

Audit and Governance Committee

6.30pm on Tuesday, 14th November 2017
in the Belle Vue Suite, Belle Vue Offices, Skipton

The Chairman (Councillor Harbron) and Councillors Barrett, Brockbank, Brown, Hull, Lis, Mercer, Place and Whitaker. Independent Person Mr G Robinson.

AGENDA

Exclusion of the Public: In accordance with the Council's Access to Information Procedure Rules, Members are recommended to exclude the public from the meeting during consideration of Items 9 on the grounds that it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in Paragraph 3 (relates to the financial or business affairs of any person including the Authority holding that information) of those Rules and Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

1. **Apologies for absence**
2. **Confirmation of Minutes** of meeting held on 26th September 2017.
3. **Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
4. **Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of a "disclosable pecuniary interest" under Appendix A to the Council's Code of Conduct, or "other interests" under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

<i>Note of Agenda Item No. and type of Interest to be Declared at this Meeting:</i>
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5. **External Audit : Annual Audit Letter** – Report of the External Auditor. Attached.

Purpose of Item – To enable the External Auditor to present the Annual Audit Letter 2016/17.

6. **Local Framework Agreement : Development of Housing** – Report of the Director of Services.

Purpose of Report – To update Members regarding the progress made in the development of the Local Framework Agreement for the development of housing on small to medium sites.

7. **Internal Audit (a) Implementation of Priority One Recommendations** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached.

Purpose of Report – To update the Committee on implementation of internal audit recommendations.

(b) Internal Audit Plan 2017-18 Progress Report – Report of the Audit Services Manager. Attached.

Purpose of Item – To inform Committee Members about the work undertaken by Internal Audit in the period to 31st October 2017.

8. **Regulation of Investigatory Powers Act** – Report of the Monitoring Officer. Attached.

Purpose of Item – To advise the Committee on the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000 since June 2016.

\$9. **Corporate Risk Register : Update** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached. **Excluded item**

Purpose of Item – To update the Committee on corporate risk register action plan progress and changes.

10. **Any other items** which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.

Agenda Contact Officer: Chris Waterhouse,
Tel. 01756 706235
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6th November 2017.

Emergency Evacuation Procedure

In case of an emergency or if the alarm sounds, leave the meeting room and leave the building using the nearest available door. The assembly point is in the main square at the front entrance. An officer will take a roll call at that point.

Members of the Council : Please do not leave without telling the Chairman or the Democratic Services Section's representative.

Recording at Council Meetings

Recording is allowed at Council, committee and sub-committee meetings which are open to the public, subject to

- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and
- (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the Agenda Contact Officer (details above) prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

Committee Terms of Reference

(a) In relation to internal and external audit activities, to:

- draw together the key components of corporate governance in relation to audit; promoting internal control, focusing audit resources and monitoring the management and performance of the providers of Internal Audit Services;
- consider the Annual Report and Opinion from Internal Audit, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;
- consider summaries of specific internal audit reports focusing on those areas that receive 'limited assurance';
- consider a report from Internal Audit on the implementation status of agreed recommendations;
- consider the External Auditor's Annual Letter, relevant reports, plans, and report to those charged with governance;
- consider specific reports as agreed with the External Auditor;
- comment on the scope and depth of External Audit work and to ensure it gives value for money;
- liaise with the Audit Commission over the appointment of the Council's External Auditor; and
- approve the annual work programmes for Internal and External Audit and, in exceptional cases, to have the ability to commission work directly from audit providers.

(b) In relation to the Council's regulatory framework, to:

- ensure the effective development and operation of corporate governance within the Council and to maintain the Council's Constitution : the Standards Committee to be consulted on the review of any codes and protocols that relate to the ethical framework;
- review issues referred to it by the Chief Executive, Director, Corporate Head or any Council body;
- approve the corporate risk management framework in accordance with the Risk Management Strategy and Policy Statement; and monitor the effective development and operation of the risk management process: make any necessary changes to the process, including any recommendations for changes to the Strategy and Policy Statement;
- monitor Council policies on 'Whistle-blowing' and the Anti-fraud and Anti-corruption strategy;
- monitor progress on implementation of Internal Audit recommendations;
- oversee the production of the authority's Statement on Internal Control and to recommend its adoption to the Policy Committee / Council;
- consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; and
- consider the Council's compliance with its own and other published standards and controls.

- Monitor the use of the Regulation of Investigatory Powers Act 2000.

(c) In relation to the Council's Financial Statements / Accounts, to:

- review and approve the annual Statement of Accounts, including whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy Committee / Council
- consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

(d) Under Part 4 (Parishes), Chapter 3 (Reorganisation) of the Local Government and Public Health Act 2007 (and any amending legislation):

- to be responsible for conducting community governance reviews within the District.

AUDIT AND GOVERNANCE COMMITTEE

26th September 2017

Present – The Chairman (Councillor Harbron) and Councillors Brockbank, Brown, Mercer, Place, and Whitaker, Greg Robinson (Independent Person).

Officers – Chief Executive, Chief Finance Officer, Solicitor to the Council, Business Services Manager, Senior Accountant and Member Services Manager.

Apologies for absence were received from Councillor Barrett, Hull and Lis.

Start: 6.30pm

Finish: 7.55pm

The minutes of the Committee's meeting held on 20th June 2017 were confirmed and signed by the Chairman.

Minutes for Report

AC.294

**BEREAVEMENT SERVICES: IMPLEMENTATION OF
OUTSTANDING AUDIT RECOMENDATIONS**

Further to minute AC.290 the Business Services Manager attended the meeting to answer concerns raised at the last meeting regarding the implementation of outstanding audit recommendations for Bereavement Services. The Business Services Manager reported that the majority of outstanding recommendations had been implemented following the appointment of a new Business Manager. It was confirmed that the reconciliation of credit notes were now part of comprehensive financial procedures.

Resolved – That the Business Services Manager be thanked for her report and for the progress made.

AC.295

EXTERNAL AUDIT: COMPLETION REPORT

The Chairman welcomed Mark Kirkham , who was accompanied by Dan Spiller, of Mazars LLP, the Council's external auditors.

In presenting the Audit Completion Report for the year ended 31st March 2017, copies of which had been circulated, Mr Kirkham reported that two significant audit risks had been identified in relation to the opinion and one significant risk in relation to value for money. In the course of the audit sufficient assurance had been found to give an unqualified opinion in respect of the statement of accounts and an unqualified value for money conclusion. Mr Spiller outlined the findings in relation to each of the significant risks identified.

Resolved – (1) That the Audit Completion Report for the year ended 31st March 2017 is accepted.

(2) That the required Management Representations Letter in respect of the audit is approved for signing by the Section 151 Officer.

(3) That the External Auditors and the Financial Services Team are thanked for their work.

AC.296

STATEMENT OF ACCOUNTS 2016-17

The Chief Finance Officer submitted a report presenting the Council's audited Statement of Accounts for 2016/17. The Senior Accountant took Members through the accounts and explanatory notes highlighting major movements in the Statement for 2016/17 as compared to 2015/16:-

Net Cost of Services had increased by £0.339m to £4.924m (2015/16: £4.585m restated).
There is a Surplus on the Provision of Services of £0.859m (2015/16: £0.189m).
Total Reserves had increased by £1.009m to £15.040m (2015/16: £14.031m).
The General Fund balance had remained at £995k.
Earmarked reserves had increased by £0.81m to £6.596m (2015/16: £5.786m).

A member queried the underspend in capital expenditure of £1,373,000 against a budget of £3,907,000. The Chief Finance Officer reported that because of slippage in several projects it had been necessary to roll the expenditure into the current financial year.

A member asked whether there was a risk of financial penalties as a result of sending increased waste to landfill rather than recycling. The Chief Finance Officer responded that there was unlikely to be any financial penalties. The Chief Executive believed that co-mingling should make it easier to recycle which should reduce disposal costs.

The Chief Finance Officer was asked whether General Fund balance is it too high or low and responded that she believed it to be at about the correct level given present local government funding. The Independent Member commented that it was positive that the Council had maintained its reserves given financial pressures.

Resolved – That the audited Statement of Accounts for 2016/17 are approved.

AC.297

INTERNAL AUDIT: IMPLEMENTATION OF RECOMMENDATIONS

The Chief Finance Officer submitted a report updating the Committee on the position reached with implementation of Priority One internal audit recommendations where the original completion date was prior to September 2017. It was also reported that 13 recommendations had been completed in the period.

Resolved – (1) To note the status of outstanding Priority One internal audit recommendations.

(2) To note the audit recommendations completed in the period.

AC.298

APPOINTMENT OF EXTERNAL AUDITORS

The Chief Finance Officer reported for information that she had replied to Public Sector Audit Appointments Ltd stating that she had no objection to the reappointment of Mazars LLP as the Council's external auditor at the end of their current appointment. A decision on the appointment was awaited.

Minutes for Decision

AC.299

INTERNAL AUDIT SERVICE : FUTURE DELIVERY

The Chief Finance Officer submitted a report informing members of the options available to the Council for the delivery of its Internal Audit function from April 2018. The current Internal Audit Service has been provided by Harrogate Borough Council since 2012 under a three year shared service/joint working contract arrangement which was due to end on 31 March 2018. It was a statutory requirement for local authorities to have an internal audit function. Following an evaluation of the options it appeared that the most cost effective solution was to continue with the current method of service delivery from the Council's existing partner.

RECOMMENDED - That the internal audit shared service provision with the current provider (Harrogate Borough Council) is continued for a further three years from April 2018, with the option to extend for a further two years.

Chairman.

Annual Audit Letter

Craven District Council



For the year ended 31 March 2017



Contents

Executive summary	3
Audit of the financial statements	4
Value for Money conclusion	7
Other reporting responsibilities	10
Our fees	11
Future challenges.....	12

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Executive summary

Purpose of this report

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Craven District Council ('the Council') for the year ended 31 March 2017. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 ('the 2014 Act') and the Code of Audit Practice issued by the National Audit Office ('the NAO'). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of work	Summary
Financial statements opinion	On 28 September 2017 we issued our opinion that: <ul style="list-style-type: none">the financial statements give a true and fair view of the Council's financial position as at 31 March 2017 and of its financial performance for the year then ended.
Opinions on other matters	On 28 September 2017 we issued our opinion that: <ul style="list-style-type: none">the Narrative Report published with the financial statements, is consistent with those financial statements.
Value for Money conclusion	On 28 September 2017 we issued our conclusion that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
Whole of Government Accounts (WGA)	In line with instructions issued by the NAO, we reported that the Council was below the threshold requiring a review of the WGA return this year.
Matters that we report by exception	We have not identified any matters to report in relation to: <ul style="list-style-type: none">whether the Annual Governance Statement is in line with our understanding of the Council and the requirements of the Delivering Good Governance in Local Government Framework 2016;reports in the public interest or written recommendations made under s24 of the 2014 Act;exercise of other audit powers under the 2014 Act.

As we have discharged all of our responsibilities under the 2014 Act for the 2016/17 audit, we certified the closure of the audit on 28 September 2017.

Audit of the financial statements

Financial statements opinion

Unqualified

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2017 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing for the UK and Ireland (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Audit and Governance Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2017:

Financial statement materiality	£435k
Specific materiality	We have applied a lower level of materiality to the following items of account: <ul style="list-style-type: none">• Senior officer remunerations• Audit fee• Exit Packages• Members Allowances
Trivial threshold	£13k

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit and Governance Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant audit risks, the work we carried out on those risks and our conclusions.

Significant risk	How we addressed the risk	Audit conclusion
Management override of control In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such overrides could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.	We addressed this risk through performing audit work on: <ul style="list-style-type: none"> • consideration and review of accounting estimates impacting on amounts included in the financial statements; • consideration and review of any unusual or significant transactions outside the normal course of business; and • journals recorded in the general ledger and other adjustments made in preparation of the financial statements. 	Our work on the financial statements did not identify any manipulation of the financial position, and we did not identify any evidence of management override of controls.
Pension Entries The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and include estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.	We discussed with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we also: <ul style="list-style-type: none"> • evaluated the management controls in place to assess the reasonableness of the figures provided by the Actuary; and • considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office. 	Our work confirmed that reasonable assumptions were used by the actuary. The pension entries were correctly reflected in the financial statements.

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

Description of deficiency	The process for revaluing the Council's land and buildings does not incorporate a simultaneous "re-living". Responsibility for revaluing the Council's assets lies with the Council's external valuer and responsibility for re-living assets lies internally with the Council's finance department.
Potential effects	The base for the value of a Council asset involves a number of assumptions and, if this does not incorporate assessing the remaining useful economic life of the asset, valuations can become less meaningful and result in an overstatement of both revaluation and subsequent depreciation. Although this does not have any impact on the underlying surplus or deficit of the Council, it is important that the Council obtains value for money from their contract with their valuers, this must also include ensuring the output from the valuer's report is both relevant and meaningful, incorporating the required information.
Recommendation	The Council should review the contract with the valuer to include an assessment of the remaining useful life of assets being revalued, or perform a concurrent exercise to ensure that remaining lives are also subject to review by officers. Timescale - Immediately
Management response	The services of the external valuer were used as an interim measure. The Council now has an appropriately qualified Officer within the Assets and Properties Team who will undertake the valuations in future.

Description of deficiency	We identified five unpresented cheques that are older than 6 months. Four of these were identified in the previous year's audit and one is a new one for 2016/17. The combined value is £1,037.81 for all five cheques.
Potential effects	Besides an additional administrative burden of unnecessary items on the Council bank reconciliation, older cheques are decreasingly likely to be presented by the creditor, therefore the Council should update their records to reflect this.
Recommendation	The Council should adhere to its own policy of writing off cheques over 6 months old. This will aid with the accuracy of the expected cash position of the Council. Timescale - End of September 2017
Management response	The cheques were not written-off until May 2017 in error. Procedures have been updated to ensure that in future write-offs will be completed prior to 31 March.

Value for Money (VFM) conclusion

Value for Money conclusion

Unqualified

Summary of our work

We are required to form a conclusion as to whether the Council made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

The following table provides commentary of our findings in respect of each of the sub-criteria and an indication as to whether proper arrangements are in place.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	<p>The Council has a Constitution which is subject to regular review. This clearly details the governance structure of the Council. The Council has an active Audit and Governance Committee. The Constitution includes Members and Officer's Code of Conducts.</p> <p>A clear Plan that sets out the Council's vision and priorities for the financial year 2017/2020. The priorities include enterprising Craven (facilitating economic growth), resilient communities (creating sustainable communities) and financial sustainability. Delivery of priorities is monitored in quarterly performance reports and in the Council's Annual Report.</p> <p>New decisions are supported by reports that outline appropriate options and relevant considerations, including references to financial, legal and performance issues where appropriate.</p> <p>There is evidence of financial reporting being used to deliver strategic objectives, for example, through the Medium Term Financial Strategy. In addition, regular financial reporting takes place, with formal reporting quarterly to the Policy Committee.</p>	Yes

	<p>Performance issues are included in reports where appropriate, and overall performance outcomes are monitored quarterly and also included in the Council's Annual Report.</p> <p>The Council has a risk management strategy and framework in place.</p> <p>The Council's system of internal control is subject to Internal Audit and for 2016/17, the Council's internal auditors, have given an opinion of satisfactory assurance.</p> <p>An Audit and Governance Committee is in place to oversee the governance framework including the work of internal audit and approval of the Council's financial statements.</p> <p>The Annual Governance Statement includes a balanced assessment of the effectiveness of the Council's governance arrangements and identifies appropriate areas for further improvement.</p>	
Sustainable resource deployment	<p>The Council has made good progress in addressing the financial challenges from public sector austerity and has a proven track record of strong budget management and delivering planned budget reductions.</p> <p>We considered the Medium-Term Financial Strategy (MTFS) as a whole, critically challenging the assumptions it has been based on. The success of the MTFS depends on the delivery of the planned savings and additional income sources, which the Council itself acknowledges is a key financial risk to monitor. This is in addition to other risks which require careful monitoring and further work in the coming years, e.g., the localisation of business rates.</p> <p>The regular updates of the MTFS are good practice, as well as the period covered of three years, with the Long Term Financial Strategy covering up to 2023/24. The Council is aware it needs to keep its MTFS under review, in light of current key financial risks as well as any emerging ones and that each year should not be taken in isolation, but future years' needs and pressures kept under review. Strong underlying budget monitoring remains crucial to the overall resilience of the Council.</p> <p>The Council recognises the importance of a robust workforce strategy and having a sustainable workforce to support its strategic priorities, which may be increasingly made up of a mix of public, private and voluntary support.</p>	Yes
Working with partners and other third parties	<p>The Council has a track record of working with partners. Reporting on significant partnerships is incorporated into the Performance Monitoring Reports.</p> <p>The Council's Constitution details the arrangements for contracting with third parties.</p> <p>The Council has a Procurement Strategy and Contract Procedure Rules together with supporting policies that are designed to ensure supplies and services are procured effectively.</p> <p>The Council is assessing new ways of working in order to deliver strategic priorities, for example, a Joint Venture Partnership with a commercial development partner to deliver a range of major regeneration projects at sites across the District.</p>	Yes

Significant Value for Money risks

As part of our continuous planning processes, we carry out work to identify whether or not a risk to the VFM conclusion exists. In our Audit Strategy Memorandum, we reported that we had identified one significant VFM risk(s). The work we carried out in relation to significant risks is outlined below.

Value for Money conclusion risk	Work undertaken	Conclusion
<p>Level of savings required</p> <p>The Council is facing continued decreases in central government funding. The Council's Medium Term Financial Plan (MTFP) shows that savings of £585k are required in 2018/19 with further savings of £545k in 2019/20 also being necessary. Whilst the Council has a good record of achieving savings it is acknowledged further savings are likely to be difficult to achieve.</p> <p>The level of savings the Council needs to achieve over the period of its MTFP represents a significant risk to the sustainable resource deployment criteria in our value for money conclusion.</p>	<p>We carried out audit procedures reviewing:</p> <ul style="list-style-type: none">• the Medium Term Financial Plan and the reasonableness of the assumptions that underpin it;• the arrangements in place to deliver the overall budget in 2016/17; and• arrangements in place to identify, evaluate, risk assess and deliver future savings plans.	<p>Our work has provided the assurance we sought and has not highlighted any significant issues to bring to your attention.</p> <p>The scale of financial challenges facing the Council is increasing each year. A Medium-Term Financial Strategy is in place, predicated upon the achievement of targeted savings as set out in the Council's Savings Plan.</p> <p>The Council is well aware that it needs to maintain a focus on robust underlying budget management as well as monitoring the achievement of savings and developing plans for future years' savings.</p>

Other reporting responsibilities

Exercise of statutory reporting powers	No matters to report
Annual Governance Statement	No matters to report
Whole of Government Accounts consistency with the financial statements	Below the threshold for requiring a review
Other information published alongside the financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters which we report by exception

The 2014 Act provides us with specific reporting powers where matters come to our attention that require reporting to parties other than the Council. We have the power to:

- report in the public interest; and
- make statutory recommendations to the Council, which must be responded to publicly.

In addition we must respond to any objections or questions on items contained within the accounts raised by a local government elector. We did not receive any such objections or questions.

We are also required to report if, in our opinion, the Annual Governance Statement does not comply with the guidance issued by CIPFA in 'Delivering Good Governance in Local Government; Framework 2016' or is inconsistent with our knowledge and understanding of the Council.

We did not exercise any of our reporting powers during our 2016/17 audit and had no matters to report to the Council in relation to the Annual Governance Statement.

Reporting to the NAO in respect of Whole of Government Accounts

The NAO requires us to report to them whether consolidation data that the Council has submitted is consistent with the audited financial statements, and to undertake specified procedures on that data. The NAO only requires this work to be undertaken where values are above a threshold level. Craven District Council was below the threshold levels and consequently a WGA review was not required.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the information in the Narrative Report is consistent with the audited financial statements.

Our fees

Fees for work as the Council's appointed auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit and Governance Committee in September 2017.

Having completed our work for the 2016/17 financial year, we can confirm that our final fees are as follows:

Area of work	2016/17 proposed fee	2016/17 final fee
Code audit work	£45,819	£45,819
Certification of Housing Benefit Subsidy Claim	£9,503	£9,503
Other non-Code work	£0	£0

We confirm that these fees are in line with the scale fee set by Public Sector Audit Appointments Ltd.

We also confirm that we have not undertaken any non-audit services for the Council in the year.

Future challenges

Financial outlook

The main challenge we see for the Council, along with others and the wider public sector, is the continued pressure on finances and the need to plan for further reductions in spending power which will make it increasingly difficult to maintain the existing level of service provision. We have noted how the Council has dealt with this challenge so far and expect there to be a need for difficult decisions to ensure spending is kept within available resources.

The particular pressures the Council faces in the coming years include:

- managing the impact of changes to the Council Tax Support Scheme;
- changes to grant funding; and
- preparing for impact of the business rates retention changes.

The Council has set a balanced budget for 2017/18 but is working to deliver this challenging budget and to identify further plans to bridge funding gaps for 2018/19 (£332,000), rising by at least £249,000 in 2019/20 and a further £232k in 2020/21 to £813,000.

Operational challenges

The key challenges for the future include:

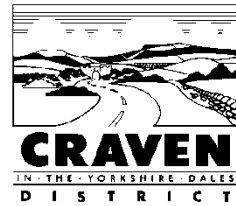
- enabling the provision of the required number of new homes in the district, that meet the needs of the community;
- stimulating business growth and improving economic vitality; and
- eliminating the reliance on Revenue Support Grant by 2020.

How we will work with the Council

We will focus our 2017/18 audit on the risks that these challenges present to your financial statements and your ability to maintain proper arrangements for securing value for money. We will also share with you relevant insights that we have as a national and international accounting and advisory firm with experience of working with other public sector and commercial service providers.

In terms of the technical challenges that officers face around the production of the statement of accounts, we will continue to work with them to share our knowledge of new accounting developments and we will be on hand to discuss any issues as and when they arise. A key focus in the coming year will be working with officers to prepare for the bringing forward of the accounts and audit timetable which will take effect from the 2017/18 financial year.

Audit and Governance Committee – 14th November 2017



Framework Agreement for the Development of Housing on Small to Medium Sites

Report of Director of Services

Ward(s) affected: All

Lead Member: Cllr P Mulligan (Finance)

1. Purpose of the Report

- 1.1 To update Members regarding the progress made to date in the development of the Local Framework Agreement for the development of Housing on small to medium sites.

2 Recommendations

Members are recommended to:

- 2.1 Note the report.

3 Background

- 3.1 A proposal to develop a local framework agreement for the procurement of contractors to undertake building construction and small development works within Craven was presented to Audit & Governance Committee on 17th January 2017.
- 3.2 The Committee resolved that “a further report is presented to a future meeting of this Committee outlining progress in the development of the Local Framework Agreement”.
- 3.3 In brief the proposal was to overcome problems that were encountered during the procurement of a contractor to undertake the construction of the pilot scheme for the Shared Ownership Housing project. The idea of a local framework was to encourage local contractors to sign up and be called upon going forward to deliver the rest of the Shared Ownership Housing programme. The benefits of the approach include significantly reduced lead in times, the provision of fair and reasonable rates and prices, good quality workmanship, and effectively guarantee that the vast majority of investment is retained within and just around the district.

AGENDA ITEM 6

4 Framework Agreement

- 4.1 A framework is an agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement. In other words, it is a general term for agreements that set out terms and conditions for making special purchases or call-offs. Frameworks can cover goods, services and works, or a combination of each or all. Framework agreements are not normally a contract itself, this is formed by the subsequent placing of an order for a specific piece of work or call-off. They can be used for up to four years maximum unless by exception.
- 4.2 A framework can deliver a number of benefits including reduced transaction costs, continuous improvement within long term relationships, and better value and community wealth. A framework agreement allows the ability to award contracts without the need to re-advertise and re-apply the selection and award criteria, allowing all parties to save substantial time and resource in repeat bidding.
- 4.3 Framework agreements generally follow the same path to establish. Following an OJEU notice and a selection process based on financial and economic standing, and technical capacity, places on a framework are then awarded to a number of suppliers. After the pre-qualification process mini-competitions based on a mix of quality/price involving the selected suppliers is generally used to award a particular piece of work or call-off on the basis of the most economically advantageous bid.
- 4.4 By developing the Council's own local framework the Council is promoting sustainable markets local to the Craven area. The process is within Office of Government Commerce (OGC) guidance and meets local government obligations.

5 Tender Process & Outcome

- 5.1 The opportunity was advertised on 12th May 2017 when tender documents were placed on the "ProContract and Contracts Finder" platforms within YORtender. This is the electronic tendering process that the Council uses for procurement of all its contracts.
- 5.2 Following approval in January by Audit and Governance to proceed to establish a framework contract a "breakfast briefing" was arranged on 21st February 2017. The objective was to make local construction companies aware of the Council's intention to establish a local framework but also to receive feedback and gauge a feel for the level of interest. A number of local "house building" companies were invited and seven duly attended.

(Note – ultimately although they all showed interest and visited the opportunity following advertisement four of them opted not to bid.)

- 5.3 The opportunity was duly advertised on YORtender and Contracts Finder and required tenderers to submit a Pre-Qualification Questionnaire (PQQ) incorporating the following criteria:-

- Company Information
- Grounds for Mandatory Rejection
- Grounds for Discretionary Rejection
- Financial Information
- Technical & Professional Ability

AGENDA ITEM 6

- Scored Technical Questions

5.4 The opportunity was divided into lots as follows:-

Lot No	Indicative No. of Units*	Indicative Contract Value
1	1-3	Up to £400,000
2	4-8	£400,000 to £1,000,000
3	>8	>£800,000

** Assumptions reflect different types of properties being developed eg. units from one bedroom to 3/4 per unit*

5.5 Eight PQQ's were duly received and following a robust evaluation places on the framework were awarded as follows:-

Lot No 1:

Cromwell Property Services (Bradford)
Ellison Construction Ltd (Bradford)
MW & RF Brewster & Sons Ltd (Skipton)
RN Wooler & Company Ltd (Keighley)

Lot No 2:

Ellison Construction Ltd (Bradford)
Mears New Homes (Leeds)
MW & RF Brewster & Sons Ltd (Skipton)
RN Wooler & Company Ltd (Keighley)

Lot No 3:

Ellison Construction Ltd (Bradford)
Esh Construction Ltd (Durham)
Mears New Homes (Leeds)
MW & RF Brewster & Sons Ltd (Skipton)
RN Wooler & Company Ltd (Keighley)
Triton Construction Limited (Wakefield)

One company returned a PQQ opting for inclusion in all three lots but their technical criteria did not achieve the required threshold so it was deemed non-compliant and they were not awarded a place.

5.6 The duration of the Framework Agreement is four years commencing July 2017.

5.7 The next step will be to hold a mini-competition as each project requires to be constructed. Tenders will be invited on a "call off" basis from all organisations on the Framework Agreement within the applicable lot and awarded based upon the most overall advantageous bid.

6 Financial Implications

6.1 Procurement costs going forward will be significantly reduced because the Pre-Qualification stage has already taken place.

6.2 Some staff costs will be required to manage the mini-competitions but these will be absorbed within the existing staff budget.

AGENDA ITEM 6

- 6.3 Rates and prices for building construction and small development work will be cheaper because the Council will not have to pay a premium for national/regional contractors having to travel from far a-field.

7 Legal Implications

- 7.1 There are no legal implications arising directly from this report. The framework itself is not actually a binding contract as noted in 4.1 above.

8 Contributions to Corporate Policies

- 8.1 The proposals in this report support the Council priorities of “Financial Resilience” by ensuring the Council remains sustainable and can continue to deliver essential front line services and “Enterprising Craven” by stimulating growth and opportunity amongst local contractors.

9 Risk Management

- 9.1 There are no identified risks.

10 Equalities Impact Assessment

- 10.1 Since this report is not seeking to set or amend policy, the Council’s Equality Impact Assessment procedure has not been followed.

11 Consultations with Others

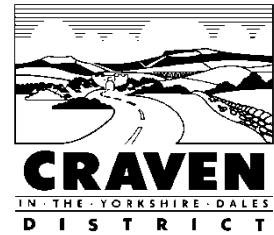
- 11.1 No consultation has taken place and is not expected to be applicable.

12 Author of the Report

Ian Halton – Assets and Commercial Services Manager
Tel: 01756 706329, ihalton@cravendc.gov.uk

Audit and Governance Committee 14 November 2017

Internal Audit – Implementation of Recommendations



Report of the Chief Finance Officer

Ward(s) affected: All

- 1 **Purpose of Report** – To update committee members on Priority 1 internal audit recommendations outstanding and all those completed in the monitoring period.
- 2 **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of Appendix A – Outstanding Priority One Internal Audit Recommendations and consider inviting responsible officers to the next meeting where appropriate.
 - 2.2 Note the contents of Appendix B – Audit Recommendations Completed in the Period and approve the contents of that Appendix. Recommendations will not be archived before this approval is received together with that of the Audit Services Manager, Shared Audit Service.
- 3 **Implications**
 - 3.1 **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.2 **Legal Implications** - none
 - 3.3 **Contribution to Council Priorities** – not applicable
 - 3.4 **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.5 **Equality Analysis** – not applicable
- 4 **Consultations with Others**

Senior Managers/Action Owners
- 5 **Access to Information: Background Documents**

None
- 6 **Author of the Report**

Rebecca Steel, Performance Management Officer
Telephone: 01756 706215
e-mail: rsteel@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.
- 8 **Appendices** –

Appendix A – Outstanding Priority 1 Internal Audit Recommendations
Appendix B – Audit Recommendations Completed in the Period

AGENDA ITEM 7a

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AGENDA ITEM 7a

Appendix A – Outstanding Priority 1 Internal Audit Recommendations

Priority 1 Recommendations relate to significant gaps in the Internal Control Framework.

Recommendations are included where the original completion date was prior to October 2017.

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C6 08 - Physical Security of ICT Equipment and Data - Priority 1	IA 17/18 263 The security and condition of the Engine Shed Lane archive store should be assessed in terms of its adequacy for data storage and appropriate action taken	C6 08 - Mar 2016	ICT	Amber		Following the report by the Internal Auditor, which questioned the suitability of the Engine Shed Lane storage facility for the Council's archives, a review was conducted which looked at the broader issue of storage of archived documents at the three sites being utilised across the District, including at Engine Shed Lane. The preferred solution is to convert all the documents into digital format, however, following receipt of quotations, to digitise all the documents involved (around 2,000 archive boxes in total), will be expensive. A Business Case has been prepared, looking at the alternatives available - including offsite storage - and which aims to keep costs within current expenditure, and further consultation with managers will be necessary before a solution is recommended. We are currently checking relevant registers so as to provide assurance that the contents of boxes match those details recorded on relevant registers. Anticipated project completion by March 2018.	DRN	13/10/17

AGENDA ITEM 7a

C7 01 - Payroll including use of iTrent - Priority 1	IA 17/18 295 Payroll should establish with HR and the service whether an overpayment has been made to employee reference 00850, and investigate the reason why and how this occurred. If the overpayment is valid, the figure should be calculated and recovery promptly initiated with the employee. An audit trail should be present to evidence incremental changes made.	C7 01 - Mar 2017	Financial Management	Red		Overpayment now established and discussed with HR/Service Manager. Final recovery decision to be made by HR and Service Manager. Payroll will then pursue recovery as directed.	CH	19/10/2017
C7 08 - National Fraud Initiative (NFI) - Priority 1	IA 17/18 316 Update the fair processing notices on all forms and correspondence on all key systems.	C7 08 - Jul 2017	Financial Management	Amber		Project underway. Work on the Statement of Accounts and 2018/19 budgets has taken priority. Recommendation should now be implemented by the end of October. CDC Website updated and links to Gov.uk corrected. Amendments to all required forms have been requested and 2 of the 5 have completed. The remaining 3 have confirmed this will also be completed by the end of October 17.	JH	09/10/17
C7 04 - Licensing 2016/17 - Priority 1	IA 17/18 321 A Managerial sample check of licences should be implemented	C7 04 - Jul 2017	Licensing	Amber		Temporary event notices are being signed off. A process will be put in place for other licenses when Idox Uniform is in place. Delay is due to late implementation of the new software. Implementation of software on going and live system starting to be populated. On going as at October 2017. Reasons for delay - Officer time due to day to day workload - 23 November old system will be switched off	DB	18/10/17

AGENDA ITEM 7a

C7 04 - Licensing 2016/17 - Priority 1	IA 17/18 323 Files should be reviewed and any personal and / or sensitive information removed from any historic files no longer required	C7 04 - Jul 2017	Licensing	Amber		Files are being reviewed during transfer onto Uniform. Driver information potentially required in the future will be scanned in and source documents destroyed. This should be completed by the end of March 18. Reasons for delay - Delays in implementation of software/Officer time	DB	18/10/17
C7 06 - Pool Income 2016/17 - Priority 1	IA 17/18 337 A reconciliation expected membership payments should be completed by the Pool	C7 06 - Jul 2017	Leisure Services	Green		A report from Legend saying what should be received is sent directly to finance for checking, the Pool does not have any method of checking the income that is received into the bank is accurate. The spreadsheets are sent directly from legend to finance and we send the smaller values from DFC via Head of Fitness to report the income that we expect to receive.	LH	25/10/17
C7 06 - Pool Income 2016/17 - Priority 1	IA 17/18 338 The Leisure Services Manager should notify Finance of the expected Direct Debit income figure to ensure that it can be reconciled to the bank statement.	C7 06 - Jun 2017	Leisure Services	Green		The income summary is sent directly to Finance (directly from Legend) Head of Fitness sends the income from DFC the other 3rd Party DD company to finance	LH	25/10/17

AGENDA ITEM 7a

Appendix B – Audit Recommendations Completed in the Period

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C6 04 - Bereavement Services - Priority 2	IA 17/18 241 A management check should be introduced to reconcile the credits between the printed BACAS invoice summary sheet evidencing the reason and authorisation, BACAS and Agresso to ensure all 3 records agree. The possibility of controlling access on BACAS to raise and approve credits using system access levels should also be investigated.	C6 04 - Jun 2016	Bereavement Services	Green		The new Business Development Manager is now in post and is working with Internal Audit and Finance to ensure appropriate checks across all financial processes are in place. This work is now complete and agreed procedures in place.	HS	17/10/17
C6 09 - Payment Card Industry : Data Security Standard (PCI:DSS) - Priority 2	IA 17/18 250 The individual merchant receipts at the Crematorium should be destroyed once cashing up procedures have been satisfied	C6 09 - Aug 2016	Bereavement Services	Green		Now complete as part of new finance procedures.	HS	17/10/17

AGENDA ITEM 7a

C6 08 - Physical Security of ICT Equipment and Data - Priority 2	IA 17/18 266 As part of the leavers process, all items of mobile IT equipment should be noted as returned and signed off by the ICT & Transformation Manager	C6 08 - Aug 2016	ICT	Green		Leavers Process has been amended to include the specific audit recommendation.	DRN	13/10/17
C7 02 - Garden Waste Collection - Priority 2	IA 17/18 288 The 2017/18 green waste financial accounts should be monitored by management in order to determine whether the service is forecast to cover the full cost of provision. Management needs to fully understand the basis for the allocation of internal recharges to the service.	C7 02 - Jun 2017	Waste Management	Green		The Waste Management accounts are monitored quarterly in meetings between the Service Manager and the dedicated Accountant within the Council to establish whether the service is likely to achieve full cost recovery. The number of licences issued for 2017/18 exceeds estimates at budget setting. Considerable work was undertaken before the budget setting for 2017/18 to establish whether the apportionment of 'internal re-charge' was correct with the internal re-charge adjusted accordingly to reflect establishment support. A further review will be undertaken in November/December 2017	WA	23/10/17
C7 02 - Garden Waste Collection - Priority 2	IA 17/18 289 Management should determine the spare capacity available on each collection round and use this data to undertake targeted marketing to properties in the District	C7 02 - Jun 2017	Waste Management	Green		Route optimisation has now been completed on Garden Waste collections and will be used to identify spare capacity on rounds. This information will be used to target specific areas at the beginning of 2018 in order to grow the business.	WA	23/10/17

AGENDA ITEM 7a

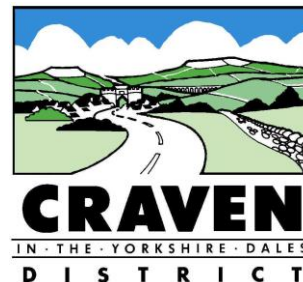
C7 02 - Garden Waste Collection - Priority 2	IA 17/18 292 The requirement for waste operatives to check licence card attachment and validity before emptying garden waste bins should be included in induction documentation and ongoing training	C7 02 - Jun 2017	Waste Management	Green		All garden waste operatives now ensure that the householder subscribing to the service has a valid licence for that year. This requirement is included in the induction documentation.	WA	22/10/17
C7 04 - Licensing 2016/17 - Priority 2	IA 17/18 320 Procedure notes should be fully documented and files transferred from individual officer areas of the network to the team area, thereby enabling access to allow for business continuity	C7 04 - Dec 2017	Licensing	Green		Previous officer in post has carried out this action - once Uniform fully functioning procedure notes will be written for all processes to enable a consistent approach to all licensing processes	DB	18/10/17
C7 06 - Pool Income 2016/17 - Priority 3	IA 17/18 334 Actual coins and notes paid in to G4S should be recorded on the pool cash up spreadsheet and the Finance reconciliation spreadsheet	C7 06 - Jun 2017	Leisure Services	Green		The banking template has been changed and will be used to show 'cash recycling' to easily identify actual cash denominations sent via G4S	LH	25/10/17
C7 06 - Pool Income 2016/17 - Priority 3	IA 17/18 335 An independent sample check of fees and charges input on LEGEND should be undertaken.	C7 06 - Jun 2017	Leisure Services	Green		Reviewed and completed	LH	25/10/17

AGENDA ITEM 7a

C7 06 - Pool Income 2016/17 - Priority 1	IA 17/18 337 A reconciliation expected membership payments should be completed by the Pool	C7 06 - Jul 2017	Leisure Services	Green		A report from Legend saying what should be received is sent directly to finance for checking, the Pool does not have any method of checking the income that is received into the bank is accurate. The spreadsheets are sent directly from legend to finance and we send the smaller values from DFC via Head of Fitness to report the income that we expect to receive.	LH	25/10/17
C7 06 - Pool Income 2016/17 - Priority 1	IA 17/18 338 The Leisure Services Manager should notify Finance of the expected Direct Debit income figure to ensure that it can be reconciled to the bank statement.	C7 06 - Jun 2017	Leisure Services	Green		The income summary is sent directly to Finance (directly from Legend). Head of Fitness sends the income from DFC the other 3rd Party DD company to finance	LH	25/10/17
C7 06 - Pool Income 2016/17 - Priority 2	IA 17/18 339 The Leisure Services Manager should review and monitor under and over cash ups.	C7 06 - Jun 2017	Leisure Services	Green		The admin officer verifies the income and reports any variances, the LSM checks any variances +/- £10.00 on a daily basis. This is an ongoing arrangement to identify staff that require additional training	LH	25/10/17

Audit and Governance Committee 14 November 2017

Audit Services Progress Report as at 31st October 2017



Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. Purpose of Report

- 1.1 To update Committee Members on the progress made against the 2017/18 Internal Audit plan up to 31st October 2017.

2. Recommendations

Members are recommended to:-

- 2.1 Note the contents of the report and the attached Appendix.

3. Background Information

- 3.1 The work undertaken by Audit Services is governed by the Accounts and Audit (England) Regulations 2011 and the Public Sector Internal Audit Standards (PSIAS). In accordance with paragraph 2.11 of the Standards, the Audit Committee must receive progress reports detailing progress made against the agreed Annual Audit Plan.

4. The Report

- 4.1 This report details the work undertaken by Audit Services and contains a summary of completed reviews along with the overall audit opinion given.

4.2 **Breakdown of Current Position as at 31st October 2017 including b/fwd audits from 2016/17 Audit Plan**

2016/17 audits

2016/17 Audits	Audit Opinion	Current Status
Money Laundering	To be agreed	With Audit Services Manager for review
Planning Fees	In progress	Fieldwork stage
Car park income	Yet to start	Q3/Q4 audit
Asset Rentals & lettings income	Yet to start	Q3/Q4 audit

2017/18 audits

2017/18 Audits	Audit Opinion	Current Status
Trade Waste	Yet to start	Q4 audit
Business Continuity & Disaster Recovery	In progress	Initial planning meeting held. Q3 audit
Software Asset Management	In progress	Initial planning meeting held. Q3 audit
Procurement Cards	In progress	Q3 audit
Travel & Subsistence	Yet to start	Q3 audit
Pay Elements	In progress	Q3 audit
G4S Contract Arrangements	Yet to start	Q4 audit
NNDR	Yet to start	Q4 audit
Council Tax	Yet to start	Q4 audit
Information Governance	In progress	Q3 audit
New Planning System	n/a. No issues found. Audit work on planning fees will also provide assurance	Completed. No audit report due to nature of work undertaken.
Customer Complaints	In progress	Fieldwork almost completed
Duplicate Payments	n/a	16 potential duplicate payments to be investigated
Risk Management Arrangements	Yet to start	Q3/Q4 audit
Member Grants	Yet to be agreed	With Audit Services Manager for review

- 4.3 The following table shows the progress against the 2017/18 operational plan for the period 1st April 2017 to 31st October 2017.

Audit Area	Total Days per approved Audit Plan 2017/18	Days spent as at 31st October 2017
Follow up Audit work	2	1
ICT	30	1
Management	20	9
Service Areas	86	33
Fundamentals	30	0
Fraud	15	2
Contingency	42	0
Contingency (CDC Discretion)	10	0
Risk	15	0
TOTAL	250	46

- 4.4 The current position on the 2017/18 Audit Plan as at 31st October 2017 is as follows:

Status of Audits	Number of Audits	Percentage of Plan
Final report issued	0	0%
Draft report issued	0	0%
Managers Review	2	11%
In progress	7	37%
Yet to start	8	42%
No audit report due	2	10%
Total	19	100%

5. Priority Areas for the next 2 months to 31st December 2017

- 5.1 The priorities for the Audit team will be:-

Recruitment

An auditor within the team will be leaving on 3rd December 2017 and I am therefore actively recruiting into this role. As a result, priorities have changed to ensure that those Craven audits shown on his audit plan will be completed by him, before he leaves. It is therefore not envisaged at this stage that this will have a detrimental impact on the achievement of the Audit Plan 2017/18.

6. Conclusion

- 6.1 All Audits will be completed in line with the agreed plan, including those brought forward from the 2016/17 Audit Plan. Monthly meetings will continue to be held with the Chief Finance Officer (s151 Officer) to provide assurance that audit work is progressing as planned

7. **Implications**

7.1 **Financial and Value for Money Implications**

None

7.2 **Legal implications**

None

7.3 **Contribution to Council Priorities**

The delivery of an Internal Audit Service contributes to Council transformation.

7.4 **Risk Management**

The internal audit function is an integral part of internal control.

7.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

8. **Consultations with Others**

Strategic Manager Financial Services (S151 Officer

9. **Access to Information : Background Documents**

None

10. Author of the Report

Kim Betts, Audit Services Manager, Craven District Council and Harrogate Borough Council Shared Audit Service.

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

11. Appendices

Internal Audit Plan 2017/18 April – October 2017 Monitoring

APPENDIX 1

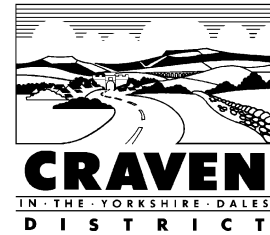
Internal Audit Plan April – October 2017 MONITORING

Audits (includes audits brought forward 2016/17 and 2017/18 audits)	Approved Plan (Days)	Actual April-October (Days)	Comments (at time of writing)
2016/17 audits b/fwd			
Money Laundering	0	0	With Audit Services Manager for review
Planning Fees	15	7	In progress
Car park Income	15	0	Q3/Q4 audit
Asset Rentals & Lettings Income	15	0	Q3/Q4 audit
2017/18 audits			
Follow up recommendations	2	1	Ongoing
Customer Complaints	15	16	Fieldwork almost completed
Member Grants	5	10	With Audit Services Manager for review
Trade Waste	15	0	To start Quarter 4
Business Continuity & Disaster recovery	15	0.5	In progress
Software Asset Management	15	0.5	In progress
Pay Elements	7	1	In progress
Travel & Subsistence	3	0	To start quarter 3
G4S Contract Arrangements	15	0	To start Quarter 4
NNDR	15	0	To start Quarter 4
Council Tax	15	0	To start Quarter 4
Information Governance	15	0	To start quarter 3
Duplicate payments	1	0	16 potential duplicates identified
Risk Management Arrangements	15	0	To start Quarter 3 /Quarter 4
Contingency	42	0	To be used as required/requested
Contingency (discretionary)	10	0	Only to be used if agreed with the Chief Finance Officer (s151 officer)
Fraudulent use of Procurement Cards	15	2	In progress
Review of new Planning System	10	6	Completed. No audit report due to nature of work undertaken.
CDC Management	20	9	Ongoing
TOTAL	250	46	

*** Key – Levels of Assurance**

Level	Definition
Significant	The system of internal control is designed to support the Councils corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the area reviewed.
None	There are weaknesses in control, or inconsistent non-compliance which places corporate and service objectives at risk in the area reviewed.

Audit and Governance Committee – 14th November 2017



REGULATION OF INVESTIGATORY POWERS ACT 2000

Report of the Solicitor to the Council and Monitoring Officer

1. **Purpose of Report** – To advise the Committee on the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000 since June 2016.
2. **Recommendations** – Members are recommended to note the content of the report.
3. **Report**
 - 3.1 The Council has a number of statutory functions which involve officers investigating the conduct of others with a view to bringing legal action against them. The majority of investigations are carried out openly but some may require the use of covert surveillance techniques or involve the acquisition of communications data.
 - 3.2 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the authorisation and monitoring of these investigations to safeguard the public from unwarranted intrusion of privacy and since November 2012, the Protection of Freedoms Act 2012 has required local authorities to obtain the prior approval of a magistrate for the use of covert surveillance.
 - 3.3 At its meeting on the 9th November 2015 and in order to meet the requirements of the revised Home Office Code of Practice, this Committee resolved that the Solicitor to the Council submit six monthly reports to the Committee on the Council's use of covert surveillance.
 - 3.4 Since June 2016, no covert surveillance has been authorised.
4. **Implications**
 - 4.1 **Financial and Value for Money (vfm) Implications** – There are no financial implications arising from this report.
 - 4.2 **Legal Implications** – These are set out in the body of the report.
 - 4.3 **Contribution to Council Priorities** – Not applicable.
 - 4.4 **Risk Management** – The Council must ensure that it is fully compliant with the legal requirements set out in RIPA otherwise its use of RIPA may be in breach of

the European Convention on Human Rights and the Human Rights Act 1998 and therefore at risk of challenge. This may lead to both financial and reputational risk.

4.5 **Equality Analysis** – The Council’s Equality Impact Assessment procedure does not apply to this report as there are no changes to any policy.

5. **Consultations with Others** – None

6. **Access to Information : Background Documents** – The Council’s Regulation of Investigatory Powers Act 2000 Policy Statement and Procedures document

7. **Author of the Report** – Annette Moppett, Solicitor to the Council and Monitoring Officer; telephone: 01756 706325; e-mail: amoppett@cravendc.gov.uk

Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

8. **Appendices** – None