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Our reference:
Your reference:
Date: 19 June 2015

To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the **Corporate Governance Group** will be held on Monday 29 June 2015 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely



Executive Manager Operations and Corporate Governance

AGENDA

1. Apologies for absence
2. Declarations of Interest
3. Notes of the Meeting held on Thursday 26 March 2015 (pages 1 - 6)
4. Local Government Act 1972

It is RECOMMENDED that the public be excluded from the meeting for consideration of the following item of business pursuant to section 100A (4) of the above Act on the grounds that it is likely that exempt information may be disclosed as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

5. Civic Centre Options

The report of the Chief Executive is attached (pages 7 - 11).

6. Health and Safety Annual Report 2015/16

The report of the Executive Manager – Operations and Corporate Governance is attached (pages 12 - 27).

7. Internal Audit Progress Report 2014/15

The report of the Executive Manager – Finance and Commercial is attached (pages 28 - 39).

8. Internal Audit Annual Report 2014/15

The report of the Executive Manager – Finance and Commercial is attached (pages 40 - 52).

9. Internal Audit Strategy 2015/16 – 2016/17

The report of the Executive Manager – Finance and Commercial is attached (pages 53 - 78).

10. Fraud and Irregularities 2014/15

The report of the Executive Manager – Finance and Commercial is attached (pages 79 - 82).

11. Final Accounts Update 2014/15 - Annual Governance Statement and Accounting Policies

The report of the Executive Manager – Finance and Commercial is attached (pages 83 - 86).

12. Annual Report

The report of the Executive Manager – Finance and Commercial is attached (pages 97 - 104).

13. Work Programme

The report of the Executive Manager – Operations and Corporate Governance is attached (pages 105 - 106).

Membership

Chairman: Councillor G S Moore

Vice-Chairman: Councillor G Davidson

Councillors N A Brown, M Buckle, A M Dickinson, R Hetherington, A MacInnes, S C Matthews and J E Thurman

Meeting Room Guidance

Fire Alarm Evacuation: in the event of an alarm sounding please evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble in the Nottingham Forest car park adjacent to the main gates.

Toilets are located opposite Committee Room 2.

Mobile Phones: For the benefit of others please ensure that your mobile phone is switched off whilst you are in the meeting.

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NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 26 MARCH 2015

Held at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road,
West Bridgford

PRESENT:

Councillors G S Moore (Chairman), L B Cooper, I I Korn, A MacInnes (Substitute for N K Boughton-Smith), Mrs M M Males (Substitute for A M Dickinson), P Smith (Substitute for N A Brown), J E Thurman and H Tipton

ALSO IN ATTENDANCE:

N Bellamy KPMG
C Williams Baker Tilly
R Walton KPMG

OFFICERS PRESENT:

A Goodman Member Support Officer
P Linfield Service Manager - Finance and Commercial
E Shaw Emergency Planning Officer
D Swaine Executive Manager – Operations and Corporate Governance

APOLOGIES FOR ABSENCE:

Councillors N K Boughton-Smith, N A Brown, A M Dickinson and K A Khan

33. Declarations of Interest

There were none declared.

34. Notes of the Previous Meeting

The notes of the meeting held on Thursday 29 January 2015 were accepted as a true record.

35. External Audit Plan 2014/15

Mr Bellamy presented the External Audit Plan 2014/15 that summarised the work that the Council's external auditors KPMG proposed to undertake in respect of the audit Council's financial statements for 2014/15. He informed Members that, as in previous years, KPMG would take a risk based approach to the audit and that the plan would remain flexible as risks and issues may change throughout the year. The initial assessments presented in the plan would be kept under review and any new risks that emerge would be evaluated and responded to accordingly.

Mr Bellamy reported that an initial risk assessment of the financial statements audit and Value for Money (VFM) had been completed and no significant risks had been identified. He explained that the VFM audit approach meant that KPMG would only carry out as much work as was appropriate to issue a safe conclusion.

In addition to the two standard risks of management override of controls and fraudulent revenue recognition, only one other risk had been highlighted. This concerned the correct accounting treatment of Streetwise Environmental Limited when consolidated within the Council's Accounts. The previous year's risk concerning the cash reconciliation process was not included this year due to controls implemented by officers to mitigate the risk.

In response to questions Mr Bellamy explained how the audit of Streetwise Environmental Limited would be undertaken and how this would feed into the Council's Statement of Accounts

The members of the audit team had been refreshed from last year, with changes to the Audit Manager and the In-Charge Auditor. The Audit was currently planned to commence on 27 July 2015 and on conclusion, the findings would be presented to the Group in the Report to Those Charged with Governance (ISA 260 report) and the Annual Audit Letter.

The planned fee for the audit was £55,050, an increase of £900 over the amount set out in the Audit fee letter 2014/15. This was due to addition work in relation to Business rates, as required by the Audit Commission and applied to all district councils.

It was AGREED that the External Audit Plan 2014/15 be accepted.

The Chairman thanked Mr Bellamy and Mr Walton for their work over the last year.

36. Internal Audit Progress Report 2014/15

Mr Williams, a representative from Baker Tilly, the Council's internal auditors, informed Members that in line with the audit plan, two reports had been finalised since the last meeting of the Group, for the areas of Council Tax and NNDR. He reported that the assurance level for both audits was green, the highest achievable and that there was only one medium risk recommendation, for the area of NNDR.

There were currently six audits at the work in progress or draft stage for the areas of Nottinghamshire Parking Partnership, Ordering and Creditors, joint Co-operation agreement for the Garages and Fleet, Payroll, Treasury Management Cash and Bank and Follow Up, which would be presented to the next meeting of the Group in June 2015, along with the Annual Audit report.

It was AGREED that the Internal Audit Progress Report 2014/15 be noted.

The Chairman thanked Mr Williams for attending the Group's meetings over the last year and for answering Members' questions.

37. Risk Management Update

The Executive Manager – Operations and Corporate Governance informed Members that the Council's Risk Management Strategy had been refreshed and reported to the Group at the November meeting. The Strategy set out the process for managing risk and stated that the Corporate Governance Group be provided with updates on risk management arrangements as it was their responsibility is "to oversee and scrutinise the effective management of risk by officers". The annual audit of risk management, completed in November 2014, confirmed that the Council continued to manage risk effectively and concluded that it had retained its Green status rating. There were three notable recommendations arising from the 2014/15 audit as follows:

- 'A Risk Assessment Form should be introduced to assist the Executive Managers and Lead Specialists with the risk assessment process.'
- 'As good practice, all the relevant staff should be provided with regular refresher training on risk management.'
- 'A formal assurance framework should be put into place and used by the Council to evidence the existence and viability of the sources of assurance upon which it places reliance in order to manage its risks and achieve its objectives.'

The Executive Manager – Operations and Corporate Governance reported that a risk evaluation template had been implemented and used to develop the profile of new risks. Refresher training for all managers that were responsible for maintenance of risks had been arranged with the Council's insurer Zurich. The Council's assurance framework had been adopted and implemented to assist with the management of risk ensuring that there was a visible link to the Council's objectives.

Throughout the year the Council's Corporate Risk Management Group had met on four occasions in order to oversee the management of risk across the organisation and review, where necessary, operational and strategic risks. These meetings ensured consideration was given to reviewing the risk register, amending or updating existing risks and ratings, verifying control measures and, where necessary identifying new risks. The process continued on from previous work to remove unnecessary risks that were low scoring; those with the lowest likelihood or impact and / or risks that had effective mitigation and were under control. Additionally a number of new risks had been identified that needed to be added to the register taking into account the changing nature of the Council's business and its priorities.

As a consequence of this continual review process, the number of corporate risks had been increased from 27 to 29 and the number of operational risks had decreased from 25 to 22, an overall reduction of one since February 2015. The number of risks within the registers would fluctuate throughout the year as active risk management was undertaken, however it was unlikely that they would rise significantly to the 73 risks on the registers before the 2013 review. Changing pressures facing local government and the proactive work of managers to identify risks as they emerged would continue to influence new

risks added to the register and demonstrated the Council's aim to be proactive to mitigate risk.

In response to questions, the Executive Manager – Operations and Corporate Governance explained that in respect of the score for risk CRR_TR06 "Failure to properly manage and deliver significant projects – Leisure and Office move", the impact should remain the same but the likelihood should reduce as a result of the internal controls. Risk CRR_FC11 "Central Government policy changes" had the highest score as this related to uncertainty surrounding future funding streams including New Homes Bonus and business rates retention.

The Emergency Planning Officer gave an update to Members on the work undertaken in respect of Emergency Planning, since the last report to the Group. He explained that Rushcliffe Borough Council's emergency planning officer was provided by Nottinghamshire County Council as part of a Service Level Agreement. The roles and responsibilities within Nottinghamshire County Council's emergency planning team were periodically reviewed to ensure that staff gain experience in each diverse area of work. Therefore from 1 April 2015, Karen Emery would take over the role of supporting Rushcliffe Borough Council's emergency planning and business continuity duties. This strategy had the benefit of strengthening the resilience of each organisation as more members of the emergency planning team would have a detailed knowledge of the structures and procedures in place within the Council.

The Emergency Planning Officer reported that the flood support schemes that originally applied to properties affected between December 2013 and April 2014 had been extended by the Government to include the 2013/14 financial year. The cost of each scheme would be funded by the Government and people whose homes were flooded internally could be eligible for a council tax discount and the Repair and Renew grant of £5,000 to pay for work that improves a property's ability to withstand future flooding. Businesses that were flooded internally could be eligible for 100% business rate relief for three months and the Repair and Renew grant.

As part of the Local Resilience Forum work-plan, the Council was working with the Environment Agency to develop a local flood response plan that provided specific information about communities that were at significant risk of flooding within the borough. The emergency planning content on Council's website has been reviewed and restructured to be more user friendly and simple to navigate by compiling various pages into one section.

The Emergency Planning Officer informed members that Emergency plans were exercised on a regular basis to identify learning points and provide staff with an opportunity to gain experience. Recent training included a live centre exercise to test arrangements within Nottinghamshire County Council's emergency accommodation plan, a tabletop exercise to test the multi-agency response to a major structural collapse at a sports ground in Nottinghamshire and a call-out exercise to test staff availability. A programme of training events and exercises for 2015/16 had been organised through the Local Resilience Forum to ensure staff were suitably prepared to undertake their role in the event of an emergency.

In response to questions on the locations of rest centres, the Emergency Planning Officer confirmed that the Emergency Plan was flexible. There were

many sites identified including Bingham Leisure Centre and Cotgrave Leisure centre as well as Churches and Community Halls, therefore the closure of the Arena during the building works would not affect the Plan.

It was AGREED that the Corporate Governance Group

- a) note the contents of the report, and
- b) endorse the actions taken to review the risk management arrangements and implement internal audit recommendations

38. Work Programme

The Group considered the report of the Executive Manager – Operations and Corporate Governance that set out details of the proposed work programme for the municipal year 2015/16.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
18 June 2015	<ul style="list-style-type: none"> • Internal Audit Progress Report 2015/16 • Internal Audit Annual Report 2014/15 • Internal Audit Strategy 2015/16 • Health and Safety Annual Report • Final Accounts and Annual Governance Statement 2014/15 • Corporate Governance Annual Report 2014/15 • Fraud & Irregularities 2014/15 • Revenue & Capital Budget Monitoring • Work Programme
3 September 2015	<ul style="list-style-type: none"> • Internal Audit Progress Report 2015/16 • Statement of Accounts 2014/15 • External Auditors Annual Governance Report 2014/15 • Treasury Management Update • Revenue & Capital Budget Monitoring • Work Programme
3 December 2015	<ul style="list-style-type: none"> • Internal Audit Progress Report 2015/16 • Health and Safety Interim report • Risk Management Update • Annual Audit Letter • Revenue & Capital Budget Monitoring • Work Programme

The meeting closed at 7.45 pm.

Action Sheet
Corporate Governance Group - Thursday 26 March 2015

Minute Number	Actions	Officer Responsible
34 Notes of the Previous Meeting	None	
35 External Audit Plan 2014/15	None	
36 Internal Audit Progress Report 2014/15	None	
37 Risk Management Update	None	
38 Work Programme	None	

Report of the Executive Manager – Operations and Corporate Governance

1. Summary

- 1.1. Attached to this report is the Council's seventh Health and Safety Annual Report which provides a summary of the Council's occupational health and safety performance during the year 1 April 2014 to 31 March 2015.
- 1.2. The Annual Report is structured in such a way as to reflect Health and Safety Executive guidance. It summarises the Council's health and safety policies, procedures and activities which have taken place over the last year. It also sets out training programmes delivered, provides numerical and statistical data and the proposed health and safety objectives for the year.

2. Recommendation

- 2.1. It is recommended that the Corporate Governance Group:
 - a) considers the detailed information contained within the Annual Health and Safety Report,
 - b) notes the significant progress made against the health and safety goals and objectives previously agreed by the Group for the financial year 2014/15; and
 - c) endorses the proposed health and safety objectives for 2015/16 as set out in the report.

3. Supporting Evidence

- 3.1. None

4. Risk and Uncertainties

- 4.1. Failure to consider the Annual Health and Safety Report and endorse the objectives may result in a failure to meet the requirements of the Council's corporate health and safety framework.

5. Implications

5.1. Finance

There are no direct financial implications

5.2. Legal

There are no direct legal implications

5.3. Corporate Priorities

Endorsement of the health and safety report and objectives for 2015/16 supports the delivery of the Council's Corporate Priorities as set out in the Council's Corporate Strategy.

5.4. Other Implications

None considered

For more information contact:	Name Joanne Wilkinson Job title Health and Safety Advisor 0115 914 8561 email jwilkinson@rushcliffe.gov.uk
Background papers Available for Inspection:	Nil
List of appendices (if any):	Appendix detailing the Health and Safety Annual Report April 2014 to end March 2015

HEALTH AND SAFETY ANNUAL REPORT

April 2014 to end March 2015

1. INTRODUCTION

- 1.1 This annual report sets out the Council's occupational health and safety performance during the year 1 April 2014 to 31 March 2015. As with previous reports to the Corporate Governance Scrutiny Group it is split into a number of sections highlighting the key issues that the Group need to be aware of. It also sets out new policies which have been implemented as part of the control measures within the corporate health and safety framework.
- 1.2 Furthermore the update provides an indication of the effectiveness and success of the health and safety control measures the Council has in place with evidence showing training delivered, progress towards meeting health and safety aims and objectives and the number of accidents recorded.

2. KEY ACTIVITIES

2.1 Policy Review

The Council has a programme of policy review and implementation to support effective health and safety management. One of the health and safety objectives endorsed by Corporate Governance Group at the last annual report was to review the next three priority policies which were

- Bomb Threat Policy
- Accident Reporting Policy
- Hepatitis Policy

An update on these reviews this can be found in section 3 of this report.

- 2.2 In addition to the work undertaken on the policy reviews the following policies also received minor reviews and updates:

- Asbestos policy in November 2014
- Legionella policy in November 2014
- Emotional Wellbeing and Stress Management Policy October 2014

2.3 Training

Health and safety training needs are identified in a number of ways including Personal Development Reviews (PDRs), regular one to ones, team meetings and through the Executive Management Team. The Health and Safety Advisor also works to ensure that training is consistent with our duties and legal responsibilities.

- 2.4 All health and safety training needs identified in PDR's for this year have been delivered.

- 2.5 Where appropriate training is delivered through Learning Pool which is an e-learning platform. In the last 12 months the e-learning course for manual handling has been completely updated to ensure that course content is up to date and to keep user interest when they carry out refresher training which should be completed on a 3 yearly basis. The Display Screen Equipment package is currently undergoing review and should be available within the next 6 to 8 weeks.

2.6 The following health and safety training was organised through the Human Resources service in the last 12 months. In line with the request from Members at a previous CGG meeting, where necessary the number of staff attending training events has been presented as a percentage of staff who should attend them.

2.7 Table of Staff Training

Course Subject	Number of Staff attended	% of those requiring training who have been trained	Outcome/impact
Health and safety Induction	21	100%	Mandatory training attended by new employees.
Health and Safety Awareness	3	100%	A refresher training session for the cleaners that do not have access to the computer and therefore cannot complete the e-learning
EvacChair Operator	7	70%	Practical training in the use of the EvacChairs in case these are required in the event of an emergency evacuation from the Civic Centre.
Defibrillator training	8	70%	Practical session to give skills in CPR and use of the defibrillator at the Civic Centre. A further course took place in April 2015 to increase number of trained staff.
COSHH (Chemical) assessment	2	100%	Training need identified by 2 employees in PDR
First aid requalification	4	100%	First aid training is based on a 3 year programme and those staff requiring requalification training have completed the course ensuring compliance with the first aid regulations
Emergency First Aid	12	100%	1 day first aid qualification for low risk environment
Postal Opening/Hoax Bomb risk	14	100%	Training given to all staff who regularly open incoming mail
Work at height – ladder safety	10	85%	Refresher training for employees who work from ladders.
Fire safety Training e-learning	30* (205)	88%	Refresher training for staff on fire safety issues. There are 232 employees who have been given access to the e-learning over the last 3 years. The aim is to achieve 85%.
Display Screen Equipment e-learning	29* (212)	91%	On-line training and assessment of computer workstations. There are 232 employees who have access to the e-learning, however some are new

			employees and others have received training previously. The aim is to achieve 85%.
Manual Handling e-learning	104	45%	Refresher training on manual handling in low risk office environments. This new e-learning course should be completed by staff as a refresher. Staff have to complete refresher within a 3 year period. 232 staff have been enrolled on this course – 45% reflects the % of staff that have completed the new training
Legionella awareness e-learning	26* (39)	75%	This training is for all staff who need to be aware of the risks of Legionella within the workplace. 52 staff require this training.
Asbestos awareness e-learning	35* (49)	86%	This training is for all staff who need to be aware of the risks of Asbestos within the workplace. 57 staff require this training.

* this figure shows the number trained in this 12 month period, the figure in brackets shows the cumulative total within the last three years.

The above training is also supported by significant on the job training within all Service Areas but in particular at the higher risk Depot site. Training at the Depot is delivered in a number of ways including tool box talks which are brief practical sessions for employees on site. Other types of training also include for example robust induction training specific to the job role, tasks and equipment used, driver training and reversing assistant training. The ultimate aim of the training is to ensure that the job is carried out in the correct and safe manner and to help reduce the risk of accidents.

2.9 Meetings of Health and Safety Groups

The Council has in place three health and safety groups to ensure that health and safety is discussed through all levels of the Authority. The Corporate Health and Safety Group meets quarterly and is attended by the Executive Management Team. This Group approves policies and reports and supports the Health and Safety Advisor in determining the Council's priorities in health and safety. The Group last met in November 2014.

2.10 The Employee Health and Safety Group has been established since September 2009 and meets six monthly. This Group is chaired by the Executive Manager, Operations and Corporate Governance, and is attended by the Health and Safety Advisor and six work place representatives. The Group met in June 2014 and December 2014.

2.11 The final Health and Safety Group is the Legionella, Asbestos and Tree Management Group which meets at least twice yearly and monitors the effectiveness in these high risk areas. This group met in May 2014 and November 2014.

2.12 At the Depot, monthly team meetings are held with all collection teams where health and safety is on the agenda and current issues or new risks are

discussed. Health and safety is also a standard item on front line staffs performance development reviews. As previously reported a depot health and safety and welfare group was initially set up to oversee health and safety at the depot. However, with the recent changes with Streetwise and garage services it is not considered that a formal group is currently needed as the culture now (as part of the previous One Great Depot Project) is one where risk and health and safety is considered as part of the daily 'norm', and with monthly meetings in place it is considered that health and safety at the depot is greatly improved and continues to be monitored.

2.13 In the last twelve months these meetings have enabled consideration to be given to a number of issues including training, provision of defibrillators, bomb threats, remote working, occupational health, accident statistics, legislation and policy update and service area feedback.

2.14 **Occupational Health**

The Council are supported by an external Occupational Health provider who are utilised to provide a host of occupational health packages. Within the last twelve months the services that they have provided specifically relating to health and safety issues have included:

	Attendance numbers Apr 13 to end March 14	Comment
Pre-employment medicals	29	All potential new employees are assessed through a pre-employment questionnaire at the time of job offer and prior to commencing their role with the Council
Hepatitis injections	20	Employees who are at risk of either needlestick injuries or coming into contact with contaminated waste are given the opportunity to go on the immunisation program
HGV Medical	2	Medical assessments as required for HGV drivers

2.15 In line with our commitment to employee wellbeing, Flu injections were offered again this year to all staff. The nurse attended the Civic Centre, Rushcliffe Community Contact Centre and the Depot on 28 November 2014.

3. PROGRESS TOWARDS ACHIEVING HEALTH AND SAFETY GOALS

3.1 At its meeting on 19 June 2014 the Corporate Governance Group supported the following health and safety goals. These were previously approved by the Council's Corporate Health and Safety Group and are monitored and reviewed quarterly by them. Progress is set out below.

- **To carry out risk based audits on:**
 - **Display Screen Equipment**
 - **Control of Substances hazardous to Health**
 - **Manual Handling**

All audits were completed by the end of March 2015 with the exception of Rushcliffe Community Contact Centre. The audit was postponed due to workload at the contact centre and has been re-arranged for May 2015.

- **To review the next three top priority policies as determined by the health and safety policy review programme. These are:**
 - **Bomb Threat Policy**
 - **Accident Reporting Policy**
 - **Hepatitis Policy**

The Bomb Threat Policy has undergone major review and amendments in line with current guidance. The new policy went live following consultation in February 2015.

Accident Reporting Policy has been reviewed and updated and is ready for the consultation process.

Hepatitis policy has been reviewed and updated. This required very little alteration and was implemented in July 2014.

- **Produce Health and Safety Manual for the New Streetwise Service**

This task has been completed and has been implemented by Streetwise Management.

4. PERFORMANCE

4.1 *Accident report forms completed*

Corporately the number of accident report forms completed by employees and agency staff within the twelve month period is set out in the following table:

Accident report forms completed

	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/13	2013/14	2014/15
Establishment figure head count	386	392	388	370	358	340	338-303*
Depot	71	71	83	38	45	34	19
Civic	3	9	9	4	5	5	4
Community Contact Centre			0	0	1	1	1
Community Facilities	2	1	2	5	5	2	1
Total	76	81	94	47	56	42	25

- 4.2 The table and graph above shows that the number of accidents to employees has decreased by 40% overall with this decrease taking place at the Depot, our highest risk area. This is extremely pleasing and a positive result for the efforts made in ensuring a continuous focus on health and safety. That said, the figures only included the accidents to Streetwise staff up to 1st September 2014. *The establishment figure dropped from 338 to 303 from 1st September.
- 4.3 Accident figures for Streetwise for the full 12 month period can be found in section 5 of this report.
- 4.4 *Accident reports by type*
The table below sets out the accident figures by type.

Accident Report Forms by type

	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/13	2013/14	2014/15
Struck by Moving Object	17	21	21	16	14	8	4
Strike against fixed object	17	10	8	7	6	5	1
Slip / Trip / Fall	19	29	26	12	26	9	11
Manual Handling	18	11	21	8	6	12	6
Animal attack (e.g. dog)	5	6	9	1	3	3	2
Other (Shock/Contact with liquids)	0	4	9	3	1	5	1
Total	76	81	94	47	56	42	25

- 4.5 Key points to consider from the figures presented in this table are:
- There has been a decrease in accidents in all categories compared to last year with the exception of slip, trip and fall which has seen a slight increase.
- 4.6 *The number of employee days lost due to accidents*

	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/13	2013/14	2014/15
Number of days lost	216	57	155.5	36	166	38	102

- 4.7 The figure for days absent from work as a result of an accident whilst at work has increased significantly when compared to the same time period for 2013/14. As can be seen from the table above the number of days absent

fluctuates from one year to the next. The average number of days lost per year equates to 110.

- 4.8 The following table shows the incident and injury type for those accidents which resulted in time lost

Incident Type	Location	Number of days
Road traffic accident	Streetwise	2
Slip, trip, fall	R2Go	7
Manual handling	R2Go	18
Slip, trip, fall	Civic	14
Road traffic accident	R2Go	2
Manual handling	R2Go	5
Slip, trip, fall (ice)	R2Go	49
Slip, trip, fall (ice)	R2Go	5
		102

- 4.9 Although the number of accidents reported is low at 25, 8 of these accidents resulted in time lost due to the accident, this equates to nearly a third of the accidents.
- 4.10 The highest number of days absent was 49 days. This absence was due to a slip on ice whilst carrying out refuse collection duties, resulting in a shoulder injury.
- 4.11 Accident investigations are carried out internally by the Manager and/or the Health and Safety Advisor where appropriate. This enables us to explore the reasons for the accident, identifying both the immediate and underlying causes. This might result in a need to alter policy, practice or amend risk assessments to ensure a none re-occurrence.
- 4.12 *The number of RIDDOR injuries, illnesses and dangerous occurrences involving Council employees*

In the 12 month period three accidents were reported to the Health and Safety Executive as required by the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) legislation. This compares to one in 2013/14. These accidents were reported due to the fact that the employee had over seven days off work as a result of the accident.

- 4.13 *The number of health and safety enforcement notices*
There have been no visits by the Health and Safety Executive (HSE) or Fire Service. There have not been any enforcement notices served on the Council.

5. STREETWISE ENVIRONMENTAL FIGURES

- 5.1 Streetwise Environmental is now a separate social enterprise business and staff working for the Council within our Streetwise service were transferred to Streetwise Environmental as of 1st September 2014. Support services such as Humans Resources and Health and Safety are still provided by the Council

and it is important that CGG still monitor the health and safety performance of this business.

5.2 With this in mind accident figures for Streetwise Environmental will be provided in a similar format to Corporate Governance Group with comparison figures for previous years.

5.3 The Streetwise Environmental contract is formally monitored on a monthly basis and we include health and safety in these client contractor meetings. The health and safety support provided to Streetwise covers areas such as monitoring, auditing, accident investigations and provision of general advice and guidance.

5.4 Accident report forms completed

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/15
Establishment figure head count					
Streetwise Environmental	14	11	10	10	12

5.5 Accident Report Forms by type

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/15
Struck by Moving Object	4	1	2	0	5
Strike against fixed object	3	4	2	2	1
Slip / Trip / Fall	2	2	4	0	0
Manual Handling	3	2	2	6	4
Animal attack (e.g. dog)	0	1	0	0	0
Other (Shock/Contact with liquids)	2	1	0	2	2
Total	14	11	10	10	12

5.6 The number of employee days lost due to accidents

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/15
Number of days lost	44	25	16	6	22

The average number of days off per year equates to 22.6.

- 5.7 The following table shows the incident and injury type for those accidents which resulted in time lost.

Incident Type	Number of days
Other RTA	2
Struck by moving object	2
Manual handling	6
Manual handling	12
Total	22 days

5.8 **Number of RIDDOR reportables and enforcement notices**

In the 12 month period one accident required reporting to the Health and Safety Executive as required by the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) legislation.

There have been no visits by the Health and Safety Executive (HSE) or Fire Service. There have not been any enforcement notices served on Streetwise Environmental.

6. LEISURE CENTRE FACILITY FIGURES

- 6.1 As requested by Members previously, figures below show the accident information for the leisure centres. Members are reminded that these facilities are privately managed and as such, responsibility for health and safety management lies with the companies delivering the facilities. The Council monitors these figures as part of the work to oversee delivery of the leisure contracts.

- 6.2 As requested by CGG the figures for the previous year, 2013/14 have been provided as a comparison. The figures obtained from the contractor for the 12 month period April 2014 to end March 2015 are as follows:

- 479 accidents to members of the public in this 12 month period
- This compares to 473 for 2013/14

- 6.3 These figures need to be considered in the context of total centre usage of 1,357,352 people for the 12 month period. This equates to 0.35 per 1000 visitors compared to 0.34 for the previous year. Additionally it should be recognised that the incident statistics include injuries sustained during sporting activities such as swimming, football and racquet sports which are outside the control of the leisure provider.

- 6.4 The health and safety policies and practices of the leisure providers are closely monitored and scrutinised as a part of the regular meetings at both operational and strategic level. Each Leisure provider also reports annually to Performance Management Board which details their performance in relation to ten strategic objectives.

7. THE COUNCIL'S WIDER ROLE IN HEALTH AND SAFETY

7.1 The Council has health and safety duties to persons not in its employment, for example members of public visiting our sites. The risk assessment process and management of the Council's services ensures that risks to the public and contractors are assessed at the same time as the risk to our employees.

7.2 Actions we've taken as a Council to reduce risks to members of public when visiting our premises and also to those involved in activities with Council staff include:

- Fire risk assessments completed and in place for all Council occupied buildings
- Legionella risk assessments completed and in place within all appropriate sites
- Asbestos surveys completed and management plans in place.
- The gritting of car parks during periods of inclement weather to ensure safe access to the public
- Scheduled inspections of play equipment at parks

7.3 The proactive actions outlined above help to reduce and manage risk at Council sites and venue. Furthermore they assist in maintaining low accident statistics for the public and contractors in comparison with the volume and numbers of people involved. The table below set out these figures and provides details for previous years for comparison.

	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15
Member of Public	4	5	9	14	10	10	15
Contractor	1	0	0	0	0	0	1

7.4 All of the fifteen accidents occurred to members of public visiting Rushcliffe Country Park, twelve of which were sports or play related.

7.5 None of these accidents were reportable under RIDDOR as they did not fit the legal criteria for reporting.

8. CONCLUSION

8.1 The information reported in relation to the management of health and safety indicates that figures for number of accidents has reduced by 40% compared to 2013/14. From experience, and previous evidence, the accident figures are affected by the severity of the winter weather conditions. Severe winter weather does result in elevated accident figures due to an increase in slipping and tripping accidents, and therefore the mild winter this year has supported the decrease in accident rate.

8.2 The number of days absent from work due to accidents has increased compared to 2013/14 but this figure does fluctuate greatly from year to year. The average number of days absent since 2008/09 equates to 110 days a year. This results in 2014/15 being an average year. The one accident of 49 days made a significant impact to the days lost. As always, employees are

encouraged to return to work and this can be helped by the use of the fit note process by the GP which allows employees to return to work earlier on phased return and/or with adaptations to duties.

8.3 Health and safety objectives set at the beginning of the financial year have been met with additional safety policies also being reviewed during this time period.

8.4 In order to ensure continuing development in health and safety policies and practice the following objectives have been determined for the forthcoming year. These objectives have been identified by giving due regard to the issues highlighted in the report.

- To work towards the Bronze award for Nottinghamshire's Workplace Health Award Scheme. This is a scheme ran by Nottinghamshire County Council to promote a healthy productive workforce
- To review the next three top priority policies as determined by the health and safety policy review programme. These are:
 - Provision of Work Equipment Policy
 - Violence at Work policy
 - Noise at Work policy
- Develop a new policy on Substance Misuse (Drugs and Alcohol)
- To audit Streetwise in two of its high risk areas to be determined

Table of accident statistics for Leisure Centres 2014/15

	Apr 14	May 14	Jun 14	July 14	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	RIDDOR	Total Accidents	Total Staff	Total attendance figures
East Leake	2	2	2	4	3	0	1	3	4	5	1	5	0	32	0	202,771
Rushcliffe Leisure Centre	16	13	10	11	14	9	9	13	8	17	26	10	2	156	2	369,622
Bingham Leisure Centre	1	10	9	9	9	7	7	11	8	10	7	10	0	98	5	253,319
Cotgrave Leisure Centre	14	8	7	8	9	5	15	10	8	14	8	15	1	121	7	212,057
Rushcliffe Arena	1	6	9	3	0	2	3	0	1	7	3	3	2	38	1	187,023
Keyworth Leisure Centre	3	3	6	7	3	2	3	4	1	1	0	1	1	34	1	132,560
Total	37	42	43	42	38	25	38	41	30	54	45	44	6	479	16	1,357,352

Table of accident statistics for Leisure Centres 2013/14

	Apr 13	May 13	Jun 13	July 13	Aug 13	Sept 13	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	RIDDOR	Total Accidents	Total Staff	Total attendance figures
East Leake	6	2	1	0	1	2	2	1	2	2	4	0	0	23	0	222,544
Rushcliffe Leisure Centre	10	22	28	19	7	14	11	12	9	19	9	15	0	175	6	372,899
Bingham Leisure Centre	8	12	12	9	3	11	3	8	3	11	9	15	3	104	11	245,808
Cotgrave Leisure Centre	10	10	7	12	11	9	13	8	4	7	7	12	2	110	4	212,609
Rushcliffe Arena	2	3	2	3	0	2	2	2	1	4	3	7	2	31	2	190,554
Keyworth Leisure Centre	1	2	3	3	3	4	2	0	4	3	2	3	2	30	1	136,661
Total	37	51	53	46	25	42	33	31	23	46	34	52	9	473	24	1,381,075

Report of the Executive Manager - Finance and Commercial

1. Summary

- 1.1 The attached report has been prepared by the Council's internal auditors Baker Tilly. It is the last report for the financial year 2014/15 showing that all audits have been completed for the year, along with any significant recommendations with regards to the audits completed at the end of the financial year 2014/15.

2. Recommendation

- 2.1 It is RECOMMENDED that the Corporate Governance Group notes Internal Audit's final Progress Report in relation to 2014/15 (**Appendix A**).

3. Reasons for Recommendation

- 3.1 To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1 The attached report highlights the completion of the Internal Audit Plan for 2014/15 with the majority of the audits given a 'green' rating and substantial assurance. For six reports it also identifies 7 Medium Risk recommendations to be actioned.

5. Other Options Considered

- 5.1 Not Applicable

6. Risk and Uncertainties

- 6.1 If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

5. Implications

5.1 Finance

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk has reduced and can result in a reduced audit workload and therefore cost.

5.2 Legal

None

5.3 Corporate Priorities

Not applicable

5.4 Other Implications

None

For more information contact:	Peter Linfield Service Manager (Finance and Commercial) 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Internal Audit Progress Reports during 2014/15
List of appendices (if any):	Appendix A – Internal Audit Progress Report 2014/15

Rushcliffe Borough Council

Internal Audit Progress Report – 2014/15

Corporate Governance Group: 29 June 2015

Introduction

The internal audit plan for 2014/15 was approved by the Corporate Governance Group (CGG) on 23 April 2014. This report provides an update on progress against that plan and summarises the results of our work to date.

Summary of Progress against the Internal Audit Plan

Assignment <i>(Reports considered today are shown in bold italics)</i>	Status	Opinion	Actions Agreed		
			High	Medium	Low
Partnerships – Nottinghamshire Parking Partnership (9.14/15)	FINAL	Green	0	1	1
Ordering and Creditors (12.14/15)	FINAL	Green	0	1	1
Joint Co-operation Agreement for the Garages and Fleet (14.14/15)	FINAL	Amber/Green	0	2	3
Payroll (15.14/15)	FINAL	Amber/Green	0	1	2
Follow Up (16.14/15)	FINAL	ADEQUATE PROGRESS	0	2	10
Treasury Management, Cash & Bank (17.14/15)	FINAL	Green	0	0	0
Absence Management (1.14/15)	FINAL	Green	0	0	3
Transformation Projects (2.14/15)	FINAL	Green	0	0	0
Development Control – Pre-planning applications (3.14/15)	FINAL	Green	0	1	0

Assignment <i>(Reports considered today are shown in bold italics)</i>	Status	Opinion	Actions Agreed		
			High	Medium	Low
Corporate Governance (4.14/15)	FINAL	Green	0	2	3
Mobile Homes Act Licences (5.14/15)	FINAL	Green	0	0	1
Risk Management (6.14/15)	FINAL	Green	0	0	5
Main Accounting and Budgetary Control (8.14/15)	FINAL	Green	0	0	1
Housing Benefits (10.14/15)	FINAL	Green	0	0	2
Council Tax (11.14/15)	FINAL	Green	0	0	1
NNDR (13.14/15)	FINAL	Green	0	1	2

Other Matters

Planning and Liaison:

On-going liaison takes place with the Service Manager - Finance and other relevant managers in respect of scoping and planning each of the audit assignments.

Internal Audit Plan 2014/15 - Change Control:

There have been no changes to the internal audit plan.

Action Plans for Key Recommendations

(Medium or High recommendations only)

Partnerships – Nottinghamshire Parking Partnership (9.14/15)

Ref	Recommendation	Categorisation	Accepted	Management Comment	Implementation Date	Manager Responsible
1	The draft contract or Service Level Agreement between Rushcliffe Borough Council and Broxtowe Borough Council regarding the day to day management of car parking enforcement matters is agreed and signed by both parties.	Medium	Y	Although the agreement has not yet been signed it is being implemented with Broxtowe's Parking Manager taking a 'hands on' approach to managing the contract in Rushcliffe.	30 April 2015	Leisure Contracts Manager (LCM)

Ordering and Creditors (12.14/15)

Ref	Recommendation	Categorisation	Accepted	Management Comment	Implementation Date	Manager Responsible
1	<p>The new supplier form should be completed in all instances, with the verification check performed by the Finance Team documented in all instances.</p> <p>All new suppliers and supplier amendments processed on the eFinancials System should be subject to review by a second officer for accuracy.</p> <p>The date of review and reviewing officer should be documented.</p>	Medium	Y	Agreed.	<p>1 April 2015 – to provide sufficient time for the Finance Team to notify departments of the new requirements.</p> <p>Already implemented.</p>	<p>Richard Bovey, Service Support Group Accountant</p> <p>Richard Bovey, Service Support Group Accountant</p>

Joint Co-operation Agreement for the Garages and Fleet (14.14/15)

Ref	Recommendation	Categorisation	Accepted	Management Comment	Implementation Date	Manager Responsible
1	<p>Documented procedure notes should be developed detailing the tasks to be completed and processes to be followed for use in the event of staff absence.</p> <p>Procedure notes should include version control and record the arrangements for review.</p>	Medium	Y	This task has been assigned to the relevant person and forms part of a number of tasks in their performance development review.	June 2015	Darryl Burch
2	<p>The risk register should be actively monitored, reviewed and updated on a regular basis to ensure the risks identified remain relevant to the Co-operation Agreement in place. In addition current controls and actions required to mitigate the risks should also be identified and recorded.</p> <p>Risks in respect of non-delivery of the savings and benefits to be achieved should be considered with control actions identified and recorded for all risks within the risk register.</p> <p>The corporate risk register should be updated to include risks on non-delivery of the co-operation agreement.</p>	Medium	Y	<p>Agreed</p> <p>Risks will be regularly reviewed at operational meetings as well as at quarterly meetings. Corporate risk register to be updated.</p>	June 2015	Darryl Burch

Payroll (15.14/15)

Ref	Recommendation	Categorisation	Accepted	Management Comment	Implementation Date	Manager Responsible
1	<p>Recommendation raised in 2013/14:</p> <p>(a) Management should ensure a formal partnership agreement for the provision of payroll service is in place as soon as Possible between the Council and payroll service provider, Gedling Borough Council.</p> <p>(b) The partnership agreement should clearly define the responsibilities of both parties, as well as the expected service levels.</p> <p>(c) The partnership agreement should be signed and dated by senior representatives from both parties.</p>	Medium	Y	The contract has been recently renegotiated and the Agreement will be updated and signed.	April 2015	P Linfield, Service Manager, Finance & Commercial

Follow Up (16.14/15)

Ref	Recommendation	Categorisation	Accepted	Management Comment	Implementation Date	Manager Responsible
1	<p>05.13/14 Governance - Compliance with Expenses Policy</p> <p>(a) Councillors should be asked to provide details of their insurance to confirm they are covered for travelling for business purposes (those who will be travelling for business purposes should have a clause to state this on their Insurance Certificate). A copy of this should be retained on file and periodic checks should be undertaken (annually) to ensure this is kept up to date.</p> <p>(b) Current Members of the Council and employees of the Council who are claiming mileage should be asked to provide a copy of their Insurance Certificate to ensure they have appropriate business cover on their motor insurance policy.</p>	Medium	Y	This will be implemented for all returning or new Councillors following the election in May 2015. This will also be undertaken for staff.	June 2015	Dan Swaine
2	<p>06.13/14 Community Support Grants</p> <p>(a) The Council reviews the criteria for the award of Community Support Grants to tighten the qualifying criteria and to remove any areas of ambiguity. In particular, the provision of grant assistance for the purchase of food for consumption at an event should be unacceptable and clear guidance provided on the utilisation of RBC grants to fund projects that should be funded out of the Parish precept.</p> <p>(b) Consideration is given to setting a minimum value for each grant awarded.</p>	Medium	Y	The scheme guidance be reviewed in 2015/16.	June 2016	Dan Swaine

Treasury Management, Cash & Bank (17.14/15)

There were no high or medium risk recommendations raised in this report.

Recommendation Categorisation	
Our findings and recommendations are categorised as follows:	
Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	

Opinions			
The definitions for the level of assurance that can be given are:			
Opinion	Description	Opinion	Description
Red	Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.	Amber / Green	Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
Amber / Red	Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.	Green	Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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Report of the Executive Manager - Finance and Commercial

1. Summary

- 1.1 As part of its annual work programme the Corporate Governance Group receives both in year progress reports and a year-end annual report from the Council's internal auditors, Baker Tilly.
- 1.2. The annual report which supports the annual governance statement is provided at **Appendix A**. Members should note the direction of travel given by Baker Tilly concerning the Council's arrangements for governance, risk management and internal control which shows 'Adequate and effective arrangements are in place'.

2. Recommendation

- 2.1 It is RECOMMENDED that the Corporate Governance Group notes the Internal Audit's Annual Report 2014/15 (Appendix A).

3. Reasons for Recommendation

- 3.1 To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1 The Internal Audit Annual Report at Appendix A (attached) highlights the fact that Internal Audit, from the work they have undertaken during the year, can demonstrate that 'adequate and effective arrangements are in place' with regards to Governance, Risk Management and Internal Control.
- 4.2 From 14 audit reviews, 12 were rated green (substantial assurance) and 2 were amber/green (reasonable assurance).

5. Other Options Considered

- 5.1 Not Applicable

6. Risk and Uncertainties

- 6.1 A poor Annual Internal Audit Report would cast doubts regarding the Council's governance arrangements and potentially impact upon the audit opinion for the Statement of Accounts.

5. Implications

5.1.1 Finance

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk has reduced and can result in a reduced audit workload and therefore cost.

5.1.2 Legal

None

5.2 Corporate Priorities

Not applicable

5.3 Other Implications

None

For more information contact:	Peter Linfield Service Manager (Finance and Commercial) 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Internal Audit Progress Reports during 2013/14
List of appendices (if any):	Appendix A – Internal Audit Annual Report 2014/15

Rushcliffe Borough Council

Annual Internal Audit Report - Year ended 31 March
2015

Presented at the Corporate Governance Group
meeting of: 18th June 2015

Baker Tilly Risk Advisory Services LLP

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1 Introduction

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management and approved by the Corporate Governance Group, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the Council takes into account in making its annual governance statement (AGS).

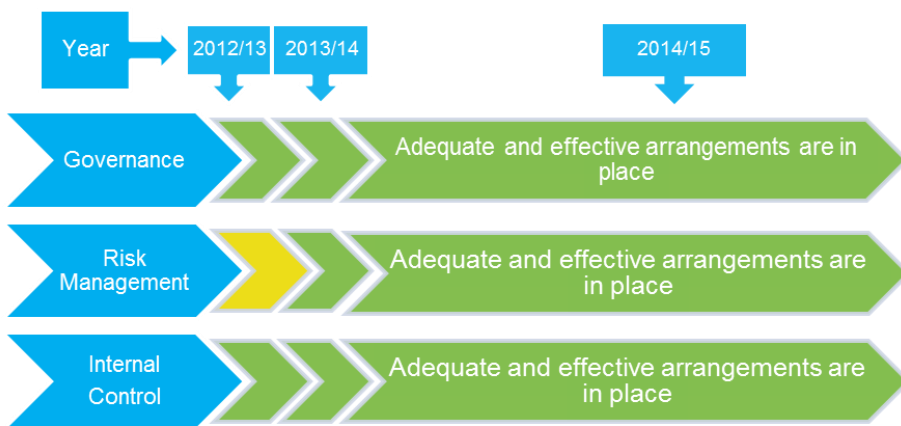
The AGS is an annual statement by the Section 151 Officer, on behalf of the Council, setting out:

- How the individual responsibilities of the Section 151 Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- The purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the assurance framework process; and
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

2 The Head of Internal Audit Opinion

The purpose of our annual opinion is to contribute to the assurances available to the Section 151 Officer and the Council through the Corporate Governance Group. This opinion will in turn assist the Council in the preparation of its annual governance statement.

For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation’s risk management, internal control and governance arrangements. We also show below the direction of travel of our opinions.



Further detail supporting our opinion can be found over the page.

2.1 The basis of our opinion

Based on the work we have undertaken on the Rushcliffe Borough Council system of internal control we do not consider that within these areas there are any issues that need to be flagged as significant internal control issues.

Governance

To inform our governance opinion for 2014/15, we have taken into consideration the governance and oversight related elements of each of the audits undertaken as part of the 2014/15 Internal Audit Plan. We have also taken into account our knowledge of the Council's governance structure and processes



We are also aware from our more general audit coverage and from our attendance at Corporate Governance Group meetings that the Council has satisfactory governance arrangements in place.

Risk Management

We undertook a full review of the Council's Risk Management arrangements in 2014/15. The Council has an established Risk Management Strategy and Framework in place. There are currently 28 Corporate Risks and 25 Operational risks recorded in the Risk Register. Our review resulted in a 'green' opinion.



Control

We undertook 16 internal audit assignments in 2014/15, which included 14 assurance reviews, one advisory review and one follow up review. From the assurance reviews undertaken, 12 were 'green' opinions and two were 'amber/green' opinions. No red opinions were given during the year.



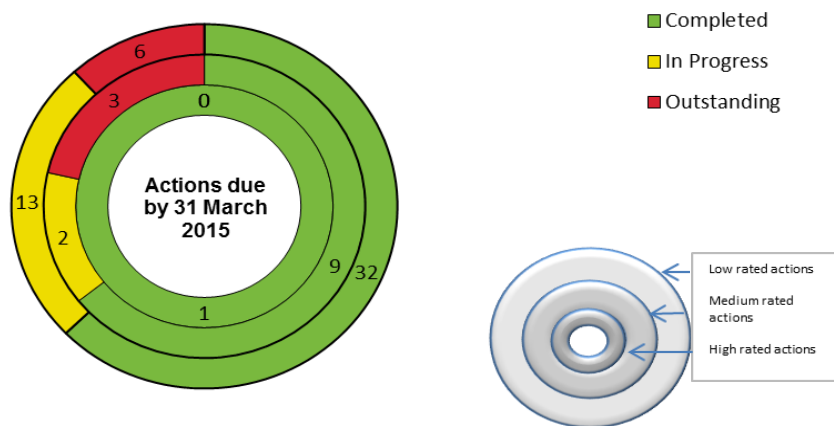
A summary of the internal audit work undertaken, and the resulting opinions, including the actual number of recommendations raised, is provided at Appendix A.

2.2 Acceptance of 2014/2015 Internal Audit recommendations

All of the recommendations made during the year were accepted by management.

2.3 Implementation of internal audit recommendations

Our follow up of the recommendations from previous years and current audit assignments, showed that the organisation had made adequate progress in implementing the agreed actions.



There was one high category recommendation raised in 2013-14 and this has been implemented promptly. There are three medium category recommendations outstanding, including one that is not yet due for implementation and another two that are in process of being implemented.

2.4 Reliance placed upon work of other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 Our performance

3.1 Wider value-adding delivery

As part of our client service commitment, during 2014/15 we have issued 11 news bulletins to our local authority clients.

3.2 Conflicts of interest

We Baker Tilly have not undertaken any work or activity during 2014/15 that would lead us to declare any conflict of interests.



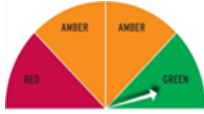



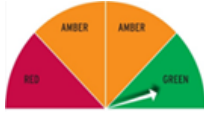
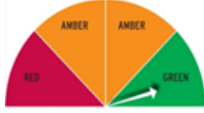
3.3 Conformance with internal auditing standards


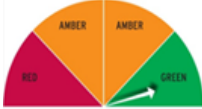




Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

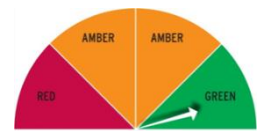
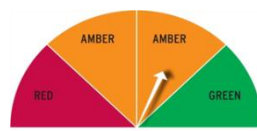
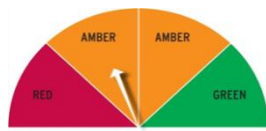
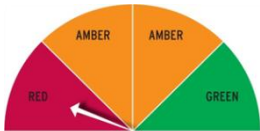
The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

Appendix A: Internal Audit Opinion and Recommendations 2014/2015

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
Absence Management	Executive Manager – Operations and Corporate Governance		0	0	3
Transformation Projects	Executive Manager – Transformation		0	0	0
Development Control- Pre planning Application Charges	Executive Manager – Communities		0	1	0
Corporate Governance	Executive Manager – Operations and Corporate Governance		0	2	3
Mobile Homes Act Licences	Executive Manager – Neighbourhoods		0	0	1
Risk Management	Executive Manager – Operations and Corporate Governance		0	0	5
Taxi Licensing Process Review	Executive Manager – Neighbourhoods	Advisory	1	3	3
Main Accounting & Budgetary Control	Executive Manager – Finance and Commercial		0	0	1
Partnerships - Nottinghamshire Parking Partnership	Executive Manager – Finance and Commercial		0	1	1

Assignment	Executive lead	Opinion	Actions agreed		
			H	M	L
Housing Benefits	Executive Manager – Finance and Commercial		0	1	1
Council Tax	Executive Manager – Finance and Commercial		0	0	1
Ordering & Creditors	Executive Manager – Finance and Commercial		0	1	1
NNDR	Executive Manager – Finance and Commercial		0	1	2
Joint Co-operation Agreement for the Garages and Fleet	Executive Manager – Neighbourhoods		0	2	3
Payroll	Executive Manager – Finance and Commercial		0	1	2
Follow Up of Previous Internal Audit Recommendations	Executive Manager – Finance and Commercial	Adequate Progress	0	3	12

We use the following levels of opinion classification within our internal audit reports



Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

For further information contact

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Report of the Executive Manager - Finance and Commercial

1. Summary

- 1.1 The internal audit strategy for the three years 2010 - 2013 was approved by this Group at the meeting on 26 May 2010. It was based on discussions with officers and the Chairman of Corporate Governance Group.
- 1.2 On an annual basis members of the Internal Audit team examine the underlying risks facing the council and update this strategy and the resultant audit plan with senior officers.
- 1.3 The detailed audit strategy and audit plan is appended to this report. A member of the internal audit team will attend the meeting to present the report and be available to answer questions.

2. Recommendation

- 2.1 It is RECOMMENDED that Members approve the updated Internal Audit Strategy and detailed Audit Plan 2015/16 to 2016/17.

3. Reasons for Recommendation

- 3.1 To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1 Each year the Council's Internal Auditors Baker Tilly in consultation with senior officers produce the audit strategy and audit plan. As part of the audit strategy the Council's Internal Auditors have outlined three questions to assist Members in their consideration of the audit plan. These are:

- Is the Corporate Governance Group satisfied that sufficient assurances are being received within their annual plan (as set out at **Appendix A**) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at **Appendix B**) cover the organisation's key risks as they are recognised by the Corporate Governance Group?

- Is the Corporate Governance Group content that the standards within the charter in **Appendix C** are appropriate to monitor the performance of internal audit?

4.2 Baker Tilly have looked to continue to provide value for money with their audit fee. The daily rate for fees has increased modestly from £255 to £265 (3.9%) leading to a rise in the audit fee at £47,965 (from £46,155). This is to be put into context; the fees in 2013/14 were much higher, amounting to £62,220. The low fees continue to reflect an improved risk profile for the Council. Whilst the proposed fees exceed the budget, Internal audit are committed to delivering efficiencies and to not exceed the budget of £46,155 (this amounts to a reduction of 6.5 days on the Plan).

4.3 On the assumption Members believe the 3 previous questions are positively answered then the level of resource should be adequate. It should also be noted there are 11 contingency days to deal with any additional items of work or where further days are required if, for example, any issues arise from an audit resulting in the need for further resources. If the days are not utilised then there will be a budget underspend.

5. Other Options Considered

5.1 Not Applicable

6. Risk and Uncertainties

6.1 There are no risks directly attributable to the report although the nature of the internal audit service and the audit plan helps manage risk. The audit fees are always subject to risk in terms of if an internal control weakness is identified fees can potentially exceed the budget or work may take less time than planned (ie there is both upside and downside risk).

5. Implications

5.1 Finance

The audit fee relating to the costs of the audit work is included within existing budgets.

5.2 Legal

Not applicable

5.3 Corporate Priorities

Not applicable

5.4 Other Implications

None

For more information contact:	Peter Linfield Service Manager (Finance and Commercial) 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Appendix A – Internal Audit Strategy 2015/16 to 2016/17

Rushcliffe Borough Council

Internal audit strategy 2015/2016 - 2016/2017

Presented at the Corporate Governance Group
meeting of:

29 June 2015

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1 Introduction

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Rushcliffe Borough Council in the year ahead including changes within the sector.

1.1 Background

Rushcliffe lies immediately south of the City of Nottingham and the River Trent and extends across towards Newark in the North East and Loughborough in the South West. Rushcliffe covers 157 square miles (around 400 sq km) and the circumference of the Borough is 123.3km

Although parts of the Borough lie close to Nottingham, Rushcliffe has a strong identity of its own. The main centre of population is West Bridgford, where around 41,000 of the Borough's 111,100 population live. The remainder of the district is largely rural, with the centres of population split between small towns and villages.

1.2 Vision

The Council is still very focused on delivering services to residents at a time that suits them and in a way they find acceptable; service delivery is based around customer need rather than council convenience. Rushcliffe is eager to capitalise on its new responsibilities, (under the Localism Act 2011), especially where this puts residents at the centre of service design and delivery.

1.3 Objectives

Focus will be on three key themes until 2016 which are:

- Supporting economic growth to ensure a sustainable, prosperous and thriving local economy
- Maintaining and enhancing our residents' quality of life
- Transforming the Council to enable the delivery of efficient high quality services

Longer terms goals have been set out in the 2020 Vision for the Borough.

2 Developing the internal audit strategy

We use your objectives and risks as the starting point in the development of your internal audit plan.

2.1 Sources considered

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the following:

- Executive Directors;
- Chief Executive and
- Corporate Governance Group members.

Based on our understanding of the organisation, and the information provided to us by the stakeholders above, we have developed an annual internal plan for the coming year, and a high level strategic plan (**see Appendix A and B for full details**).



Figure A: Sources considered when developing the Internal Audit Strategy.

2.2 How the plan links to your risks

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion within the strategy.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: a contingency allocation, time for tracking the implementation of actions and an audit management allocation.

Area	Reason for inclusion in the audit plan/strategy
Streetwise	Management have requested a review into a newly established company.
Building Control	The Council have entered into a partnership working arrangement with South Kesteven District Council; the work will review the contact arrangements in place.
Taxi Licencing	Following issues that were identified during 2014 by management an enhanced control framework has been implemented and this review will look at the effectiveness of these enhanced controls.

2.3 Working with other assurance providers

The Corporate Governance Group is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit and counter fraud to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 Internal audit resources

Your internal audit service is provided by Baker Tilly Risk Advisory Services LLP. The team will be led by Chris Williams, Partner, supported by Mike Riley and Kelly Waddoups as your management team.

3.1 Fees

Our anticipated fee to deliver the plan of 181 days is £47,965 (excluding VAT).

3.2 Conformance with internal auditing standards

Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within **Appendix D**.

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

3.3 Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 Corporate Governance Group requirements

In approving the internal audit strategy, the committee is asked to consider the following:

- Is the Corporate Governance Group satisfied that sufficient assurances are being received within our annual plan (as set out at **Appendix A**) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at **Appendix B**) cover the organisation's key risks as they are recognised by the Corporate Governance Gr?
- Is the Corporate Governance Group content that the standards within the charter in **Appendix C** are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Corporate Governance Group approve such any amendments to this plan.

Appendix A: Internal audit plan 2015/2016

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated CGG date
Risk based assurance				
Corporate Governance	To ensure the Council's governance arrangements are adequate to provide assurance to management and Members and for accountability purposes.	9	w/c 5 th October 2015	November 2015
Risk Management	Our work will review the risk methodology and risk management policy ensuring that the documents exist and have been appropriately approved. This will also ensure that the strategic risks link to the corporate strategy.	8	w/c 26 th October 2015	January 2016
Member Services	This is a cyclical review to ensure that the member services function is controlled. Specific risks will be discussed during the audit scoping meeting.	8	w/c 21 st September 2015	November 2015
IT Review	The coverage of the IT review will be agreed with management at a later date.	10	TBC	TBC
Transformation	The Council has a transformation plan in terms of efficiency savings and transformation of service delivery. Our review will monitor the reported progress against the plan and provide assurance on the progress towards achievement.	7	w/c 27 th July 2015	3 rd September 2015
Building Control	Rushcliffe Borough Council has entered into a partnership arrangement with South Kesteven District Council to provide a Building Control service. This review will seek to provide assurance over this partnership working and contract management.	8	w/c 5 th October 2015	November 2015
Streetwise	A new company 'Streetwise Environmental Limited' was launched in September 2014; this is a wholly owned company by RBC. Our review will consider the client / contractor arrangements in place.	8	w/c 21 st September 2015	November 2015

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated CGG date
Taxi Licensing	We have been requested by management to undertake a review of the taxi licencing processes following the enhanced control framework which has been implemented during 2014.	7	w/c 5 th October 2015	November 2015
Fleet Services	Our work will include a review of the repairs and maintenance processes including the process involved in deciding on the timing of repairs and services. We will also consider the acquisition and disposal process, management of the bunkered fuel and use of vehicle trackers.	6	w/26 th October 2015	January 2016
Tendering and Contracts	The Council is introducing an electronic tendering system (Due North). We will review the recent tender exercises to ensure that the control framework is adequate and that the correct processes have been followed.	8	w/c 1 st February 2016	March 2016
Core assurance				
Treasury Management, Cash & Banking	The review will consider: <ul style="list-style-type: none"> • Documents policies and procedures; • Segregation of duties; • Bank Reconciliations; • Cash Receipting / Banking; • Investments / loans and approval; and • Preparation of cashflows 	7	w/c 18 th January 2016	March 2016
Main Accounting System & Budgetary Control	The review will consider: <ul style="list-style-type: none"> • Access controls surrounding the finance system; • Maintenance of the general ledger; • Processing of journals; • Month end and year end closedown procedures; • Reconciliations; and • Budget setting, monitoring and approval 	9	w/c 25 th January 2016	March 2016

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated CGG date
Income & Debtors	<p>The review will consider:</p> <ul style="list-style-type: none"> • Policies and procedures; • Debtor account creation and amendments; • Invoicing process; • Credit Control; • Write Offs: and • Monitoring and reporting 	8	w/c 9 th November 2015	January 2016
Payroll	<p>The review will consider:</p> <ul style="list-style-type: none"> • The process for administering starters, changes and leavers and the authorisation for these amendments; • Accuracy of the payroll; • Deductions; • Control account reconciliations; • Payroll payments process; • Exception reporting; and • Management information 	7	w/c 8 th February 2016	March 2016
Housing Benefits	<p>The review will consider:</p> <ul style="list-style-type: none"> • Changes to housing benefits legislation and processes; • Policies and procedures; • Processing of claims including eligibility and residency checks; • Changes in circumstances and the impact on claims; and • The payment process • Claimant transfer to Universal Credits 	13	w/c 30 th November 2015	January 2016
Council Tax	<p>The review will consider:</p> <ul style="list-style-type: none"> • Council Tax legislation and associated policies and procedures; • Annual billing process; • Identification of new properties; • Reconciliation to the VOA schedule; • Granting of exemptions and discounts; • Refunds; • Write offs; and • In this year there will also be a specific focus on the recovery process. 	12	w/c 16 th November 2015	January 2016

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated CGG date
NNDR	<p>The review will consider:</p> <ul style="list-style-type: none"> • Legislation and associated policies and procedures; • Annual billing process; • Identification of new properties; • Inspections of empty properties; • Amendments to the valuation listing and reconciliation process; • Granting of exemptions, discounts and reliefs; • Refunds; • Write Offs; and • In this year there will be a specific focus on the recovery process. 	12	18 th January 2016	March 2016
Other internal audit input				
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	8	w/c 25 th January 2016	March 2016
Contingency	To allow additional reviews to be undertaken in agreement with the Corporate Governance Group or management based in changes in risk profile or assurance needs as they arise during the year.	11	As required.	As used.
Audit management	<p>This will include:</p> <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at Corporate Governance Group Committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion. 	15	On-going.	-
TOTAL		181		

Appendix B: Internal audit strategy

Proposed area for coverage	Scope and associated risk area	2015/16	2016/17
Risk based assurance			
Governance	Continued assurance over the assurance framework and risk management processes, to underpin the year end annual governance statement.	✓	✓
Risk Management	Continued assurance over the assurance framework and risk management processes, to underpin the year end annual governance statement.	✓	✓
Transformation	Failure to achieve the Council's transformation plan in terms of efficiency savings and transformation of service delivery.	✓	✓
Commercial Property Portfolio	Failure to appropriately manage the Council's increasing property portfolio in terms of tenancies, income and maintenance.		✓
Markets	Failure to control and administer the markets service and comply with allocations policy and income collection.		✓
Licensing	Failure to review and set appropriate local licence fees and enforce licensing services operated by the Council.	✓	✓
Member Services	This is a cyclical review to ensure that the member services function is controlled. Specific risks will be discussed during the year of the review.	✓	
Human Resources	This is a cyclical review to ensure that the human resources department is controlled. Specific risks will be discussed during the year of the review.		✓
Partnerships	Any new or existing partnership arrangements will be reviewed to ensure sufficient controls are in place and adhered to. The partnership to be reviewed on a specific year will be selected on a risk based approach following discussions with the Executive Managers.	✓	✓
Building Control	The Council has recently combined the building control services with a neighbouring local authority, our review will be intended to ensure that a sufficient and robust control framework still exists.	✓	
Disabled Facilities Grants	A cyclical review of the control framework around the administration and awarding of disabled facilities grants. Specific risks will be discussed during the year of review.		✓

Proposed area for coverage	Scope and associated risk area	2015/16	2016/17
Land Charges	A cyclical review of the control framework around the maintenance of the register and search applications received and dealt with. Specific risks will be discussed during the year of review.		✓
Information Systems Assurance	Assurance over the Council's IM&T infrastructure and operations. Specific risks will be discussed during the year of review.	✓	✓
Streetwise	Failure to appropriately manage the relationship between the Council and Streetwise.	✓	
Tendering and Procurement	This is a cyclical review of the compliance over the contracts and tendering undertaken by the Council.	✓	
Fleet	To provide assurance over the management of the Councils fleet.	✓	
Core assurance			
Treasury Management, Cash & Banking	External Audit will to place reliance on our work to inform their audit.	✓	✓
Main Accounting System & Budgetary Control	External Audit will to place reliance on our work to inform their audit.	✓	✓
Income & Debtors	External Audit will to place reliance on our work to inform their audit.	✓	
Ordering & Creditors	External Audit will to place reliance on our work to inform their audit.		✓
Payroll	External Audit will to place reliance on our work to inform their audit.	✓	✓
Housing Benefits	External Audit will to place reliance on our work to inform their audit.	✓	✓
Council Tax	External Audit will to place reliance on our work to inform their audit.	✓	✓
NNDR	External Audit will to place reliance on our work to inform their audit.	✓	✓
Capital Programme & Assets	External Audit will to place reliance on our work to inform their audit.		✓
Other Internal Audit input			
Follow Up	To meet internal auditing standards and to provide management with on-going assurance regarding implementation of recommendations.	✓	✓

Proposed area for coverage	Scope and associated risk area	2015/16	2016/17
Contingency	To allow for additional audits to be undertaken at the request of the Corporate Governance Group or management based on changes in assurance needs as they may arise during the year.	✓	✓
Audit management	This will include: <ul style="list-style-type: none"> • Planning; • Ongoing liaison and progress reporting; • Preparation for and attendance at Corporate Governance Group • Development and publication of the annual internal audit opinion. 	✓	✓

Appendix C: Internal audit charter

1.0 Need for the charter

1.1 This charter establishes the purpose, authority and responsibilities for the internal audit service for UHNM. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Corporate Governance Group.

1.2 The internal audit service is provided by Baker Tilly Risk Advisory Services LLP ("Baker Tilly"). Your key internal audit contacts are as follows:

	Partner	Manager / Assistant Manager
Name	Chris Williams	Mike Riley / Kelly Waddoups
Telephone	07753 584993	07818 002534 / 07528 970405
Email address	chris.williams@bakertilly.co.uk	mike.riley@bakertilly.co.uk / kelly.waddoups@bakertilly.co.uk

1.3 We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

1.4 An overview of the individual internal audit assignment approach and our client care standards are included at Appendix D and E of the audit plan issued for 2015/16.

2.0 Role and definition of internal auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes".

Definition of Internal Auditing, Institute of Internal Auditors and the Public Sector Internal Audit Standards

2.1 Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

3.0 Independence and ethics

3.1 To provide for the independence of Internal Audit, its personnel report directly to the Chris Williams (acting as your head of internal audit). The independence of Baker Tilly is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Director of Finance.

3.2 The head of internal audit has unrestricted access to the Chair of Corporate Governance Group to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

3.3 Conflicts of interest may arise where Baker Tilly provides services other than internal audit to Rushcliffe Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Corporate Governance Group. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Corporate Governance Group. Equally we do not want the organisation to be deprived of wider Baker Tilly expertise and will therefore raise awareness without compromising our independence.

4.0 Responsibilities

4.1 In providing your outsourced internal audit service, Baker Tilly has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans which align to the corporate objectives. The plan will be submitted to the Corporate Governance Group for review and approval each year before work commences on delivery of that plan.
- Implement the audit plan as approved, including any additional reviews requested by management and the Corporate Governance Group.
- Ensure the internal audit team consists of professional internal audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.

- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements and agree corrective action with management based on an acceptable and practicable timeframe.
- Undertake action tracking reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Provide a list of significant performance indicators and results to the Corporate Governance Group to demonstrate the performance of the internal audit service.
- Liaise with the external auditor and other relevant assurance providers for the purpose of providing optimal assurance to the organisation.

5.0 Authority

5.1 The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Corporate Governance Group.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

5.2 The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by Baker Tilly unless specifically seconded to internal audit.

6.0 Key Performance Indicators (KPIs)

6.1 In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

Delivery	Quality
Audits commenced in line with original timescales agreed in the internal audit plan.	Conformance with the Public Sector Internal Audit Standards.
Draft reports issued within 10 working days of debrief meeting.	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.
Management responses received from client management within 10 working days of draft report.	Response time for all general enquiries for assistance is completed within 2 working days.
Final report issued within 3 days from receipt of management responses.	Response to emergencies such as concerns of potential fraud with 1 working day.
Completion of internal audit plan by the end of the financial year.	

7.0 Reporting

- 7.1 An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Corporate Governance Group. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.
- 7.2 The Head of Internal Audit will issue progress reports to the Corporate Governance Group and management summarising outcomes of audit activities, including follow up reviews.
- 7.3 As your internal audit provider, the assignment opinions that Baker Tilly provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

7.4 As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by Baker Tilly Risk Advisory Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

8.0 Data Protection

- Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.
- Personal data is not shared outside of Baker Tilly. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).
- Baker Tilly has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

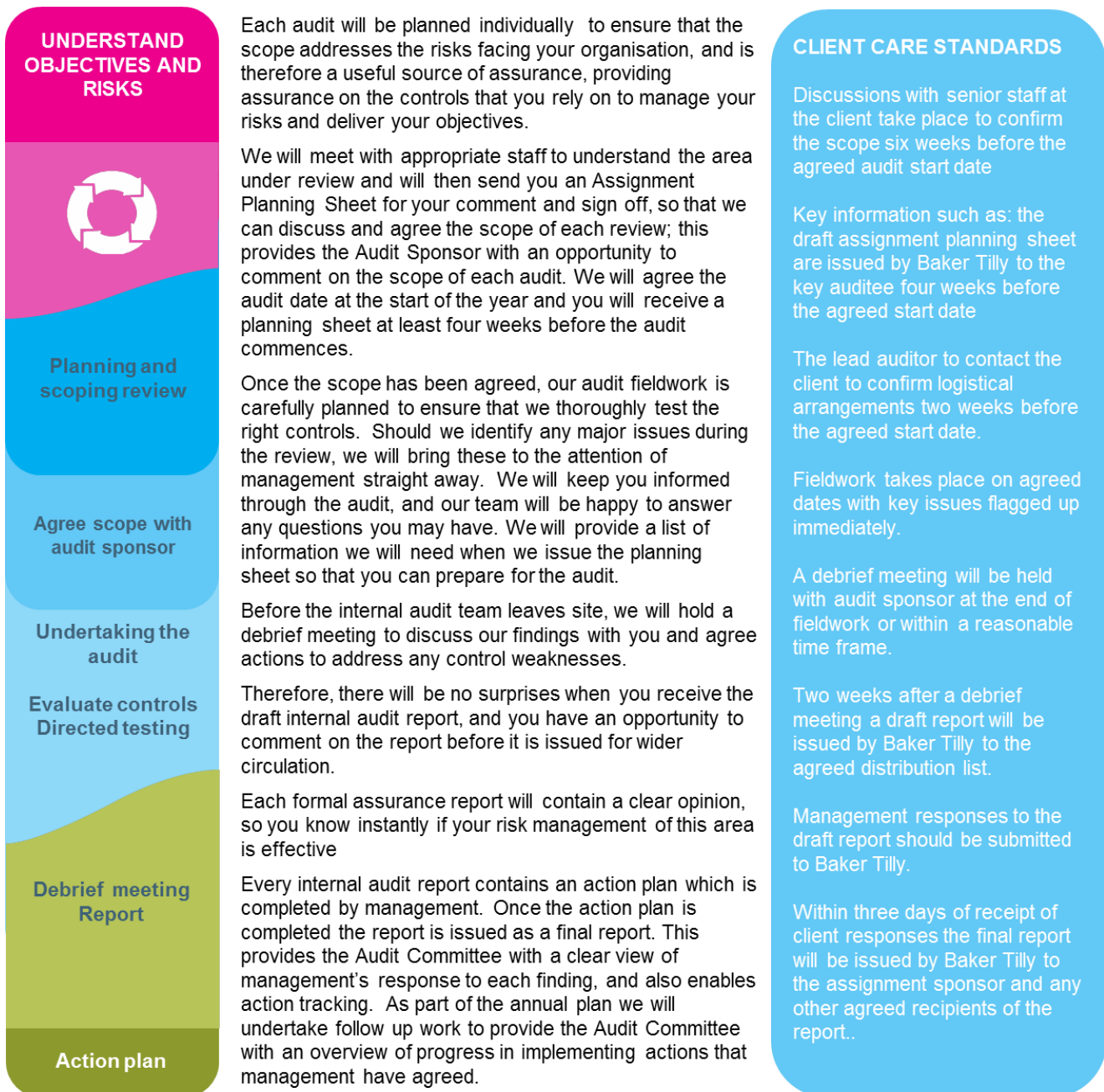
9.0 Fraud

9.1 The Corporate Governance Group recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Corporate Governance Group recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work.

10.0 Approval of the internal audit charter

10.1 By approving this document, the annual plan, the Corporate Governance Group is also approving the internal audit charter.

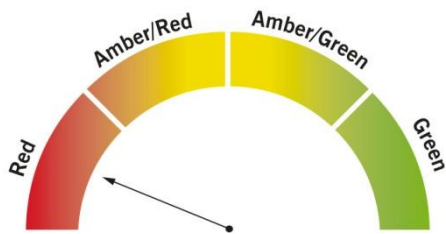
Appendix D: Our internal audit approach to an assignment



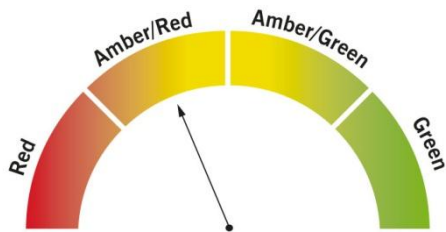
Appendix E: Overview of internal audit assignment opinions

For internal audits classed as “risk based assurance” reviews (compared with advisory input), we use four opinion levels as shown below. Each assignment report will explain the scope of the review, and therefore the context and scope of the opinion.

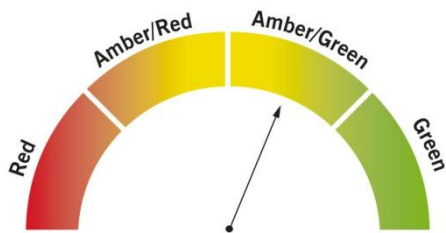
← Increasing level of assurance



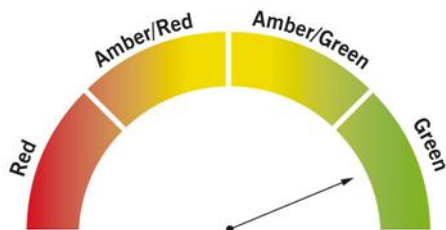
Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied.
Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.
However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and Board of our client and, pursuant to the terms of our engagement, should not be copied or disclosed to any third party without our written consent. No responsibility is accepted as the plan has not been prepared, and is not intended for, any other purpose.

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Report of the Executive Manager - Finance and Commercial

1. Summary

This report outlines the reviews, investigations into irregularities and successful detections of Fraud by the Council in 2014/15 and sets out how the cases of fraud have been dealt with.

2. Recommendation

It is RECOMMENDED that this update is noted by the Corporate Governance Group.

3. Reasons for Recommendation

To update Members in respect of fraud and irregularities identified in 2014/15.

4. Supporting Information

4.1 Housing Benefit and Council Tax Support

4.1.1 During 2014/15 the Benefit Fraud Investigator investigated 70 cases (78 in 2013/14) of which 24 were found to be irregular (19 in 2013/14).

4.1.2 The reasons for these 24 irregularities were:

Undisclosed partner	7 cases
False/undisclosed income	6 cases
Failure to disclose capital	4 cases
Failure to disclose commencement of employment	3 cases
Failure to disclose vacated property	1 case
Failure to declare increase in income	1 case
Failure to declare change in household members	1 case
Not resident	1 case

4.1.3 The number of cases where sanctions have been applied has increased from 11 in 2013/14 to 20 in 2014/15:

10 claimants were offered and accepted a formal caution
5 claimants were offered and accepted an administrative penalty
5 claimants were successfully prosecuted

There are 5 prosecutions, 2 formal cautions and 1 administrative penalty pending.

4.1.4 The outcomes of the five prosecutions are as follows:

Name	Overpayment	Sentence
Omid	£1,718.60	18m conditional discharge + £250 costs
Yasin	£7,722.63	6w suspended sentence, 60 hours unpaid work
Priestley	£30,113.08	9m suspended sentence, 300 hours unpaid work
McNab	£17,485.61	12m suspended, 90 tagged curfew
Tomlin	£2,868.53	2 year conditional discharge + £85 costs

4.1.5 The prosecution policy allows that, in some cases, no action will be taken where the amount involved is low, where there is insufficient evidence, or prosecution would not be in the public interest. There is still sanction action pending against a number of the cases under investigation.

4.1.6 The financial impact of individual cases can vary significantly and, as a result, the 24 cases identified above resulted in overpayments of £142,804 compared to £246,588 in 2013/14.

4.1.7 Attempts to recover these overpayments are always made. For 2014/15, of the £142,804 identified, there is £73,597 outstanding. The amount outstanding in relation to the £246,588 raised in 2013/14 is £155,182 and recovery action is on-going. To put this in context overall Housing Benefit and Council Tax Reduction Scheme expenditure is in excess of £22m, with overpayments for 2014/15 therefore amounting to less than 0.65% of spend.

4.1.8 In addition to any recoveries, the Borough Council also receives subsidy for such overpayments. Subsidy due in respect of these overpayments amounts to 40% of the overpayment. Subsidy is no longer received separately in respect of prosecutions and caution/administrative penalty cases. This is now incorporated into the main Benefit Administration subsidy grant.

4.2 Other fraud and error work

4.2.1 Additionally overpayments totalling £68,997 were identified from the remaining 56 cases that were investigated but not classed as fraud.

4.2.2 During the year 763 cases were referred via the DWP's Housing Benefit Matching Service (HBMS) and the former Audit Commission's National Fraud Initiative (NFI). Work is on-going to review these cases and where appropriate they will be investigated.

4.2.3 The Government piloted a new data-matching initiative in September 2014 using Real Time Information from HMRC regarding earnings and pensions. The council received 208 referrals between September and February and identified £70,475 in housing benefit overpayments, of this balance £47,751 is currently outstanding. Due to the success of this pilot this exercise has continued as daily business from May 2015.

4.3 Taxi Licensing

4.3.1 During 2014/15 the Council became aware of potential issues regarding its administration of Taxi Licensing. At the instruction of the Chief Executive reviews were undertaken of the Council's processes for this area by service

management and the Council's Internal Auditors which resulted in enhanced management systems and control being implemented.

4.4 Single Fraud Investigation Service (SFIS)

4.4.1 The Government is merging the benefit fraud investigation work of local authorities, DWP and HMRC into one service known as SFIS. The roll-out will begin in October 2014 and be completed by March 2016. The Council has been informed it will no longer investigate HB fraud from the 1 November 2015 and the Benefit Fraud Investigator post is in scope to transfer to the DWP. From this the Council will need to put in place alternative arrangements to address fraud and irregularities in areas such as Council Tax Support, generally all service areas (particularly where 'whistle blowing' has identified a potential issue) and Grant Claims.

4.5 Council Tax and NNDR

4.5.1 All empty residential and commercial properties are visited and inspected a minimum of four times every year.

4.5.2 Additionally Council Tax Discounts and Exemptions are reviewed on a rolling basis.

4.5.3 During 2014/15 2004 reviews or inspections were conducted in respect of Council Tax and NNDR (excluding Single Occupier Discounts covered at paragraph 4.5.5); this resulted in the removal of 138 discounts, reliefs or exemptions with a value of £30,336 in respect of NNDR and an estimated value of £25,088 in respect of Council Tax.

4.5.4 From July to October 2014 a project was completed with an external company, Capacity Grid, to maximise New Homes Bonus income by identifying any further long term empty properties that may now be occupied. 93 properties were identified with a potential ROI of £800k in New Homes Bonus.

4.5.5 In November 2014 a further project was commenced in conjunction with an external company, Data Tank, to confirm single person discounts (SPD's) in respect of Council Tax. Over 14,000 cases were screened resulting in 3,024 queries. Of these 3.1% have had the SPD removed to date at an average of £134.84, resulting in an additional £58,386 Council Tax becoming payable in 2014/15.

4.5.6 The Council also participates in the Audit Commissions biennial data-matching exercise involving Council Tax and Electoral Register data. The data-matches have now been released to the Council and will be reviewed as appropriate throughout 2015/16.

5. Other Options Considered

Not Applicable

6. Risk and Uncertainties

The failure to identify fraud and pursue overpayments of benefit and discounts would have an adverse impact on the Council. The activities detailed in this report help to detect and prevent fraud and maximise income due to the Council. The proposed move to SFIS in November 2015 will result in reduced funding and will potentially remove the investigative resource from the Authority.

7. Implications

7.1 Finance

As identified at 4.1.8 the Council only receives 40% subsidy on benefit overpayments and therefore must recover at least 60% of the overpayment from the individuals concerned if there is to be no residual cost on the Council. The implications from SFIS will need to be built into the future MTFS.

7.2 Legal

Not applicable

7.3 Corporate Priorities

A key objective of the Revenues and Benefits function is to maximise the recovery of benefit overpayments in a timely manner including vigorously pursuing benefit fraud in accordance with statutory requirements and Council policies. Maximisation of income supports the Council’s key themes of;

- Supporting economic growth to ensure a prosperous and thriving local economy; and;
- Maintaining and enhancing our residents’ quality of life

7.4 Other Implications

None

For more information contact:	Name: Rosie Caddy Revenues and Benefits Manager 0115 914 8251 rcaddy@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Corporate Governance Group’s Annual Report 2014/15



Report of the Executive Manager - Finance and Commercial

1. Summary

- 1.1 This report is an update with regards to two aspects of the Statement of Accounts - the Annual Governance Statement (AGS) and any changes to the Accounting Policies.
- 1.2 In line with guidance in respect of governance, the Council has produced an AGS. The framework is unchanged from last year and a summary of the principals are given in **Appendix 1**.
- 1.3 It is good practice for the AGS to be considered separately from the published accounts, which will come to the September meeting of this Group. The AGS will be finalised based upon the details given in **Appendix 2** and any comments from either this Group or the Council's external auditors KPMG.
- 1.4 The Council is also required to report any changes to Accounting Policies to those members charged with governance regarding the Financial Statements. Such Policies rarely change as they potentially can impact upon comparative figures from year to year. When changes do occur it is normally due to major changes to accounting rules and regulations, often based on guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). The only change this year reflects the requirement for the Council to provide consolidated accounts in relation to Streetwise Environmental Ltd, as the Council is the 100% owner of the subsidiary company.
- 1.5 The Accounting Policies are included in the Financial Statements, and any changes made as a result of the audit process will be highlighted and explained in the final report to this Group in September 2015.

2 Recommendation

- 2.1 It is RECOMMENDED that:
 - (a) the details given in Appendix 2 be supported as the basis for the Annual Governance Statement to be included in the annual Statement of Accounts and the Corporate Governance Group comment as appropriate; and
 - (b) the change to the Accounting Policies as highlighted in paragraph 4.2 is approved.

3 Reasons for Recommendation

- 3.1 To demonstrate compliance with the principles of; the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*; the Accounting Code of Practice; and adherence to Business Rate Retention regulations; and to help readers and stakeholders engage with the Accounts

4 Supporting Information

- 4.1 The Annual Governance Statement at Appendix 2 is unchanged in format from last year although some of the content surrounding, for example, Section 4, 'Significant Governance Issues' will inevitably alter as new risks and opportunities arise and the environment we operate in alters.
- 4.2 There is only one change required to the Council's Accounting Policies as a result of the requirement to 'Group' or consolidate the Council's accounts with the newly formed Company Streetwise Environmental Ltd. The new Policy is as follows:

xiv. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

5 Other Options Considered

Not Applicable

6 Risk and Uncertainties

- 6.1 Failure to adhere to professional accounting practice could lead to potential criticism from the Council's external auditors and inadequate Financial Statements.

7 Implications

7.1 Finance

There are no direct financial implications to the report. There are no alterations to the accounting policies which might give rise to a material impact upon the financial position of the Council.

7.2 Legal

None

7.3 Corporate Priorities

Not applicable

7.4 Other Implications

None

For more information contact:	Name; Peter Linfield Service Manager (Finance and Commercial) 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	CIPFA Accounting Code of Practice
List of appendices (if any):	Appendix 1 – Principles of Good Governance Appendix 2 – Draft Annual Governance Statement 2014/15

PRINCIPALS OF GOOD GOVERNANCE

Background

The CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives) guidance draws upon 6 core principles for good governance with a number of supporting principles. These are:

- **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**
 - exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
 - ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning
 - ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.
- **Members and officers working together to achieve a common purpose with clearly defined functions and roles**
 - ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
 - ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard
 - ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.
- **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
 - ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
 - ensuring that organisational values are put into practice and are effective.
- **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
 - being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
 - having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
 - ensuring that an effective risk management system is in place
 - using their legal powers to the full benefit of the citizens and communities in their area.

- **Developing the capacity and capability of members and officers to be effective**
 - making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
 - developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
 - encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

- **Engaging with local people and other stakeholders to ensure robust public accountability**
 - exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships
 - taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning
 - making best use of human resources by taking an active and planned approach to meet responsibility to staff.

DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

1. SCOPE AND PURPOSE

1.1 Scope of responsibility

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

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

Rushcliffe Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how Rushcliffe Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and 2011, in relation to the publication of a statement on internal control.

1.2 The purpose of the governance framework

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

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

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

2.1 Vision and priorities

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium term financial strategy to 2019/20 and introduce its fifth Corporate Strategy covering the period 2012 to 2016. The three key themes for this strategy are:

- Supporting economic growth to ensure a sustainable, prosperous and thriving local economy;
- Maintaining and enhancing our residents' quality of life; and
- Transforming the Council to enable the delivery of efficient high quality services.

The integration of service and financial planning has continued through the budgets for both 2014/15 and 2015/16, and the financial strategy to 2019/20.

During 2014/15 the Council developed its approach to the financial pressures facing all public bodies through the continued development of its Transformation Strategy (replacing the Four Year Plan). This outlines how the Council will meet its financial challenges until 2019/20. The Transformation Strategy focuses upon three key elements income generation, service re-design and business cost reduction. It highlights the relationship between the Corporate Strategy, the Medium Term Financial Strategy and the Transformation Strategy. As part of the service re-design process the council continuously reviewing the services it provides to identify improved or alternate methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known

Progress against previous priorities and actions, as laid down in previous service plans, has been reported to the Performance Management Board during the course of the year. All key tasks within the current service delivery plans have been linked directly to the Council's objectives.

2.2 Improvement and Efficiency

As with other public bodies the Council faces unprecedented financial pressures. Its original efficiency requirement of £2.8m has increased to around £5.7m from 2011/12 to 2019/20. Much has been achieved with around £4.4m of savings having been delivered between 2011/12 and 2015/16. However, there remains the need to continue to identify savings from the Transformation Strategy in order to meet financial pressures in the medium term. A combination of Member and management challenge has limited the projected budget savings required from 2016/17 to 2019/20 at £1.3m. The following thematic areas summarise how the budget will be balanced in future years:-

- (a) Service Efficiencies – focusing on both the customer and looking at streamlining services;
- (b) Management Challenge – challenging base budgets each year;
- (c) Transformational Projects - projects such as building control and garage partnerships
- (d) ‘Thinking big’ reviews – for example the Leisure Strategy and office accommodation projects.

A comprehensive document setting out the Council’s constitution exists which sets out the clearly defined structure for the Council’s organisational arrangements based upon a cabinet executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax
- Cabinet is allocated authority by council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions
- Cabinet works to a Forward Plan of forthcoming decisions for up to three months ahead
- The work of Cabinet is supported by four scrutiny groups
- Scrutiny groups develop their own work programme for the review of council policies in addition to scrutinising the work of the cabinet
- Separate committees exist for Development Control, Employment Appeals, Alcohol and Entertainments Licensing, Interviewing and Licensing.
- Delegation arrangements to officers are set out in detail within the Constitution
- A protocol defining the relationship between Members and Officers was adopted during 2008

The constitution also provides detailed guidance on standing orders, financial regulations and the conduct of meetings. In addition it also contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. The codes include reference to the need to declare any interests which may conflict with the individual’s role at the Council and such registers for councillors and officer are maintained by the Executive Manager Corporate Governance and Operations and the Strategic Human Resources Manager respectively. The Council has in place a confidential reporting code (whistleblowing policy) and any referrals under the policy are investigated.

The Constitution as a whole is reviewed when necessary and appropriate. The last significant review was undertaken in 2011/12; however a number of

amendments have been made since then to accommodate legislative changes or to reflect changes to the Council's structure. A further review is planned after the local elections in 2015.

2.3 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Chief Executive, the Section 151 Officer and the Monitoring Officer. They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

The Council's financial management arrangements should conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). During 2014/15, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2014/15 the Executive Manager (Finance and Commercial) held the post of Chief Financial Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet Members. The post holder also has direct access to the Corporate Governance Group and the Council's external auditors.
- The Chief Financial Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium Term Financial Strategy, annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.
- Internal audit services are provided to the Council by Baker Tilly. The effectiveness of this service is monitored by the Corporate Governance Group.

Executive Managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Executive Manager (Corporate Governance and Operations).

2.4 Risk Management

The Council's risk management arrangements are regularly reviewed with a complete review being undertaken during 2014/15. The effectiveness of the overall risk management arrangements is monitored by the Corporate Governance Group who, on 13 November 2014, approved the changes to the

Risk Management Strategy. The 2014/15 Annual Report by Internal Audit acknowledges the continued refinement in risk management with the control environment maintaining a 'green' rating (giving substantial assurance).

2.5 Development and training needs

The Council achieved Councillor Member Development Charter status in March 2011 and has a cross party Member Development Group to oversee development and delivery of Councillor learning and training. This Group meets on a quarterly basis.

Each Councillor is offered the opportunity to undertake an annual Personal Development Plan the results of which are used to inform the on-going Member Development Programme. Development needs are also identified directly by feedback from Councillors and in response to issues which may occur throughout the year.

To support new and returning Councillors a comprehensive induction programme has been developed for delivery after the local elections. The delivery of this is overseen by the cross party Member Development Group who evaluates its effectiveness upon its completion based on Councillor feedback.

The identification and delivery of appropriate training for officers is dealt with via the Learning and Development Plan which links to the annual performance development review (PDR) process.

2.6 Communication

Three editions of Rushcliffe Reports – the Council's newsletter for residents – are printed and circulated to all households each year and these set out details of a number of key service changes, both in the past and in the future, and ask for customer feedback.

On-going customer satisfaction surveys were undertaken by several key customer facing services such as planning, revenues and benefits and customer services. The customer feedback received from these exercises is used to improve services to all customers. The Council also undertakes consultation to inform decisions relating to policy changes. Over the course of this year, additional consultation was undertaken on leisure provision in West Bridgford, developer engagement with our planning team, growth and economic development within the Borough, and car-parking in Radcliffe-on-Trent and Bingham (commenced April 2015). A review of Shelford and Newton parish was also undertaken and following Council approval the two new parishes were established from 1st April 2015.

2.7 Partnerships

The Council has in place a scrutiny group that reviews significant partnerships with which the Council is involved. The Council has put in place strong governance arrangements around the major leisure services, Streetwise and car parking contracts. The Cabinet Portfolio Holder also chairs quarterly

strategic board meetings with the two main leisure providers, Parkwood and Carillion. There are also quarterly meetings of the Streetwise Board chaired by the Leader of the Council. The Council is comfortable with the internal controls surrounding its Group relationship with Streetwise. Furthermore a review of the client-contractor role with Streetwise is in the 2015-16 Internal Audit work plan.

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

Rushcliffe Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates and this review is considered by the Corporate Governance Group.

3.2 The Council

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Strategy
- The Capital Programme and Revenue Budget
- The Housing Strategy
- The Local Development Framework

3.3 The Cabinet

The Cabinet carries out the executive functions of the Council as required by the legislation and the Council's constitution. It accordingly:

- Takes key decisions
- Takes other executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions

3.4 Corporate Governance Group

The Corporate Governance Group is the group within the Council that is charged with Governance and has a number of responsibilities including:

- Overseeing financial governance arrangements
- Overseeing strategic risk management
- Scrutinising the Annual Governance Statement
- Scrutinising the Statement of Accounts prior to its agreement by full council
- Reviewing the plans and work of Internal Audit
- Receiving reports from external audit in relation to the audit arrangements

3.5 Performance Management Board

The Performance Management Board reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year the group has considered the equality and diversity plan and the leisure services contracts.

In addition to the Performance Management Board the Council has two other scrutiny groups which were formed during 2007. The first, Community Development looks at areas that affect the community like new energy initiatives and the delivery of rural broadband. The other group is Partnership Delivery which is tasked with looking at the effectiveness of current and future potential partnerships.

3.6 Executive Managers

Executive Managers are responsible for ensuring proper standards of internal control within their service areas. On-going reviews are undertaken throughout the year. At the end of the financial year Executive Managers are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary.

3.7 Internal Audit

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. Following a formal tender process in 2009/10 this contract was awarded to RSM Tenon (now Baker Tilly). An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology. The current Strategy now covers the period up to March 2017.

An annual audit plan governs each year's activity and at the completion of each audit, a report is produced for management with recommendations for improvement. Regular reports covering internal audit activities are submitted to the Corporate Governance Group for scrutiny.

A detailed annual review of the effectiveness of the Council's system of internal audit is undertaken every year and reported to the Corporate

Governance Group. As mentioned at Section 2.4 in terms of governance, risk management and internal control maintains a level of substantial assurance, as given by Internal Audit.

3.8 External Audit

The external auditors review the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

The provision of external audit is undertaken by KPMG.

4 SIGNIFICANT GOVERNANCE ISSUES

4.1 Issues Identified and remedial action

The Council continues to utilise partnership arrangements with other public bodies and private organisations to deliver services. The Council therefore remains committed to meeting the challenge of ensuring that the appropriate governance arrangements are in place for each of the major partnerships that the Council has entered or will enter.

The Council's external auditors have recognised improvements in the production of the Statement of Accounts and the risks surrounding the bank reconciliation procedures have subsided. The key risk identified concerns the consolidation, for the first time, of Streetwise Environmental Ltd.'s (SEL) accounts, thus grouping with the Council's accounts. The Council are working with KPMG on this process.

During 2014/15 the Council highlighted an issue in relation to the administration of taxi driver licences to its Internal Auditors. Whilst it identified internal control weaknesses; it also demonstrated the strength of the Council's internal controls in terms of both identifying the problem and ensuring it was dealt with appropriately, with a subsequent action plan and remedial action undertaken including a review of arrangements for the management of income across the Council.

During 2015/16 the Council will also need to manage a number of challenges arising from the impact of both the General and Local elections and in particular challenges arising from welfare reform and the introduction of Universal Credit. Furthermore the Council has to address the issue of housing growth and the concerns of the planning inspector. Whilst the Core Strategy was approved in 2014 much work is still to be done.

The Cotgrave Masterplan is a significant project which demonstrates the Council's commitment to developing the community and provides affordable housing. The Council has recently been successful in leveraging external funding for both Bridgford Hall; and the 'Growth Deal' for employment and housing sites alongside the A46. This is indicative of the Council's commitment to support housing and business growth. The Council is in the process of implementing an Asset Investment Strategy as the catalyst to release a further £10m to grow the local economy, along with a desire to improve infrastructure via the Nottinghamshire Combined Authority. Other challenges include the management of the leisure and accommodation project, and as the Council becomes increasingly innovative the management of alternative service delivery vehicles such as Streetwise. There are also likely to be further collaborative arrangements with the Council's partners of first choice Gedling, and Newark and Sherwood. This does not preclude other collaborative opportunities. Recent examples include the provision of Garage services through Nottingham City Council; and Building Control Services with South Kesteven District Council. These opportunities will be managed in line with the Governance Framework outlined earlier in this report.

5 STATEMENT OF THE CHIEF EXECUTIVE AND THE LEADER OF THE COUNCIL

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Group. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed, with new actions planned, are outlined above.

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

Signed.....
Councillor J N Clarke (Leader)

Signed.....
A Graham (Chief Executive)

Date

Date

Report of the Executive Manager - Finance and Commercial

1. Summary

- 1.1. The annual report provides a review of the work undertaken by the Group during the scrutiny year 2014/15. Each of the four scrutiny groups prepares an annual report and these are incorporated into a summary annual scrutiny report to be presented to full Council.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group approve the report and forward it to Council for consideration.

3. Reasons for Recommendation

To comply with both good practice and the Council's Constitution.

4. Supporting Information

- 4.1. During the year Corporate Governance Group has scrutinised the following:
- Internal Audit Annual report 2013/14
 - Fraud and irregularities 2013/14
 - Health and Safety Annual report 2013/14
 - Final Accounts Update 2013/14 – Annual Governance Statement and Accounting Policies
 - Statement of accounts and external auditor's report
 - Risk management
 - Certification of Grants and Returns 2013/14
 - Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2015/16
 - External Audit Plan 2014/15
 - Risk management update
- 4.2 More details of the Group's consideration of these topics are provided within the appended report. The Group is asked to review the report and consider if it fully reflects the work undertaken.

5. Other Options Considered

- 5.1 Not Applicable

6. Risk and Uncertainties

6.1 There are no risks directly attributable to the report.

7. Implications

7.1 Finance

Not Applicable.

7.2 Legal

Not applicable

7.3 Corporate Priorities

Not applicable

7.4 Other Implications

None

For more information contact:	Name Peter Linfield Executive Manager - Finance and Commercial 0115 914 8337 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Corporate Governance Group's Annual Report 2014/15

Corporate Governance Scrutiny Group

Annual Report 2014/15

Chairman's Foreword

This brief foreword looks back on the busy and productive year of the Corporate Governance Group in 2014/15. It has been an interesting and challenging role, particularly in these changing times and a period of on-going financial austerity.

The scrutiny process is vital to challenge and influence how the Council makes decisions to ensure a high service quality. The report demonstrates the variety of areas which the Corporate Governance Group has scrutinised over the past year and the actions taken to ensure the probity and soundness of the Council's decisions.

On a personal note, I would like to thank all members of the Group and the Council's staff for their help and support for the scrutiny process over the past year.

Councillor G S Moore
Chairman, Corporate Governance Group

What are we responsible for?

The main roles for Rushcliffe's four Scrutiny Groups are to:

- Develop a work programme which scrutinises important issues for the community
- Ensure that the work of the Group helps with implementing Council plans and policies
- Review and question the agreed policy and services and make recommendations to Cabinet and Council to improve performance and services
- Ensure the work contributes to the delivery of best value, continuous improvement and best practice.

The Corporate Governance Group's Remit

The Corporate Governance Group's responsibilities include:

- **Statement of Accounts** To examine the outturn and statement of accounts and make comments and recommendations to Council.
- **Annual Governance Statement** To consider the annual report on applying the Council's system of internal control and make recommendations to Cabinet on improvements/changes in practice and the acceptance of a draft Statement. This statement ultimately comprises a key element of the Council's Statement of Accounts.
- **Treasury Management** To consider the annual and interim reports on Treasury Management activity and ensure that practice has complied with the approved Treasury Management Strategy, making recommendations to Cabinet as appropriate.
- **Protecting against fraud** To consider the annual report on fraud and irregularities in order to make an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements. To consider any matters arising as a result of irregularity referred to it by Cabinet.
- **Capital and Revenue Budget Monitoring** To consider regular reports on progress against the revenue and capital budget, making recommendations to Cabinet on matters requiring its approval and where progress is considered to be unsatisfactory.
- **Internal Audit** To consider periodic reports on the more significant findings of internal audit in order to make an informed judgement on corporate governance and internal control statements, making recommendations to Cabinet on improvements.
- **Risk Management** To consider periodic reports on controls over key risk areas as identified in the risk register in support of making an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements.

Our work this year

Internal Audit Annual Report 2013/14

The Internal Audit report was judged as effective by auditors in terms of governance, risk management and control, being given an assurance rating of green, the highest achievable.

Internal Audit Progress Reports 2014/15

Throughout the year the Group receives a position statement against the Annual Plan for Internal Audit. Any recommendations rated a Medium risk or higher were reported to the Group along with the associated actions required by management.

Revenue and Capital Monitoring Reports 2014/15

These are produced throughout the year and comment on the financial position in relation to both the Revenue budget and Capital programme, explaining any significant variances. The Group reviewed these reports and commented as appropriate.

Fraud and irregularities

Members were updated on progress with tracing fraud in 2013/14 at the June 2014 meeting. There had been no cases of special fraud investigations, but 78 cases of housing benefit and council tax fraud had been investigated and overpayments of around £246,000 had been identified. Business rates and council tax relief investigations had revealed that over 400 discounts needed to be removed to a value of over £150,000. Members were informed of the merging of Council, DWP and HMRC fraud work into one service called the Single Fraud Investigation Service from 1 November 2015.

Health and Safety Annual Report 2013/14

Members were appraised of new policies introduced and were pleased to hear that accident reports had reduce by a quarter, with a consequent reduction in absence from work as a result in accidents. Members were pleased with the significant progress made against health and safety goals and objectives for 2013/14 and endorsed the ones set for 2014/15.

Final Accounts Update 2013/14 – Annual Governance Statement and Accounting Policies

The annual draft governance statement was discussed at the June 2014 meeting. Members were informed about accountancy policy amendments, accountancy standard changes and legislative changes, as well as changes to collection and distribution of business rates and how this benefitted the Council.

Statement of Accounts 2013/14 and External Auditors Annual Governance Report 2013/14

Members received a report on the statement of accounts and heard that there had been no major issues identified. Members supported the external auditors report and

noted that the auditors were proposing an unqualified opinion on both the authority's financial statements and value for money.

Treasury management outturn 2013/14

Members were informed about how the Council had invested its money during 2013/14, the rate of return achieved and the counterparties that had been used. One of the key messages in the report showed that the authority did not have any borrowing and did not plan to borrow in the near future. In addition, long term cash flow had to be borne in mind as the Authority needed to make sure it had the cash for projects such as the new leisure centre reconstruction.

Risk management

At November's meeting, Members received the interim 6-month health and safety report which included new policies that had been implemented and the effectiveness of the control measures that were already in place. Members were informed about forthcoming audits of display screen equipment, control of hazardous substances and manual handling. Reviews of the bomb threat policy and the hepatitis policy had been undertaken, work on the accident reporting policy would be undertaken and a health and safety manual had been produced for Streetwise Environmental. Accidents had almost halved over the past two years and absence from work for this reason was very low.

Certification of Grants and Returns 2013/14

The Group considered the report from the external auditor KPMG that summarised the work undertaken in relation to the certification of the Council's grant claims and returns for the financial year 2013/14.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2015/16

The Group considered the Capital Prudential Indicators, and the Council's Treasury Management and Investment Strategy for 2015/16 to 2019/20. These documents gave both a position statement and details of the future position of the Council's capital and treasury plans.

External Audit Plan 2014/15

The external auditors informed Members that an initial risk assessment of the financial statements audit and Value for Money (VFM) had been completed and no significant risks had been identified.

Risk Management Update

At the March 2015 meeting Members received an update on risk management. There were three notable recommendations arising from the 2014/15 audit – introduction of a risk assessment form for managers, regular training for relevant staff and the implementation of a formal assurance framework. Members received a progress report on emergency planning which included a discussion on the flood support schemes which had been extended.

Looking forward to the year ahead

The Group is keen to build on the good work undertaken this year and will continue to deliver a work programme focusing on relevant issues so that it influences service delivery and decision making. The Group will look to develop a programme of activities that adds value to the role of scrutiniser.

Report of the Executive Manager - Operations and Corporate Governance

1. Summary

- 1.1. This report sets out a proposed work programme for the next year. In determining the proposed work programme due regard has been given to matters usually reported to the Group and the timing of issues to ensure best fit within the Council's decision making process.
- 1.2. The table does not take into account any items that need to be considered by the Group as special items. These may occur, for example, through changes required to the Constitution or financial regulations, which have an impact on the internal controls of the Council.

2. Recommendation

It is RECOMMENDED that the Group agrees the work programme as set out in the table below.

3. Reasons for Recommendation

Date of Meeting	Item
29 June 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2015/16 • Internal Audit Annual Report 2014/15 • Internal Audit Strategy 2015/16 • Health and Safety Annual Report • Final Accounts and Annual Governance Statement 2014/15 • Corporate Governance Annual Report 2014/15 • Fraud & Irregularities 2014/15 • Work Programme
3 September 2015	<ul style="list-style-type: none"> • Internal Audit Progress Report 2015/16 • Statement of Accounts 2014/15 • External Auditors Annual Governance Report 2014/15 • Treasury Management Annual Report • Revenue & Capital Budget Monitoring • Work Programme

Date of Meeting	Item
3 December 2015	<ul style="list-style-type: none"> • Internal Audit Progress Report 2015/16 • Health and Safety Interim report • Risk Management Update • Annual Audit Letter • Treasury Management Six Month Monitoring Report • Revenue & Capital Budget Monitoring • Work Programme

4. Implications

4.1. Finance

No direct financial implications arise from the proposed work programme.

4.2. Legal

There are no direct legal implications arising from the proposed work programme.

4.3. Corporate Priorities

Items included in the work programme assist the Council to meet its Corporate Priorities.

4.4. Other Implications

There are no other implications.

For more information contact:	Name: Member Services 0115 914 8482 email memberservices@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	None