**

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

### **Engaging comprehensively with institutional stakeholders**

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit

### **Engaging stakeholders effectively, including individual citizens and service users**

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the interests of future generations of tax payers and service users

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

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

The Council is committed to:

### **Defining outcomes**

- Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available

### **Sustainable economic, social and environmental benefits**

- Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

## **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes**

The Council is committed to:

### **Determining interventions**

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

### **Planning interventions**

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

### **Optimising achievement of intended outcomes**

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning.

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

## **Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

The Council is committed to:

### **Developing the entity’s capacity**

- Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

### **Developing the capability of the entity’s leadership and other individuals**

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority
- Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
  - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
  - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
  - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016



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

The Council is committed to:

### **Managing risk**

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

### **Managing performance**

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system)  
Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements )

### **Robust internal control**

- Aligning the risk management strategy and policies on internal control with achieving the objectives
- Evaluating and monitoring the authority's risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

### **Managing Data**

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

### **Strong public financial management**

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

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

The Council is committed to:

### **Implementing good practice in transparency**

- Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

### **Implementing good practice in reporting**

- Reporting at least annually on performance, value for money and the stewardship of its resources
- Ensuring members and senior management own the results
- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)
- Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations

### **Assurance and effective accountability**

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

#### **4 REVISIONS OF THE LOCAL CODE**

- 4.1 The contents of this Local Code will be reviewed when necessary usually on an annual basis.

NWLDC  
REVIEWED AND UPDATED – FEBRUARY 2008  
REVIEWED – JUNE 2009  
REVIEWED AND UPDATED – SEPTEMBER 2017

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<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## AUDIT &amp; GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017

Title of report	<b>ANNUAL STATEMENT OF ACCOUNTS 2016/17</b>
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Interim Director of Resources 01530 454833 <a href="mailto:andrew.hunkin@nwleicestershire.gov.uk">andrew.hunkin@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	For the Committee to consider and approve the Annual Statement of Accounts for 2016/17.
Reason for Decision	To comply with the Accounts and Audit Regulations
Council Priorities	Value for Money
Implications:	
Financial/Staff	No direct implications.
Link to relevant CAT	None
Risk Management	The presentation of audited accounts giving a true and fair view assists in maintaining the council's financial standing and reputation.
Equalities Impact Screening	No impact.
Human Rights	None identified.
Transformational Government	No direct implications.
Consultees	External Auditors (KPMG)
Background papers	Working papers held in the Financial Planning section.
Recommendations	<p><b>(A) THAT THE COMMITTEE APPROVES THE ANNUAL STATEMENT OF ACCOUNTS</b></p> <p><b>(B) THAT THE CHAIRMAN OF THE MEETING IS AUTHORISED TO SIGN THE ACCOUNTS AS APPROVED</b></p> <p><b>(C) TO DELEGATE AUTHORITY TO THE COMMITTEE CHAIRMAN AND (DEPUTY) SECTION 151 OFFICER TO APPROVE ANY MINOR NON MATERIAL AMENDMENTS, AS AGREED WITH THE AUDITOR, TO THE ACCOUNTS ON BEHALF OF THE COMMITTEE</b></p>

## 1.0 BACKGROUND

- 1.1 The accounts of local authorities in the United Kingdom are covered by the Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code'). This must be followed to meet the requirements of the Accounts and Audit Regulations to 'present a true and fair view' of the financial position of the authority.
- 1.2 The Code is based on International Financial Reporting Standards ('IFRS'), amended as necessary in respect of legislation governing local authorities, and as a result of these rules and guidance the layout of the accounts is effectively prescribed and contains:
- Narratives – this sets out the main points on Revenue and Capital.
  - Statement of Responsibilities – shows the responsibilities of the Council and Chief Financial Officer for these accounts.
  - Accounting Policies – technical explanation of main policies and assumptions used in preparing the accounts.
  - Movement in Reserves Statement – shows the movement in reserves during the year between usable and unusable reserves, and the actual change to the reserves after all adjustments.
  - Comprehensive Income & Expenditure Account (I&E) – costs of all functions and how they were financed
  - Balance Sheet – shows all the Council's assets and liabilities at the year end, both long and short term.
  - Cash Flow Statement – sets out the flow of cash into and out of the Council.
  - Notes to the Financial Statements – these explain in more detail the make up of the various amounts included in the above items.
  - HRA (Housing Revenue Account) Income & Expenditure Account – this shows income and expenditure regarding Council dwellings.
  - Collection Fund – sets out the transactions relating to the collection and distribution of Council Tax and National Non-Domestic Rates (NNDR), or Business Rates as they are more commonly known.
  - Special Expenses Accounts – summarises spending in the special expenses areas of the district with details of how this is paid for.
  - Auditor's Report – this is the report of the external auditors, the Audit Commission, on the accounts for the year.
- 1.3 The published Statement of Accounts should provide electors, those subject to locally levied taxes and charges, members of the authority, employees, other stakeholders and interested parties clear information about the authority's finances. In addition, in order to ensure that the Council is making the best use of its resources Councillors are encouraged to undertake a robust review of these accounts and make sure that any issues are fully debated and any queries answered.
- 1.4 Basic questions answered by the accounts should be:
- What did the authority's services cost in the year of account?
  - Where did the money come from?
  - What were the authority's assets and liabilities at the year-end?
- 1.5 The Statement must comply with the Code so that comparisons can be made across different authorities and for this reason it is essential that authorities define individual costs in line with the Service Reporting Code of Practice (SERCOP). There should also be good notes and explanations to the accounts to aid understanding and, although by nature a technical document, the notes should be concise and understandable.

1.6 This paper is aimed at going a step further than the definitive notes to the accounts and explaining the wider context of the document and the contents. Each of the major sections of the accounts is explained below and a Glossary of Terms is shown on page 76 of the Accounts.

## **2.0 MAIN CHANGES TO ACCOUNTS**

2.1 It is anticipated that the Statement of Accounts attached will be the final version without further changes being presented to the Committee for approval.

## **3.0 OTHER SECTIONS OF THE ACCOUNTS**

3.1 The Statement of Responsibilities on page 10 underlines the responsibility, conferred by law, on the Deputy Section 151 Officer for the proper administration of the financial affairs of the authority. The person presiding at the meeting approving the accounts must also sign this Statement. The Deputy S.151 Officer and also the auditors have to confirm that the accounts present a 'true and fair' view.

3.2 The Expenditure and Funding Analysis (page 23-24) is a new core statement incorporated into the annual accounts for 2016/17 as the first year. This allows a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

3.3 The Income & Expenditure Account (I&E) on page 25 and the Notes on pages 30 to 66, is one of the core documents in the Statement and reports the net cost for the year of all the functions of the Council and how these were financed. There are three distinct sections of this account.

3.4 The first section of the I&E on page 25 shows the costs of the authority's continuing operations, net of specific grants and income from fees and charges. This section combines the Housing Revenue Account with the General Fund activities and therefore represents information that is not shown elsewhere in the Council's financial reporting. This provides the Deficit in the Net Cost of Services of £13.954m.

3.5 The next section provides information on the income and expenditure relating to the council as a whole, i.e. these cannot be allocated to specific services, and shows how the Council's net expenditure was financed externally through Council Tax and General Government Grants and displays the gross Surplus on Provision of Services of £25.738m. Any gains and losses are then adjusted underneath this to give a Total Income & Expenditure Surplus of £42.201m. How this amount affects the council's reserves is then explained in the Movement in Reserves Statement on page 27.

3.6 The Balance Sheet (page 28 and corresponding notes on pages 30 to 66) is fundamental to the understanding of an authority's financial position at the year-end. It shows balances and reserves available and the authority's long-term indebtedness, together with the fixed and current assets employed in its operations.

3.7 The Assets and Liabilities include:

- Fixed Assets – As stated above these were revalued as at 31 March 2017 and 'Tangible' fixed assets are recorded in the Balance Sheet using the principles set out on pages 11 to 22.
- Intangible Fixed Assets – this comprises computer software and ancillary costs.
- A list of movements in assets is shown in Note 9 on pages 38 to 41.
- Long Term Debtors - represent mortgage loans owed to the Council from Right-to-Buy sales.



- Current Assets - are items that could be readily converted into cash and the order of these represents their convertibility.
  - Other Long Term Liabilities is mainly the Pensions Liability of £47.2528m – this large sum is calculated each year based on various parameters in accordance with IAS 19 and represents the difference in the scheme's assets compared to its liabilities. This is offset by a Pension Reserve in the final part of the balance sheet. The contributions to the scheme by both employees and the Council are targeted to eradicate any deficit over a period of 20 years.
- 3.8 Financing of the Assets less Liability is through various reserves and balances. This is more complicated in a local authority because there are no shareholder funds or proprietor's funds, as one would have in a commercial enterprise. These reserves are explained in the Movement in Reserves Statement on page 27. The Capital Adjustment Account represents the financing costs of the fixed assets used less the in-year costs of utilising those assets, for example depreciation and impairment. This reserve is not a resource available to the Council and represents assets already acquired.
- 3.9 The Consolidated Cash Flow Statement (Page 29) shows the significant elements of receipts and payments of cash by the authority in dealing with third parties.
- 3.10 The Housing Revenue Account (Pages 68 - 72) is a 'ring fenced' account, although included in the Income & Expenditure Account, is separate from the General Fund and the entries are prescribed in legislation.
- 3.11 The Collection Fund (Pages 73 and 74) is another account prescribed by statute and deals with the transactions relating to the collection of Council Tax and the payment of precepts out to the County Council, Combined Fire Authority and the Police, as well as to North West Leicestershire District Council. The account represents a quasi 'trust' account as the balance on the account is shared out between the preceptors in proportion to the precepts levied in the year of the sharing decision. Each year a decision is made in January to estimate the balance on the account and a deemed surplus, or deficit, is allocated to each of the preceptors.
- 3.12 The National Non-Domestic Rates are collected on behalf of the Government and precepting authorities as well as the District. The amount the District is due is estimated at the start of the year but changes to the business rates base including revaluations and appeals, affect the year end position.

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL****AUDIT AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017**

Title of report	<b>INTERNAL AUDIT PROGRESS REPORT – AUGUST 2017</b>
Contacts	<p>Councillor Nicholas Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Interim Director of Resources 01530 454833 <a href="mailto:andrew.hunkin@nwleicestershire.gov.uk">andrew.hunkin@nwleicestershire.gov.uk</a></p> <p>Audit Manager 01530 454728 <a href="mailto:lisa.marron@nwleicestershire.gov.uk">lisa.marron@nwleicestershire.gov.uk</a></p>
Purpose of report	To inform the Committee of progress against the Internal Audit plan for 2017/18 and to highlight any incidences of significant control failings or weaknesses that have been identified.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None.
Link to relevant CAT	None.
Risk Management	The Internal Audit planning process using a risk assessment based methodology.
Equalities Impact Assessment	Not Applicable.
Human Rights	None.
Transformational Government	Not Applicable
Consultees	None.
Background papers	Public Sector Internal Audit Standards 2017/18 Internal Audit Annual Audit Plan

**1.1 INTRODUCTION**

- 1.1 The Public Sector Internal Audit Standards require the authority's Audit Committee to approve the audit plan and monitor progress against it. They should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2017/18 Audit Plan on 22 March 2017. They receive progress reports quarterly.

**2. TERMS OF REFERENCE**

- 2.1 Section 3 of Part 3 of the Constitution sets out the Terms of Reference of the Audit and Governance Committee, as set out at the extract below:  
'To act as the Authority's Audit Committee, to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to be responsible for the financial reporting process.'
- 2.2 Particular statements in the Terms of Reference that refer to Internal Audit include:  
d) Approve (but not direct) Internal Audit's strategy and plans and monitor performance  
e) Review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary  
f) Receive the annual report of Internal Audit'.

**3. PROGRESS REPORT**

- 3.1 The Internal Audit Progress Report for the period 01 June 2017 to 31 August 2017 is attached at Appendix 1.



## **INTERNAL AUDIT SHARED SERVICE**

**North West Leicestershire District Council**

**Internal Audit Progress Report August 2017**

## **1. Introduction**

- 1.1 The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight the progress against the 2017/18 Internal Audit Plan up to 31 August 2017 and inform the Audit and Governance Committee of any significant control failings that have been identified through Internal Audit work.

## **2. Purpose of Internal Audit**

- 2.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment, and therefore contribute to the achievement of the organisation's objectives.
- 2.2 Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

## **3. Authority of Internal Audit**

- 3.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, the Internal Audit Charter and the Council's Constitution. The Financial Regulations, which are part of the Constitution, set out that 'Internal Audit has authority to:
- a) enter any Council owned or occupied premises or land at all times (subject to any legal restrictions outside the Council's control);
  - b) have access at all times to the Council's records, documents and correspondence;
  - c) require and receive such explanations from any employee or member of the Council as he or she deems necessary concerning any matter under examination; and
  - d) require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.
  - e) The Senior Auditor shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.

## **4 Responsibility of Internal Audit**

- 4.1 Internal Audit will have the responsibility to review, appraise and report as necessary on:
- a) the adequacy and effectiveness and application of internal controls and processes and systems;
  - b) the extent of compliance with Financial Regulations and Standing Orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
  - c) the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

## **5 Independence of Internal Audit**

- 5.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice. Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made.
- 5.2 If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to senior management and the Audit and Governance Committee.

## **6 Internal Audit Team Update**

- 6.1 Following a review by the NWLDC HR Team the Senior Auditor job title is now Audit Manager. The Audit Manager will be going on maternity leave in November and NWLDC are in the process of recruiting to cover this post.

## **7 Internal Audit Plan Update**

- 7.1 A progress report against the 2017/18 Internal Audit Plan is documented in Appendix A. The plan needs to be flexible in order to respond to current risks and resources. There have been several changes to the plan approved in March 2017 and details are documented in the 'comments' column in Appendix A.
- 7.2 Three final reports have been issued since the last update report, two are at the report drafting stage and three are in progress. The executive summaries for the final reports issued are included in Appendix B.
- 7.3 The S106 audit opinion was a grade 3 as in our opinion, internal controls require significant improvement. The main areas identified for improvement are:
- Provision of dedicated resource.
  - Procedure notes required for all aspects of the process.
  - Recording and monitoring of S106 agreements and conditions.
  - Calculation and monitoring of payment of invoices raised.
  - Accuracy and reconciliation of information held across the Council.

A number of recommendations have been made (detailed in Appendix C) to address the weaknesses. Internal Audit follow up work during September has found that progress has been made however some of the original target dates have been extended to take into account the time taken to properly research, decide and implement the most appropriate long term solution for the system to be used by NWLDC. At this point Internal Audit are not concerned about this and will continue to regularly review progress.

- 7.4 In addition to the assurance and advisory work carried out, Internal Audit has also led an investigation in the Housing Repairs Service which concluded in June 2017. Following this Internal Audit produced a report for senior management which detailed control weaknesses identified during the investigation and made a number of recommendations to address these. All recommendations were accepted and Internal Audit will formally follow these up in line with the timescales agreed in the report. A full audit of the Housing Repairs Service will be carried out in quarter four and the results will be reported back to Audit and Governance Committee.

## **8 Internal Audit Recommendations**

- 8.1 Internal Audit monitors and follows up all critical, high and medium priority recommendations. All outstanding recommendations are included in Appendix C for information. Recommendations that have been made and implemented in the reporting period are also included for information.

## **9 Internal Audit Performance Indicators**

- 9.1 Performance information for Internal Audit in relation to its team plan actions and performance indicators is documented in Appendix D.

## **10 Internal Audit Charter**

- 10.1 The Audit Manager has carried out the annual review of the Internal Audit Charter. The only changes necessary were to update job titles and the organisation structure chart therefore the Charter is not being presented again to this Committee (last presented 21<sup>st</sup> September 2016). The Charter is available on the intranet.

2017/18 AUDIT PLAN PROGRESS TO 31<sup>st</sup> AUGUST 2017

Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
<b>Housing</b>											
Choice Based Letting	Risk Based	5	-	Removed from plan							New system will not be implemented until much later in the year therefore include on 18/19 audit plan.
Gas/Solid Fuel Servicing and Maintenance	Risk Based	10		Scheduled for Q3							
Housing Management Support Service	Risk Based	4		Scheduled for Q2							
Housing Repairs	Risk Based	10		Scheduled for Q4							
New Council Houses	Risk Based	5		Scheduled for Q3							
Rent Accounting	Risk Based	6		Scheduled for Q3							
Right to Buy	Risk Based	5	8	Final Report Issued	Grade 2	-	1	3	3	-	
Housing ICT Review	Advisory	5		As required							
Housing Repairs	Advisory	10	1	As required							
<b>Community Services</b>											
Grounds Maintenance	Risk Based	6		Scheduled for Q3/Q4							
Hood Park Leisure Centre	Risk Based	6	0.5	In progress							
Hermitage Leisure Centre	Risk Based	6	0.5	In progress							
Planning Enforcement	Risk Based	6		Scheduled for Q3/Q4							
New Car Parking Machines	Advisory	2									
Disabled Facilities Grant Determination	Grant	3	-	Removed from plan							This work is no longer required as funding comes through LCC who sign off the determination.
<b>Planning</b>											
Development Control	Risk Based	6	6	Report drafting							
<b>Economic Development</b>											
Cultural Services	Risk Based	4	-	Removed from Plan							The Service is



Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
											currently going through an internal review therefore will consider the need for this audit in 2018/19.
Coalville Project	Advisory	2									
Business Focus Database	Advisory	1	0.5	Completed	N/A – advisory						
<b>Finance</b>											
ICT Assets	Risk Based	5	11	Report drafting							
Key Financial Systems	Risk Based	30	11	HR and Payroll Audit in progress							
Finance Service/Systems Review	Advisory	4	2.5	As required							

### KEY

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Audit Opinion

Grade	Definition
1	Internal controls are adequate in all important aspects
2	Internal controls require improvement in some areas
3	Internal controls require significant improvement
4	Internal controls are inadequate in all important aspects

### Recommendation Priority

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.

Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made,
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
Advisory	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## EXECUTIVE SUMMARY OF IN HOUSE INTERNAL AUDIT FINAL REPORTS ISSUED 01 JUNE 2017 – 31 AUGUST 2017

Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Main Areas for Improvement	Recommendations				
					C	H	M	L	A
<b>2016/17 Audits</b>									
14 – S106  118	Regeneration and Planning Portfolio Holder	Head of Planning and Regeneration  Planning Policy Team Manager	Grade 3	Provision of dedicated resource.  Procedure notes required for all aspects of the process.  Recording and monitoring of S106 agreements and conditions.  Calculation and monitoring of payment of invoices raised.  Accuracy and reconciliation of information held across the Council.	-	5	8	2	2
15 – Sundry Debtors	Corporate Portfolio Holder	Head of Transformation  Financial Services Team Manager	Grade 1	None.	-	-	-	1	-
<b>2017/18 Audits</b>									
1 – Right to Buy	Housing Portfolio Holder	Head of Housing  Housing Management Team Manager	Grade 2	The introduction of a Tenancy Fraud Policy outlining the Council's approach to dealing with fraud in this area.  Standard letters and the information issued to applicants.	-	1	3	3	-

See Appendix A for Key.

**RECOMMENDATIONS TRACKER – OUTSTANDING RECOMMENDATIONS**

Report	Recommendation	Rating	Officer Responsible	Target Date	Senior Auditor Comments		
<b>2016/17 Reports</b>							
11	Review of Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption	3	Consideration should be given as to whether the Council requires a strategy or action plan to supplement the Anti-Fraud and Corruption Policy.	Medium	Interim Head of Transformation	28.04.17	It has been decided to produce an action plan but this has not yet been produced.
		7	A review should be undertaken to confirm that the policy framework is satisfactory and policies are up to date. As part of this the need for a cyber security policy should be considered.	Medium	Interim Head of Transformation	26.05.17	A review has taken place with plans for a cyber security policy but this has not yet been produced. Internal Audit will follow up again in November.
119		8	As part of the decision as to whether or not an anti-fraud and corruption strategy is appropriate for the Council, the requirement to produce an annual report on the effectiveness of arrangements in connection with the management of fraud should be considered.	High	Interim Head of Transformation	26.05.17	It has been decided that an annual report will be produced for year ended 2017/18.
NA	Key ICT Controls Audit	3	ICT Management should document the new DR arrangements once they have been established e.g. into a formal DR Policy/Plan.  Once the new DR arrangements have been established regular DR tests should be planned and undertaken.	Medium	IT Manager	September 2017	Audit follow up will take place in October 2017

Report		Recommendation		Rating	Officer Responsible	Target Date	Senior Auditor Comments
		4	Consideration should be given to ensuring third parties who connect to the NWLDC network have signed up/ agreed to some form of Third Party Code of Connection.	Medium	IT Manager	August 2017	Draft agreement is being drawn up with the Legal team.
		6	Consideration should be given to implementing a capacity monitoring solution to prevent any system downtime as a result of capacity issues to enable any areas of concern to be addressed in a proactive manner.	Medium	IT Manager	September 2017	Audit follow up will take place in October 2017
		9	Consideration should be given to reviewing the password configurations for key IT applications to ensure that they are reasonable. Where a decision is made to allow for more relaxed password requirements any associated risks should be formally approved by Senior Management.	Medium	IT Manager, in conjunction with the Systems Administrators	July 2017	This work was not completed as at September follow up as it requires the input of systems administrators from across the Council– this will be followed up again in October.
14	S106	1	Responsibility for the recording and monitoring of S106 agreements should be formally assigned to an individual / team. In order to have a system that is fit for purpose consideration should be given to providing a dedicated resource that can focus on designing and implementing a system that can effectively manage this process.	High	Planning Policy Team Manager	July 2017	Implemented – temporary resources in place
120		2	The current guidance notes require further improvement to clearly show what should happen at each stage of the process and the individual / team responsible. There are a number of areas which would also benefit from having written procedures, as a minimum these should cover: <ul style="list-style-type: none"> <li>• Registering / recording of S106 agreements.</li> <li>• Monitoring of triggers and action</li> </ul>	Medium	Planning Policy Team Manager	August 2017	Partially implemented – some procedure notes have been produced however there are still some that need to be drafted. The service aim to do this by October 2017. Internal Audit will follow up in November 2017.

Report		Recommendation		Rating	Officer Responsible	Target Date	Senior Auditor Comments
			points. <ul style="list-style-type: none"> <li>• Raising invoices and monitoring of payment.</li> <li>• Grant applications and approval process.</li> <li>• Action to be taken when obligations not met.</li> </ul>				
		3	The date that the S106 agreement is input to the S106 database should be recorded. Consideration should be given as to how soon the S106 database should be updated following receipt of the S106 agreement and built into the procedure notes.	Low	Planning Policy Team Manager	August 2017	No formal follow up as low priority.
		4	For ease of future reference the Strong Room Register reference allocated to the S106 agreement should also be recorded on the S106 database.	Low	Planning Policy Team Manager	July 2017	No formal follow up as low priority.
121		5	The details from the S106 agreement entered onto the S106 database should be sufficient to enable effective monitoring of actions and triggers associated with the agreements.	High	Planning Policy Team Manager	September 2017	This will not be implemented by the target date as it is reliant on the chosen database/system to enable the effective monitoring to take place. Internal Audit will follow up in November 2017.
		6	Where checks are undertaken of the input of the S106 agreement these should ensure that all the required information has been input. Consideration should also be given as to whether the checking of input to the S106 database is actually necessary.	Medium	Planning Policy Team Manager	August 2017	Implemented – the checks are not considered necessary
		7	It may be worth considering whether the S106 database in its current format provides the most efficient way of recording and monitoring the system. As the expectation is ultimately to upload this	Advisory	Risk Accepted although Planning Policy Officer is reviewing all spreadsheets	Not applicable	It has now been decided that a new system/database will be required and work is being undertaken such as visits with other local authorities, to

Report		Recommendation	Rating	Officer Responsible	Target Date	Senior Auditor Comments
		document or a document reliant on the accuracy of this information to the NWLDC website it should be in a format that is clear and easily understood.				decide on the most appropriate solution.
		8 Planning Policy should give consideration as to how satisfied they are that the S106 database contains all of the agreements that it needs to and whether future reconciliations between the Strong Room Register and S106 database would be useful.	Advisory	Planning Policy Team Manager	Not applicable	-
		9 Where other departments retain records of S106 agreements for their own purposes regular liaison meetings should be held with the department and Planning Policy to ensure that information held by all parties agrees.	Medium	Planning Policy Team Manager	October 2017	Audit will follow up in November 2017.
122		10 Processes should be in place to effectively monitor S106 actions and trigger points so that the Council is proactive in invoicing developers rather than reactive. The offer from the Legal Services Team Manager to prepare a 'briefing note' to the Head of the Leicestershire Revenues and Benefits Partnership in relation providing information on the occupation dates of new properties should be acted on as soon as possible.	High	Legal Services Team Manager	September 2017	Audit will follow up in November 2017.
		11 The invoice in respect of the Off Site Affordable Housing monies due for Planning Ref: 12/00646/FULM should be raised as soon as possible.	High	Planning Policy Team Manager	June 2017	Implemented
		12 The cost of subscribing to RICS to obtain RICS BCIS indexation figures should be explored and a decision made as to whether the subscription should be obtained. If the RPI is to continue to be used for all future calculations Legal Services should be consulted to ensure that	High	Planning Policy Team Manager	June 2017	Implemented

Report		Recommendation		Rating	Officer Responsible	Target Date	Senior Auditor Comments
			S106 agreements reflect this.				
		13	When issuing invoices for payment of S106 obligations details of how the invoice has been calculated and the indexation used in the calculation should also be provided. The initial invoice calculations should be carried out by officers in Planning Policy with the role of the Senior Accountant being to check the calculations for accuracy.	Medium	Planning Policy Team Manager	August 2017	Implemented
		14	Officers in Planning Policy should be provided with access to the Debtors system to monitor payments made. Where access is already available to the Debtors system it should be confirmed that staff understand how to use this and where not that relevant training is sought.	Medium	Planning Policy Team Manager	August 2017	Implemented
123		15	Records should be maintained which show the intended recipient of S106 funding, amount due, purpose of funding and date which the funding is to be spent by. There should be a facility whereby the recipient is prompted of funding available on a periodic basis (this information should have been agreed first with the other Council departments that also hold information).	Medium	Planning Policy Team Manager	August 2017	This is being worked on but the original target date has not been met as it is reliant on the chosen database/system to be fully implemented. Internal Audit will follow up in November 2017.
		16	The Request to Release S106 Form should be reviewed to ensure it captures explicitly the reasons for approval or rejection.	Medium	Head of Planning and Regeneration	July 2017	This is being addressed as part of the procedures update and this element is outstanding. The service aim to do this by October 2017. Internal Audit will follow up in November 2017.
		17	Completed funding drawdown applications should be numbered and a record kept of their location should reference to these be required in the future.	Medium	Planning Policy Team Manager	July 2017	This is being worked on but the original target date has not been met. Internal Audit will follow up in November 2017.
15	Sundry Debtors	1	Where there are delays in the completion of Sundry Debtors reconciliations, the Senior	Low	Senior Exchequer	Implemented	-



Report		Recommendation		Rating	Officer Responsible	Target Date	Senior Auditor Comments
			Exchequer Services Officer should be made aware of these and the reason for the delay clearly documented on the reconciliation		Services Officer	immediately.	
<b>2017/18 Reports</b>							
1	Right to Buy	1	A Tenancy Fraud Policy should be drawn up which covers all types of Housing Tenancy Fraud (not just Right to Buy). The policy should clearly state the action to be taken should a fraud be identified.	High	Housing Management Team Manager	1st November 2017 (policy at draft stage) and final approved by 1st January 2018	Audit will follow up in December 2017.
		2	A risk assessment should be undertaken to determine the level of risk associated with Tenancy Fraud.	Medium	Housing Management Team Manager	1st November 2017	Audit will follow up in December 2017.
		3	On receipt of RTB1 applications these should be clearly date stamped to confirm when the application was received.	Medium	Senior Administration Officer, Housing Management	Already implemented	Implemented
124		4	As there is an expectation that RTB applications are acknowledged within 48 hours of receipt there should be a mechanism in place to monitor whether this is being achieved.	Low	Senior Administration Officer Housing Management	1 <sup>st</sup> September 2017	No formal follow up as low priority.
		5	In procuring the new Housing system the specification should include a module to allow the effective administration and performance management of RTB applications.	Low	Housing Management Team Manager	Apr-20	No formal follow up as low priority.
		6	Consideration should be given as to the benefits of producing an 'easy read' leaflet explaining the Right to Buy process.	Low	Recommendation not accepted with the following response provided "There is a standard easy to read DCLG leaflet that we can issue which does this. No need for a separate leaflet from us which we would need to update."	Not applicable	-

Report		Recommendation	Rating	Officer Responsible	Target Date	Senior Auditor Comments
		7 Standard letters should be reviewed and amended as appropriate.	Medium	Senior Administration Officer, Housing Management	1st September 2017	Audit will follow up in October 2017.

## Internal Audit Performance

## Performance Measures:

Performance Measure	2017/18 Quarter 2 Target	Position as at 31.08.17	Comments
Delivery of 2017/18 Audit Plan	40%	31%	Three audits in progress therefore should meet Q2 target.
Percentage of Client Satisfaction with the Internal Audit Service	100%	100%	
Compliance with the Internal Audit Standards	Full	No significant gaps in compliance	
Compliance testing of completed recommendations	90%	100%	

## Service Plan Actions:

Key Deliverables (Action)	Quarter 2 Milestone	Position as at 31.08.17
Review and update Health and Safety risk assessments to ensure risks to staff and customers are controlled.	Set action plan to implement improvements where necessary	Review completed 30.05.17 with no actions required.
Conduct self-assessment audit of all office areas and support activities of the Business Improvement Team.	Conduct Q2 self-assessment audit and report findings to Business Improvement Team	Q2 self-assessment not yet requested.
Complete audits as per risk based audit plan	Complete 40% of audit plan	31% completed with three audits in progress therefore should meet Q2 target.
Quarterly progress reports to Audit and Governance Committee	Progress report to Sep A&GC	On track for 27 <sup>th</sup> September Audit and Governance Committee.
Achievement of PSIAS action plan and associated Quality Assurance and Improvement Programme	Completion of any actions following review	No actions required.
Annual Audit Opinion delivered by 30 <sup>th</sup> June 2017 deadline.	N/A	Achieved in Q1.
Risk based annual audit plan for 2018/19 approved by 31 March 2018.	N/A	Not applicable.

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## AUDIT AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017

Title of Report	<b>TREASURY MANAGEMENT ACTIVITY REPORT – APRIL TO AUGUST 2017</b>
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Interim Director of Resources 01530 454833 <a href="mailto:andrew.hunkin@nwleicestershire.gov.uk">andrew.hunkin@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of Report	To inform Members of the Authority's Treasury Management activity undertaken during the period April to August 2017.
Reason for Decision	To ensure that Members are informed of the Authority's Treasury Management activity during the financial year and have the opportunity to scrutinise that activity.
Council Priorities	Value for Money
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government	<p>Interest earned on balances and interest paid on external debt, impact on the resources available to the Authority.</p> <p>Could impact upon all Corporate Action Teams.</p> <p>Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management Advisors (Arlingclose) to proffer expert advice.</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>
Consultees	None
Background Papers	<u><a href="#">Treasury Management Strategy Statement 2017/18 – Council Meeting 07 February 2017</a></u>
Recommendations	<b>THAT MEMBERS NOTE THE CONTENTS OF THIS REPORT.</b>

## 1.0 BACKGROUND

- 1.1 The Authority's Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the code"), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely financing and Investment activity.
- 1.2 Treasury Management is defined as "the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.3 The Authority's current Treasury Management Strategy Statement, including the Borrowing Strategy, Debt Rescheduling Strategy, Annual Investment Policy and Strategy, Interest Apportionment Policy, Prudential Indicators and Annual Minimum Revenue Position Statement were approved by Council on 07 February 2017.
- 1.4 The code requires that Authorities report on the performance of the Treasury Management function at least twice yearly (mid-year and at year end).
- 1.5 This is the first of three in-year reports to be presented relating to the 2017/18 year, to inform Members of the Authority's treasury activity and enable scrutiny of activity and performance. These reports supplement the annual Treasury Stewardship Report, which will be presented to this Committee and Cabinet as soon as possible after the end of the financial year.

## 2.0 SCOPE

- 2.1 This report:
  - a) Has been prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code;
  - b) Presents details of capital financing, borrowing, debt rescheduling and investment transactions;
  - c) Gives details of the treasury management transactions for the period April to August 2017;
  - d) Reports on breaches of or compliance with treasury limits and Prudential Indicators.

## 3.0 THE U.K. ECONOMY AND OTHER FACTORS

- 3.1 The following economic update has been supplied by the Authority's treasury advisors Arling Close:

**Growth, Inflation and Employment:** UK Consumer Price Inflation (CPI) index rose in May showing CPI at 2.9%, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. Thereafter, however, CPI has fallen back to 2.6% in July which is in line with the Bank of England's estimate published in its August Inflation Report.

**UK Monetary Policy:** The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 2 August 2017, the MPC voted by a majority of 6-2 to maintain Bank Rate at 0.25%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The Committee voted unanimously to close the drawdown period for the Term Funding Scheme (TFS) on 28 February 2018, as envisaged when the scheme was introduced.

**Other influences:** The Prime Minister Theresa May called an unscheduled General Election in June, to resolve uncertainty and in the hope of gaining an enhanced mandate to enter the forthcoming Brexit negotiations. The surprise result has led to a minority Conservative government in a confidence and supply arrangement with the Democratic Unionist Party. This political impasse clearly results in an enhanced level of political uncertainty. Although the potential for a so-called hard Brexit is now diminished, lack of clarity over future trading partnerships, in particular future customs agreements with the rest of the EU block, is denting business sentiment and investment.

#### 4.0 THE AUTHORITY'S TREASURY POSITION

4.1 The Authority's gross / net debt and investment positions are as follows:

<b>DEBT</b>	<b>Balance at 01/04/2017 £m</b>	<b>%</b>	<b>Maturing Loans £m</b>	<b>Premature Redemptions £m</b>	<b>New Borrowing £m</b>	<b>Balance at 31/08/2018 £m</b>	<b>%</b>
<b>Total Long-term fixed rate (PWL B &amp; Bonds)</b>	<b>£83.427</b>		<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£83.427</b>	
Split to - HRA &	£75.072	89.99	£0.000	£0.000	£0.000	£75.072	89.99
GENERAL FUND	£8.355	10.01	£0.000	£0.000	£0.000	£8.355	10.01
Long-term variable rate	£0.000		£0.000	£0.000	£0.000	£0.000	
Temporary Borrowing	£0.000		£0.000	£0.000	£0.000	£0.000	
<b>Total Borrowing</b>	<b>£83.427</b>	<b>99.87</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£83.427</b>	<b>99.87</b>
Other long-term liabilities (HBBC)	£0.112	0.13	£0.000	£0.000	£0.000	£0.112	0.13
<b>TOTAL EXTERNAL DEBT</b>	<b>£83.539</b>	<b>100</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£83.539</b>	<b>100</b>
<b>INVESTMENTS</b>	<b>Balance at 01/04/2017 £m</b>	<b>%</b>	<b>Maturities £m</b>	<b>Sales £m</b>	<b>New Investments £m</b>	<b>Balance at 31/08/2018 £m</b>	<b>%</b>
<b>Internally Managed</b>	<b>£36.349</b>	<b>92.1</b>	<b>£13.884</b>	<b>£0.000</b>	<b>£19.871</b>	<b>£42.336</b>	<b>86.1</b>
Investments with maturities up to 1 year	£24.349	61.7	£10.88	£0.000	£16.87	£30.336	61.1
Investments with maturities in excess of 1 year	£12.000	30.4	£3.000	£0.000	£3.000	£12.000	25.0
<b>Pooled Funds and Externally Managed Investments</b>	<b>£3.100*</b>	<b>7.9</b>	<b>£40.400</b>	<b>£0.000</b>	<b>£44.000</b>	<b>£6.700</b>	<b>13.9</b>
<b>TOTAL INVESTMENTS</b>	<b>£39.449</b>	<b>100.0</b>	<b>£54.284</b>	<b>£0.000</b>	<b>£63.871</b>	<b>£49.036</b>	<b>100</b>
<b>NET DEBT</b>	<b>£44.090</b>					<b>£34.503</b>	

\*Represents investments held in Money Market Funds

- 4.2 The investment position varies throughout the year as it is dependent upon cash flow. Examples of significant areas that can impact on cash flow are collection of Council tax, business rates, grants, and capital receipts, payments to other precepting authorities or central government and interest on treasury activity.
- 4.3 In the period April 2017 to August 2017, the capacity for investment has currently increased by £9.6m. The volatility of balances is normal throughout the year and a number of factors contribute to this:
- a) The Authority traditionally benefits from the receipt of Council Tax and Business Rates during the first ten months of the financial year;
  - b) Revenue expenditure is more evenly weighted throughout the financial year;
  - c) Capital expenditure is more heavily weighted towards the latter part of the financial year due to the time required to schedule programmes of work or award contracts.
  - d) The patterns of income and expenditure are variable and are compared to previous years. The current patterns are in line with the expected trends. These patterns are reflected in the Authority's cash flow projections which is monitored and revised daily as part of the treasury management process.
- 4.4 The current increased capacity for investment is expected to drop towards the end of the financial year and this is in line with the Authority's experience.

## **5.0 BORROWING ACTIVITY**

- 5.1 The Authority's Borrowing Strategy 2017/18, approved by Council on 07 February 2017, incorporates a prudent and pragmatic approach to borrowing to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Authority's Prudential Indicators.
- 5.2 The Authority's estimated borrowing requirement for the current financial year is £1.425m. In the two subsequent financial years this is estimated to be £1.014m in 2018/19 and £0.396m in 2019/20, as presented to Council in the "Treasury Management Strategy Statement 2017/18 and Prudential Indicators 2017/18 to 2019/20" on 07 February 2017.
- 5.3 The Authority has not undertaken any new long-term borrowing during the period.
- 5.4 The Authority has two PWLB annuity loans as part of the self-financing of the HRA. The repayment element for these in 2017/18 is £1.079m.
- 5.5 The Authority's cash flow remained positive during the period. The Authority did not require any temporary loans during the period.

## **6.0 DEBT RESCHEDULING ACTIVITY**

- 6.1 The Authority's Debt Rescheduling Strategy 2017/18, which was approved by Council on 07 February 2017, establishes a flexible approach where the rationale for rescheduling could be one or more of the following:
- Savings in interest costs with minimal risk.
  - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
  - Amending the profile of maturing debt to reduce any inherent refinancing risks.

6.2 No opportunities for debt rescheduling were identified which conformed to the above rationale. Accordingly, the Authority has undertaken no debt rescheduling activity during the period.

6.3 The Authority's portfolio of thirteen loans - ten PWLB loans and three market loans - will continue to be monitored for debt rescheduling opportunities that comply with the Authority's Policy and rationale.

## 7.0 INVESTMENT ACTIVITY

7.1 The Authority's Investment Policy and Strategy 2017/18, which was approved by Council on 07 February 2017, established that the major policy objective is to invest its surplus funds prudently.

7.2 The Authority's investment priorities are:

- security of the invested capital;
- sufficient liquidity to permit investments; and,
- Optimum yield which is commensurate with security and liquidity.

7.3 To lower the inherent investment risk, the Authority has minimised the use of banks and increased the use of other Local Authorities as investment counterparties. A range of lengths of investment, from overnight investments to short and long fixed term, from 32 days to 3 years, are currently utilised to ensure that the principles of security, liquidity and yield are followed.

7.4 The counterparties that the Authority currently utilise all meet the criteria set out in the Treasury Management Strategy Statement 2017/18 and are monitored by the Authority's Treasury Management Advisors. The counterparties and amounts currently invested are shown below:

Counterparty	Length of Investment	Rate*	£m
Lloyds Bank (Current Account)	Overnight	0.15%	0.6
Bank of Scotland	Overnight	0.15%	1.5
Handelsbanken (£1k deposit)	Overnight	0.05%	0.0
Black Rock MMF	Overnight	0.15%	0.9
Goldman Sachs MMF	Overnight	0.15%	4.8
Aberdeen Asset Management MMF	Overnight	0.15%	0.0
CCLA Investment Management Ltd MMF	Overnight	0.23%	1.0
Lloyds Bank Notice Account	32 days	0.32%	0.25
Dumfries and Galloway Council	90 days	0.20%	3.5
Barclays Treasury Direct	92 days	0.19%	1.5
National Counties Building Society	92 days	0.35%	1.0
Surrey Heath BC	94 days	0.22%	1.0
Santander 95 Day Notice Account	95 Days	0.40%	1.5
Nationwide Building Society	123 days	0.24%	1.5
Lancashire County Council	184 days	0.45%	1.5
Thurrock Borough Council	210 days	0.32%	1.0
Thurrock Borough Council	214 days	0.41%	1.0
North Lanarkshire Council	214 days	0.47%	2.0



Fife Council	269 days	0.32%	1.5
Moray Council	364 days	0.47%	2.0
Salford City Council	364 days	0.40%	1.0
Salford City Council	364 days	0.44%	2.0
Lloyds Bank Fixed Term Deposit	364 days	0.80%	1.5
Leeds City Council	364 days	0.38%	2.5
Leeds City Council	265 days	0.35%	2.0
The City of Liverpool	640 days	0.65%	2.0
Lancashire County Council	2 Years	0.55%	2.0
Northumberland County	3 Years	0.99%	3.0
Blaenau Gwent County Borough Council	3 years	1.20%	2.5
Newcastle City Council	3 Years	1.13%	2.5
<b>Total Invested</b>			<b>49.0</b>

\*The interest rate shown is based on the average for August 2017.

- 7.5 The average rate of return on the Authority's investment balances during the period was 0.44%. For comparison purposes, the benchmark return (average 7-day London Interbank Bid Rate or LIBID rate) at the end of August 2017 was 0.21%. The average 7 day London Interbank Offered Rate (LIBOR) rate at the end of August 2017 was 0.30%. The comparison of rates of return against a benchmark is less relevant when set against the ultimate priority of Security as set out in the Authority's Treasury Management Strategy Statement 2017/18.
- 7.6 Short and long term interest rates have fallen since the reduction of the base rate by the Bank of England in August 2016. They are predicted to fall further if the Bank of England implements further reductions in the base rate. Whereas previously, a lengthening of investment periods enabled the authority to lock into higher rates of return, this is no longer the case. Borrowing rates are currently so low that longer term rates have dropped due to the potential of further base rate cuts. This has limited the opportunity for longer term investments, which will result in the gradual fall in the authority's rate of return as the current longer term investments mature and are replaced with shorter term investments at a greatly reduced interest rate. This will however, increase the liquidity of the authority.
- 7.7 There were 46 investments made during the period, totalling £63.88m. The average balance held for the period was £49.9m.
- 7.8 Ten fixed term investments were taken out during the period. These investments were for amounts ranging from £1m to £3m. Three fixed term investments have matured within the period. The Authority and its advisors remain on a state of alert for signs of credit or market distress that may adversely affect the Authority.
- 7.9 The Authority has budgeted to achieve £120,000 of income from its investment activity in 2017/18. Investment activity from April to August 2017 has achieved £153,492 in interest for the financial year. The current forecast that is estimated to be achieved is £206,294.
- 7.10 Of this total, an element is applied to balances held on external income. This external income largely represents balances from S106 contributions that have not yet been spent. The estimated amount forecast to be applied is approximately £10,734 subject to the balances remaining at the end of the financial year. There is no budget applied

to this element as S106 contributions are only achieved when specific conditions are met and are anticipated to be spent.

- 7.11 The estimated remaining balance of interest (£195,113) received on investment income is budgeted to be apportioned between General Fund and the Housing Revenue Account based on the estimated cash flow position. For 2017/18, the budgeted investment income is apportioned as follows: £123,799 General Fund and £71,314 Housing Revenue Account. Any over or under achievement of interest is apportioned on this basis and the current forecast is anticipated as follows:

	<b>Budget</b>	<b>Projected</b>
General Fund	£76,140	£123,799
HRA	£43,860	£71,314
<b>Sub-Total</b>	<b>£120,000</b>	<b>£195,113</b>
External Balances	£0	£11,181
<b>Total</b>	<b>£120,000</b>	<b>£206,294</b>

- 7.12 All investments made during the period, complied with the Authority's agreed Annual Investment Strategy, Treasury Management Practices, Prudential Indicators and prescribed limits.

## **8.0 SUMMARY**

- 8.1 For the period April to August 2017, the Authority can confirm that it has complied with its Prudential Indicators, which were approved on 07 February 2017 as part of the Authority's Treasury Management Strategy Statement.
- 8.2 In compliance with the requirements of the CIPFA Code of Practice, this report provides members with a summary report of the Treasury Management activity for the period April to August 2017. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 8.3 The Authority can confirm that during the period April to August 2017, it has complied with its Treasury Management Practices.

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL****AUDIT AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017**

Title of report	<b>STANDARDS AND ETHICS – QUARTER 1 REPORT</b>
Contacts	Councillor N Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a>  Head of Legal and Support Services and Monitoring Officer 01530 454701 <a href="mailto:elizabeth.warhurst@nwleicestershire.gov.uk">elizabeth.warhurst@nwleicestershire.gov.uk</a>
Purpose of report	To receive the figures for local determination of complaints and the ethical indicators for Quarter 1 of 2017/18.
Strategic aims	Value for Money
Implications:	
Financial/Staff	N/A
Link to relevant CAT	N/A
Risk Management	By receiving this information members will be able to manage risks.
Equalities Impact Assessment	N/A
Human Rights	N/A
Transformational Government	N/A
Consultees	N/A
Background papers	None.
Recommendations	<b>THAT THE REPORT BE RECEIVED AND NOTED.</b>

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# STANDARDS AND ETHICS QUARTER 1 REPORT 2017/2018

**Page 1** Introduction

**Page 2** Local Determination of Complaints

**Page 3** Part 2 – Ethical Indicators

**Page 4** Stage 1 Complaints

**Page 5** Stage 2 Complaints

**Page 6** MP Enquiries

**Page 7** Ombudsman (Complaints)

**Page 8** Total Number of Complaints

**Page 9** Freedom of Information (FOI)

**Page 10** Regulation of Investigatory Powers Act Indicators

This is the quarterly report to the Audit & Governance Committee detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process for 2017/18.

For clarification purposes the months covered by the quarters are as follows:

Quarter 1 – 1 April to 30 June

Quarter 2 – 1 July to 30 September

Quarter 3 – 1 October to 31 December

Quarter 4 – 1 January to 31 March

The report is split into 2 parts for ease of reference; Part 1 refers to the local determination of complaints, part 2 is the table showing the ethical indicators figures.

The report will enable the Audit & Governance Committee to build up a picture over time of how many complaints are received and where these are coming from. The parts of the Code of Conduct which have been breached will also be recorded to enable training to be targeted effectively.



The Monitoring Officer received 0 complaints in Quarter 1 of 2017/18.

## **2.1 Assessment Sub-committee Decisions**

There has been 0 Assessment Sub-committee meetings in this quarter.

As members will be aware, the Monitoring Officer now pursues an informal dispute resolution process prior to initiating formal proceedings via the Sub-committee route.

**0 complaints have been resolved informally in Quarter 1.**

## **2.2 Timeliness of Decision**

The Standards for England Guidance stated that the Assessment Sub-committee should complete its initial assessment of an allegation “within an average of 20 working days” to reach a decision on what should happen with the complaint. The Council has taken this standard and adapted it under the new rules to aim to hold an Assessment Sub-committee within 20 working days of notifying the parties that informal resolution is not possible.

## **2.3 Review Requests**

There have been no review requests in Quarter 1. Review requests can only be made following a decision of ‘No further Action’ by the Assessment Sub-committee where there is submission of new evidence or information by the complainant.

## **2.4 Subsequent Referrals**

None to report – see above.

## **2.5 Outcome of Investigations**

There were no investigations concluded in this period.

## **2.6 Parts of the Code Breached**

This section is intended to show where there are patterns forming to enable the Audit and Governance Committee to determine where there needs to be further training for Councillors. Targeting training in this way makes it more sustainable and, hopefully, more effective.

So far this year, the following areas of the code were found to have been breached:

N/A

## Part 2 – Ethical Indicators

REF	Performance Indicator Description	Officer Responsible For Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
1.0	Objections to the councils accounts	Financial Planning Team Manager	0	0						
1.1	Follow up action relating to breaches of the Member/Officer Protocol (Members)	Head of Legal And Support Services	0	0						
1.2	Disciplinary action relating to breaches of the Member/Officer Protocol (staff)	Human Resources Team Manager	0	0						
1.3	Public interest reports	Senior Auditor	0	0						
1.4	Number of whistle blowing incidents reported		0	0						
1.5	No. of recommendations made to improve governance procedures/policies		11	17	3		9		17	
1.6	No. Of recommendations implemented		8	12	18		12		9	

## Definition of a Stage 1 complaint:

First stage of a formal complaint. A formal complaint can be made if a customer believes a service within the Council has let them down, we did something wrong or a service we provided was unfair. We have 10 working days to provide to response to the complaint.

Complaints responded to on time in Q1  
**64%**

We received an average of  
**9 Complaints** a month in Q1

Our average response time was  
**15 days**

**26** Stage 1 complaints were resolved in Q1, This is an increase of **20%** from Q1 16/17

## Top 3 types of Stage 1 complaints Q1

- Housing Repairs
- Council Tax
- Noise

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
<b>Stage 1 Complaints Received</b>			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
2.0	Total no. of Stage 1 complaints received	Corporate Complaints Officer	70	28						
2.1	No. of Stage 1 complaints Resolved		39	26						
2.2	No. of customers who raised their Stage 1 complaint to a Stage 2		10	5						
2.3	No. of Stage 1 complaints still open and within 10 days		31	2						

## Definition of a Stage 2 complaint:

If the customer is dissatisfied with our response to their Stage 1 complaint, they can ask for this to be raised to a Stage 2 for further investigation. These investigations are carried out by Heads of Service. We have 10 working days to provide a response to the complaint.

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Stage 2 Complaints responded to in Q1 **60%**

We received an average of **2** Complaints a month in Q1

Our average response time was **3 days**

3 Stage 2 complaints were resolved in Q1, This is an increase of **7%** from 16/17

## Top 3 types of Stage 2 complaints Q1

- Housing repairs
- Waste
- Allegation of a littering offence

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
<b>Stage 2 Complaints Received</b>			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
3.0	Total no. of Stage 2 complaints received	Corporate Complaints Officer	13	5						
3.1	No. of Stage 2 complaints Resolved		6	3						
3.2	% of stage 2 complaints answered on time		53	60						
3.3	No. of Stage 2 complaints still open and within 10 days		7	2						

## Definition of an MP Enquiry:

These are enquiries sent in from local MP's on behalf of their constituent. These can be independent enquiries or could be linked to an earlier complaint which we may not have resolved to the customer's satisfaction. We have 10 working days to provide a response to the enquiry.

MP enquiries responded to in Q1 **63%**

We received an average of **6 MP enquiries per month in Q1**

Our average response time was **13days**

12 MP enquiries were resolved in Q1, This is a decrease of **1%** from 16/17

### What the MP Enquiries were about:

- Housing repairs
- Planning
- Environmental issues

### Working to improve MP Enquiries:

- Reviewed and introduced improved process
- More robust / improved communication

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
<b>MP Enquiries received</b>			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
4.0	Total no. of MP enquiries (req) received	Head of Legal and Support Services	28	19						
4.1	% of req responded to on time		64	63						

## Definition of an Ombudsman complaint:

If the customer has followed our Stage 1 and Stage 2 complaints procedure and is still unhappy with the outcome, they are entitled to take their complaint to the Local Government Ombudsman for independent judgement. They will review the details and decide whether we, as a Council, have a case to answer in respect of the complainant.

Ombudsman Complaints responded to in Q1  
**100%**

We received an average of **0** Complaints a month in Q1

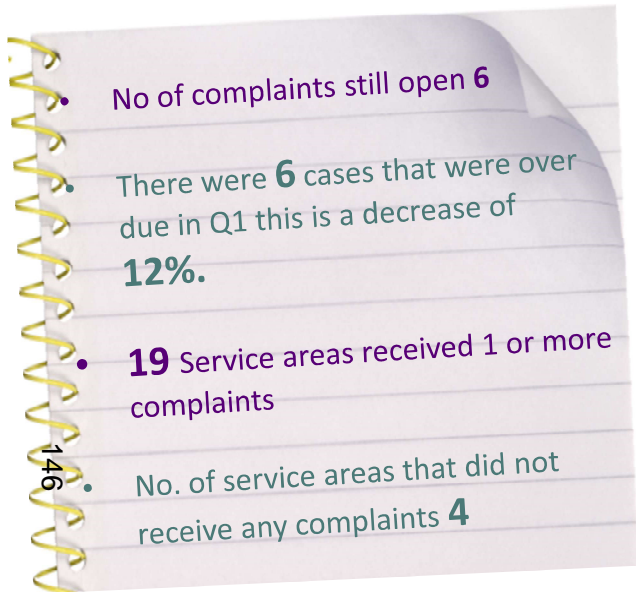
Our average response time was **0** days

**1** Ombudsman complaints were resolved in Q1, This is an increase of **0%** from 16/17

## What the Ombudsman complaints were/are about:

- **Housing repairs**

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
<b>Ombudsman Complaints received</b>			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
5.0	Total no. of Ombudsman Complaints received	Head of Legal and Support Services	2	0						
5.1	No of req still open and within 10 working days		1	0						



Total No. of Complaints responded to in Q1  
**61**

We received an average of 17 Complaints per month in Q1

Our average response time was **X days**

**46** complaints were resolved in Q1. This is an increase of **7%** from the same period in 16/17

**What we do differently as a result of the complaints received:**

- Set up a dues cases list every week to enable us to chase cases that are reaching their due date
- Having more face-to-face interaction with teams to ensure cases are completed on time
- Being proactive with the allocation of cases, i.e. is it a complaint or a request for service?
- Meetings with teams who have higher volumes of complaints e.g. Housing Repairs



# Freedom of Information (FOI)

## Type of FOI requests received:

### Business as usual (BAU) requests:

If the requested information can be quickly and easily sent to the requester then it may be dealt with within the normal course of business and treated as BAU.

**Total number of BAU requests in Q1 36**

### Transfers:

Are FOI requests received by us but do not fall within our remit- i.e. Adult Social Care, Children's Services or Highways are a few examples.

**Total number of Transfers in Q1 9**

### Subject Access Requests (SAR):

A SAR is a request from an individual to see information an organisation holds on them.

**Total number of SAR received in Q1 5**

### Land charges (LC) searches:

Specific information about a particular property and the surrounding area for buyers and sellers.

**Total number of LC Searches in Q1 23**

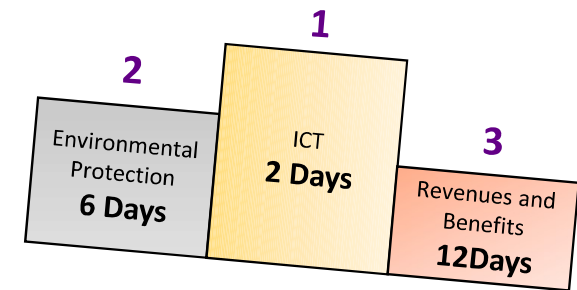
**41** unique visitors to the council's open data page

We received an average of **40** FOI's a month in Q1

Our average response time was **16** days

We had an increase of **0%** compared to Q1 (16/17) for number of FOI's received

## Top 3 service areas with the quickest response times FOI's



REF	Performance Indicator Description	Officer Responsible for providing information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
<b>Freedom of Information Act Indicators</b>			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
6.0	Total no. of requests (req) received	Records Management Officer	143	120						
6.1	% req answered on time		%	100						
6.2	No. of non compliant req		9	9						
6.3	No of FOI appeals		0	0						
6.4	Number withheld due to exemptions/fees applied		10	5						



REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
7.0	No. of directed surveillance authorisations granted during the quarter	Senior Auditor	0	0						
7.1	No. in force at the end of the quarter		0	0						
7.2	No. of CHIS recruited during the quarter		0	0						
7.3	No. ceased to be used during the quarter		0	0						
7.4	No. active at the end of the quarter		0	0						
7.5	No. of breaches (particularly unauthorised surveillance)		0	0						
7.6	No. of applications submitted to obtain communications data which were rejected		0	0						
7.7	No. of notices requiring disclosure of communications data		0	0						
7.8	No. of authorisations for conduct to acquire communications data		0	0						
7.9	No. of recordable errors		0	0						

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**AUDIT AND GOVERNANCE COMMITTEE  
WORKPLAN 2017/18**

Issue	Details	Report Author	Meeting at which will be reported
Annual Audit Letter	To receive the annual audit letter.	Interim Director of Resources	6 December 2017
Internal Audit Progress Report	To receive the progress report.	Audit Manager	6 December 2017
Treasury Management Activity Report	To receive the report.	Interim Director of Resources	6 December 2017
Standards and Ethics – Quarter 2 Report	To receive the quarterly report.	Head of Legal and Support Services	6 December 2017
External Audit Plan	To receive the External Audit Plan	Interim Director of Resources	21 March 2018
Internal Audit Progress Report	To receive the progress report.	Audit Manager	21 March 2018
Internal Audit Annual Plan	To receive the Annual Audit Plan.	Audit Manager	21 March 2018
Annual Report on Grants and Claims	To receive the Annual Report.	Interim Director of Resources	21 March 2018
Treasury Management Activity Report	To receive the report.	Interim Director of Resources	21 March 2018
Standards and Ethics – Quarter 3 Report	To receive the quarterly report.	Head of Legal and Support Services	21 March 2018
Draft Member Conduct Annual Report	To comment on the draft annual report.	Head of Legal and Support Services	21 March 2018

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