

# Public Document Pack



## AUDIT COMMITTEE

Date: Tuesday, 11 June 2019

Time: 6.00pm

Location: Shimkent Room, Daneshill House, Danestrete

Contact: Ian Gourlay (01438) 242703

committees@stevenage.gov.uk

Members: Councillors: M McKay (Chair), S Barr, Booth, L Chester, D Cullen,  
J Gardner, L Kelly and G Lawrence  
Independent Member: Mr G Gibbs

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## AGENDA

### PART 1

1. **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

2. **ELECTION OF VICE-CHAIR**

To elect a Vice-Chair of the Committee for the remainder of the 2019/20 Municipal Year.

3. **MINUTES - 19 MARCH 2019**

To approve as a correct record the minutes of the meeting held on 19 March 2019.

Pages 3 – 8

4. **TERMS OF REFERENCE**

To note the Terms of Reference for the Committee, as agreed by Annual Council on 22 May 2019.

Pages 9 – 10

5. **ACCOUNTS AND AUDIT TIMELINE 2018/19**

To consider Ernst & Young's letter regarding a proposed revised Accounts and Audit Timeline for 2018/19.

Pages 11 – 14

6. **ANNUAL AUDIT FEE LETTER 2019/20**

To consider Ernst & Young's Annual Fee Letter for 2019/20.

Pages 15 – 24

**7. 2018/19 ANNUAL FRAUD REPORT AND PROGRESS WITH DELIVERY OF 2019/20 ANTI-FRAUD PLAN**

To consider the 2018/19 Annual Fraud Report and progress with delivery of the 2019/20 Anti-Fraud Plan.  
Pages 25 – 52

**8. AUDIT PLAN 2019/20 - PROGRESS REPORT**

To consider a progress report on the SIAS 2019/20 Internal Audit Plan.  
Pages 53 – 78

**9. ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT 2018/19**

To consider the Annual Assurance Statement and Internal Audit Annual Report prepared by SIAS.  
Pages 79 – 104

**10. ANNUAL GOVERNANCE STATEMENT 2018/19**

To consider the content of the Council's Annual Governance Statement for 2018/19.  
Pages 105 – 158

**11. URGENT PART 1 BUSINESS**

To consider any Part 1 business accepted by the Chair as urgent.

**12. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**13. STRATEGIC RISK REGISTER**

To note the latest Strategic Risk Register for Stevenage Borough Council, and to note developments on risk management issues.  
Pages 159 - 186

**14. URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

Date: Tuesday, 19 March 2019

Time: 6.00pm

Place: Shimkent Room, Daneshill House, Danestrete

**Present:** Councillors: Maureen McKay (Chair), John Gardner (Vice-Chair), Howard Burrell, Laurie Chester, Graham Lawrence, John Lloyd and Graham Snell.  
Mr Geoff Gibbs (Independent Member).

**Also Present:** Simon Martin (Shared Internal Audit Services)  
Nick Jennings (Shared Anti-Fraud Services)

**Start / End** Start Time: 6.00pm  
**Time:** End Time: 7.20pm

#### 1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillor David Cullen.

There were no declarations of interest.

#### 2 **MINUTES - 4 FEBRUARY 2019**

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 4 February 2019 be approved as a correct record and signed by the Chair.

#### 3 **SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PLAN 2019/20**

The Committee considered a report in respect of the Shared Anti-Fraud Service (SAFS) – Anti-Fraud Plan 2019/20.

The SAFS Manager commented that, as well as the Anti-Fraud Plan 2019/20, the Local Government Association Councillors Workbook on Fraud and Bribery were appended to the report.

The SAFS Manager advised that the Anti-Fraud Plan provided some national context with regard to fraud issues; the SAFS arrangements for 2019/20; the SAFS budget (setting out a 2% increase in fees for 2019/20); staffing levels; and standards of service. He also referred to the SAFS Action Plan, designed to meet the CIPFA Principles set out in the Local Government Counter Fraud and Corruption Strategy (2016-2019), and the Key Performance Indicators for 2019/20.

In response to Members' questions, the Shared Anti-Fraud Service Manager commented as follows:

- the staffing levels of the Service had increased following Luton Borough Council joining the partnership in 2017 – this had provided greater flexibility in the deployment of staff to support all of the partner authorities;
- National level of fraud – there were figures to support a level of known fraud, but the various figures produced by various institutions, such as CIPFA or the National Audit Office, also included estimated risks of unknown fraud;
- New activities to be undertaken by SAFS in 2019/20 included enhanced anti-fraud work on procurement matters; Right to Buy housing fraud (money laundering etc.); and joint work with the Cabinet Office on a new national fraud initiative;
- The £2,000 increase in fees payable by SBC to SAFS for 2019/20 had been the first such increase since the partnership was established in 2015 (increased costs in previous years had been absorbed by SAFS);
- SBC’s contribution towards the Herts Fraud Hub would be £4,000, although it was hoped that this would be recouped over time through improved and swifter data sharing methods to assist in the prevention/detection of fraud;
- The new 2019/20 Key Performance Indicator (KPI) target relating to the number of social homes secured from sub-letting or other unlawful tenancy breaches had been set at 12 for the year, as these cases were often complex and took time to resolve. However, it was hoped that this target would be exceeded; and
- The “other” types of fraud set out in the Annual Fraud Indicator (AFI) statistics 2017 of the cost of fraud to the UK economy, included Business Rates fraud, Insurance fraud, etc.

The SAFS Anti-Fraud Manager undertook to provide Members of the Committee with the full CIPFA Counter Fraud and Corruption Tracker report, which was an annual survey of fraud activity in councils and measured detection rates across local government and across different types of fraud.

It was **RESOLVED**:

1. That the SAFS / SBC Anti-Fraud Plan 2019/20, as attached at Appendix B to the report, be approved.
2. That the Local Government Association Councillors Workbook on Fraud and Bribery Prevention 2017 be noted.

#### 4 **CORPORATE GOVERNANCE ARRANGEMENTS**

The Committee considered a report in respect of activity carried out in 2018/19 to strengthen the Council’s corporate governance arrangements (set out in Appendix A to the report), and corporate governance enhancement activity identified for delivery in 2019/20 to be reflected in the Council’s 2018/19 Annual Governance Statement (set out in Appendix B to the report).

The Senior Performance and Resilience Officer advised that the one new corporate governance activity programmed for delivery in 2019/20 related to the governance framework and business plan for the CCTV Partnership.

Officers responded to the following questions raised by Members:

- Annual Governance Statement (AGS) 2017/18 Action 3 – new arrangements for the delivery of repairs and voids had resulted in improvements to service delivery during Quarter 3 of the 2018/19 financial year;
- AGS 2017/18 Action 4 – the majority of the Fourth Tier Management reviews had been completed. Reviews for the Housing & investment Team (Tiers 6 and 7) and Stevenage Direct Services (Tiers 4 and below) were scheduled for commencement during Quarter 1 of 2019/20;
- AGS 2017/18 Action 5 – a draft ICT Strategy (including investment proposals) and roadmap was being developed to enhance improvement activity throughout 2019/20;
- AGS 2018/19 Action 1 – the Assistant Director (Corporate Services & Transformation) undertook to provide Members of the Committee with further detail as to the resourcing of the Aids & Adaptations Policy, and the review of the ability and financial viability to take on sub-contracted works in-house;
- AGS 2018/19 Action 7 – the SIAS Client Audit Manager confirmed that the governance framework and business plan for the CCTV Partnership was due to be reviewed at the meeting of the Joint CCTV Partnership Committee at its meeting to be held on 10 April 2019; and
- SBC’s Corporate Governance Group was chaired by the Assistant Director (Finance & Estates), with the Assistant Director (Corporate Services & Transformation) as Vice-Chair, and comprised other senior officers, as well as the SIAS Client Audit Manager.

It was **RESOLVED**:

1. That progress on significant corporate governance enhancement activity during 2018/19 be noted.
2. That corporate governance enhancement activity identified for 2019/20, for inclusion in the Council’s 2018/19 Annual Governance Statement, be noted.

## 5 **SHARED INTERNAL AUDIT SERVICES - PROGRESS REPORT 2018/19**

The Committee considered a report in respect of the Shared Internal Audit Service (SIAS) 2018/19 progress report for the period to 1 March 2019.

The SIAS Client Audit Manager advised that SIAS was on track to deliver the Audit Plan and meet its associated Performance Indicators. 98% of planned audit days had been delivered, and 93% of planned projects were at draft or final report stage – the others would be completed by 31 March 2019. The audits of Payroll and Housing Rents had both been finalised since the report had been drafted, both with an assurance level of “Good”.

The SIAS Client Audit Manager explained that, due to officer capacity issues, the planned audits relating to Land Charges and the Homelessness Reduction Act had been deferred to 2019/20.

In reply to Members’ queries, the SIAS Client Audit Manager commented:

- As referred to earlier in the meeting, the High Priority Recommendations relating to the CCTV Partnership were scheduled to be addressed by the Joint CCTV Partnership Committee at its meeting to be held on 10 April 2019;
- The Client Satisfaction Performance Indicator had met the 100% target, although it was noted that only 11 of 29 questionnaires had been completed and returned to SIAS, despite regular reminders. The Assistant Director (Corporate Services & Transformation) undertook to raise this issue with Senior Leadership Team colleagues; and
- Joint Reviews – only 2 out of 4 billable audit days had been delivered during 2018/19 (relating to the CCTV Partnership review). There had been no appetite during the year for any further Joint Review audit work.

It was **RESOLVED**:

1. That the Internal Audit progress report 2018/19 be noted.
2. That the amendments to the Internal Audit Plan, as at 1 March 2019, be approved.
3. That the status of Critical and High Priority Recommendations be noted.

## 6 **SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN 2019/20**

The Committee considered a report which set out the proposed Shared Internal Audit Service (SIAS) Internal Audit Plan for 2019/20.

The SIAS Client Audit Manager advised that, in order to comply with the requirements of the Public Sector Internal Audit Standards (PSIAS), SIAS had continued with a methodology for all SIAS partners. The proposed 2019/20 Plan had been supported by the Council's Strategic Leadership Team.

The SIAS Client Audit Manager stated that the Council had purchased 350 audit days for 2019/20, as set out in Paragraph 2.8 of the report. Appendix A to the report set out the proposed outline scopes of each of the planned 2019/20 audits. Regular reports on progress against the Plan would continue to be submitted to the Committee throughout 2019/20.

In response to a question about the Hertfordshire Home Improvement Agency (HHIA) audit, the SIAS Client Audit Manager explained that the 2018/19 audit had received a "Limited" assurance opinion (at draft report stage). Once finalised, the audit report would be submitted to the Committee.

A number of Members reported communication problems when dealing with HHIA-related enquiries from residents, in respect of the taking of responsibility to deal with issues between officers of Hertfordshire County Council and SBC. The Assistant Director (Corporate Services & Transformation) undertook to provide clarity between the respective responsibilities of HCC and SBC under the HHIA Agreement, and circulate this to Members of the Committee.

The Client Audit Manager was requested to give consideration to a possible amendment to the Client Satisfaction Performance Indicator included in the Audit Plan, so that the target was for 100% of survey questionnaires to be returned, with a satisfaction rate of 95%.

It was **RESOLVED** that the proposed Stevenage Borough Council Internal Audit Plan for 2019/20, as attached at Appendix A to the report, be approved.

7 **URGENT PART 1 BUSINESS**

None.

8 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

9 **STRATEGIC RISK REGISTER**

The Committee considered the Council's latest Strategy Risk Register.

Members asked a number of detailed questions about the report which were answered by officers.

It was **RESOLVED**:

1. That the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted.
2. That developments on risk management issues be noted.

10 **URGENT PART II BUSINESS**

None.

**CHAIR**

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## **AUDIT COMMITTEE – TERMS OF REFERENCE**

**1. Membership** – 8 (+ 1 Co-opted Independent non-elected member) to include -

- Chair - A Member who is neither a Member of the Executive nor who serves as a Scrutiny Member
- 1 Member of the Executive only

**2. Quorum** - 3

**3. Terms of Reference**

3.1 To advise or comment as appropriate on –

a) Internal Audit matters, including:-

- The Annual Internal Audit Plan
- The adequacy of management responses to Internal Audit reports and recommendations
- The Audit Partnership Manager's Annual Report and Opinion
- To consider summaries of specific internal audit reports, as requested

b) External Audit matters, including-

- External Auditors plans for auditing and inspecting the authority
- The Annual Audit & Inspection Letter from the External Auditor
- The report to those charged with governance
- Proposals from the National Audit Office over the appointment of the External Auditor
- The scope & depth of External Audit work

c) Arrangements made for the co-operation between Internal Audit, external audit and other bodies.

d) Anti Fraud & Corruption issues including the Council's policies on Anti-Fraud and Corruption, "whistle-blowing".

e) The Council's Annual Governance Statement.

f) The Council's Constitution in respect of Contract Standing Orders, Financial Regulations.

g) The Council's Risk Management arrangements.

h) The Council's arrangements for delivering value for money.

i) The Statement of Accounts and related Capital Determinations.

j) The Council's Treasury Management Strategy.

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SE1 2AF

Letter covers:

- Stevenage Borough Council

26 April 2019

Addressed to:

- Clare Fletcher, Chief Financial Officer

Email: NHarris2@uk.ey.com

Dear Clare,

## ACCOUNTS & AUDIT TIMETABLE 2018/19

As discussed at our meeting on the 26<sup>th</sup> April, I am now writing to update you on the proposed audit timeline for your 2018/19 audit.

### Our responsibilities in relation to Accounts

From the PSAA Statement of responsibilities of auditors and audited bodies, Paragraph 17, available at [www.PSAA.co.uk](http://www.PSAA.co.uk), our responsibilities include:

*Auditors provide an opinion on whether the audited body's financial statements:*

- *give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and*
- *have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.*

We are also required to conduct our work economically, efficiently and effectively, and in as timely a way as possible.

### Your responsibilities in relation to Accounts

Under the Accounts and Audit Regulations 2015, Regulation 10, your responsibilities for publication of the Accounts are as follows:

*Publication of statement of accounts, annual governance statement and narrative statement for Category 1 authorities*

*10.-(1) A Category 1 authority must, after approving the statement of accounts in accordance with regulation 9(2) but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website)-*

*(a) the statement of accounts together with any certificate or opinion, entered by the local auditor in accordance with section 20(2) of the Act;*

*(b) the annual governance statement approved in accordance with regulation 6(2); and*

*(c) the narrative statement prepared in accordance with regulation 8.*

*(2) Where an audit of accounts has not been concluded before the date specified in paragraph (1) an authority must—*

*(a) publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and its reasons for this; and*

*(b) comply with paragraph (1) as if for "but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates" there were substituted "as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit".*

### **Audit timing 2019**

Our priority is to ensure high quality in undertaking our audits, as this is key to ensuring we meet our responsibilities and issue the correct opinion.

As your auditors we try to conduct our work in as timely a manner as possible, having regard to your responsibilities. Unfortunately, we are experiencing staff turnover and challenges in recruiting new staff, which affect the audit timetable. To ensure you receive the best quality audit from EY, we are proposing an alternative timetable for your 2018/19 audit. Our proposal is that your audit will take place during August and September 2019 and we will work with you to agree a revised detailed delivery and reporting timetable.

We have explained our decision to reschedule a number of audits to Public Sector Audit Appointments and committed to keep them informed about both our discussions with clients and our plans to increase recruitment. They share our overriding concern to ensure delivery of a quality audit. They have also sought reassurance that EY will make every effort to minimise inconvenience to clients and to complete rescheduled audits as soon as possible after 31 July. We have been happy to give that reassurance.

Whilst we always strive to provide excellent client service, my first priority must be to safeguard the quality of the audits provided, and avoid putting our professional standards at risk. I apologise for the inconvenience that the rescheduling of your audit may cause. We will work with you to ensure that any disruption is minimised.

Yours sincerely

Neil Harris  
Associate Partner  
Ernst & Young LLP  
United Kingdom

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Mr. Matthew Partridge  
Interim Chief Executive  
Stevenage Borough Council  
Daneshill House, Danestrete  
SG1 1HN

29 April 2019

Ref: Fee Letter/19-20

Direct line: 01223 394459

Email: [NHarris2@uk.ey.com](mailto:NHarris2@uk.ey.com)

Dear Mr Partridge

## **Annual Audit 2019/20**

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at Stevenage Borough Council.

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

The appointment of an auditor to report on the Council's housing benefit subsidy claim is no longer covered by the PSAA appointment.

## **Indicative audit fee**

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and

- Whole of Government accounts.

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example:

- The preparation of group accounts;
- Additional work performed on asset valuations, including the involvement of our valuation specialists;
- Additional work arising from the implementation of IFRS 16 Leases.

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that in 2017/18;
- Officers meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by Officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

### Summary of fees

	Indicative fee 2019/20 £	Planned fee 2018/19 £	Actual fee 2017/18 £
Scale Fee	49,283	49,283	64,004
Proposed additional fee subject to agreement by PSAA/Chief Finance Officer	-	-	2,401
Total Code audit fee	49,283	49,283	66,405
Reporting on housing benefit claim		**7,600	*16,145

\* includes £5,234 for three extended samples over and above the two budgeted for. This is subject to agreement by PSAA and the Council's Chief Finance Officer.

\*\* we have been appointed to be the reporting accountant for the housing benefit claim from 2018/19. The proposed fee for the certification of the 2018/19 return is £7,600, this is for the work on the initial samples for the headline cells. Each extended sample attracts a fee of £2,400. There were five extended samples in 2017/18.

The planned fee for 2018/19 in the table above does not include any additional work required under the Code of Audit Practice, specifically the work required on: group accounts; review of the Queensway scheme including asset valuation. We will agree any additional fee with the Council's Chief Financial Officer.

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

### Billing

The scale fee will be billed in 4 quarterly instalments of £12,321.

### Audit plan

Our plan is expected to be issued in January 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Assistant Director (Finance) and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Audit Committee.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, or Janet Dawson as our Government and Public Sector Assurance Leader at [jdawson1@uk.ey.com](mailto:jdawson1@uk.ey.com). If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Neil Harris  
Associate Partner  
For and on behalf of Ernst & Young LLP

cc. Clare Fletcher, Assistant Director (Finance and Estates)(Chief Financial Officer)  
Councillor Maureen McKay, Chair of the Audit Committee

Confidential

# EY working with you

An overview of our approach

March 2019

page 19

# Contents



1

Our commitment to you

1

Page 20



2

Working with you

2



3

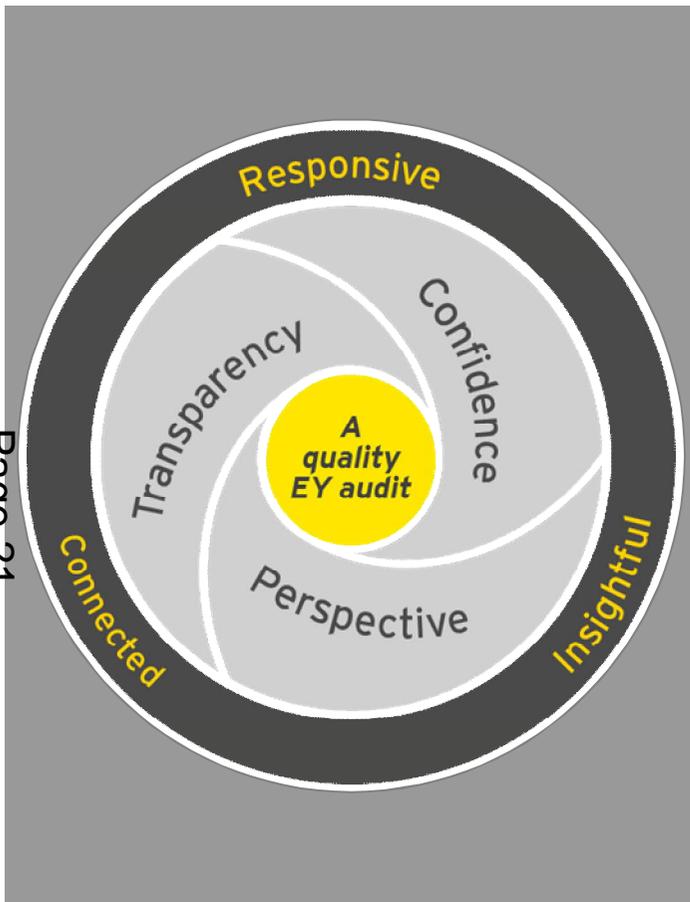
Value beyond the audit

3





# Our commitment to you



Stevenage Borough Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which started in 2018/19. PSAA appointed EY as your auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, [www.psaa.co.uk](http://www.psaa.co.uk).



Janet Dawson – Partner

I am the lead partner for this contract, and EY's Global Government and Public Sector Assurance Leader. I have been a partner in Government and Public Sector (GPS) assurance services for 14 years, and have over 20 years of experience and knowledge from working in the sector. My work across health and central government brings an understanding of the broader context of the environment that you operate within.

My appreciation of the value of audit, transparency, and the importance of working in partnership with the public sector aligns with PSAA in promoting and supporting those values through our work. I have asked Neil Harris to lead your engagement on behalf of EY. Our commitment to quality and culture of consultation means that they will draw on the expertise within the firm in fulfilling this responsibility.

Our extensive experience of providing a range of assurance services has demonstrated that strong relationships, clear communication, and investing time with our clients to understand their issues delivers the highest quality outcomes.

This is our commitment to you.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach, and what clients can expect from us. A summary of the key points of the method statement follows. It is provided as a guide and reference for liaising with us, and a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.



# Working with you

## Communication

Our experience shows that close, constructive working relationships are built on trust and open dialogue.

Neil Harris is your engagement lead and responsible for our relationship protocols, overall audit service and quality. We meet regularly with Officers and Members, discussing sector challenges and bringing insights from our network. Your engagement manager, Kay Storey, is a key contact and brings significant experience of managing local authority audits.

Our relationship protocols allow you to escalate concerns to Janet Dawson (Contact Partner) or Steve Varley (UK Managing Partner) should you need to.

Our Audit Planning Report contains further information on our planning approach and timetable, giving you a risk based, tailored audit. We ensure our senior leaders are accessible for management and members.



## Knowledge and training

Significant investment in the development of dedicated GPS teams is part of our commitment to improve skills in the public sector. Our structured recruiting and training approach delivers the best audit quality. All our training is developed by technical specialists and is quality and risk assessed. Staff must pass online tests following training, to demonstrate they can apply the learning in practice.

GPS sector specific training including emerging opportunities and risks, new requirements and specific technical areas, e.g., capital accounting, group accounts, LG pensions and other areas.

Topics are derived from our sector knowledge and stakeholder engagement.

We share these insights with you via our Audit Committee Briefings, Public Sector Accounting Workshops, Audit Committee Forums and other bespoke training sessions.



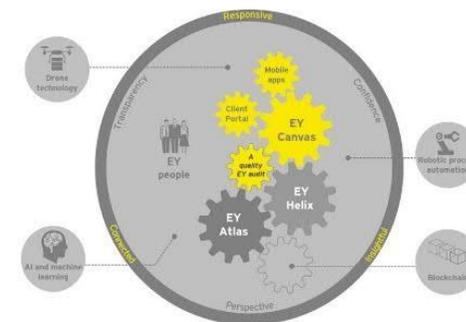
## Quality and Innovation

Audit quality is our primary goal in ensuring confidence in public services in a landscape of constant change and uncertainty. Factors which contribute to achieving consistently high quality audits are our people, tailored audits, consultation, and engagement quality reviews.

Our consultation policies are built upon a culture of collaboration, whereby audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting issues.

Audit quality is at the heart of our innovation strategy.

We will continue to innovate and integrate new technologies into our audit process. The technologies discussed so far are just the start of our journey, designed to grow and be enhanced with additional functionalities.





# Value beyond the audit

In line with the firm's broader vision to build a better working world, EY's commitment to, and investment in, the public sector is focussed on delivering sustainable social value.

We are the first of the Big 4 firms to establish an apprenticeship programme awarded 'employer status' by the Skills Funding Agency, that specifically addresses the needs of deprived communities. 'EY Business Apprenticeships' is a way of investing in local people, directly challenging the UK skills gap, whilst prioritising those from deprived communities, and disadvantaged backgrounds. Our work under the PSAA contract enable us to create around 165 additional apprentice roles.

EY was also the major graduate recruiter to change our minimum entry requirements, increasing inclusivity by opening up opportunities for talented individuals regardless of their background and education.



## Economic and Social

We deliver socio-economic improvements by carefully aligning existing initiatives to our clients' objectives, for example, local authorities' focus on local employability.

Examples include: Removing barriers to employment and education: our 'Smart Futures' initiative provides Year 12 students access to paid work experience, employability workshops and career talks plus 10-months of mentoring from an EY employee. We deliver this from 11 EY offices across the UK. The benefit to you is that we focus on state schools and prioritise those on free school meals. In addition, our 'Stay Curious' and 'Employability Support' initiatives raise awareness of audit career opportunities to STEM students and provide CV advice, networking, mock interviews and assessment centres. Collectively the improvement outcomes include increased employability for young people in the community, connecting schools, universities, employers and building confidence in the students themselves.

Supporting local businesses for prosperity in the community: the EY Foundation, our independent charity, supports collaboration between young people and local businesses. The benefit is a community better connected, focussed on key issues, and providing a voice to the under privileged.

Our global EY Ripples programme enables our staff to donate time to make use of their knowledge, skills and experience to support young people and impact entrepreneurs, by providing mentoring support, business skills training, and more equitable access to resources – to drive sustainable inclusive growth.

## Environmental

We protect the environment by minimising waste and using resources efficiently, e.g., we proactively manage and monitor the environmental impacts of our supply chain, and our own people. We encourage carbon footprint reduction through initiatives such as Bike to Work, Flexible Working Policy, and our sustainable travel strategy. We have also made changes to our processes from procurement to recruitment to minimise the environmental impact of them on the wider world.

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Stevenage Borough Council

Shared Anti-Fraud Service Report

June 2019

## Recommendation

Members are recommended to:

Note the activity undertaken by the Shared Anti-Fraud Service to deliver the 2018/19 Anti-Fraud Plan for the Council

Note the other anti-fraud activity undertaken to protect the Council.

Note progress of the Shared Anti-Fraud Service on delivering the 2019/20 Anti-Fraud Plan.

## Contents

### Introduction

1. Background
2. Summary of SAFS Activity at Stevenage Council in 2018/2019
3. Update on the Anti-Fraud Plan 2019/20
4. Reporting & Transparency Code Data

### Appendix

- A. SBC/SAFS Anti-Fraud Plan 2018/19
- B. SBC/SAFS Anti-Fraud Plan 2019/20
- C. Reported Fraud/ outcomes and values 2018/19

## Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's Anti-Fraud Action plan for 2018/2019. The Committee are asked to note this work.

Recent reports have been provided to Council officers, and are being used by SAFS to ensure that the Council is aware of its own fraud risks and is finding ways to mitigate or manage these effectively wherever possible.

These reports include:

- *Fighting Fraud and Corruption Locally 2016–2019 Strategy* produced by CIPFA in March 2016 and supported by CLG. The new strategy estimates annual fraud losses in local government at around £2.1bn (this report is based on 2013 data).
- *UK Annual Fraud Indicator 2017* published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian which estimates the risk of fraud losses for local government in excess of £8bn per annum.
- CIPFAs *Fraud and Corruption Tracker 2018* indicates that identified fraud had increased since 2016 but that counter fraud capacity within councils had reduced, and would continue to do so, placing local government at even greater risk of fraud.
- The Central Governments *United Kingdom Anti-Corruption Strategy 2017-2022* includes the vision and priorities for dealing with and reducing the risk of corruption within the UK private, public & charity sectors and when working with organisations /companies/government agencies abroad.

## **1. Background**

- 1.1 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector fraud risk across local government in England exceeds £2.billion each year with some more recent reports indicating levels considerably above this.
- 1.2 The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, and CIPFA have also issued advice, and best practice guidance to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for Councils to be vigilant in recognising their fraud risks and to invest sufficient resources in counter fraud activities that deliver savings.
- 1.3 It is essential that to support this service the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of identified fraud.
- 1.4 Stevenage Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received detailed reports about the creation of SAFS and how this service works closely with the Councils Internal Audit Service. SAFS works across the whole Council dealing with many aspects of fraud from deterrence & prevention to investigation & prosecution.

## **2. SAFS Activity & Delivery of the 2018/19 Anti-Fraud Plan**

### Staffing

- 2.1 The SAFS Team (in April 2018) is Composed of 18 accredited and trained counter fraud staff and is based at Hertfordshire County Councils offices in Stevenage.
- 2.2 Each SAFS Partner receives dedicated support and response at present this is achieved by allocating officers to work exclusively for each Partner but also allowing all officers within the Team to work with different Partners from time to time. Providing the Service in this way allows officers to develop good working relationships with Council staff but also offers improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
- 2.3 In 2018/19 SAFS deployed 1 member staff to work exclusively for the Council, and provides management and direction for the Councils own Tenancy Fraud Investigator. These officers are both supported by the SAFS Intelligence Team, based at Stevenage, which includes expertise in open source intelligence, statutory data enquiries, data-analytics and financial investigations.

SAFS KPI for 2018/2019

KPI	Measure	2018/19 Target	Achieved in Year
1	Provide an investigation resource to the Council to include fraud deterrence/prevention activities as well as proactive and reactive investigations.	<p><b>1 FTE</b> on call at SBC (Supported by SAFS Intel/ Management). Membership and SBC staff access to NAFN. Membership of CIPFA Counter Fraud Centre. 5 Fraud awareness training events for staff/Members. Support for in-house Housing Fraud Investigator.</p>	<p><b>1 FTE</b> on call (supported by SAFS Intelligence/ Management)  All other areas met in full.</p>
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board & Recovery of Social Housing Properties in the Borough	<p><b>£450k</b> From fraud/irregularity identified and savings/prevention reported</p> <p><b>Recover 12 SBC Properties</b> (Incl Sub-Let/ Abandonment/RTB/Succession Fraud)</p>	<p><b>£350k</b> (£191k Fraud Loss &amp; £158k Savings/Prevention)</p> <p><b>£182k</b> (Irregularities) Council Tax Revenue from CTax review.</p> <p><b>9 Properties Recovered</b></p>
3	Allegations of fraud Received. From all sources.	<p>150 Fraud referrals from all sources to SAFS</p>	<p><b>162</b></p>
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	<p>50%</p>	<p><b>46%</b> (25 cases proved from 54 investigated) 11 further cases had some intervention &amp; 51 'Right to Buy' reviews completed.</p>
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	<ul style="list-style-type: none"> <li>• Data-Hub for local data matching.</li> <li>• Access to NFI output.</li> <li>• County wide Council Tax Review Framework.</li> <li>• Housing Partners- (Tenancy Fraud)</li> </ul>	<ul style="list-style-type: none"> <li>• SAFS completed NFI exercise for SBC and is working on output.</li> <li>• Shared R&amp;B Service made use of CTax Framework.</li> <li>• SBC Housing renewed contract with Housing Partners.</li> </ul>

*Fraud Awareness and Reported Fraud*

- 2.4 One of the key aims for the Council is to create an 'Anti-Fraud' culture, that will deter fraud; encourage senior managers and members to consider the risk of fraud when developing policies or processes to prevent fraud occurring; encourage staff and the public at large to understand the impact of fraud on the Council, and report fraud where it is suspected.
- 2.5 The Council's website does include some information on benefit fraud and, housing fraud and some details on contract fraud but it does not have a central fraud reporting page to cover all aspects of fraud that may affect it or links to the SAFS Homepage <https://www.hertfordshire.gov.uk/services/business/consumer-advice/safs.aspx> which could be used to share news and information about fraud.
- 2.6 SAFS has delivered training to staff on site including general fraud awareness and document verification, as well as specialist training events on ID fraud and application fraud. This training was attended by officers from Revenues, Benefits, Customer Services, and Housing Services.
- 2.7 Working with HR SAFS have delivered an e-training package for staff and Members which will be linked to the Councils policies and fraud reporting tools to raise awareness of the risk of fraud & corruption, bribery and anti-money laundering.
- 2.8 Council staff can use the same methods to report fraud or if they work within Housing, Revenues & Benefits Services they can report fraud directly to SAFS staff working at the Council.
- 2.9 During 2018/19 SAFS received 162 allegations of fraud affecting Council services.

**Table 1. Types of fraud being reported (in year):**

Housing & Council Tax Benefits	Council Tax Discounts	Tenancy/Housing	Blue	Other *	Total
65	41	36	16	4	162

*\*Includes staff/NDR*

**Table 2. Who is reporting Fraud**

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive Investigations	Other Agencies**	Total
82	57	16	7	162

*\*Includes Police/DWP*

- 2.10 The volume of cases reported by staff has remained at similar levels to previous years as a percentage but, overall alleged fraud has dropped slightly from previous years (190 allegations in 2016/17 and 189 allegations in 2017/18).

- 2.11 At this time many cases raised for investigation are still in the early stages. However, of the 25 cases investigated and closed in the year where fraud was established losses of £191,000 and savings, through prevention, or new revenue exceeding £158,000 was identified. See **Appendix C** for a breakdown of cases where fraud has been reported.
- 2.12 SAFS continues to work closely with the Shared Revenue & Benefit Service to identify potential fraud around discounts and exemptions. The Council is now able to level civil and financial penalties for false claims for discounts and exemptions where appropriate. In 2018/19. Six penalties were applied raising £2,300 in additional revenue.
- 2.13 In three of the most serious cases of fraud were reported for prosecution by the Councils legal team, with all three resulting in guilty verdicts.
- 2.14 The Council also made use of the SAFS managed *Countywide Council Tax Review Framework* in 2018 which this resulted in 511 incorrect single person discounts being removed and £182,000 additional council tax being identified.
- 2.15 The Councils Tenancy Fraud Investigator assisted in recovering 9 Council properties that were subject to some form of tenancy fraud and stopped 2 fraudulent housing applications being processed. The same officer conducted 51 reviews of 'right to buy' applications, and referred 2 cases for further investigation, this work is essential to prevent money laundering and protect tenants who may be vulnerable to organised crime.

**Case 1:** *A Stevenage resident submitted a housing application in April 2017 stating he was homeless. He declared on the housing application form he had been resident within Stevenage since January 2010.*

*During the investigation it was found the subject had been resident within Stoke on Trent from June 2014 at various addresses. He had also been convicted for offences in July 2015 and served an 18 month prison sentence.*

*The subject was interviewed under caution and admitted he had supplied false information with the intention of securing a social housing property from Stevenage borough council.*

*On 28th November 2018 the subject pleaded guilty under section 1 of the Fraud Act 2006 at Stevenage magistrate court. He received a £280 fine, and was ordered to pay £721.72 towards the Councils legal and investigation costs.*

- 2.16 Stevenage Borough Council was one of the pilot sites for joint working with the DWP Fraud & Error Service where fraud impacted on both housing benefit and council tax support. This highly successful pilot has since been rolled out by the DWP nationally and the excellent relationship between investigators at the DWP and SAFS has been maintained with a number of positive outcomes in 2018/19.

**Case 2:** *In late 2018 a member of the public contacted the DWP and alleged that woman living in social housing in Stevenage had failed to declare that her partner lived with her.*

*Checks made showed that the person named was in receipt of council tax reduction, single person discount and housing benefit since 2013.*

*Enquiries identified the alleged partner and details of his employment. 'Open source' enquiries revealed that couple were married and evidence that couple own a home abroad.*

*Case pending a decision on re-assessment of claims from 2013 and potential prosecution.*

**Case 3:** A Stevenage resident had claimed council tax support (CTS) and housing benefit (HB) from 2013 based a low income. Referral received from the DWP, in 2018, alleged that the claimant has failed to declare that he was in employment. An investigation confirmed that claimant has commenced work sometime prior to 2013 and had not declared this. Overpayments of benefit were calculated as £3,800 HB, £725 CTS and just under £7,000 in DWP welfare benefits. The CPS have accepted this case and claimant is due to appear in court in July 2019

- 2.17 SAFS works very closely with the Councils Civil Enforcement officers bringing prosecutions for abuse of Blue Badge in the Councils pay and display car parks. The LGA reported in 2018 than an increase in the theft of Blue Badges has seen an increase in the misuse of these by criminals to avoid congestion and perking charges.
- 2.18 The Councils communication and IT teams will be delivering anti-fraud publicity campaigns in 2019/20 to encourage the public to report fraud where they suspect it is being committed against the Council.
- 2.19 SAFS ensured the Councils compliance with the National Fraud Initiative (NFI) matches received in February 2019. The NFI is a national anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government.

### **3. 2019/2020 Anti-Fraud Action Plan**

- 3.1 The Council has an Anti-Fraud and Corruption Policy. This document lays out the Council's position, and includes advice to Members, senior officers and staff about reporting suspected fraud. This document will be reviewed in 2018/19 but at present it meets much of the best practice guidance from CIPFA.
- 3.2 A copy of the 2019/2020 Anti-Fraud Plan is attached at **Appendix B**. This Plan covers all recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat fraud, and takes appropriate action to prevent/deter/pursue fraud. The Plan also provides assurance that the Council benefits from a positive return on its investment in the SAFS Partnership.
- 3.3 The KPIs for SAFS in 2019/2020 have been amended to reflect changes to the way the service will be delivered, including improved use of data and access to the Hertfordshire Fraud Hub hosted by the Cabinet Office.
- 3.4 SAFS will provide reports to this Committee in later in 2019 on the performance against the Anti-Fraud Plan, but to-date we can report that 66 live cases at the 31<sup>st</sup> March were carried into the current year.

#### 4. Transparency Code- Fraud Data

4.1 The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.

4.2 The Code also recommends that local authorities follow guidance provided in the following reports/documents:

CIPFA: *Fighting Fraud Locally Strategy*

([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/118508/strategy-document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118508/strategy-document.pdf)).

The National Fraud Strategy: *Fighting Fraud Together*

(<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>)

CIPFA Red Book 2 – *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*

([http://www.cipfa.org/-/media/files/topics/fraud/cipfa\\_corporate\\_antifraud\\_briefing.pdf](http://www.cipfa.org/-/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf))

4.3 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for Stevenage Borough Council for 2018/2019 is in **Bold**:

- 3 Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

**Nil. (Stevenage Borough Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and use the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf.**

- 4 Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

**2.5 FTE**

- 5 Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

**2.5 FTE**

- 6 Total amount spent by the authority on the investigation and prosecution of fraud.

**£100,000**

- 7 Total number of fraud cases investigated.

**54 Cases investigated and closed in year**

4.4 In addition, the Code recommends that local authorities publish the following (*for Stevenage Borough Council Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated-

**See 7 above**

- Total number of occasions on which a) fraud and b) irregularity was identified.

**25 Occasions where fraud/irregularity identified**

- Total monetary value of a) the fraud and b) the irregularity that was detected.

**£534k fraud losses/prevention reported**

- Total monetary value of a) the fraud and b) the irregularity that was recovered.

**Not recorded.**

## Appendix.

A. SBC Anti- Fraud Plan 2018/19



SBC Plan 2018 2019

B. SBC Anti-Fraud Plan 2019/20



SBC Plan 2019 2020

C. Anti-Fraud Statistics 2018/19



2018 2019 Fraud  
Stats

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**Stevenage Borough Council  
Anti-Fraud Plan 2018/2019**

**In partnership with**

**The Shared Anti-Fraud Service**



## Contents

Introduction	2
The National Context	3
SAFS Resources for 2018/2019	4
SAFS Standards of Service	5
Stevenage Borough Council Anti-Fraud Action Plan 2018/2019	6
SAFS KPIs for Stevenage Borough Council 2018/2019	7

## Introduction

This plan supports the Councils current Anti-Fraud and Corruption Policy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Policy states that the Council;

- **is opposed to fraud and corruption,**
- **recognises the need for staff and Members to support the policy,**
- **expects Members and staff to adhere to the highest standards of honesty and integrity,**
- **that Members and staff will act in accordance with legal requirements and Council procedures,**
- **that individuals and organisations that deal with the Council to meet the same standards.**

This plan includes objectives and key performance indicators that support the Councils Strategy and meet the best practice guidance/directives from central government department such as Department for Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

## National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government was large, but difficult to quantify with precision.

In its 2015 publication *Code of practice on managing the risk of fraud and corruption* CIPFA highlighted the five principles for public bodies to embed effective standards for countering fraud and corruption in their organisations. These principles support good governance and demonstrate effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The CIPFA *Local Government Counter Fraud and Corruption Strategy (2016-2019)* included a summary of reported fraud losses across councils in England totalling £307m per annum but that hidden and unreported fraud risks could exceed £2bn each year. The strategic response for local government to respond to the threat of fraud threats provides three key principles '**Acknowledge/Prevent/Pursue**'. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board.

In addition, local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes (the 6 Cs) identified in the CIPFA Strategy:

- Culture - creating a culture in which beating fraud and corruption is part of daily business,
- Capability - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- Capacity - deploying the right level of resources to deal with the level of fraud risk,
- Competence - having the right skills and standards,
- Communication - raising awareness, deterring fraudsters, sharing information, celebrating successes
- Collaboration - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government as follows.

- Total loss across local government - £7.8bn
- Tenancy Fraud- £1.8bn
- Procurement Fraud - £4.4bn
- Payroll Fraud - £1bn
- Other - £.6bn

The AFI does not include housing benefit fraud or council tax fraud as a loss to local government but estimates the loss of these combined at around £1.1bn.

What is clear is that every pound lost to fraud from the public purse is a pound lost from essential front line services. The Councils Anti-Fraud Plan 2017/2018 is founded on the principles of 'Acknowledge/ Prevent/ Pursue' and the 6 C's to ensure the Council is adequately protected from fraud risk or that where fraud does occur there are plans to manage and mitigate any losses.

## **SAFS Resources 2018/2019**

### **Budget**

In December 2016 the SAFS Board accepted a report from the SAFS Manager to restructure and reorganise the Service from April 2017/2018. This restructure would result in a small increase in fees for all Partners. The Board agreed that the annual fee for District Councils, with housing stock, would be fixed to £100,000 +VAT. The Board also received assurance, from extensive financial modelling, that the service would be sustainable, in its current form, for 5 years with any increase in fees to be reviewed each year from 2018/2019 onwards.

Fees for Stevenage Borough Council in 2018/2019 remain at £100,000 + VAT.

### **Staffing**

The full complement of SAFS now stands at 15 FTE's; 1 Manager, 2 Assistant Managers, 8 Investigators, 3 and 1 Data-Analyst. SAFS also have access to an Accredited Financial Investigator (AFI), specialist IT/financial and forensic services through third party providers and criminal litigation services, through the Shared Legal Service with the County Council.

Stevenage Borough Council will have exclusive access to 1 FTE Investigator, access to the intelligence functions of the service, all data-matching services being offered through the local data-warehouse and can call on SAFS management for liaison meetings, management meetings and two Audit Committees reports per annum.

SAFS will also support the Tenancy Fraud Investigator employed by the Council, providing access to systems, intelligence and management support for investigations.

SAFS will also provide fraud awareness training for Council staff and be available during normal office hours to provide general advice or guidance to officers on emerging fraud threats or those matters requiring an immediate response.

## **SAFS - Standards of Service.**

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to assist in the early identification of fraud and fraud prevention
  - The data-warehouse will be funded by SAFS
  - The data-warehouse will be secure and accessible only by nominated SAFS Staff. Data will be collected and loaded in a secure manner.
  - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
  - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load into the data-warehouse and determine the frequency of these.
  - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA\* and all relevant policies of the Council.
9. Reactive fraud investigations.
  - All reported fraud will be actioned by SAFS within 5 days, on average.
  - The Council will be informed of all reported fraud affecting its services.
  - SAFS will allocate an officer to each investigation.
  - SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
  - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
  - Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies. SAFS will provide reports through the SAFS Board on progress and to the Council's Audit Committee.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

*\*Data Protection Act, General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.*

SBC / SAFS Action Plan 2018/2019

CIPFA Principles	SAFS Objectives	Goals & 6Cs	Activities	Responsible Officer
ACKNOWLEDGE	Ensure ongoing effectiveness and resilience of anti-fraud arrangements	Fraud is acknowledged as a Risk for the Council <b>CULTURE</b>	The Council has in place Anti-Fraud and Corruption Strategy The Council has a Fraud Response Plan and this Action Plan Audit Committee and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements The Council conducts Fraud Risk Assessments The Council has in place Policies to deal with Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime	Head of Shared Legal AD(Finance and Estates) AD(Finance and Estates) SAFS Mgr/ Risk Mgr/SAIS Mgr Head of Shared Legal
	Improve the reach into areas of 'corporate' fraud across all Partners	The Council has a robust communication policy demonstrating its commitment to prevent fraud <b>COMMUNICATION</b>	The Councils Communication Team will publicise prosecutions and anti-fraud campaigns conducted by it and SAFS SAFS will provide access to fraud reporting tools (web/phone/email) The Council and SAFS will make available fraud awareness or specific anti-fraud training across all Council services Provide fraud alerts to appropriate officers/staff/services. SAFS will provide an E-Learning Packages for staff/members	Head of Comms SAFS Mgr SAFS Mgr & Head of HR SAFS Mgr SAFS Mgr & Head of HR
	Develop services which can be marketed to external bodies	Have the highest levels of professional standards <b>COMPETENCE</b>	Develop existing SAFS Data Hub- including support projects for Housing and Shared R&B Review data sharing agreements/protocols between internal and external partners Work to develop 'Flexible NFT & 18/19 NFI Matches' Work with DWP to deliver CTRS/HB/Housing Fraud 2018 roll-out Work with other organisations, including private sector, to improve data-sharing	SAFS Mgr Head of Shared Legal / SAFS Mgr SAFS Mgr SAFS Mgr/ Head of Shared R&B SAFS Mgr
			All SAFS staff will be fully trained and accredited All investigations will be undertaken in compliance with relevant legislation and Council Policies SAFS will work with bodies such as CLG/LGC/CIPFA to develop local anti-fraud strategies at a national level SAFS will work with Council Services to make best use of 3rd party Providers such as NAFN, PNLD etc	SAFS Mgr SAFS Mgr SAFS Mgr SAFS Mgr
PURSUE	Deliver financial benefits in terms of cost savings or increased revenue	Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. <b>CAPABILITY</b>	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council SAFS will record and report on all fraud referred, investigated and identified SAFS will review fraud trends and new threats and report on these to Council Managers SAFS, Shared Legal Service and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Mgr SAFS Mgr SAFS Mgr SAFS Mgr /Head of Shared Legal/ Head of Shared R&B
	Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally	Develop the right level of resources to deal with the level of fraud risk <b>CAPACITY</b>	The Council will review its ROI from SAFS Membership SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually Reports to Senior Mgt and Audit Committee on SAFS and Council activity Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement	AD(Finance and Estates) SAFS Mgr SAFS Mgr / AD(Finance and Estates) AD(Finance and Estates)

AD(Finance and Estates) is the Councils s.151 Officer  
 Head of Shared Legal is the Councils Monitoring Officer

**SAFS**  
**KPIs 2018/2019**

KPI	Measure	2018/2019 Target	2017/2018 Targets	2017/2018 Performance to 31.12.2017	SAFS Partnership Aims
1	Provide an investigation resource to the Council to include fraud deterrence/ prevention activities as well as proactive and reactive investigations.	1 FTE on call at HBC (Supported by SAFS Intel/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to NAFN for relevant SBC Staff 5 Fraud awareness training events for staff/Members Support for in-house Housing Fraud Investigator	1 FTE on call (supported by SAFS Intelligence/ Management). Fraud training events for staff	FTE provided with support from SAFS Mgt.  SBC Housing Investigator 'tasked' and supported by SAFS	<b>Ensure ongoing effectiveness and resilience of anti-fraud. Deliver a return on investment for the Councils financial contribution to SAFS.</b>
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board & Recovery of Social Housing Properties in the Borough	£450k  From fraud identified and savings/prevention  12 Props (Incl Sub-Let/ Abandonment/RTB/Succession Fraud)	£400k  New Target	£483K  10 Properties Recovered	<b>Deliver financial benefits in terms of cost savings or increased revenue.</b>
3	Allegations of fraud Received. From all sources.	150  Fraud referrals from all sources to SAFS	100	184  Allegations Frauds received across all Council Services	<b>Improve the reach into the areas of non-benefit and corporate fraud within the county.</b>
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	50%	46% 23 from 51 cases closed. <i>(Also issued 41 Warning Letters or Advice Files)</i>	<b>Create a recognised centre of excellence able to disseminate alerts and share best practice nationally.</b>
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework. & Housing Partners-(Tenancy Fraud)	<ul style="list-style-type: none"> <li>Data-Hub for local data matching.</li> <li>Access to NFI output.</li> </ul>	<ul style="list-style-type: none"> <li>Data-Hub operational.</li> <li>Delivered Housing Data-Match. System.</li> <li>County Wide Council Tax Review Framework.</li> <li>NFI work ongoing.</li> </ul>	<b>Create a data hub for Hertfordshire.</b>



**Stevenage Borough Council  
Anti-Fraud Plan 2019/2020**

**in partnership with**

**The Shared Anti-Fraud Service**



## Contents

	Page No.
Introduction	2.
The National Context	3.
SAFS Resources for 2019/2020	4.
SAFS Standards of Service	5.
Stevenage Borough Council Anti-Fraud Action Plan 2019/2020	6.
SAFS KPIs for 2019/2020	7.

## Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that Stevenage Borough Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Policy states that the Council;

- **is opposed to fraud and corruption,**
- **recognises the need for staff and Members to support the policy,**
- **expects Members and staff to adhere to the highest standards of honesty and integrity,**
- **that Members and staff will act in accordance with legal requirements and Council procedures,**
- **that individuals and organisations that deal with the Council to meet the same standards.**

This plan includes objectives and key performance indicators that support the Strategy and meet the best practice guidance/directives from central government department such as Ministry for Housing Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

## National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government is large, but difficult to quantify with precision. Since 2013 a number of reports have been published by various organisations including CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss and that fraud should be prevented where possible and pursued where it occurs.

In its 2015 publication *Code of practice on managing the risk of fraud and corruption* CIPFA highlighted the five principles for public bodies to embed effective standards for countering fraud and corruption in their organisations. These principles support good governance and demonstrate effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The CIPFA *Local Government Counter Fraud and Corruption Strategy (2016-2019)* included a summary of reported fraud losses across councils in England totalling £307m per annum but that hidden and unreported fraud risks could exceed £2bn each year. The strategic response for local government to respond to the threat of fraud threats provides three key principles '**Acknowledge/Prevent/Pursue**'. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board.

In addition, local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes (6C's) identified in the CIPFA Strategy:

- Culture - creating a culture in which beating fraud and corruption is part of daily business,
- Capability - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- Capacity - deploying the right level of resources to deal with the level of fraud risk,
- Competence - having the right skills and standards,
- Communication - raising awareness, deterring fraudsters, sharing information, celebrating successes
- Collaboration - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government as follows.

- Total loss across local government - £7.8bn
- Tenancy Fraud- £1.8bn
- Procurement Fraud - £4.4bn
- Payroll Fraud - £1bn
- Other - £.6bn

The AFI does not include housing benefit fraud or council tax fraud as a loss to local government but estimates the loss of these combined at around £1.1bn.

What is clear is that every pound lost to fraud from the public purse is a pound lost from essential front line services. The Councils Anti-Fraud Plan 2019/2020 is based on the principles of 'Acknowledge/ Prevent/ Pursue' and the 6 C's to ensure the Council is adequately protected from fraud risk and where fraud does occur there are plans to manage, mitigate, recover any losses.

## **SAFS Resources 2019/2020**

### **Anti-Fraud Arrangements**

Stevenage Borough Council is a founding Partner in the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015.

SAFS is a Partnership where each organisation pays an annual fee for Hertfordshire County Council to provide a contracted service across the whole Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has one seat on the Board. For Stevenage Borough Council the Assistant Director- Finance & Estates is the Board representative.

Although SAFS provides much of the Councils proactive, reactive and operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

### **Budget**

In September 2018 the SAFS Board accepted a report from the SAFS Manager to increase the fees for all Partners. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years. There has been no previous increase in fees since 2015.

The Board agreed that the annual fee for all Partners would increase by 2% per annum to 2022 to be reviewed further at that time and that fees for Stevenage Borough Council will increase from £100,000 + VAT (2018/19) to £102,000 + VAT (2019/20).

### **Staffing**

The full complement of SAFS in 2019/20 will be 17.6 FTE's; 1 Manager, 2 Assistant Managers, 10 Investigators, 3 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and .6 FTE Accredited Financial Investigator both posts funded from SAFS Budgets.

Stevenage Borough Council will have access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* hosted by the Cabinet Officer and can call on SAFS management for liaison & management meetings and three Audit Committees reports per annum. SAFS also have access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties.

SAFS will also support the Tenancy Fraud Investigator employed by the Council, providing access to systems, intelligence and management support for investigations.

SAFS will provide fraud awareness training for Council staff and be available during normal office hours to provide general advice or guidance to officers on emerging fraud threats or those matters requiring an immediate response.

## **SAFS - Standards of Service.**

SAFS will provide Stevenage Borough Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification of fraud and fraud prevention
  - The FraudHub will be funded by the Council
  - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
  - Data will be collected and loaded in a secure manner.
  - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
  - SAFS will work with nominated officers in the Council to access data-sets to load into the data-warehouse and determine the frequency of these.
  - SAFS will work with Council officers to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA\* and all relevant policies of the Council.
9. Reactive fraud investigations.
  - All reported fraud will be actioned by SAFS within 5 days, on average.
  - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 2 working days of receipt
  - All cases reported to SAFS will be reviewed within 5 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3<sup>rd</sup> parties including police, DWP, Action Fraud.
  - The Council will be informed of all reported fraud affecting its services.
  - SAFS will allocate an officer to each cases selected investigation.
  - SAFS officers will liaise with nominated officers at the Council to access data/systems/office accommodation required to undertake their investigations.
  - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
  - Where a decision indicates an offence SAFS will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

*\*Data Protection Act , General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

**SBC / SAFS Action Plan 2019/2020**

CIPFA Principles	Goals & 6Cs	Activities	Responsible Officer		
<b>ACKNOWLEDGE</b>	Fraud is acknowledged as a Risk for the Council <b>CULTURE</b>	The Council has in place Anti-Fraud and Corruption Strategy & Fraud Response Plan Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement. Review the Councils Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime Policies Audit Committee and Senior Managers ensure compliance with CIPFA best practice in the Councils counter fraud arrangements The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	s.151 / Monitoring Officer Monitoring Officer s.151 Officer Monitoring Officer		
	The Council has a robust communication policy demonstrating its commitment to prevent fraud <b>COMMUNICATION</b>	The Councils Communication Team will publicise prosecutions, anti-fraud campaigns and provide internal communications to staff on fraud awareness Access to SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. The Council and SAFS will provide fraud awareness or specific anti-fraud training across all Council services and review the E-Learning Training for staff SAFS will provide fraud alerts to appropriate officers/staff/services from Action Fraud/ NAFN/ Police .	Head of Communications SAFS Mgr SAFS Mgr & Head of HR SAFS Mgr		
	<b>PREVENT</b>	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. <b>COLLABORATION</b>	Implement the contract for Stevenage Borough Council to join the Herts <i>FraudHub</i> in 2019. Review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA Deliver the NFI 2018/19 Exercise Work with DWP to deliver CTRS/HB joint working 2018/19 roll-out Work with other organisations, including private sector, to improve access to data	SAFS Manager/ Monitoring Officer Monitoring Officer SAFS Mgr SAFS Mgr/Shared R&B Manager SAFS Mgr	
			Have the highest levels of professional standards <b>COMPETENCE</b>	All SAFS staff will be fully trained and accredited All investigations will comply with relevant legislation and Council policies SAFS will work with the LGA and Cabinet Office to support the roll out of a Counter-Fraud Profession SAFS will work with all relevant Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA	SAFS Mgr SAFS Mgr SAFS Mgr SAFS Mgr
		<b>PURSUE</b>		Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. <b>CAPABILITY</b>	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council SAFS will record and report on all fraud referred, investigated and identified SAFS will review fraud trends and new threats and report on these to Council officers The Shared Legal Service and Housing, HR and Debt Recovery Teams will seek to 'prosecute' offenders, apply sanctions, recover social homes and recover financial losses
			Develop the right level of resources to deal with the level of fraud risk <b>CAPACITY</b>		The Council will review its ROI from SAFS Membership SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually Reports for Audit Committee on all Counter Fraud activity SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government

*s.151 Officer is Assistant Director- Finance & Estates  
Monitoring Officer is Service Director- Head of Shared Legal Service*

**SAFS  
KPIs 2019/2020**

KPI	Measure	Target 2019/2020	Target 2018/2019	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	New Target	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 1 FTE on call at Stevenage Borough Council. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit Committee. C. SAFS Attendance at Corporate Governance Groups.	A. 1 FTE B. 2 Report C. New	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 2 Days. B. All other cases 5 Days on Average. C. Provide compliance for 'Joint Working' with DWP/FES	New Target	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN B. Membership of CIPFA Counter Fraud Centre C. Access to NAFN for relevant Council Staff D. 5 Fraud training events for staff/Members in year. E. Support for in-house TF Investigation Staff.	New Target	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. 100 - Fraud referrals from all sources to SAFS B. 60% of cases investigated and closed in year proved. C. 12 Social homes secured from sub-letting or other unlawful tenancy breaches. D. 100% Review of RTB Application.	A. 100 Refs B. 60% C. 12 D. New	This target will measure the effectiveness of the service in promoting the reporting of fraud by staff and public, & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Implement the Herts FraudHub for SBC. B. Complete NFI 2018/2019 Reports.	New Target	Build a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

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### SBC Reported Fraud Stats 2018/19

#### REFERRAL SOURCES

TOTAL	Partner	Public	Proactive	Other Agency
162	82	57	16	7

#### REFERRAL TYPES

TOTAL	CTRS/ HB	Discounts	Housing	Blue Badge	NDR	Staff/Contract	Other*
162	65	41	36	16	1	2	1

(\* cases reported where fraud not clear and closed with no action)

#### ALL CASES CLOSED

TOTAL	Positive	Not Proved	Intervened	Rejected
110	25	29	11	45

#### POSITIVE CASES CLOSED

Investigated	% Positive	Sanctioned	Prosecuted	Property recovered	Employee disciplined	Employee Dismissed	Employee Resigned	Proved No Sanction
25	46%	12	3	7	0	0	0	9

#### ALL FRAUD LOSSES

TOTAL	Council Tax	Blue Badge	Housing	RTB	Staff/Contracts	NNDR	Insurance	HB	Other
£189,590	£26,582	£0	£70,000	£0	£0	£0	£0	£93,008	£0

#### FRAUD FUTURE SAVINGS/REVENUE

TOTAL	Council Tax	Blue Badge	Housing	RTB	Staff/Contracts	NNDR	Insurance	HB	Other
£182,936	£9,007	£0	£127,031	£0	£24,200	£0	£0	£22,698	£0

#### BREAKDOWN OF REVENUE/SAVINGS

	Recoverable Fraud Losses	Difficult to Recover Losses	Savings	New Revenue	
Housing Benefit	£93,008	£0	£0	£37,203	HB Subsidy
Council Tax	£26,582	£0	£0	£9,007	New Council Tax Billing
Other	£0				(This related to a mandate fraud)
Staff	£0	£0	£0	£0	(Relates to sums stolen or prevented)
Tenancy (inc RTB)	£0	£70,000	£127,031	£0	All tenancy fraud related savings values are notional
<b>Total</b>	<b>£119,590</b>	<b>£70,000</b>	<b>£127,031</b>	<b>£46,210</b>	

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Stevenage Borough Council  
Audit Committee

11 June 2019

Shared Internal Audit Service –  
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical and High Priority Recommendations

## Contents

### 1 Introduction and Background

- 1.1 Purpose
- 1.2 Background

### 2 Audit Plan Update

- 2.1 Delivery of Audit Plan and Key Findings
- 2.4 Proposed Audit Plan Amendments
- 2.5 Critical and High Priority Recommendations
- 2.7 Performance Management

### Appendices:

- A Progress against the 2019/20 Audit Plan
- B Implementation Status of Critical and High Priority Recommendations
- C Audit Plan Items (April 2019 to March 2020) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

# 1 Introduction and Background

## Purpose of Report

- 1.1 To provide Members with:
- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2019/20 Internal Audit Plan as at 17 May 2019.
  - The findings for the period 1 April 2019 to 17 May 2019.
  - The proposed amendments required to the approved Internal Audit Plan.
  - The implementation status of previously agreed audit recommendations.
  - An update on performance management information as at 17 May 2019.

## Background

- 1.2 Internal Audit's Annual Plan for 2019/20 was approved by the Audit Committee at its meeting on 19 March 2019. The Audit Committee receive periodic updates against the Annual Internal Audit Plan.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed Annual Internal Audit Plan.

# 2 Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 17 May 2019, 8% of the 2019/20 Audit Plan days have been delivered (calculation excludes contingency days that have not yet been allocated).
- 2.2 No final reports have been issued for audits from the 2019/20 Audit Plan. The following 2018/19 final reports and assignments have been issued or completed in the period since the last Audit Committee:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Debtors	March 2019	Good	One Low/Advisory
Payroll	March 2019	Good	Two Low/Advisory
Housing Rents	March 2019	Good	None
Community Safety	March 2019	Satisfactory	One High, One Medium, One Low/Advisory
TSS Improvement	March 2019	Limited	Two High, Three Medium

Plan – Governance			
Repairs & Voids Service Follow up	April 2019	Satisfactory	One Low/Advisory
Main Accounting	April 2019	Satisfactory	Six Low/Advisory
Cyber Security Follow up	April 2019	NA	Two High, One Medium, Two Low/Advisory
Incident Management Follow up	April 2019	NA	Three High, One Medium
Digital – Connecting to our Customers	May 2019	Satisfactory	Two Medium, One Low/Advisory

- 2.3 The table below also summarises the position with regard to 2019/20 projects as at 17 May 2019. Appendix A provides a status update on each individual project within the 2019/20 Internal Audit Plan. Details of indicative start dates for the individual projects are also shown in Appendix C.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	0	0%
Draft Report Issued	0	0%
In Fieldwork/Quality Review	3	8%
In Planning/Terms of Reference Issued	5	14%
Allocated	6	17%
Not Yet Allocated	22	61%
Deferred/Cancelled	0	0%
<b>Total</b>	<b>36</b>	<b>100%</b>

#### Proposed Audit Plan Amendments

- 2.4 There has been no change to the Audit Plan since it was approved on 19 March 2019.

#### Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.

- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations.

#### Performance Management

- 2.7 The 2019/20 annual performance indicators were approved at the SIAS Board meeting in March 2019. Targets were also agreed by the SIAS Board for the majority of the performance indicators.
- 2.8 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table below:

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target</b>	<b>Actual to 17 May 2019</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed	95%	10% (34/345 days)	8% (28/345 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	3% (1/36 projects)	0% (0/36 projects)
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (3 received) Note (1)
<b>4. Number of Critical and High Priority Audit Recommendations agreed</b>	95%	95%	None made at the time of writing this report

Note (1) – the 3 received in 2019/20 relate to 2018/19 projects.

## APPENDIX A - PROGRESS AGAINST THE 2019/20 AUDIT PLAN

### 2019/20 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
<b>Key Financial Systems – 74 days</b>									
Main Accounting System (General Ledger)						8	No	0	Not yet allocated
Debtors						6	No	0	Not yet allocated
Creditors						10	No	0	Not yet allocated
Treasury Management						6	No	0	Not yet allocated
Payroll						10	No	0	Not yet allocated
Council Tax						6	No	0	Not yet allocated
NDR						6	No	0	Not yet allocated
Housing Benefits						6	No	0	Not yet allocated
Cash and Banking						6	No	0	Not yet allocated
Housing Rents						10	No	0	Not yet allocated
<b>Operational Audits – 128 days</b>									
Health and Safety						10	No	0.5	In planning
Sickness Absence Management						10	No	0	Not yet allocated
Facilities Management						6	No	2.5	In fieldwork
Rechargeable Works						10	No	2.0	ToR issued
Insurance						6	Yes	2.5	In fieldwork
Garage Investment Programme						10	No	0	Not yet allocated
Cemeteries						6	Yes	2.5	In fieldwork
Herts Home Improvement Agency						2	No	0	Not yet allocated
Town Centre Regeneration – SG1						12	No	0	Not yet allocated
Queensway/Marshgate Redevelopment						12	No	0	Not yet allocated
Recycling						10	No	0	Allocated
Stevenage Museum						6	Yes	1.5	ToR issued

**APPENDIX A - PROGRESS AGAINST THE 2019/20 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Homelessness Reduction Act						10	Yes	0	Allocated
Land Charges						8	No	0	Not yet allocated
Safeguarding						10	Yes	1.5	In planning
<b>Procurement, Contract Management and Project Management – 30 days</b>									
Major Refurbishment Contract						10	No	0	Not yet allocated
Procurement						10	Yes	1.5	In planning
Housing Development Schemes						10	No	0	Not yet allocated
<b>Risk Management and Governance – 12 days</b>									
Risk Management						6	No	0	Not yet allocated
Corporate Governance						6	No	0	Not yet allocated
<b>IT Audits – 24 days</b>									
IT Service Shared Service Agreement						6	Yes	0	Allocated
Cyber Security Follow-up						6	Yes	0	Allocated
Information Management						6	Yes	0	Allocated
Project Management						6	Yes	0	Allocated
<b>Shared Learning and Joint Reviews – 8 days</b>									
Shared Learning						4	No	0	Through year
Joint Reviews – tbd						4	No	0	Through year
<b>Ad Hoc Advice – 3 days</b>									
Ad Hoc Advice						3	No	0.5	Through year
<b>Follow-up Audits – 10 days</b>									
CCTV						5	No	0	Not yet allocated
Street Cleansing						5	No	0	Not yet allocated
<b>Completion of 18/19 Projects – 10 days</b>									
Various						10	Yes	2.5	In progress
<b>Contingency – 5 days</b>									

**APPENDIX A - PROGRESS AGAINST THE 2019/20 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Contingency						5	No	0	Not yet allocated
<b>Strategic Support – 46 days</b>									
Annual Report and Head of Internal Audit Opinion 2018/19						3	Yes	3.0	Complete
Audit Committee						12	Yes	0.5	Through year
Client Liaison						10	Yes	0.5	Through year
Liaison with External Audit						1	Yes	0.5	Through year
Monitoring						10	Yes	1.0	Through year
SIAS Development						5	Yes	5.0	Through year
2020/21 Audit Planning						5	Yes	0	Allocated
<b>SBC TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>350</b>		<b>28</b>	

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
1.	CCTV (joint review) 2018/19.	We recommend that the governance framework for the overall CCTV Partnership is reviewed and confirmed as being fit for purpose, or changed as necessary, and is clearly understood by all parties, including the respective roles and responsibilities of the relevant Members and Officers.	We will draft a governance framework for the overall CCTV arrangements to include: - Governance for Hertfordshire CCTV Partnership - Governance for Hertfordshire CCTV Partnership Ltd. - Governance lines between the Partnership and the Company - Member roles and responsibilities - Officer roles and responsibilities These will be consulted on and agreed by the CCTV Joint Executive and the Company Board of Directors.	CCTV Joint Executive and Company Board of Directors.	1 December 2018. Revised to 31 May 2019.	<u>January 2019.</u> Recommended to the CCTV Joint Executive on 22 January 2019 that a detailed options paper will be put the CCTV Executive Group at its meeting on 10 April 2019.  <u>March 2019.</u> On track.  <u>May 2019.</u> The Joint Executive did not meet as planned on 10 April 2019. The Draft Framework will now be presented to the Joint Executive on 5 June 2019.	Not yet implemented – continue to monitor.
2.	CCTV (joint review) 2018/19.	We recommend that an appropriate new Partnership Agreement between the current four CCTV Partner Authorities is drawn up and executed. It should clearly include the	We will prepare an updated CCTV Partnership Agreement drafted through the CCTV Officer Management Board to be signed by all four Partner Authorities.	CCTV Officer Management Board.	31 March 2019.  Revised to 30 September 2019.	<u>January 2019.</u> On track.  <u>March 2019.</u> On track.  <u>May 2019.</u>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		specific roles and responsibilities of the Partner Authorities. It should also clearly state the relationship the Partner Authorities have with Hertfordshire CCTV Partnership Ltd. and the function of that company in respect of the overall CCTV Partnership.				In progress.	
3.	CCTV (joint review) 2018/19.	We recommend that the current Shareholders' Agreement for the Company is reviewed to ascertain if it remains fit for purpose and, if so, that the terms are fully complied with.	The Company Directors' will consider this recommendation through their Shareholder Representatives in light of future considerations relating to the future of Hertfordshire CCTV Partnership Ltd.	Company Board of Directors.	31 March 2019.	<p><u>January 2019.</u> On track.</p> <p><u>March 2019.</u> On track.</p> <p><u>May 2019.</u> A review of the shareholder agreement has been undertaken and will be presented to the Joint Executive on 5 June 2019.</p>	Not yet implemented – continue to monitor.
4.	CCTV (joint review) 2018/19.	We recommend that appropriate revised / new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are drawn up and formally agreed.	Terms of Reference will be updated for the CCTV Joint Executive and a Terms of Reference will be created for the CCTV Officer Management Board.	CCTV Joint Executive and CCTV Officer Management Board.	31 March 2019.	<p><u>January 2019.</u> On track.</p> <p><u>March 2019.</u> On track.</p> <p><u>May 2019.</u> Draft Revised Terms of</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
						Reference to be presented at the Joint Executive on 5 June 2019.	
5.	CCTV (joint review) 2018/19.	We recommend that, once agreed, the revised/new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are revised / added in the Constitutions for each of the four Partner Authorities, together with the updated Member/Officer representation for both groups.	New Terms of Reference will be submitted for formal incorporation into constitutional arrangements for the four Partner Authorities.	Each of the four Partner Authorities.	31 July 2019.	<p><u>January 2019.</u> On track.</p> <p><u>March 2019.</u> On track.</p> <p><u>May 2019.</u> On track pending approval at the Joint Executive on 5 June 2019.</p>	Not yet implemented – continue to monitor.
6.	CCTV (joint review) 2018/19.	We recommend that a new five-year Business Plan for the overall CCTV Partnership is drawn up and agreed. As a minimum, the plan should be monitored on a monthly basis in terms of achievements against projections and it should be the subject of a full review and refresh annually to cover the next five years ahead on a rolling basis. Besides financial projections, it	We will develop a new five-year rolling Business Plan (with monthly monitoring and full annual reviews) for the overall Hertfordshire CCTV Partnership based on decisions about the future direction of Hertfordshire CCTV Partnership Ltd.	CCTV Joint Executive and Company Board of Directors.	31 July 2019.	<p><u>January 2019.</u> On track.</p> <p><u>March 2019.</u> On track.</p> <p><u>May 2019.</u> Stevenage BC has allocated a new accountant to support the CCTV Partnership - a recharge schedule has been produced and agreed by the CCTV Officer Management</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		should include non-financial aims and targets that should be monitored, reviewed and refreshed on the same basis.				<p>Board</p> <ul style="list-style-type: none"> <li>- In-year budget forecasts for the CCTV budget are now being produced by Stevenage BC and shared with the partnership authorities</li> <li>- the ownership and status of each camera has been established to inform budget setting for 2019/20 and the legal review</li> <li>- CCTV company is revising its 5 year business plan</li> </ul> <p>Following future member decisions on the company and status of various cameras, the CCTV Officer Management Board will ensure that from 2019/20 onwards, detailed annual budgets will be drawn up within the context of an overall direction of travel for the CCTV Partnership for the coming five years.</p>	
7.	CCTV (joint review) 2018/19.	We recommend that all reporting arrangements for the Partner Authorities are formally reassessed, agreed and documented to ensure	Authority reporting arrangements to be included as part of a revised Partnership Agreement, Shareholder Agreement and	CCTV Joint Executive, CCTV Officer Management Board and Company Board of	31 July 2019.  Revised to 30 September 2019.	<p><u>January 2019.</u> On track.</p> <p><u>March 2019.</u> On track.</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		there is complete clarity and transparency of expectations and understanding across all interested parties regarding the need, responsibility, frequency, timing, content, format and distribution of each report required.	Terms of Reference as necessary.	Directors as appropriate.		<u>May 2019.</u> This will be captured as part of the partnership agreement. Revised deadline is 30 September 2019.	
8.	Cyber Security 2017/18.	<p>The Council must define its position regarding its ability to identify and manage devices that are connecting to its IT network.</p> <p>A solution must be able to manage devices that have physically connected to the Councils' IT networks.</p> <p>Devices that have connected to the network should be reviewed and, where they are found to have not been authorised, they should be removed. The solution should include the use of personal devices to connect to the IT network.</p>	This will be resolved with the correct solution not only for devices but also for ports on all devices that need to be restricted.	Strategic ICT Partnership Manager.	31 March 2019.	<p><u>January 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>March 2019.</u> On track.</p> <p><u>May 2019.</u> The Intune solution which is part of Microsoft 365 will be implemented this year and used to control mobile devices.</p> <p>Network solutions are being investigated by the security &amp; network team.</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		Furthermore, management should put arrangements in place to monitor network access on a regular basis.					
9.	Cyber Security 2017/18.	<p>Management should perform a full review of the Councils' perimeter firewall rules and, where necessary, remove inactive or unnecessary rules unless explicitly required. The 'Any' rules should be replaced with port object groups that contain an explicit set of ports as required for the rule.</p> <p>Management should also ensure that all users that have access and can make changes to any of the Councils' external firewall rules have individual accounts and should put arrangements in place for monitoring all configuration changes.</p> <p>Furthermore, management should establish a record of how all firewalls, both</p>	The majority of the council's firewalls need replacing and part of that work will require the correct configuration and management. ICT Partnership Manager has been tasked to restructure the ICT department and as part of that to have dedicated security and network staff to resolve and maintain control of these areas.	Strategic ICT Partnership Manager.	31 March 2019.	<p><u>January 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>March 2019.</u> On track.</p> <p><u>May 2019.</u> Replacement of Firewalls will take place following procurement from April 2020. Firewalls are being evaluated and recorded by the Security &amp; network team.</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		internal and external, have been configured and should review the rules for appropriateness on a routine basis.					
10.	Community Safety 2018/19.	<p>a) The Council should ensure that a community safety referral form, action plan and risk assessment are in place for all relevant cases, in order to mitigate any potential delays in escalating the cases. In addition, monthly spot checks should be conducted on a sample of cases for quality assurance purposes to ensure that the required documents are in place.</p> <p>b) Action plans should clearly outline all actions agreed, communication intervals and milestones for delivery, so they can be entered into the ReACT system. In instances where a referral form and an action plan are not required, the reason should be</p>	<p>Training has commenced with other departments and attendance at Team Meetings to highlight the importance of the Referral Form, Action Plan and Risk Assessment.</p> <p>Dip sampling of cases will be completed by the Senior Community Safety &amp; Partnerships Officer on a monthly basis to ensure that the referral pack is in place.</p> <p>A step on ReACT will be introduced so officers put a reason in for not having an Action Plan or Risk Assessment (this is usually in police cases).</p> <p>Due to the Paperless Project we have introduced in the department, letters</p>	Community Safety Manager and Senior Community Safety and Partnerships Officer.	<p>30 April 2019.</p> <p>Commencing April 2019 and ongoing.</p> <p>30 April 2019.</p> <p>Implemented.</p>	<p><u>May 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p>	Partially implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		<p>clearly recorded in ReACT.</p> <p>c) Satisfaction surveys or telephone feedback surveys should be sent to the relevant individuals after each case closure in order to ensure sufficient feedback is collected and can be used to monitor and improve performance.</p>	<p>are not sent out. We have introduced a case step that requires the officer to telephone/email or send a letter to introduce themselves as the Officer dealing with the case.</p> <p>Coaching has been introduced for team members to emphasise the importance of surveys and the importance of service improvement.</p> <p>As part of the local Performance Indicators a target of 15 surveys a month has been introduced to other teams.</p> <p>Team members are attending other team meeting on a rolling program to highlight the work of the team and the importance of having the referral and the implications if we don't have the referral, action plan or risk assessment.</p>		<p>Commenced March 2019 and ongoing.</p> <p>Commenced February 2019 and ongoing.</p> <p>Commenced March 2019 and ongoing.</p>		
11.	TSS Improvement Plan – Governance.	Management should complete the review of the IT policies and	Meta - compliance must be fully implemented first to	ICT Strategic Partnership Manager.	Creation - April - August 2019 Deployment -	<u>May 2019.</u> This is a new addition and the management	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		<p>tailor them to the needs of both Councils. The purchased IT policy software should be deployed without any further delay and the policies should be made available to all members of staff. Management should track and monitor staff attestation and responses. Furthermore, management should review and, where necessary, revise the Service's IT procedures so that they are consistent across both Councils. The procedures should be documented and communicated to all members of staff.</p>	<p>assure acceptance and compliance from staff and this cannot be rolled out till Azure-AD project is finalized. This project has been assigned to Project Manager Roxanne Owedele. Time-line as follows:                      Azure AD - end of May                      Implementation of Meta - Compliance – end of July                      Deployment of polices as written on intranet - as completed                      Deployment of policies via Meta-Compliance two a month – Final completion November                      During that period policies will be confirmed and placed on the intranet, with a number that must be written or amended. To get staff fully compliant will require roll-out of Meta - Compliance.                      There are two classifications, policies and</p>		November	response opposite is therefore the latest comment.	

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
			<p>protocols; policies are documents which all staff need to adhere to and protocols are internal polices for ICT staff only.</p> <p>Policies:</p> <p>Acceptable Usage Policy – Written and gone to HR for consultation</p> <p>Data Protection Policy – Completed and on intranet</p> <p>Mobile Device Policy – In draft security team to approve</p> <p>ICT Monitoring Policy - Security team to write</p> <p>ICT Remote Working Policy - Security team/MGT team to write</p> <p>Social Media Policy – Completed and on intranet</p> <p>Data sharing policy (Contractors) - Security team to write</p> <p>Protocols:</p> <p>Security Breach response Protocol - Security team to write</p> <p>Change Control Protocol – In draft</p>				

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
12.	TSS Improvement Plan – Governance.	<p>Representatives from both Councils should agree a shared set of expectations for how technology will be used to achieve their respective strategic objectives.</p> <p>These expectations should form the basis for a defined IT Strategy for the Shared IT Service, which should include as a minimum:</p> <p>The expectations for the levels of service to be provided</p> <p>The metrics for monitoring the performance of the Shared IT Service.</p> <p>The performance of the Service should be reviewed on a routine basis by the ICT Partnership Board and measured against the defined metrics and key performance indicators.</p>	ICT strategy & Roadmap are being written in collaboration with Microsoft Navigator consultancy project.	ICT Strategic Partnership Manager.	August 2019.	<p><u>May 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p>	Not yet implemented – continue to monitor.
13.	Cyber Security follow up 2018/19.	Management should establish a network access control to block unknown or unauthorised devices from connecting to the	The Council has created a Security & Network Team who has been tasked to look at security / network tools. There	ICT Strategic Partnership Manager.	Network Tools July 2019. Intune October 2019.	<p><u>May 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		<p>Council's IT network. This should include restricting the ability to physically connect to the IT network.</p> <p>Where there is a demonstrable need for a device to connect to the IT network, the Service should require:</p> <p>The purpose for the connection has been recorded</p> <p>Appropriate security controls have been enabled on the device connecting to the IT network</p> <p>The period of time that the device will require the connection</p> <p>All connections are approved before being allowed to proceed.</p> <p>Devices connected to the IT network should be reviewed on a routine basis.</p>	<p>is also a planned upgraded Office 365 and in particular Intune to manage all mobile (non-network connected) devices. The plan is to ensure that only known devices are allowed to access Council systems.</p>			<p>comment.</p>	
14.	Cyber Security follow up 2018/19.	<p>There should be a record of the configuration of the Council's firewalls, which includes but is not limited to:</p> <p>The purpose of all of</p>	<p>The Council has created a Security &amp; Network Team who have been tasked to look at replacing the entire Firewall (and switch) estate. As</p>	<p>ICT Strategic Partnership Manager.</p>	<p>November 2019.</p>	<p><u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p>	<p>Not yet implemented – continue to monitor.</p>

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		<p>the rules</p> <p>The expected configuration and activity for each rule</p> <p>The member of staff that requested and approved the rule</p> <p>The configuration of the firewall should be reviewed on a routine basis.</p> <p>The Service should develop a Firewall rule policy to provide the list of controls that are required to secure firewall implementations to an approved level of security.</p>	<p>part of this work all firewall configurations will need to be reviewed and recorded.</p>				
15.	Incident Management follow up 2018/19.	<p>Management should update the Council's IT disaster recovery plan to include the procedure for establishing all IT services at a single data centre.</p> <p>A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide assurance that recovery could happen within the expected time frame.</p>	<p>We have started a project to install a secondary Microwave link between our data centres. This will give us a resilient link where either can be down, and connectivity remains.</p> <p>Also, with our upgrade to horizon VDI, we are installing hardware which will allow either site to run 100% of capacity allowing the complete downing of one site</p>	ICT Strategic Partnership Manager.	August 2019 – Microwave Link. October 2019 - VDI upgrade.	<p><u>May 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p>	Not yet implemented – continue to monitor.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.	for upgrade work but will of course allow for full capacity in the event on one data centre being of offline.				
16.	Incident Management follow up 2018/19.	<p>Management should update the Council’s IT disaster recovery plan to include the procedure for establishing all IT services at a single data centre.</p> <p>A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide assurance that recovery could happen within the expected time frame.</p> <p>The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.</p>	Also, with our upgrade to horizon VDI, we are installing hardware which will allow either site to run 100% of capacity allowing the complete downing of one site for upgrade work but will of course allow for full capacity in the event on one data centre being of offline.	ICT Strategic Partnership Manager.	August 2019 – DR review. October 2019 - VDI upgrade.	<u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.
17.	Incident Management follow up 2018/19.	Management should define the processing capacity threshold at which it is no longer possible for a data centre to operate as	The UPS provision has been designed to cover the servers in the data centre only during the small time period required for	ICT Strategic Partnership Manager.	Completed.	<u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.	Implemented.

**APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (17 May 2019)
		<p>the single data centre. This should be monitored and, where exceeded, appropriate action should be taken.</p>	<p>the generator to kick into action. Staff will lose access to their monitor for that period but due to the VDI provision will not lose any work. This has been tested as normal, but we also had a recent small power outage which caused the generator to kick in and was shown to work as configured.</p>				

**APPENDIX C – AUDIT PLAN ITEMS (APRIL 2019 TO MARCH 2020) – INDICATIVE START DATES AGREED WITH MANAGEMENT**

<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>
2018/19 Audits Requiring Completion <b>(In progress)</b>	Safeguarding <b>(In planning)</b>	Homelessness Reduction Act (Allocated)	Land Charges (Not yet allocated)	Street Cleaning (follow up) (Not yet allocated)	Herts Home Improvement Agency (Not yet allocated)
Insurance <b>(In fieldwork)</b>	Procurement <b>(In planning)</b>	Recycling (Allocated)	Sickness Absence Management (Not yet allocated)	CCTV (follow up) (Not yet allocated)	IT Shared Service Agreement (Allocated)
Cemeteries <b>(In fieldwork)</b>	Facilities Management <b>(In fieldwork)</b>	IT Project Management (Allocated)			Town Centre Regeneration – SG1 (Not yet allocated)
Stevenage Museum <b>(ToR issued)</b>	Rechargeable Works <b>(ToR issued)</b>	Health and Safety <b>(In planning)</b>			Garage Investment Programme (Not yet allocated)
<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
Housing Development Schemes (Not yet allocated)	Council Tax (Not yet allocated)	Payroll (Not yet allocated)	Risk Management (Not yet allocated)	Corporate Governance (Not yet allocated)	
Major Refurbishment Contract (flat blocks) (Not yet allocated)	Business Rates (Not yet allocated)	Debtors (Not yet allocated)	Housing Rents (Not yet allocated)	IT Cyber Security (follow up) (Allocated)	
Queensway/Marshgate Redevelopment (Not yet allocated)	Housing Benefits (Not yet allocated)	Creditors (Not yet allocated)	Main Accounting (Not yet allocated)		
Cash & Banking (Not yet allocated)	IT Information Management (Allocated)	Treasury Management (Not yet allocated)			

**APPENDIX D – ASSURANCE / PRIORITY LEVELS**

<b>Assurance Level</b>	<b>Definition</b>
<b>Good</b>	The design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.
<b>Satisfactory</b>	The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.
<b>Limited</b>	The system of internal control is only partially effective, with important audit findings in key areas. Improvement in the design and/or operation of the control environment is necessary to gain assurance risks are being managed to an acceptable level, and core objectives will be achieved.
<b>No</b>	The system of internal control has serious gaps, and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

Page 77

<b>Priority Level</b>		<b>Definition</b>
<b>Corporate</b>	<b>Critical</b>	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
<b>Service</b>	<b>High</b>	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	<b>Medium</b>	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	<b>Low / Advisory</b>	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

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**Stevenage Borough Council**  
**2018/19 Annual Assurance Statement and**  
**Internal Audit Annual Report**

**11 June 2019**

**Recommendations**

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report

Note the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)

Accept the SIAS Audit Charter

Seek management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2018/19

## **Contents**

1. Purpose and Background
  - 1.1 Purpose
  - 1.2 Background
  
2. Annual Assurance Statement for 2018/19
  - 2.1 Context
  - 2.2 Control Environment
  - 2.4 Review of Effectiveness - compliance with the PSIAS and QAIP
  - 2.10 Confirmation of independence of internal audit and assurance on limitations
  - 2.11 Assurance Opinion on Internal Control
  - 2.12 Assurance Opinion on Corporate Governance and Risk Management
  
3. Overview of Internal Audit Activity at the Council in 2018/19
  
4. Performance of the Internal Audit Service in 2018/19
  - 4.1 Performance Indicators
  - 4.2 Service Developments
  
5. Audit Charter 2019/20

## **Appendices**

- A Final position against the Council's 2018/19 Audit Plan
  
- B Definitions of Assurance Recommendation Priority Levels
  
- C Position against Public Sector Internal Audit Standards as at May 2019
  
- D Internal Audit Charter 2019/20

## 1. Purpose and Background

### Purpose of Report

- 1.1 This report:
- a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Stevenage Borough Council's (the Council) control environment. Reference is made to significant matters and key themes.
  - b) Shows the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
  - c) Summarises the audit work that informs this opinion.
  - d) Shows SIAS's performance in respect of delivering the Council's audit plan.
  - e) Presents the 2019/20 Audit Charter.

### Background

- 1.2 A key duty of the Head of Assurance is to provide an annual opinion on the Council's internal control environment. This opinion informs the conclusions of the Council's Annual Governance Statement.
- 1.3 The assurance opinion in this report is based on internal audit work undertaken during 2018/19 which was planned and amended to give sufficient assurance on the Council's management of its key risks. Also considered is any relevant work undertaken in 2019/20 before the audit committee report deadline.
- 1.4 SIAS is grateful for the co-operation and support it has received from client officers during 2018/19.

## 2. Annual Assurance Statement 2018/19

### Context

#### *Scope of responsibility*

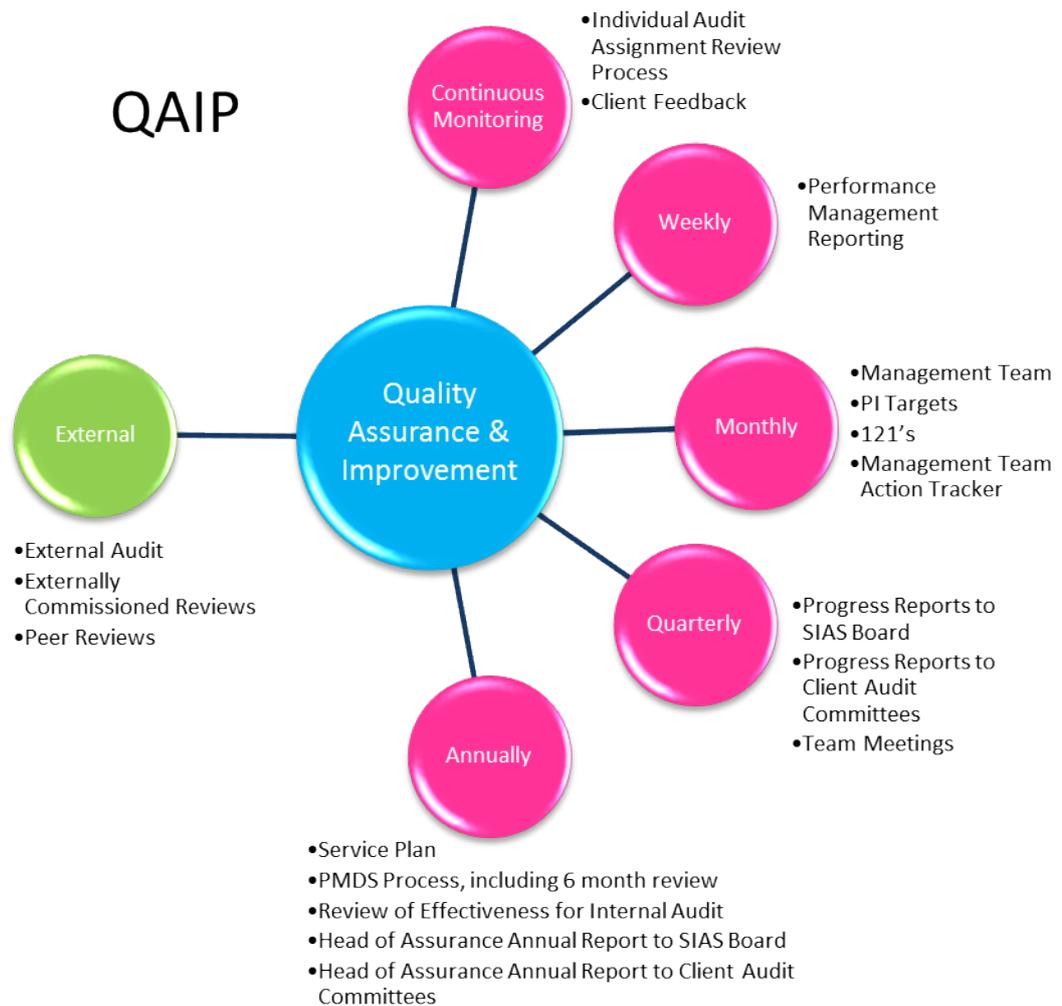
- 2.1 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

*Control environment*

- 2.2 The control environment comprises three key areas: governance; risk management; and internal control. Together these aim to manage risk to an acceptable level but it is accepted that it is not possible to completely eliminate it.
- 2.3 A robust control environment helps ensure that the Council's policies, priorities and objectives are achieved.

*Review of effectiveness*

- 2.4 The Head of Assurance must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion.
- 2.5 As part of a QAIP, a self-assessment was conducted against the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF). They promote professionalism, quality, consistency and effectiveness of internal audit across the public sector. They highlight the importance of robust, independent and objective internal audit arrangements to provide senior management with the key assurances needed to support them in both managing the organisation and producing the Annual Governance Statement.
- 2.6 The 2018/19 self-assessment identified 2 areas of agreed non-conformance. These are detailed in Appendix C. There are no significant deviations from Standards which warrant inclusion in the Council's Annual Governance Statement
- 2.7 The Head of Assurance has concluded, therefore, that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. 'Generally conforms' is the highest rating and means that SIAS has a charter, policies and processes assessed as conformant to the Standards and is consequently effective.
- 2.8 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.
- 2.9 The Head of Assurance confirms that during 2018/19 SIAS operated according to its QAIP with evidence available within the service to support the achievement of each QAIP element.



*Confirmation of independence of internal audit and assurance on limitations*

2.10 The Head of Assurance confirms that during the year:

- a) No matters threatened SIAS's independence; and
- b) SIAS was not subject to any inappropriate scope or resource limitations.

Annual Assurance Statement for 2018/19

*Assurance opinion on internal control*

- 2.11 Based on the internal audit work undertaken at the Council in 2018/19, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems.



*Assurance opinion on Corporate Governance and Risk Management*

- 2.12 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2018/19 and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

**Head of Assurance for the Shared Internal Audit Service  
May 2019**

### 3. Overview of Internal Audit Activity at the Council in 2018/19

- 3.1 This section summarises work undertaken at the Council by SIAS in 2018/19. It highlights any significant internal control matters and opportunities for improvement.
- 3.2 Appendix A shows the final position against the agreed revised audit plan, assurance levels and the number of recommendations made. A summary of assurance levels and recommendation priorities is shown in the tables below. While we have shown the number of recommendations for 2017/18, we have not done so for the number of reports and assurance levels due to the changes in assurance opinion definitions described at paragraph 3.7 and 3.8 below.

Assurance Level	Number of reports 2018/19	Percentage of reports 2018/19
Good	15	48%
Satisfactory	8	26%
Limited	3	10%
No	0	0%
Not Assessed	3	10%
Not Complete	2	6%
Total	31	100%

Recommendation Priority Level	Number of recommendations 2018/19 <i>(2017/18 data in brackets)</i>	Percentage of recommendations made 2017/18 <i>(2016/17 data in brackets)</i>
Critical	0 (0)	0% (0%)
High	17 (12)	29% (13%)
Medium	19 (37)	32% (41%)
Low	23 (41)	39% (46%)
Total	59 (90)	100% (100%)

- 3.3 **The Good assurance opinion overall on financial systems** (Substantial in 2017/18) has been concluded from ten financial systems audits, where an opinion has been given. Eight received Good assurance and two received Satisfactory assurance. No Critical or High priority recommendations were made in these audits.
- 3.4 **The Satisfactory assurance opinion overall on non-financial systems** (Moderate in 2017/18) has been concluded from nineteen audits. Seven audits received Good assurance, six received Satisfactory assurance and three received Limited assurance. Twelve High priority recommendations

were made across these audits. In addition, three audits were classified as “Not Assessed”, i.e. no audit opinion was given. These were the DFG Capital Grant Certification, Cyber Security Follow up and Incident Management Follow up. These three audits have contributed to the assurance opinion on non-financial systems as they were important pieces of consultancy and advice work carried out during the course of the year. Five High priority recommendations were made across these audits.

- 3.5 In arriving at our Satisfactory assurance opinion for non-financial systems, we highlight that 68% of opinions issued for individual audits during the year were assessed as Good or Satisfactory assurance. This generally indicates the Council has satisfactory or good systems of internal control for a wide range of areas. However, it should be noted that there were some risks and impacts associated with control weaknesses in those audits receiving Limited assurance. These audits were:

- a) Street Cleaning.
- b) CCTV (joint audit with partners).
- c) TSS Improvement Plan – Governance (joint audit with partner).

There were also some risks and impacts associated with control weaknesses in two of the follow up audits where no audit opinion was given. These follow up audits were:

- d) Cyber Security.
- e) Incident Management.

Management responses have been received to address the recommendations made in these audits.

- 3.6 Two audits were at draft report stage at the time of writing this Annual Report. These audits have therefore not contributed to the assurance opinion on non-financial systems for 2018/19, but will do so in 2019/20. These audits are:

- a) Herts Home Improvement Agency (joint audit with partners) – at draft report stage, management response awaited.
- b) Debt Recovery - at quality review stage.

#### Changes to Assurance Opinion Definitions and Recommendation Priorities in 2018/19

- 3.7 At the start of the financial year, SIAS changed the range of definitions used for providing our assurance opinions for individual audits, moving from a five-tier scale to a four-tier scale. This change is likely to have resulted in some 2018/19 audits receiving a Limited assurance rating (3<sup>rd</sup> of 4 levels), that may otherwise have attracted a Moderate opinion (3<sup>rd</sup> of the five levels) under the previous assessment scale. For this reason we have not looked to provide a direction of travel for our overall assurance level provided for 2017/18 and 2018/19.

## Annual Assurance Statement and Internal Audit Annual Report - Stevenage Borough Council

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- 3.8 SIAS also added an additional priority level for recommendations made at the start of 2018/19, this being “Critical”. This change was to allow SIAS to differentiate between recommendations that were critical to the organisation as opposed to those that are of importance (High priority) to a particular service. We are pleased to report that no Critical level recommendations were made during 2018/19.

### Critical and High Priority Recommendations

- 3.9 Members will be aware that a final audit report is issued when it has been agreed by management; this includes an agreement to implement the recommendations made. It is Internal Audit’s responsibility to advise Members of progress on implementation of critical and high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.
- 3.10 Seventeen High priority recommendations were made within audits carried out during 2018/19. In respect of these recommendations, the agreed management actions were not yet all due for completion.
- 3.11 Members will continue to receive updates on the implementation progress of critical and high priority recommendations through the SIAS quarterly progress reports to the Audit Committee.

## 4. Performance of the Internal Audit Service in 2018/19

### Performance indicators

- 4.1 The table below compares SIAS’s performance at the Council against the 2018/19 targets set by the SIAS Board.

Indicator	Target 2018/19	Actual to 31 March 2019
<b>1 SIAS Planned Days</b> – percentage of actual billable days delivered against planned billable days	<b>95%</b>	<b>99%</b> <b>(335.5 / 338)</b>
<b>2 SIAS Planned Projects</b> – actual completed projects to draft report stage against planned completed projects	<b>95%</b>	<b>97%</b> <b>(30 / 31)</b>
<b>3 External Auditors’ Satisfaction</b> – the Annual Audit Letter formally records that the External Auditors are	<b>Formal Reliance</b>	<b>Yes</b>

**Annual Assurance Statement and Internal Audit Annual Report -  
Stevenage Borough Council**

able to rely upon the range and quality of SIAS' work		
<b>4 SIAS Annual Plan</b> – presented to the March Audit Committee or the first meeting of the financial year should a March committee not meet.	<b>Deadline met</b>	<b>Yes</b>
<b>5 Client Satisfaction</b> - client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	<b>100%</b>	<b>100%</b> (12 received).
<b>6 Head of Assurance's Annual Report</b> – presented at the first Audit Committee meeting of the financial year	<b>Deadline met</b>	<b>Yes</b>
<b>7 Number of High Priority Audit Recommendations agreed</b>	<b>95%</b>	<b>100%</b> (17 agreed)

Service Developments

4.2 During 2018/19 the development activities for SIAS included:

- Recruitment of two new trainee auditors forming a key part of our 'grow your own' strategy, given known industry difficulties in recruiting at the senior auditor level.
- Tendering for our co-sourced audit delivery partner to provide service resilience and access to audit specialists, saw the re-appointment of BDO for a second term.
- Hosting a Commercialisation and Local Authority workshop for our partners in January 2019.
- Continued review of key business processes, including work allocation, the Audit Manual and performance dashboards, to reduce administrative overheads and improve efficiency in delivering the audit plan.
- Designed a new self and management assessed training and skills matrix to supplement the appraisal process and personal development plans for each auditor. This is an important part of our Quality Assurance and Improvement Programme (QAIP) required by the

professional standards. Analysis of the results will inform a training programme in 2019/20.

## **5. Audit Charter 2019/20**

- 5.1 The PSIAS require a local authority to formally adopt an Audit Charter which covers the authority and responsibility for an internal audit function.
- 5.2 The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the partner councils. It details the permanent arrangements for internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.
- 5.3 The Audit Charter is reviewed annually. The review in April 2019 did not result in any fundamental changes and the 2019/20 Charter is attached at Appendix D.

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2018/19 AUDIT PLAN**

**Stevenage Borough Council Audit Plan – 2018/19**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
<b>Key Financial Systems</b>							
Creditors	Good	0	0	0	2	12	Final Report Issued
Treasury Management	Good	0	0	0	0	6	Final Report Issued
Payroll	Good	0	0	0	2	12	Final Report Issued
Council Tax	Good	0	0	0	1	6	Final Report Issued
NDR	Good	0	0	0	0	6	Final Report Issued
Housing Benefits	Good	0	0	0	0	6	Final Report Issued
Cash and Banking	Good	0	0	0	0	5	Final Report Issued
Housing Rents	Good	0	0	0	0	6	Final Report Issued
Main Accounting System	Satisfactory	0	0	0	6	6	Final Report Issued
Debtors	Satisfactory	0	0	0	1	10	Final Report Issued

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2018/19 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
<b>Operational Audits</b>							
Data Quality	Satisfactory	0	0	1	3	15	Final Report Issued
GDPR – Post Implementation Review	Good	0	0	1	0	10	Final Report Issued
Land Charges	-	-	-	-	-	2.5	Audit Cancelled
Emergency Planning	Good	0	0	0	0	10	Final Report Issued
Street Cleansing	Limited	0	0	6	0	15	Final Report Issued
CCTV (joint audit with partners)	Limited	0	9	0	0	12	Final Report Issued
Development Management	Good	0	0	0	1	10	Final Report Issued
Homelessness Reduction Act	-	-	-	-	-	1.5	Audit Cancelled
Debt Recovery						12	Quality Review
Community Safety	Satisfactory	0	1	1	1	10	Final Report Issued
Herts Home Improvement Agency (joint audit with partners)						2	Draft Report Issued
DFG Capital Grant Certification	NA	0	0	0	0	1	Final Report Issued

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2018/19 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Digital – Connected to our Customers	Satisfactory	0	0	2	1	10	Final Report Issued *
Flat Block Refurbishment Contract	Good	0	0	0	0	12	Final Report Issued
Housing Development – Kenilworth Scheme	Good	0	0	0	0	12	Final Report Issued
Risk Management	Good	0	0	0	0	5	Final Report Issued
Corporate Governance	Good	0	0	0	0	5	Final Report Issued
Repairs and Voids Service (follow-up)	Satisfactory	0	0	0	1	10	Final Report Issued
<b>IT Audits</b>							
Cyber Security (follow-up)	NA	0	2	1	2	6	Final Report Issued *
Incident Management (follow-up)	NA	0	3	1	0	6	Final Report Issued *
Mobile Device Management and Bring Your Own Device	Satisfactory	0	0	2	1	6	Final Report Issued
TSS Improvement Plan – Governance	Limited	0	2	3	0	12	Final Report Issued

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2018/19 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
<b>Other Chargeable</b>							
2019/20 Audit Planning	-	-	-	-	-	5	Complete
Plan Delivery Monitoring	-	-	-	-	-	10	Complete
Head of Internal Audit Opinion 2018/19	-	-	-	-	-	3	Complete
Client Liaison	-	-	-	-	-	8	Complete
External Audit Liaison	-	-	-	-	-	2	Complete
Adhoc Advice	-	-	-	-	-	8	Complete
Audit Committee	-	-	-	-	-	11	Complete
Shared Learning	-	-	-	-	-	6	Complete
SIAS Development	-	-	-	-	-	5	Complete
<b>17/18 Projects Requiring Completion</b>							
Customer Service Centre – Complaints Handling	Satisfactory	0	0	1	1	10	Final Report Issued
Other	-	-	-	-	-	10	Complete

## APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2018/19 AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Contingency	-	-	-	-	-	12	N/A
<b>Total</b>		<b>0</b>	<b>17</b>	<b>19</b>	<b>23</b>	<b>350</b>	

\* At Draft Report stage at 31 March 2019, Final Report issued after year end.

\*\* Draft Report issued after 31 March 2019.

Key to Assurance Level and Recommendation Priority Levels: NA = Not Assessed; C = Critical priority recommendations; H = High priority recommendations; M = Medium priority recommendations; LA = Low/Advisory priority recommendations.

## APPENDIX B – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

### 2017/18 Definitions of Assurance

Levels of assurance	
<b>Full Assurance</b>	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
<b>Substantial Assurance</b>	Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
<b>Moderate Assurance</b>	Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
<b>Limited Assurance</b>	There are significant weaknesses in key control areas, which put the system objectives at risk.
<b>No Assurance</b>	Control is weak, leaving the system open to material error or abuse.

### 2018/19 Definitions of Assurance and Recommendation Priority Levels

Assurance Level	Definition						
<b>Good</b>	The design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.						
<b>Satisfactory</b>	The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.						
<b>Limited</b>	The system of internal control is only partially effective, with important audit findings in key areas. Improvement in the design and/or operation of the control environment is necessary to gain assurance risks are being managed to an acceptable level, and core objectives will be achieved.						
<b>No</b>	The system of internal control has serious gaps, and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.						
Priority Level	Definition						
<b>Corporate</b>	<table border="1"> <tr> <td><b>Critical</b></td> <td>Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.</td> </tr> </table>	<b>Critical</b>	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.				
<b>Critical</b>	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.						
<b>Service</b>	<table border="1"> <tr> <td><b>High</b></td> <td>Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.</td> </tr> <tr> <td><b>Medium</b></td> <td>Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.</td> </tr> <tr> <td><b>Low / Advisory</b></td> <td>Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.</td> </tr> </table>	<b>High</b>	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.	<b>Medium</b>	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.	<b>Low / Advisory</b>	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.
	<b>High</b>	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.					
	<b>Medium</b>	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.					
<b>Low / Advisory</b>	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.						

**APPENDIX C – POSITION AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS AT APRIL 2019 – ACTION PLAN**

**Section A: Conformance** - During 2018/19 all areas apart from those identified in Section B below were conforming.

**Section B: Intentional Non-Conformance**

Ref	Area of Non-Conformance with the Standard	Commentary	
3.1a	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the board (defined as the Audit Committee) approve decisions relating to the appointment and removal of the Chief Audit Executive (CAE) (Head of Assurance)?</p>	<p>The Director of Resources, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE.</p> <p>This is as provided for in the governance of the Shared Internal Audit Service.</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The current arrangements are considered effective given the shared nature of SIAS.</p>
3.1c	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?</p>	<p>The performance appraisal is carried out by the Director of Resources (HCC).</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The appraisal process was carried out by the Director of Resources (HCC) with input from all partner chief finance officers. The current arrangements are considered effective given the shared nature of SIAS.</p>



## Audit Charter 2019/2020

### 1. Introduction and Purpose

- 1.1. Internal auditing is an independent and objective assurance and consulting activity. It is guided by a philosophy of adding value to the operations of an organisation. It assists a council in achieving its objectives and ultimately provides assurance to the public by systematically evaluating and improving the effectiveness and efficiency of risk management, control and governance processes.

### 2. Scope

- 2.1. This Charter applies to all clients of the Shared Internal Audit Service (SIAS).

### 3. Statutory Basis of Internal Audit

- 3.1. Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 3.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 officer relies, amongst other sources, upon the work of internal audit.

### 4. Role

- 4.1. SIAS internal audit activity is overseen by each client council's committee charged with fulfilling audit committee responsibilities herewith referred to as the Audit Committee. As part of its oversight role, the Audit Committee is responsible for defining the responsibilities of SIAS via this Charter.
- 4.2. SIAS may undertake additional consultancy activity requested by management. The Head of Assurance will determine such activity on a case by case basis

assessing the skills and resources available. Significant additional consultancy activity not already included in the Internal Audit Plan will only be accepted and carried out following consultation with the SIAS Board.

### 5. Professionalism

- 5.1. SIAS governs itself by adherence to the Public Sector Internal Audit Standards (PSIAS). These standards include the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (IPPF). They set out the fundamental requirements for the professional practice of internal auditing and the evaluation of the effectiveness of an internal audit function's performance.
- 5.2. SIAS also recognises the Mission of Internal Audit as identified within the IPPF, 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight' and the Core Principles for the Professional Practice of Internal Auditing, which demonstrate an effective internal audit function, achieving internal audit's mission.
- 5.3. SIAS's operations are guided by its operating procedures manual as well as applicable, Chartered Institute of Internal Auditors (CIIA) Position Papers, Practice Advisories and Guides, and relevant council policies and procedures, including compliance with the Bribery Act 2010.
- 5.4. Should non-conformance with the PSIAS be identified, the Head of Assurance will investigate and disclose, in advance if possible, the exact nature of the non-conformance, the reasons for it and, if applicable, its impact on a specific engagement or engagement outcome.

### 6. Authority and Confidentiality

- 6.1. Internal auditors are authorised full, free, and unrestricted access to any and all of a client's records, physical properties, and personnel as required to carry out an engagement. All client employees are requested to assist SIAS in fulfilling its roles and responsibilities. Information obtained during the course of an engagement is safeguarded and confidentiality respected.
- 6.2. Internal auditors will only use information obtained to complete an engagement. It will not be used in a manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client organisation(s). Internal auditors will disclose all material facts known which if not disclosed, could distort a report or conceal unlawful practice.

### 7. Organisation

- 7.1. The Head of Assurance and their representatives, have free and unrestricted direct access to Senior Management, the Audit Committee, the Chief Executive,

the Chair of the Audit Committee and the External Auditor. The Head of Assurance will communicate with any and all of the above parties at both committee meetings and between meetings as appropriate.

- 7.2. The Chairman of the Audit Committee has free and unrestricted direct access to both the Head of Internal Audit, and the Council's External Auditor.
- 7.3. The Head of Assurance is line managed by the Director of Resources at Hertfordshire County Council (HCC), who approves all decisions regarding the performance evaluation, appointment, or removal of the Head of Assurance, in consultation with the SIAS Board. Each partner's Section 151 Officer is asked to contribute to the annual appraisal of the Head of Assurance.

## 8. Stakeholders

The following groups are defined as stakeholders of SIAS:

- 8.1. The Head of Assurance and the Head of The Shared Internal Audit service, both suitably experienced and qualified (CCAB and / or CMIIA), are responsible for:
  - hiring, appraising and developing SIAS staff in accordance with the host authority's HR guidance
  - maintaining up-to-date job descriptions which reflect the roles, responsibilities, skills, qualifications, and attributes required of SIAS staff
  - ensuring that together, SIAS staff possess or obtain the skills, knowledge and competencies (including ethical practice) needed to effectively perform SIAS engagements
- 8.2. The Audit Committee is responsible for overseeing the effectiveness of SIAS and holding the Head of Assurance to account for delivery. This is achieved through the approval of performance targets set by the SIAS Board and receipt of regular reports.
- 8.3. The Audit Committee is also responsible for the effectiveness of the governance, risk and control environment within the Council, holding managers to account for delivery.
- 8.4. The Audit Committee, as set out in its formal Terms of Reference, also ensures that there is appropriate communication of, and involvement in, internal audit matters as required from the wider publicly elected Member body.
- 8.5. Senior Management, defined as the Head of Paid Service, Chief Officers and their direct reports, are responsible for helping shape the programme of assurance work. This is achieved through analysis and review of key risks to achieving the Council's objectives and priorities.

- 8.6. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS including:
- resourcing and financial performance
  - operational effectiveness through the monitoring performance indicators
  - the overall strategic direction of the shared service

9. Independence and Objectivity

- 9.1 No element in the organisation should interfere with audit selection, scope, procedures, frequency, timing, or report content. This is necessary to ensure that internal audit maintains the necessary level of independence and objectivity.
- 9.2 As well as being impartial and unbiased, internal auditors will have no direct operational responsibility or authority over any activity audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that might impair their judgment.
- 9.3 When asked to undertake any additional roles/responsibilities outside internal auditing, the Head of Assurance will highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the PSIAS Code of Ethics as well as any relevant requirements set out in other professional bodies to which the CAE may belong. The Audit Committee will approve and periodically review any safeguards put in place to limit any impairments to independence and objectivity.
- 9.4 The Head of Assurance will confirm to the Audit Committee, at least annually, the organisational independence of SIAS.

10. Conflicts of Interest

- 10.1. Internal auditors will exhibit clear professional objectivity when gathering, evaluating, and communicating engagement information. When forming judgments, they will make a balanced assessment of all relevant circumstances and not be influenced by their own interests or the views and interests of others.
- 10.2. Each auditor will comply with the ethical requirements of his/her professional body and proactively declare any potential conflict of interest, whether actual or apparent, prior to the start of an engagement.
- 10.3. All auditors sign an annual declaration of interest to ensure that the allocation of work avoids conflict of interest. Auditors who undertake consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.

- 10.4. SIAS procures an arrangement with an external partner to provide additional internal audit days on request. The external partner will be used to deliver engagements as directed by the Head of Assurance in particular providing advice and assistance where SIAS staff lack the required skills or knowledge.
- 10.5. In the event of a real or apparent impairment of independence or objectivity, (acceptance of gifts, hospitality, inducements or other benefits) the Head of Assurance will investigate and report on the matter to appropriate parties.

## 11. Responsibility and Scope

- 11.1. The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes (as they relate to the organisation's priorities and objectives) and the promotion of appropriate ethics and values.
- 11.2. Internal control and risk management objectives considered by internal audit extend to the organisation's entire control and risk management environment and include:
- consistency of operations or programs with established objectives and goals, and effective performance
  - effectiveness and efficiency of governance, operations and employment of resources
  - compliance with significant policies, plans, procedures, laws, and regulations
  - design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
  - safeguarding of assets
- 11.3. SIAS is well placed to provide advice and support on emerging risks and controls and will, if requested, deliver consulting and advisory services or evaluate specific operations.
- 11.4. SIAS is responsible for reporting to the Audit Committee and senior management, significant risk exposures (including those to fraud addressed in conjunction with the Shared Anti-Fraud Service), control and governance issues and other matters that emerge from an engagement.
- 11.5. Engagements are allocated to (an) internal auditor(s) with the appropriate skills, experience and competence. The auditor is then responsible for carrying out the work in accordance with the SIAS Operating Procedures Manual, and must consider the relevant elements of internal control, the needs and expectations of clients, the extent of work required to meet the engagement's objectives, its cost effectiveness, and the probability of significant error or non-compliance.

**12. Role in Anti-Fraud**

- 12.1. The SIAS work programme, designed in consultation with Senior Management, the Audit Committee and, where applicable, the Shared Anti-Fraud Service, seeks to help deter fraud and corruption.
- 12.2. In conjunction with the Shared Anti-Fraud Service SIAS shares information with relevant partners to increase the likelihood of detecting fraudulent activity and reducing the risk of fraud to all.
- 12.3. The Head of Assurance should be notified of all suspected or detected fraud, corruption or impropriety so that the impact upon control arrangements can be evaluated.

**13. Internal Audit Plan**

- 13.1. Following discussion with appropriate senior management, the Head of Assurance will submit a risk based plan to the Audit Committee for review and approval. This will occur at least annually. The plan sets out the engagements agreed and demonstrates the priorities of both SIAS (the need to produce an annual internal audit opinion) and those of the organisation. Also included will be any relevant declarations of interest.
- 13.2. The plan will be accompanied by details of the risk assessment approach used and will take into account the organisation's assurance framework. Also shown will be the timing of an engagement, its budget in days, details of any contingency for new or changed risks, time for planning and reporting and a contribution to the development of SIAS.
- 13.3. The plan will be subject to regular review in year, and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems and controls. All significant changes to the approved internal audit plan will be communicated in the quarterly update reports.

**14. Reporting and Monitoring**

- 14.1. A draft written Terms of Reference will be prepared and issued to appropriate personnel at the start of an engagement. It will cover the intended objectives, scope and reporting mechanism and will be agreed with the client. Changes to the terms of reference during the course of the engagement may occur and will be agreed following consultation with the client.
- 14.2. A report will be issued on completion of an engagement. It will include a reasoned opinion, details of the time period and scope within which it was prepared, management's responses to specific risk prioritised findings and recommendations made and a timescale within which corrective action will be /

has been taken. If recommended action is not to be taken, an explanation for this will also be included.

- 14.3. SIAS will follow-up the implementation of agreed recommendations in line with the protocol at each client. As appropriate, the outcomes of this work will be reported to the audit committee and may be used to inform the risk-based planning of future audit work. Should follow-up activity identify any significant error or omission, this will be communicated by the Head of Assurance to all relevant parties. A revised internal audit opinion may be issued on the basis of follow-up activity.
- 14.4. In consultation with senior management, the Head of Assurance will consider, on a risk-basis, any request made by external stakeholders for sight of an internal audit report.
- 14.5. Quarterly update reports to the Audit Committee will detail the results of each engagement, including significant risk exposures and control issues. In addition, an annual report will be produced giving an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement), with a summary of the work that supports the opinion. The Head of Assurance will also make a statement of conformance with PSIAS, and detail the nature and reasons for any impairments, qualifications or restrictions in scope for which the Committee should seek reassurances from management.

## 15. Periodic Assessment

- 15.1. PSIAS require the Head of Assurance and the SIAS Board to make arrangements for an independent review of the effectiveness of internal audit undertaken by a suitably knowledgeable, qualified and competent individual or organisation. This should occur at least every five years.
- 15.2. The Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. These will include the Quality Assurance and Improvement Programme, client feedback, appraisals and shared learning with the external audit partner as well as coaching, supervision, and documented review.
- 15.3. A single review will be carried out to provide assurance to all SIAS partners with the outcomes included in the partner's Annual Report.

## 16. Review of the Audit Charter

- 16.1. The Head of Assurance will review this charter annually and will present, to the first audit committee meeting of each financial year, any changes for approval.

## APPENDIX D – AUDIT CHARTER 2019/2020

16.2. The Head of Assurance reviewed this Audit Charter in April 2019. It will next be reviewed in April 2020.

### Glossary of Terms

Audit Committee	The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.
Management	Operational officers of the Council responsible for creating corporate policy and organising, planning, controlling, and directing resources in order to achieve the objectives of that policy. Senior management is defined as the Head of Paid Service, Chief Officers and their direct reports.
The SIAS Board	The Board that comprises officer representatives from the client authorities and that is responsible for the governance of the SIAS partnership
The Audit Plan	The programme of risk based work carried out by the Shared Internal Audit Service on behalf of its clients
The Public Sector Internal Audit Standards	These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide stakeholders with the key assurances they need to support them both in managing and overseeing the organisation and in producing the annual governance statement.

### Note:

For readability, the term ‘internal audit activity’ as used in the PSIAS guidance has been replaced with ‘SIAS’ in this Charter.

**Meeting: Audit Committee**

Portfolio Area: All

**Date: 11 June 2019**

## **Annual Governance Statement 2018/19**

Author – Suzanne Brightwell, ext 2966

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### **1. PURPOSE**

- 1.1. To advise Members of the Audit Committee on the content of the Council's Annual Governance Statement for 2018/19, following the review of the effectiveness of the Council's system of internal control and governance arrangements.

### **2. RECOMMENDATIONS**

- 2.1. That the Audit Committee recommend the Council's 2018/19 Annual Governance Statement, attached as Appendix One, for approval by the Statement of Accounts Committee.

### **3. BACKGROUND**

#### 3.1. Legislative Background

- 3.1.1. Regulation 6 of the 2015 Accounts and Audit (England) regulations requires that:

- The Council shall be responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.
- The Council shall conduct a review at least once a year of the effectiveness of its system of internal control.

- The findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body, meeting as a whole.
- Following the review, the body or committee must approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.

3.1.2. The Department for Communities and Local Government clarified that the Annual Governance Statement is assigned 'proper practice' status in August 2006 and therefore has statutory backing.

3.1.3. The 2015 Accounts and Audit (England) Regulations reinforce this with a clear reference to the preparation of an Annual Governance Statement in accordance with proper practices (Regulation 6 (4b)).

3.1.4. The Accounts and Audit Regulations 2015 apply to arrangements for the review of financial control and publication of the Annual Governance Statement. These Regulations require publication of the Draft Statement of Accounts by 31 May and approved Statement of Accounts by 31 July. The Statement of Accounts should be accompanied by the Annual Governance Statement. The Annual Governance Statement at Appendix One will be published on the Council's website to accompany the Statement of Accounts to comply with this legislation.

## 3.2. Local Code of Corporate Governance

3.2.1. In 2006, CIPFA/SOLACE produced a publication called, Delivering Good Governance in Local Government: Framework and Guidance. In April 2016, CIPFA/SOLACE published a reviewed Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector' developed by CIPFA/IFAC, published July 2014. The purpose of the Framework is to support each local authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

3.2.2. The 2016 CIPFA/SOLACE Framework identifies seven core principles:

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

B: Ensuring openness and comprehensive stakeholder engagement

(Principles A and B are considered fundamental and applicable through principles C to G)

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

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

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- F: Managing risks and performance through robust internal control and strong public financial management
- G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.2.3. The Framework requires each local authority to prepare a Local Code of Corporate Governance which sets out a commitment to corporate governance and outlines the unique local governance arrangements in place to reflect the outcomes and behaviours associated with each of the core principles outlined in paragraph 3.2.2.

3.2.4. The Council's Local Code of Corporate Governance was reported to this Committee (15 June 2017) with a full review due every three years with the next full review due June 2020.

3.2.5. Within Stevenage Borough Council, Corporate Governance operates to:

- Establish and monitor the Council's vision and objectives
- Facilitate policy and decision making
- Ensure compliance with policies, procedures, laws and regulations
- Ensure the economic, efficient use of resources and secure continuous improvement
- Support delivery of high quality services and effective performance management
- Identify and manage the Council's risks.

3.3. Local Framework – Reviewing the effectiveness of local governance arrangements

3.3.1. The CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government Framework' (2016) requires each local authority to adopt a Local Framework that sets out the process used to develop and maintain their own governance arrangements and fulfil their responsibility for proper conduct of public business.

3.3.2. The Local Framework outlining the current process to compile the Annual Governance Statement including the proactive review of governance arrangements in-year is attached as Appendix Two.

3.3.3. The Assistant Director Finance and Estates has continued to keep the corporate governance arrangements under review throughout the year to ensure that they are fit for purpose and provide value for money for the Council in the context of the challenges faced from the on-going funding reductions.

3.3.4. The Local Framework facilitates a review of the effectiveness of the governance arrangements set out in the Local Code of Corporate Governance having consideration for the outcomes and behaviours associated with each of the core principles. The effectiveness of governance arrangements is considered on an annual basis with proactive assessment in-year (as outlined in paragraphs 3.4.1 to 3.4.5).

3.3.5. The Local Framework (outlined in Appendix Two) identifies the process to be followed to enable the authority to review governance arrangements and identify areas of governance to be strengthened. This process, summarised below, has been applied for 2018/19:

- Develop and maintain an up to date Local Code of Governance, including arrangements for ensuring its ongoing application and effectiveness
- Review existing governance arrangements against the CIPFA/SOLACE Framework.
- Consider the extent to which the Council complies with the principles, behaviours and actions that demonstrate good governance as set out in the CIPFA/SOLACE model.
- Identify systems, processes and documentation that provide evidence of compliance.
- Identify the individuals and Committees responsible for monitoring and reviewing the systems, processes and documentation identified.
- Identify the issues that have not been addressed adequately in the Council and consider how they should be addressed.
- Identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
- Prepare an Annual Governance Statement, to include how the effectiveness of governance arrangements have been monitored in the year and on any planned changes in the coming period.

#### 3.4. Review of local governance arrangements

3.4.1. At a corporate level, assurance of compliance with the CIPFA/SOLACE Framework 2016, 'Delivering Good Governance in Local Government' requires a review of the effectiveness of governance arrangements in place (Local Code) having consideration for the behaviours and outcomes outlined in the CIPFA/SOLACE Framework 2016 to demonstrate good governance.

3.4.2. During 2018/19 Corporate Governance Group met quarterly to proactively consider the Council's status of corporate governance with a focus on one or more of the CIPFA/SOLACE seven principles at each meeting. This activity informed the annual assessment regarding the extent to which the arrangements set out in the Council's Local Code continue to be robust and as a result how the Council complies with the principles and requirements of good governance set out in the CIPFA/SOLACE model. A summary of key enhancements delivered in 2018/19, and future enhancement activity for 2019/20 was reported to this Committee on 19 March 2019.

3.4.3. The corporate control environment is evidenced by a number of policies and plans, which are referred to as 'The Corporate Backbone' of the Council. The Corporate Backbone is attached as Appendix Three.

- 3.4.4. Corporate Governance Group is chaired by the Assistant Director Finance and Estates with responsibility delegated by the Chief Executive. Corporate Risk Group and Corporate Governance Group are closely aligned in order to capture information links between risk and governance arrangements.
- 3.4.5. At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. The Service Assurance Statement is designed to provide assurance that the control environment operated effectively during 2018/19 in respect of the business units for which they have responsibility. Appendix Four sets out:
- A summary of the progress made against any actions that were identified in 2017/18 statements for delivery in 2018/19.
  - A summary of actions identified for delivery in 2019/20.
- 3.4.6. As a result of the assessment of governance arrangements and procedures outlined in paragraphs 3.4.1 to 3.4.5 actions were identified to improve the high quality of governance arrangements already in place for the Council. Any actions deemed significant are included in the Action Plan in the Annual Governance Statement attached as Appendix One (pages 24-27 of the AGS).

Actions are deemed 'significant' if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service or if considered important in the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and associated delivery of priority outcomes should be addressed.

- 3.4.7. Actions identified for 2019/20 are:
- Implementation of the actions identified for 2019/20 to implement the first phase of the Housing Asset Management Strategy Action Plan which was agreed at Executive in March 2019. The Strategy sets out the underlying principles which sit behind excellent asset management for the Council and the key strategic projects and programmes required to ensure the council drives maximum value from its assets whilst providing high quality homes for its tenants. The Strategy will allow the Council to meet its strategic goals of having fit for purpose, safe, well maintained and well-presented stock with a view to optimising housing development opportunities where appropriate.
  - Implementation of the actions identified for 2019/20 to implement the first phase of the General Fund Asset Management Strategy Action Plan which was agreed at Executive in July 2018. The strategy sets out the Council's approach to management of its non-housing assets, land and buildings and provides the framework for decision making across the estate. The new framework is intended to have a life of five years. The general approach to asset management is likely to remain constant for this period, but the action plan will be the key change document.
  - Implement changes to procedures to enhance document retention arrangements in relation to the enforcement of anti-social behaviour action.

- Continue to implement the restructure of services through Future Council Business Reviews to improve corporate capacity and deliver sustainable services that meet the needs of customers. In addition, further activity to enhance capacity is reflected in the Employer of Choice programme with a focus for 2019/20 on people development, performance management, ways of working and resourcing.
- The Shared IT service to continue to develop and implement a strategy and programme of activity to enhance IT infrastructure, cyber security, governance arrangements, policy framework and resilience.
- Continue to enhance and embed information management arrangements to ensure that best practice records management across the Council continues to be applied and customer data is stored securely and appropriately managed.
- Embed the new Health and Safety Framework to ensure health and safety compliance and performance across the Council.
- To enhance CCTV governance arrangements the Governance Framework for the CCTV Partnership to be reviewed by the CCTV Joint Executive and Company Board of Directors and a five year rolling business plan to be developed.

3.4.8. The Shared Internal Audit Service (SIAS) has assigned

- ‘Good’ assurance for financial systems for 2018/19: meaning the design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.
- ‘Satisfactory’ Assurance for non-financial systems for 2018/19: meaning the internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.

3.4.9. Corporate Governance Group monitor the delivery of actions to strengthen governance identified both at a corporate and business unit level.

3.4.10. The signatories to the Annual Governance Statement (The Leader of the Council and the Interim Chief Executive) must be satisfied that the document is supported by reliable evidence, and the procedures outlined in paragraphs 3.4.1 to 3.4.5 are in place to demonstrate this.

## **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

4.1. The Annual Governance Statement must be considered by the Audit Committee as outlined in paragraph 3.1.1 before accompanying the Statement of Accounts.

4.2. The proposed Annual Governance Statement for 2018/19 is attached as Appendix One. The Statement is intended to provide public assurance that the Council has sound governance arrangements, including a sound system of internal control, designed to help manage and control business risk. The document is an important

public expression of the arrangements the Council applies to achieve good business practice, high standards of conduct and sound governance.

- 4.3. Arrangements for governance were reviewed across the organisation:
  - At a corporate level as outlined in paragraphs 3.4.1 to 3.4.4
  - At a service level as outlined in paragraph 3.4.5.
- 4.4. The proposed Annual Governance Statement has been reviewed by senior management to ensure it accurately reflects the corporate governance environment at the Council, and has been reviewed by the Shared Internal Audit Service.
- 4.5. The proposed Annual Governance Statement at Appendix One identifies any significant actions identified to improve the high quality of governance arrangements in place across the Council, as set out in paragraph 3.4.7 and Appendix One (pages 24-27 of the AGS).

## **5. IMPLICATIONS**

### **5.1. Financial Implications**

- 5.1.1. Robust scrutiny of the Council's Annual Governance Statement and Framework applied in line with best practice will further strengthen the Council's sound base of strong financial management and assist in reducing risk.

### **5.2. Legal Implications**

- 5.2.1. It is a requirement of the Accounts and Audit (England) Regulations 2015 that the council publishes an Annual Governance Statement.

### **5.3. Risk Implications**

- 5.3.1. A strong internal control environment contributes to the overall effective management of the Council and will minimise the risks of the Council failing to achieve its ambitions and priorities, and service improvements.
- 5.3.2. Without robust governance arrangements, there are potential service continuity and reputation risk implications.

### **5.4. Equalities and Diversity Implications**

- 5.4.1. Officers responsible for the delivery of any improvement actions identified will also be responsible for completion of any relevant Equality Impact Assessments.

### **5.5. Other Corporate Implications**

- 5.5.1. All aspects of the work of the Council are affected by its corporate governance arrangements, as well as the Council's partners in service delivery and other agencies with which the Council shares information. External bodies in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded.

## **6. BACKGROUND DOCUMENTS**

- CIPFA/SOLACE, 'Delivering Good Governance in Local Government (2016 Framework and Guidance)
- CIPFA/IFAC International Framework 'Good Governance in the Public Sector (published August 2014)
- Audit Committee Report – Corporate Governance Arrangements: 19 March 2019.
- Stevenage Borough Council – Local Code of Corporate Governance
- External Auditor – Annual Audit and Inspection Letter

## **7. APPENDICES**

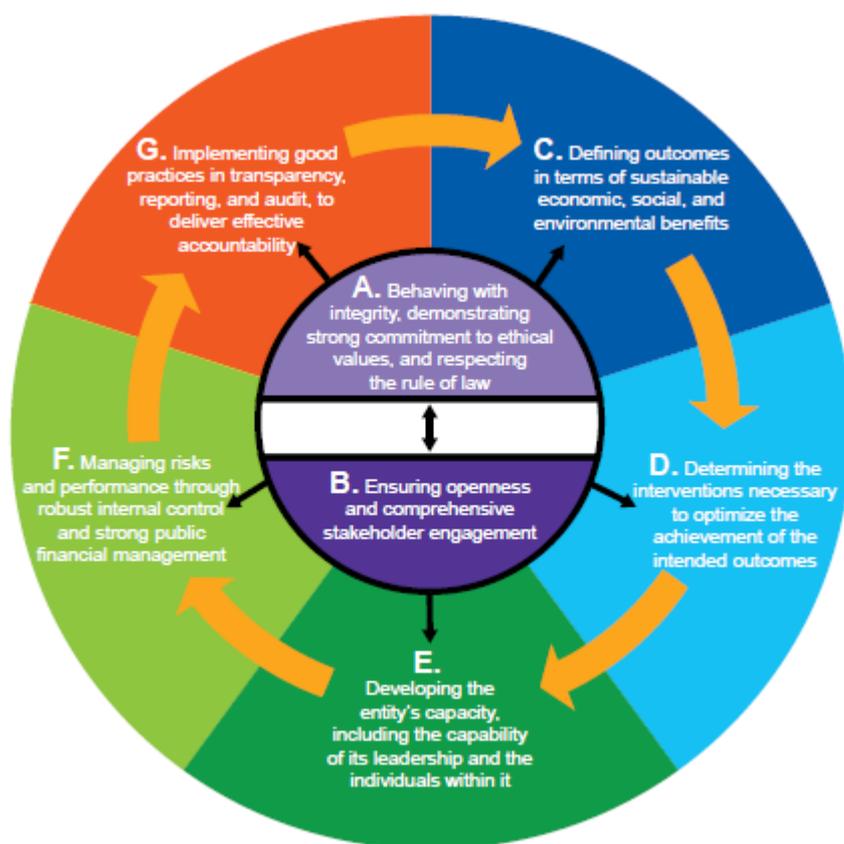
- Appendix One – Annual Governance Statement 2018/19
- Appendix Two – Annual Governance Statement: Framework for compiling the AGS
- Appendix Three – Corporate Backbone
- Appendix Four – Overview of Service Based Governance Review 2018/19.

## Stevenage Borough Council's Annual Governance Statement 2018/19

### What is Corporate Governance?

Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to help ensure the organisation runs effectively, can be held to account for its actions and delivers the best possible outcomes for the community with the resources available. Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

#### Achieving the intended outcomes whilst acting in the public interest



**Figure 1: International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) 'Achieving the Intended Outcomes While Acting in the Public Interest at all Times' – The International Framework**

The CIPFA/SOLACE\* *Delivering Good Governance in Local Government Framework* sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

(\* CIPFA – Chartered Institute of Public Finance and Accountancy, SOLACE – Society of Local Authority Chief Executives and Senior Managers, IFAC – international Federation of Accountants)

The Framework is designed to assist authorities with the review of the unique local governance arrangements in place with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of these resources to achieve desired outcomes for service users and communities.

### The Council's responsibility in relation to Corporate Governance

#### Identifying Local Governance Arrangements

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

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

Stevenage Borough Council has adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements in place to enable the council to monitor the achievement of its strategic objectives, to consider whether those objectives have enhanced delivery of appropriate cost effective services and outlines the activities through which it accounts to and engages with its communities. The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'

The council's Local Code of Corporate Governance was revised and approved by Audit Committee in June 2017. A copy of the code can be obtained from the Council Offices.

This Annual Governance Statement explains how the council has continued to comply with the Local Code, summarises the review of effectiveness and identifies areas of governance to be strengthened.

The Statement also meets the statutory requirements in section 6 of the 2015 Accounts and Audit (England) Regulations, which requires all relevant bodies to prepare an Annual Governance Statement.

### How do we know our arrangements are working?

#### The Governance Framework – How the Council monitors arrangements in place

The local Governance Framework outlines the process the council applies to review corporate governance arrangements. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively and economically.

Stevenage Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of local governance arrangements including the system of internal control.

## Governance monitoring and assurance arrangements

The review of effectiveness is informed by the work of the senior managers within the Council 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 external auditors and other review agencies and inspectorates.

To monitor and maintain the effectiveness of the Council's governance arrangements and drive continuous improvement:

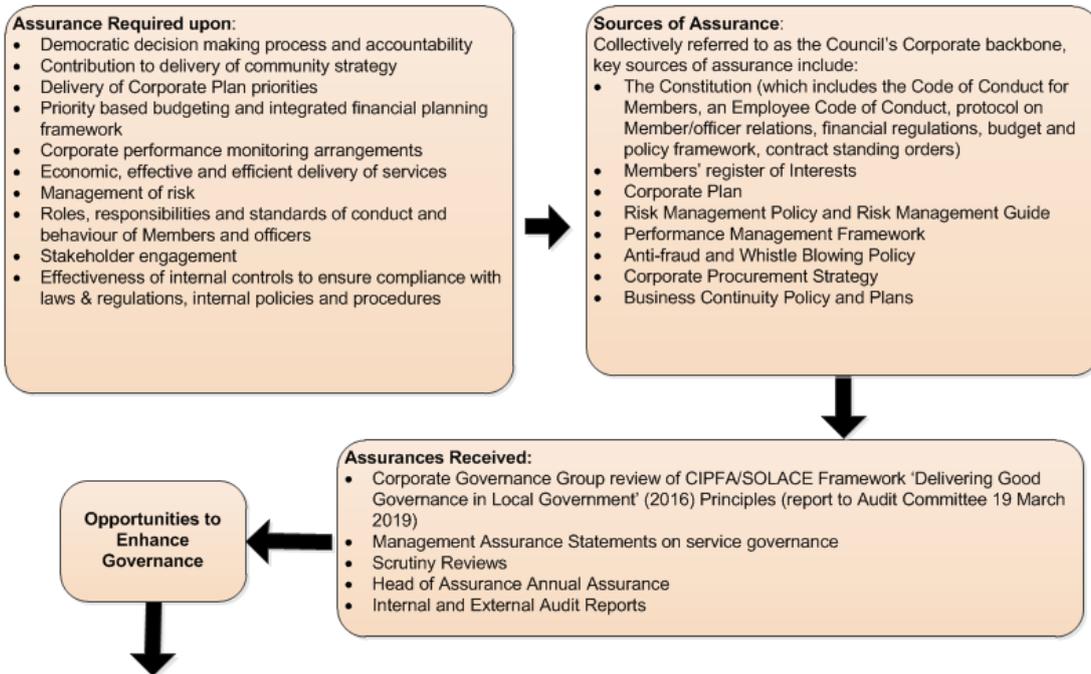
- A Corporate Governance Group meet four times a year to consider the assurance framework from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework - the seven core principles are set out in the diagram on pages one and seven.
- In addition to this proactive in-year review, Corporate Governance Group carries out an annual review of compliance with the behaviours that make up the seven core principles of corporate governance in the CIPFA/SOLACE Framework and submit a summary of the assessment to the Audit Committee. (Considered at Audit Committee March 2019).
- At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year.
- Corporate Governance Group also consider whether any recommendations as a result of external or internal audit activity (and other review agencies and inspectorates), and the Head of Assurance Annual Report, require inclusion in the Statement.

All of these mechanisms of review contribute to overall assurance for the 2018/19 Annual Governance Statement. A summary of the types of assurance required, sources of assurance, assurance received and planned enhancement actions is represented on the next page (page 4) against the relevant principles. More detail is provided throughout the Annual Governance Statement.

The preparation and publication of the Annual Governance Statement in accordance with the requirements set out in the 'Delivering Good Governance in Local Governance' Framework (2016) fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control meeting the requirement for 'preparation in accordance with proper practice'.

The Governance Framework summarised in this Statement has been in place at the council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

Figure 2: Overview of sources of assurance to inform review of effectiveness and identification of governance enhancements for 2019/20



The Action Plan (pages 24 to 27) provides more detail in relation to the action required and timescales to deliver the above enhancement activity

## Assurance: Internal Audit Arrangements

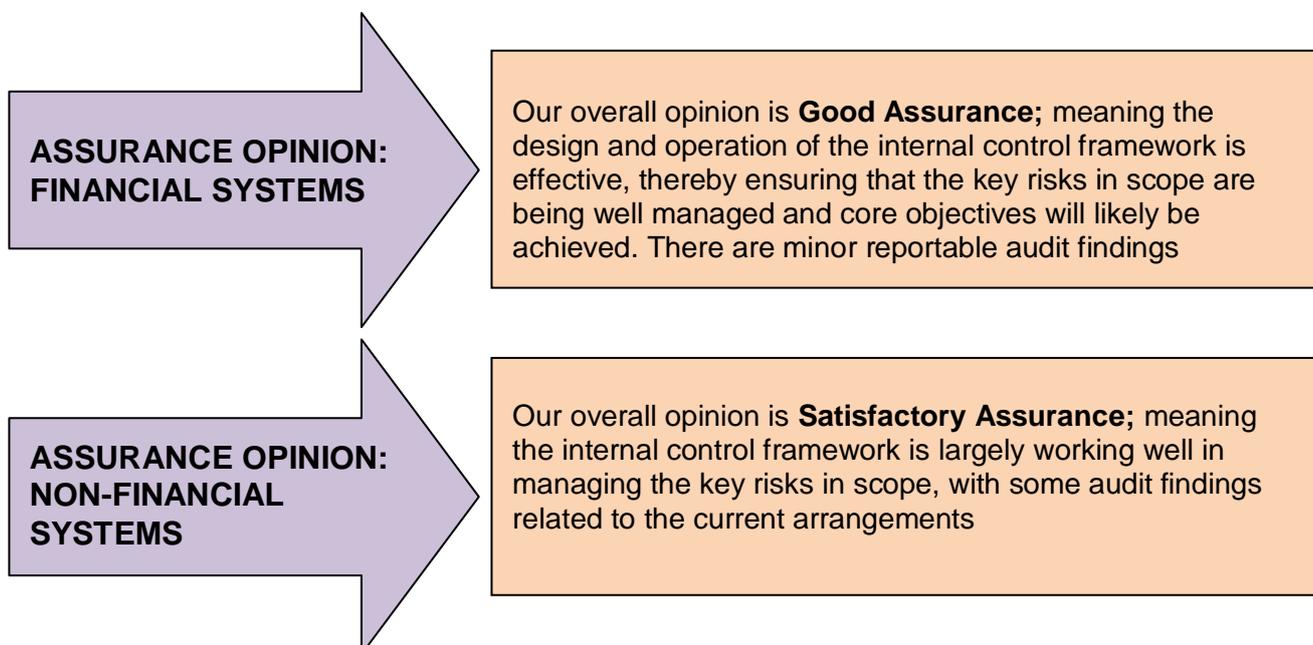
### Annual Audit Coverage

Delivery of the Council's Internal Audit is carried out by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council and managed by the Head of Assurance. Annual audit coverage is determined through a risk assessment, which is influenced by external regulatory requirements and the strategic and operational risks of the council. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Audit Plan, Internal Audit contribute to the council's corporate governance framework.

The SIAS operates to defined professional standards, i.e. the Public Sector Internal Audit Standards (PSIAS) and the Head of Assurance reports to the Council's Assistant Director (Finance & Estates) (Section 151 Officer) providing updates on internal audit progress and issues at regular liaison meetings. The Head of Assurance provides an independent opinion on the adequacy and effectiveness of the system of internal control and this is reported annually to Audit Committee. The main responsibility of the SIAS is to provide assurance and advice on the internal control systems of the council to both Management and Members. The SIAS reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems by providing advice on matters pertaining to risk and control.

### 2018/19 Audit Report

The Head of Assurance's Annual Internal Audit Report and Assurance Statement is being reported to the Audit Committee in June 2019. From the internal audit work undertaken in 2018/19, the SIAS can provide the following assurance on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems as follows:



*Note: Further information relating to the above audit opinion is provided on Page 21. When considering these opinions it should be noted that in 2018/19 the SIAS moved from a five tier assurance opinion matrix (Full, Substantial, Moderate, Limited and No Assurance) to one that contains four tiers (Good, Satisfactory, Limited and None).*

## Review of Effectiveness of Systems of Internal Audit

The Accounts and Audit Regulations 2015 came into force from 1 April 2015; Paragraph 5 (1) states, “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

As part of demonstrating the efficiency and effectiveness of the internal audit activity and identifying opportunities for improvement, the Head of Assurance must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. This includes an annual self-assessment undertaken by the Head of Assurance against the Public Sector Internal Audit Standards (PSIAS) for Internal Audit in Local Government in the UK. The self-assessment concluded that the system of Internal Audit employed at Stevenage Borough Council is effective.

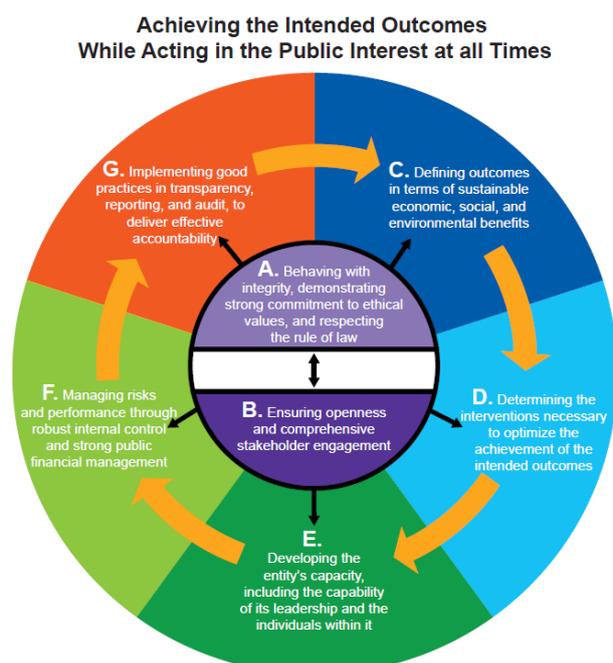
In addition, PSIAS require that an external assessment or peer review is undertaken at least once every five years. An independent Peer Review was undertaken in 2015/16, which concluded that SIAS ‘generally conforms’ to the PSIAS, including the Definition of Internal Auditing, the Code of Ethics and Standards. ‘Generally conforms’ is the highest opinion within the scale of three ratings, and the peer review identified areas of good practice and high standards.

The annual performance indicators for SIAS are set by the SIAS Board which is comprised of the Section 151 Officers from the client authorities within the partnership. The table below sets out SIAS performance against the performance indicator relating to planned days delivery.

Area of Activity	Target	2015/16	2016/17	2017/18	2018/19
Planned Days percentage of actual billable days against planned chargeable days completed	95%	95%	99%	95%	99%

The assurance arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010), as demonstrated through the assessment in the SIAS Annual Assurance Statement and Internal Audit Annual Report being reported to Audit Committee on 11 June 2019.

## The CIPFA/SOLACE Core Principles of Governance



**Figure 3: International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)**

The council achieves good standards of governance by applying the CIPFA/SOLACE Principles of Governance set out in the 'Delivering Good Governance in Local Government' Framework (2016) represented in the International Framework.

The diagram at figure 3 illustrates how the various principles for good governance in the public sector relate to each other. To achieve good governance the Council should achieve their intended outcomes while acting in the public interest at all times.

As overarching requirements for acting in the public interest, Principles A and B and apply across all other principles (C – G)

A summary of the review of effectiveness of local arrangements in place for 2018/19 against each of the principles is set out on the following pages identifying opportunities for governance enhancements.

Arrangements are monitored throughout the year as set out on page 3. Key enhancements to arrangements delivered throughout 2018/19 are indicated in the Corporate Calendar (pages 22-23) with specific reference to progress against the delivery of actions identified in the 2017/18 Annual Governance Statement.

### Principle A: Behaving with integrity and respecting the rule of law

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law is acknowledged as key to the delivery of good governance and underpins the delivery of council priorities and services for the community.**

#### Summary of 2018/19 Review of Effectiveness:

The Council's Local Code of Corporate Governance identifies the Nolan Principles (Standards in Public Life) as underpinning all local government activity.

The standards of conduct and personal behaviour expected of Members and Officers, its partners and the community are defined and communicated through Codes of Conduct and Protocols and the Council's Constitution. Arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these codes and protocols. The council's website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Authority's Code of Conduct and sets out how the authority will deal with allegations of a failure to comply with this Code. Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. In addition, the Council has appointed an Independent Person, to consult on alleged breaches to the Member Code of Conduct.

The Council's Constitution sets out the employment procedures for the Head of the Paid Service, Strategic and Assistant Directors, Monitoring Officer and Chief Finance Officer.

The council has a Standards Committee to promote and maintain high standards of conduct by Members of the council and deal with any allegations that a member is in breach of the council's Code of Conduct and to consider changes to the Code as required.

The council's six organisational Values shown here are underpinned by a behaviour framework for staff. The values are intended to influence the ways in which elected members and officers think and behave in responding to future challenges.

**Figure 4: Organisational Values**



The Values are embedded into Member and Officer Induction, officer meetings with their managers (REAL conversations), the Modern Member Programme, and management development programmes. A set of desired behaviours associated with each of the Values has been developed and form part of the council's appraisal process for officers.

The council has a Whistle-blowing Policy which is based on the Public Interest Disclosure Act 1998 and an Anti-Fraud and Corruption Policy. The council's website and intranet have options for the public and staff to report suspected fraud that link to the Shared Anti-Fraud Service webpage.

The council did not carry out any investigations using covert surveillance under RIPA during 2018/19.

### **2018/19 Governance Enhancement Activity:**

- Regulation of Investigatory Power Act (RIPA) training was undertaken by the council's RIPA Authorising Officers
- An Independent Person for the Audit Committee was appointed
- The arrangements for Council decision making were reviewed and new arrangements were approved by Council.
- The Council's Contract Standing Orders and Constitution were reviewed.

**Arrangements reflect those summarised in the council's Local Code of Corporate Governance - No significant requirements to enhance governance have been identified.**

### **Principle B: Engaging with local people and other stakeholders**

**Principle B: Ensuring openness and comprehensive stakeholder engagement is considered essential in meeting the council's corporate ambitions and framework of values and regarded as key to effective service delivery. Communication supports the decision-making process and helps to improve service quality and foster good relationships between staff, Members and stakeholders.**

### **Summary of 2018/19 Review of Effectiveness:**

The Council wants to hear views about Council services. The Council regularly provides local residents, partners and other interested parties with opportunities to influence the planning, prioritisation and monitoring of services. A variety of methods are used to engage the local community, such as: surveys and questionnaires, community roadshows, focus and action groups and stakeholder conferences.

The council has a system for recording customer feedback which enables learning from feedback and complaints to facilitate effective monitoring of information provided by customers to review future service delivery.

**Figure 5: Residents' Newsletter**



In November 2017 a LGA Peer Review of the Council's Communications arrangements was carried out. The results of this review have been reflected in a new Communications and Marketing Strategy which will be implemented in 2019/20.

The council has established a number of shared service arrangements to provide efficient and effective shared service provision and governance arrangements facilitate effective stakeholder engagement to deliver agreed outcomes.

To facilitate the council's drive for continuous improvement, a Partner of Choice Programme was established to achieve stronger partnerships with key agencies to better deliver the Council's strategic priorities. In March 2018 it was apparent that working in partnership is now embedded in the culture of the Council and there is a strong framework for future collaboration with other public sector bodies. This led to the Partner of Choice programme being considered complete. Development of partnerships continues as part of day-to-day business and any new shared service proposals will be considered and implemented within the Financial Security Programme.

### 2018/19 Governance Enhancement Activity:

- To ensure staff are optimally engaged and motivated in delivering the Council's priorities, a staff survey was carried out to gauge levels of staff satisfaction/engagement and perception of organisation performance and delivery.
- The Annual Report and Performance Review highlighting the Council's achievements over the past year and plans for the next twelve months was approved by Executive and published on the Council's website.
- The Community Select Committee carried out a review of resident involvement with clear actions to enhance consultation and engagement arrangements which has informed the development of a wider Community Engagement Framework and toolkit for the Council.
- In addition, a new statement of Community Involvement was approved, setting out the Council's vision and strategy for effective community engagement through all stages of the planning process.

**Arrangements reflect those summarised in the council's Local Code of Corporate Governance - No significant requirements to enhance governance have been identified.**

### Principle C: Defining outcomes – the Council's vision and priorities

**Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits. The focus of the council's governance arrangements is to deliver the best possible outcomes for the community and the council's vision for the town. It is essential that the Council seeks customer feedback and works with partners, to pool resources and skills**

### Summary of 2018/19 Review of Effectiveness:

#### The Council's vision:

Stevenage: a prosperous town with vibrant communities and improved life chances

Figure 6: Stevenage Together Themes



### Working in partnership

Stevenage Together, Stevenage's local strategic partnership includes a range of diverse partner agencies. Its ethos is to foster innovative ways of working together, to improve the lives of people who live, work and visit Stevenage.

Stevenage Together is responsible for producing a Community Strategy and making sure that it is carried out. The Community Strategy (Stevenage 2021: Our Town, Our Future) is the main strategic plan for the partnership. It outlines the partnership's vision and how the partnership will work together to improve Stevenage and contribute to the development of the town.

Stevenage Together oversees four themed groups: Social Inclusion Partnership (SIP), Community Safety Partnership (SoSafe), Health and Wellbeing Partnership and an economy task force.

The aims of the partnership are to: generate pride in the borough, develop communities, help people feel safe, regenerate the economy and improve residents' health

Stevenage Together has adopted five co-operative principles:

- The Partnership as a strong community leader
- Working together with the community and other agencies to provide services based on needs
- Communities empowered to design and deliver services and play a role in their local community
- A clear understanding between the partnership and our communities – this is what we do, this is what we will help you to do
- Joined-up and accessible services that offer value for money and focus on the customer

### Future Town, Future Council

The Future Town, Future Council (FTFC) programme consists of nine key programmes that aim to deliver improved outcomes and real change for Stevenage residents. The Future Town Future Council programme serves to enhance governance arrangements, particularly through the four programmes that deliver the changes required to ensure the Council is well placed to meet the service demands of the future:

- Financial Security
- Performing at our Peak
- Employer of Choice
- Partner of Choice (complete)

The focus and scopes of programmes is monitored to ensure that the FTFC Programme continues to deliver the Council's priorities. The FTFC programme continues to perform well and is currently on track against delivery of the agreed outcomes.

Figure 7: Future Town Future Council



Figure 8: Corporate Plan



The Co-operative Corporate Plan (FTFC) reflects the ambitions and projects and articulates to the public the council's key priorities and objectives that support the achievement of the FTFC programme over the next few years.

Every year we consider progress against our priorities as part of our annual plans and this informs important decisions about where to spend the budget. The Annual Report summarises our achievements over the past year and outlines what we plan to do in the next twelve months and is published on the council's website.

The Medium Term Financial Strategy (MTFS) is the Council's key General Fund financial planning document and sets out the Council's strategic approach to the management of the General Fund including council tax levels, capital funding and treasury management. This strategy underpins the Council's key priorities for Stevenage as set out in the FTFC agenda and other strategic documents of the Council.

The key aim of the Strategy is to facilitate the Council in achieving the outcomes set out in those documents, by setting out MTFS principles, which generates the need for Financial Security targets, identifies financial pressures and any additional resources for priorities to ensure the Council has a financially sustainable plan.

The Officer's Assets and Capital Group ensures effective arrangements are in place for the design and delivery of capital projects and resources.

The Housing Revenue Account (HRA) Business Plan is the council's 30 year strategic plan for managing and maintaining its housing stock. It sets out the council's short-to-medium term plans and priorities for its housing management services and provides a long term perspective on stock investment and financial plan. The Council's HRA Medium Term Financial Strategy looks at these plans over a five year horizon in greater detail setting out the principles which generates the need for Financial Security targets. Monthly meetings focus on the monitoring and delivery of the HRA Business Plan.

The HRA Medium Term Financial Strategy underpins the Council's key housing priorities for Stevenage as set out in the FTFC agenda 'Excellent Council Homes' and 'Housing Development' and in the Housing Asset Management Strategy. The Council continues to work co-operatively with housing customers to help shape these priorities and associated programmes.

Financial management arrangements conform to the governance requirements of the CIPFA Statement

In March 2019, the Secretary of State released the holding direction on the Council's Local Plan allowing work to proceed to regenerate the town centre, build much-needed new housing and create jobs and opportunities the people of Stevenage need and want. The Local Plan sets out how Stevenage will develop in the future, both in relation to regeneration and growth and will guide development within the town until 2031.

### 2018/19 Governance Enhancement Activity:

- Executive in March 2019 approved a new five year Housing Asset Management Strategy and an action plan for implementation of the strategy over the next five years. The Strategy sets out the underlying principles which sit behind excellent asset management and the key strategic projects and programmes to ensure the council derives maximum value for its assets whilst providing high quality homes for its tenants. The Strategy will allow the Council to meet its strategic goals of having fit for purpose, safe, well maintained and well-presented housing stock, with a view to optimising housing development opportunities where appropriate.
- Executive in July 2018 approved the adoption of a new General Fund Asset Management Strategy and a rolling five year action plan. The Strategy will guide the Council's future strategic property decisions to make sure the estate is managed sustainably and efficiently so it can

adapt and remain fit for the future, and help the Council meet its FTFC aims. The new Strategy sets out clear financial targets to achieve during the next five years to meet the council's financial challenges. To help reach these financial targets, the Strategy recommends seven clear areas for change, including undertaking locality and asset reviews to identify new opportunities to release surplus land and buildings for sale and opportunities to generate new sustained revenue income as well as improving efficiency and utilisation of assets with partners. The Strategy will remain in place until 2023 and the Action Plan will be the key change document and main focus, to be updated annually. A Locality Board has been established and an approach to the review has been agreed by the board. A new post funded from the business rates pool is now in place and will support the community engagement associated with this work.

### **To enhance governance arrangements summarised in the Council's Local Code of Corporate Governance:**

**Housing Asset Management Strategy (2018-2023):** Implementation of the actions identified for 2019/20 to implement the five year Housing Asset Management Strategy Action Plan which was agreed at Executive in March 2019. (Action 1)

**General Fund Asset Management Strategy (2018-2023):** Implementation of the actions identified for 2019/20 to implement the five year General Fund Asset Management Strategy Action Plan which was agreed at Executive in July 2018. (Action 2)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on pages 24 and 25).

### **Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:**

The Housing Revenue Account Business Plan is under ongoing review to ensure a balanced HRA financial plan for the next 30 years, and to ensure there are sufficient HRA funds to support the Council's Housebuilding and Acquisitions Programme. In November 2018, Executive approved an action plan to consider options for reviewing/re-focusing the Housing Revenue Account Business Plan to reflect changes to borrowing rules. In addition the review of service and support charges to tenants and leaseholders which was delayed in 2018/19 will now be carried out in 2019/20.

The Medium Term Financial Strategy (MTFS) and Capital Strategy undergo regular review throughout the year to ensure finances remain robust in the long term and ensure the council can deliver the ambitions set out in the Future Town Future Council programme; deliver a once in a generation investment in the town, through town centre regeneration, housing development and investment in neighbourhoods and become financially self-sufficient.

The Council's Financial Strategy was reported to Executive in September 2018 and updated in the November Financial Security report and as part of the 2019/20 budget setting process. These reports highlighted the need for an on-going Financial Security savings target to fund inflation and service pressures compounded by the loss of central government funding of £5.3Million by 2019/20.

The MTFS as approved by Members in September 2018 had a key principle: 'achieve an on-going balanced budget by 2022/23 by ensuring inflationary pressures are matched by increases in fees and income or reduction in expenditure.'

At the November 2018 meeting, the Executive approved a package of Financial Security budget options, growth and pressures and fee increases to be included in the 2019/20 budget. Officers, together with the Leader's Financial Security Group will be working towards achieving the unidentified Financial Security target of £1.2Million, General Fund and £650K, HRA for the three years 2020/21-2023/24. This Financial Security target includes fees and charges increases and is based on an annual increase in council tax. On-going Financial Security options are required to fund inflationary pressures whilst at the same time absorbing the impact of reductions in government grants.

## Principle D: Determining Intervention

**Principle D: Determining the interventions necessary to optimise the achievement of outcomes requires robust monitoring and decision-making mechanisms to ensure that actions identified are sustainable within available resources.**

### Summary of 2018/19 Review of Effectiveness:

#### Financial Governance Arrangements:

**Figure 9: Financial Security Workstreams**



The Financial Security programme continues to enhance the financial resilience of the council by ensuring resources are used effectively and efficiently and through the development of commercial and entrepreneurial skills and services.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained or qualified staff, and a system of delegation and accountability.

The council's framework of internal financial control is supported by Financial Regulations and Contract Standing Orders. The regulations provide the framework for managing the council's financial affairs. They set out the procedures that the council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services.

#### Monitoring performance:

The performance and quality of each FTFC programme is monitored through a monthly Programme Board. The corporate programme is monitored through assessment of progress against target for a set of corporate performance measures aligned to service priorities.

As part of the Performing at our Peak programme, a new performance management framework was introduced to monitor performance measure results associated with the FTFC Programme together with measures to monitor the delivery of effective services (the corporate programme).

The status of performance for both the FTFC programme and the corporate programme with proposed improvement plans, where necessary, are discussed by senior management prior to Executive on a quarterly basis. In addition the Executive receive separate regular updates on the council's financial position and quarterly overview reports.

A Performance Guide is available to staff on the Council's intranet. The guide sets out the Council's approach to:

- Identifying appropriate performance measures aligned to corporate and services priorities and resource
- Monitoring and reviewing performance measure results to help identify activity to improve outcomes for the community
- Identifying and celebrating business achievements
- Identifying and managing risk
- Ensuring that the overall governance of the organisation is robust.

All of this information provides business insight that helps to drive improvement and deliver outcomes that benefit the community.

The Council also has a Data Quality Policy which outlines the council's commitment to ensuring data quality and arrangements are in place to monitor and enhance the quality of performance data.

### 2018/19 Governance Enhancement Activity:

- The Repairs and Voids service has implemented new delivery and case management arrangements ensuring ownership and accountability for delivery from the point of receipt through to closure. These arrangements have had a positive impact on service performance and have resulted in a much improved follow-up audit report.
- Approval and publication of a new Corporate Procurement Strategy. The Strategy highlights the principles the Council will use to procure and deliver the goods, works and services that will support the Council's overall aims and objectives.
- The Performing at Our Peak Programme had delivered a performance and governance system which provides the Senior Leadership Team access to data and information that form strategic insight and is providing a clearer picture of performance, risk and governance.
- The corporate performance guide has been reviewed to incorporate changes to reflect the monitoring and management of business insight through the new corporate insight system.
- Enhancement of Housing IT system to support customers to self-serve in the future, enabling customers to take responsibility for their Personal Housing Plans, enable better casework monitoring and improved customer communication, capture customer information in one place and enable officers to make more informed decisions and provide a more effective response to customer enquiries.
- A new approach to the identification and implementation of local improvement priorities is now being taken, informed by learning attained as a result of the partnership with two universities and the Department for Digital, Culture, Media and Sport.
- The shared IT Partnership governance arrangements continue to be enhanced. The Shared Services Partnership Board is overseeing the development and implementation of a single IT strategy that will deliver the Council's digital transformation ambitions and ensure that services are delivered that meet customer needs and are fit for the future.
- Executive at its meeting in October approved the business case for a Wholly Owned Housing Development Company which will complement the Council's existing and future property development activity. Once created a Housing WOC will have the ability to purchase, own, develop, sell and rent homes in the private sector at market rents and prices. This will improve the supply of quality homes in the market rent segment in Stevenage. A report is to be brought to a future Executive comprising a fully costs financial projection of the WOC's operational activities and a Business Plan, prior to the WOC commencing trading.

#### To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

**Community Safety:** Implement changes to procedures to enhance document retention arrangements in relation to the enforcement of anti-social behaviour action (action 3)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on page 25)

#### Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:

The Council continues to assess the potential impact of Welfare Reform changes on the community. In October 2018, Universal Credit Live was rolled out in Stevenage. The Council is continuing to identify and work with tenants affected by the reduction in the benefit cap, and under occupancy charges. Together with migration to Universal Credit and later managed migration (legacy benefit claimants moving on to UC), and more recently to support mixed age couples where the youngest partner is below pension credit age. The council are continuing to support tenants on legacy benefits and council tax support

## Principle E: Leadership capacity and capability

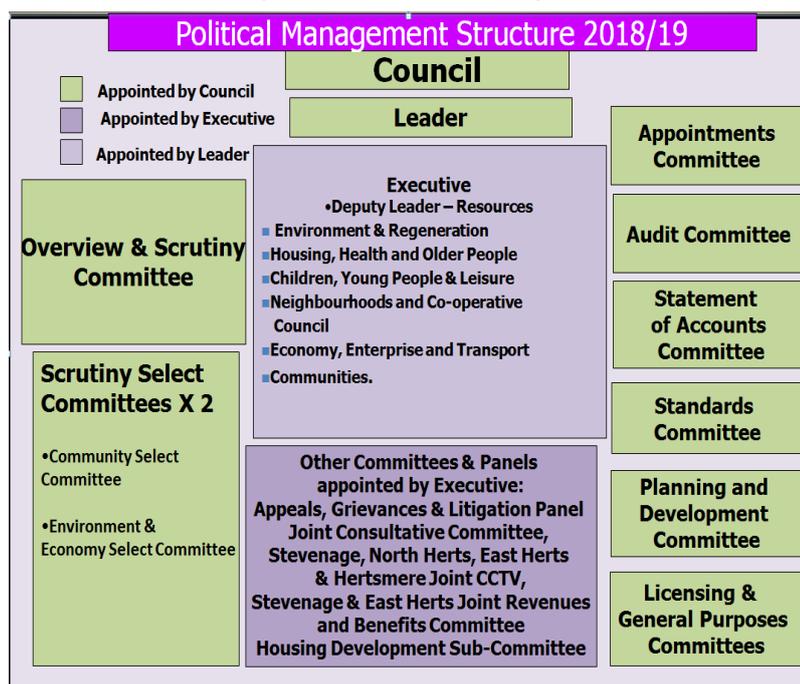
**Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it. The appropriate structures and leadership, as well as people with the right skills and values, enable the Council to operate efficiently and effectively and achieve the best possible outcomes for the community.**

### Summary of 2018/19 Review of Effectiveness:

### The Council's Political Management Structure:

**Figure 10: Political Management Structure 2018/19**

The Political Management Structure diagram summarises the Council's political structure.



All Councillors meet together as the Council. Meetings are generally open to the public and feature a main topical debate item. The Council has an approved Constitution which details how the Council operates, how decisions are made, including delegation of decisions and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The Monitoring Officer ensures that the Constitution remains fit for purpose, that legal requirements are met and that the public interest is paramount in all decision making.

Audit Committee meets quarterly and its duties include advising and

commenting on Internal and external audit matters, anti-fraud and corruption issues, risk management and governance, the Council's Constitution in respect of Contract Standing Orders and Financial Regulations and the Statement of Accounts and related Capital determinations. The Audit Committee has been constituted in line with best practice recommendations from CIPFA guidance.

The Council has structured its processes and procedures for the Executive and Scrutiny Committees plus other Committees such as the regulatory ones, to minimise the risk of it acting in contravention of its own policies and external laws and regulations. The Council also appoints officers, qualified to undertake statutory responsibilities, such as:

- Chief Financial Officer (Assistant Director Finance and Estates) as contained within Section 114 of the Local Government Finance Act 1988.
- Monitoring Officer to meet Section 5 of the Local Government and Housing Act 1989.

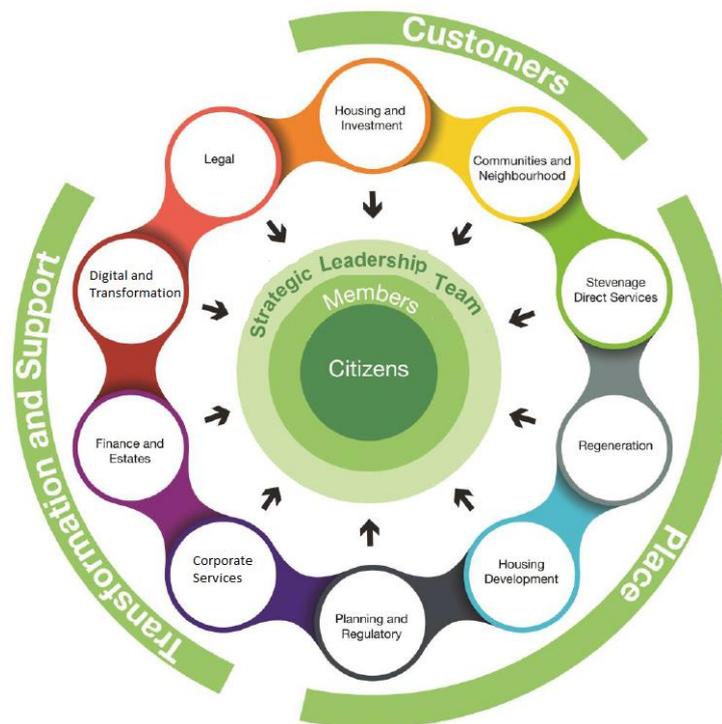
There is a Modern Members Programme which provides Members with a programme of training to ensure they have the skills and knowledge to ensure effective and informed decision making. This training programme covers essential skills such as understanding budgets as well as topical items and briefing on new legislation. The Modern Members Programme is arranged for all elected members, based on their feedback and requests. There is also a programme of induction training and meetings with key officers for newly elected Members.

### The Council's Officer Structure:

The Council aims to create a flexible, collaborative, creative and modern workforce to ensure the council can deliver the priorities set out in the FTFC programme and give residents the standard of services they expect.

The senior leadership team has been structured to drive the development of a sustainable, customer orientated and commercial operating model. The model is focused upon delivering the right services to the right standards, at the right time for the town's residents and businesses, using the most cost/resource effective delivery models.

Figure 11: Officer Structure



The Council's Employer of Choice programme is transforming the way the Council works, ensuring staff have the skills, abilities and experience to deliver excellence.

The Council uses a Human Resources Management system to support workforce planning, training, development and the implementation of the council's new competency framework structure. The Leadership Competency Framework (implemented for posts Level 10 and above) provides a map of the behaviours, as well as the skills, that are valued and recognised by the Council. The Framework will be rolled out to all staff during 2019/20.

The Council has a staff Performance and Improvement Policy and Manager Toolkit, as well as associated policies (Absence Management, Dignity at Work, Disciplinary, Grievance and Appeals policies, Organisational Change Policy, REAL Conversations Policy, Sickness Absence Policy) to encourage all employees to personally deliver the highest standards of service possible and for managers to proactively address performance issues.

### The Council's Target Operating Model:

The Target Operating Model (TOM) (see diagram below) sets out how the Council plans to operate in the future and is designed to ensure that services across the Council are aligned.

The TOM provides a high level representation of how the Council can best organise itself, by shaping process, technology, governance and organisation (structure, roles and responsibilities) to deliver the FTFC programme, corporate strategy and priorities. It was adopted in 2016, following engagement with senior managers and consultation through the Senior Management Review. The adoption of this operating model has already begun to fundamentally alter the shape of the council and the way it operates.

The new operating model has been designed to address the current challenges and the changing public sector context.

Figure 12: Council's Target Operating Model



#### 2018/19 Enhancement Activity:

- A new corporate staff appraisal process (REAL Conversation) was implemented. REAL Conversation is a rolling appraisal process with regular meeting arrangements providing a framework for achieving the best performance on a day to day basis.
- A new intranet went live providing staff with the vital information and tools to help them in their role.
- Working collaboratively with the Council's recognised Trade Unions, staff have been offered the opportunity to develop their literacy, maths and computing skills and attain formal qualifications.
- A training programme for all Housing Advice staff was implemented.
- Training on the Homelessness Reduction Act which came into force 3 April 2018 was provided for the Housing team and services.
- A Fourth Tier Leadership Network has been established with its inaugural meeting held in December 2018.

### To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

**Corporate Capacity:** Continue to implement the restructure of services through Future Council Business Reviews to improve corporate capacity and deliver sustainable services that meet the needs of customers. The Employer of Choice programme's focus for 2019/20 includes a number of strands which will seek to improve the Council's capacity to deliver. These include people development, performance management, ways of working and resourcing. (Action 4)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on page 25-26)

## Principle F: Managing Risks – The Council's risk governance arrangements

**Principle F: Managing risks and performance through robust internal control and strong public financial management. Risk management, together with a strong system of financial management are integral parts of a performance management system and are crucial to the achievement of outcomes.**

### Summary of 2018/19 Review of Effectiveness:

Figure 13: Council's Risk Governance Arrangements



The council consider and counter risk across a broad range of areas. The council has an approved Risk Management Policy and a Risk Management Guide is available to all employees. Strategic risks are linked to the council's priorities and the Strategic Risk Register is reviewed and monitored on a quarterly basis. Operational risks are also developed and monitored. A Corporate Risk Management Group meets quarterly to oversee and review the process and development of the council's approach to risk.

To support service delivery improvements, the Council welcomes constructive challenge as a result of scrutiny from internal/external audit activity, the work programme of Overview and Scrutiny Committee and other external review agencies and inspectorates.

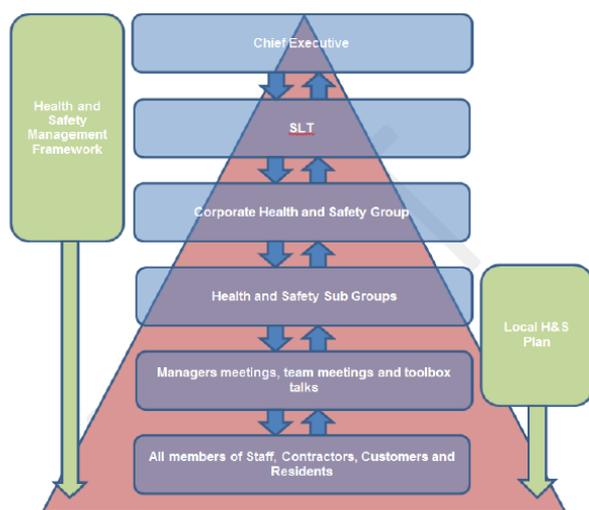
The Shared Anti-Fraud Service's annual Action Plan ensures compliance with the best practice issued by central government, National Audit Office and CIPFA. The Council has an Anti-fraud and Corruption Policy as well as a Whistle-blowing Policy. Data Protection and Information Security responsibilities for staff, and processes for the management of both electronic and manual records are also available.

The ability to identify and assimilate new technologies is an integral part of the Council's aim to achieving its strategic objectives. The Council has a Shared IT service with East Herts which is responsible for developing the shared IT platform as well as delivering IT services. The shared service was established through a partnership agreement between the two Councils in 2013 and the Shared IT Services contract was renewed in August 2018.

The Councils have established an Information Technology Steering Group (ITSG), which meets on a monthly basis and oversees the operation of the Shared IT Service. In addition, the Councils have established an ICT Partnership Board, which also meets on a monthly basis and is responsible for the strategic direction of the service. Both the ITSG and the ICT Partnership Board include senior members of staff from both Councils.

The IT Steering Group and the IT Programme Management Office function facilitates delivery of the projects that supports the Council's Future Town, Future Council programme and the Council's Business Unit reviews alongside the day to day IT service.

The IT service is committed to embracing new digital opportunities to better meet the needs of residents, achieve savings and transform services. A secure, resilient, effective and forward looking Technology Service is critical in delivering these aims. Following a review carried out by the Society of IT Managers (SOCITM), a Technology Improvement Plan was produced. There have been significant changes in the governance structure of the Shared IT Service in 2018/19. The service is now working with Microsoft to develop a new programme of activity to further enhance IT infrastructure and resilience. Following this review, a new draft ICT strategy outlining a two year plan for further improvement and road map is being produced. Elements of capital funding required have been established in the Capital Programme and through the budget setting process for 2019/20.



To enhance council-wide arrangements for the assessment and monitoring of health and safety a Health and Safety Management Framework has been introduced. Assistant Directors have ensured that health and safety responsibilities at each level of management within their business units are clear. An ongoing schedule of review by Assistant Directors and internal/external peers will provide assurance that key health and safety risks are being suitably controlled while identifying areas where improvements can be made and including these into the ongoing action plan. Senior management representation on the Corporate Health and Safety Group ensures the group is providing senior management with the assurances that are required.

**Figure 14: Council's Health and Safety Framework**

New General Data Protection Regulations were approved by the EU Parliament on 14 April 2016 and were enforced on 25 May 2018. The primary objectives of the GDPR are to give citizens and residents back control of their personal data and to simplify the regulatory environment. An action plan to enhance information management arrangements across the council is being implemented. The Council has a Records Governance Manager, Information Asset Owners have been assigned and a Corporate Information Governance Group has been established to embed best practice records management across the council and ensure that customer data is appropriately managed.

### **2018/19 Enhancement Activity:**

- A new generator has been installed to improve power resilience at the Daneshill House Data Centre.

- Migration of the Council's telephone system is complete for East Herts and work has commenced on Stevenage Borough Council's migration with work expected to be complete early in 2019/20.
- A series of IT infrastructure enhancements have also been implemented to provide a more reliable and secure ICT service that supports delivery of more digital solutions.
- Substantial progress has been made to ensure the Council is General Data Protection Regulation (GDPR) compliant and to make sure all staff are aware of their responsibilities with regards to the management of customer data. Training to help service teams understand the importance of good customer information handling has included: GDPR e-learning; bespoke training delivered to field-based operatives at Cavendish Depot and bitesize lunchtime learning sessions for other Council staff. Data Protection policies and guidance have also been updated. Enhancement activity has been reflected in a follow-up SIAS audit report on GDPR Preparedness which provided a 'Good' level of assurance. GDPR compliance has also been enhanced with the implementation of an electronic document management system which allows the Housing and Investment service to process and store fewer documents.
- To ensure and maintain corporate wide oversight and clarity on health and safety compliance and performance across the Council, a new corporate health and safety governance structure has been put in place that provides assurance to senior management that health and safety assessments and activity across the Council are being effectively managed. The Council has a complete database of health and safety risk assessments for all services and all Assistant Directors have carried out self-audits of their services.
- The Shared Anti-Fraud Service (SAFS) have delivered a number of training sessions for staff and a plan has been developed to deliver additional sessions to front line customer service staff to assist in the identification and reporting of false documents
- Working with HR Teams across the County, SAFS have developed and published an e-learning package for staff and Members linked to the Council's policies and fraud reporting processes.
- SAFS have worked closely with senior officers to ensure that the Council is able to comply with the statutory National Fraud Initiative (NFI).
- A new Compliance Manager has been appointed to monitor the health and safety of Council buildings
- Enhanced IT Shared Service Partnership arrangements have been implemented and are now embedded.
- A BREXIT impact assessment to assess operational risks and mitigation actions to ensure vital services continue to work effectively in the event of a no deal EU withdrawal was considered by Executive in January 2019.
- SIAS provided 'Good' assurance for both the Council's Corporate Governance and Risk Management arrangements for 2018/19.

### To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

- **Cyber Security, IT Resilience and Governance:** The Shared IT Service to continue to develop and implement a strategy and programme of activity to enhance IT infrastructure, cyber security, governance, policy framework and IT resilience. (Action 5)
- **Information Management:** Continue to enhance and embed information management arrangements across the Council to ensure that best practice records management continues to be applied and customer data is appropriately managed.(Action 6)
- **Corporate Health and Safety:** Embed the new Health and Safety Framework to ensure health and safety compliance and performance across the Council. (Action 7)
- **CCTV Partnership:** The governance framework and business plan for the CCTV Partnership to be reviewed by the CCTV Joint Executive and Company Board of Directors. (Action 8)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on pages 26 and 27)

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

**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability** will ensure that the Council provides information regarding the completion of actions in a timely and understandable way.

### **Summary of 2018/19 Review of Effectiveness:**

Reporting on performance, value for money, the stewardship of resources and the assessment of robust corporate governance arrangements are provided throughout the year through:

- Quarterly financial monitoring reports to Executive
- Quarterly FTFC and corporate performance status reports to Executive
- Annual publication of Statement of Accounts
- Publication of the Annual Governance Statement
- the council's Annual Report

The council complies with requirements outlined in the Local Government Transparency Code 2015. Compliance is monitored throughout the year by Corporate Governance Group.

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2018/19 arrangements is set out on pages 5 and 6 of this Statement outlining assurance for both financial and non-financial systems.

For 2018/19 the Shared Internal Audit Service assigned 'Good' assurance for financial systems and 'satisfactory' assurance to non-financial systems. Actions to enhance governance for the areas highlighted have been identified and prioritised.

The Council's External Auditors, Ernst and Young, advised Audit Committee in July 2018 in their Annual Audit Letter for 2017/18 that the council's financial statements give a true and fair view of the financial position of the Council at 31 March 2018 and its expenditure and income for the year then ended. The letter also advised that other information published with the financial statement was consistent with the Annual Accounts. The Auditors also concluded that the Council has put in place proper arrangements to secure value for money in our use of resources and that our Annual Governance Statement for 2017/18 was consistent with the Ernst and Young's understanding of the Council.

**Arrangements reflect those summarised in the Council's Local Code of Corporate Governance – No significant opportunities to enhance governance have been identified.**

## **Corporate Governance Calendar 2018/19**

The following corporate governance calendar summarises activity and enhancements delivered throughout the year to ensure compliance with the corporate governance arrangements outlined in the Council's Local Code and outlines progress made against the improvement actions identified in the 2017/18 Annual Governance Statement.

## Corporate Governance Calendar April 2018-September 2018

## Apr 2018

-  Internal Audit of **Corporate Governance** arrangements achieves '**Substantial**' assurance for areas assessed
-  Internal Audit of **Risk Management** arrangements achieves '**Full**' assurance for areas assessed
-  **Corporate Governance Group** carried out a **review of Principle E** of the CIPFA/SOLACE Framework

## May 2018

-  **Annual Council** agree the political management structure of the Council
-  **New Members** attend **induction programme**

## June 2018

-  **Audit Committee** recommended the 2017/18 AGS to **Statement of Accounts Committee**
-  **Head of Assurance** confirms to Audit Committee the '**fitness for purpose**' of **internal audit** to carry out the work that informs the assurance opinion for 2018/19
-  **Corporate Procurement Strategy** approved

To meet a 2018/19 AGS action, a new generator was installed at Daneshill House to improve IT resilience

## July 2018

-  **Annual Scrutiny Report** submitted to Council
-  **2017/18 Annual Report and Performance Review** approved by Executive
-  **2017/18 Statement of Accounts** reported to the Statement of Accounts Committee
-  Appointment of **Independent Person** to serve on the Audit Committee
-  Launch of **REAL Conversations and Staff Survey**

To meet a 2018/19 AGS action, The General Fund Asset Management Strategy was approved by Executive

## Aug 2018

-  Council's **Constitution and Contract Standing Orders** updated

To meet a 2018/19 AGS action, training to ensure staff are aware of their responsibilities with regards to management of customer data. Data Protection policies and guidance have been updated. SIAS audit report on GDPR Preparedness provided a 'Good' level of assurance

## Sep 2018

-  Executive approves **General Fund and HRA MTFS 2018/19-2022/2023**
-  Annual report of Shared **Anti-Fraud Service for 2017/18** to Audit Committee
-  **External Auditors** advise **Audit Committee** that the council's **financial statements give a true and fair view** of the financial position of the Council at 31 March 2018 and of its expenditure and income for the year then ended
-  **Corporate Governance Group** carried out a **review of Principles D & F** of the CIPFA/SOLACE Framework

## Corporate Governance Calendar October 2018 - March 2019

## Oct 2018

-  Council approves the **Annual Treasury Management Review of 2017/18 including prudential code**
-  **Executive** approve the business case for establishing a **Wholly Owned Housing Development Company**

## Nov 2018

-  **Corporate Governance Group** carried out a review of **Principles A and B** of the CIPFA/SOLACE Framework
-  **Housing Revenue Account MTFS (2018/19-2022/23) and Business Plan Update** considered by Audit Committee

## Dec 2018

-  New **Scheme of Delegation** approved at Council

To meet a 2018/19 AGS action, new delivery and case management arrangements have been implemented in the Repairs and Voids service which have had a positive impact on service performance

## Jan 2019

-  Council approve the **Housing Revenue Account Final Budget Proposals, Rent Setting and Draft Council Tax Support Scheme 2019/20**
-  Overview and Scrutiny Committee consider the **2019/20 Draft Capital Forward Plan, Five Year Capital Strategy Update and 2019/20 Council Tax setting and General Fund Budget** for submission to Executive and Council

To meet a 2018/19 AGS action, a new corporate health and safety governance structure has been put in place that provides assurance to senior management that health and safety is being effectively managed

## Feb 2019

-  Council approves the **2019/20 Council Tax, General Fund and Capital budgets, and the Annual Treasury Management Strategy including Prudential Code Indicators 2019/20**
-  **Members' Allowances Scheme 2019-20** approved at Council
-  **Pay Policy Statement for 2019/20** approved by Council
-  Council approves the **Interim appointment of Chief Executive**
-  **Executive** approves a new **Community Engagement Framework and Toolkit**

## Mar 2019

-  **Audit Committee** note the self-assessment of compliance against the **CIPFA/SOLACE Framework'**
-  Internal Audit of **Corporate Risk Management** arrangements achieved **Good Assurance** and **Corporate Governance** arrangements achieved **Good Assurance** for areas assessed

To meet a 2018/19 AGS action, a new five year **Housing Asset Management Strategy** was approved at Executive

To meet a 2018/19 AGS action **Business Unit reviews** have been carried out in a number of **Business Units** throughout the year

## Planned Improvement Activity for 2019/20:

Significant internal control and governance issues identified as part of the 2018/19 review of the Governance Statement are summarised on page 4, identified in the relevant section throughout this Statement and set out in the following Action Plan.

Enhancement activity is deemed significant if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service following reviews of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the associated delivery of priority outcomes should be addressed.

There are currently a few high level strategic risks where related mitigation activity is identified throughout this document as ongoing governance monitoring, such as:

- The Housing Revenue Account (HRA) Business Plan, (agreed by Executive November 2018) is under ongoing review to ensure a balanced HRA financial plan for the next 30 years, and to ensure there are sufficient HRA funds to support the Council's Housebuilding and Acquisitions Programme (see page 12)
- The Medium Term Financial Strategy and Capital Programme are under ongoing review to ensure finances remain robust in the long term and ensure the Council can deliver the ambitions set out in the Future Town Future Council Programme; deliver a once in a generation investment in the town, through town centre regeneration, housing development and investment in neighbourhoods and become financially self-sufficient. There remains significant pressure identified in the General Fund report to the Executive (January 2019) which will mean that the Financial Security targets need to be achieved to meet a contribution to balances in 2022/23 (see page 12)
- Risks associated with the impact of Welfare Reform on the community and Council have been identified. The Council is continuing to assess potential impacts through business insight (see page 14)

Action Ref	Action	Target Date
1	<p><b>To implement the first phase of the Action Plan to deliver the five year Housing Asset Management Strategy (2019-2024) the following activity is planned (AD Housing and Investment):</b></p> <ul style="list-style-type: none"> <li>• Carry out a programme of work to improve understanding of the Council's housing stock and its condition to enable effective investment decisions</li> <li>• Carry out a review of asset data to develop understanding of asset performance and deliver a programme of improvements</li> <li>• Establish a standard methodology for carrying out options appraisals and use the appraisals to guide investment decisions</li> <li>• Carry out a programme of work to continue to ensure safe homes</li> <li>• Carry out a programme of work to maintain compliance with the decent Homes standard across the stock</li> </ul>	<p>2019-20</p> <p>Review 2019/20 Implement 2019-2024</p> <p>Review 2019-2020 Implement 2019-2024</p> <p>2019-2024</p> <p>To be confirmed</p>

Action Ref	Action	Target Date
	<ul style="list-style-type: none"> <li>• Develop effective programmes to deliver the objectives of the strategy and wider Council strategies</li> <li>• Carry out a review of repairs costs and analyse the financial viability to take on subcontracted works in-house to deliver a value for money' repairs service which meets the needs of customers</li> <li>• Review the structure, processes and systems used by the Repairs and Voids service as a whole to ensure the service being provided is the best possible</li> <li>• Carry out a programme of work to ensure assets are energy efficient and champion environmental sustainability</li> <li>• Carry out a review and implement recommendations to ensure the best use of adapted stock and deliver an efficient adaptation programme to meet the requirements of residents</li> <li>• Carry out a review and implement recommendations to provide quality homes and sustainable tenancies whilst limiting the time properties are void</li> </ul>	<p>2019-2020</p> <p>2019-2021</p> <p>2019-2024</p> <p>2019-2024</p> <p>Review 2019-2020 Implement 2019-2024</p> <p>Review 2019-2020 Implement 2019-2024</p>
2	<p><b>To implement the General Fund Asset Management Strategy which was approved in July 2018, the following activity is planned (AD Finance and Estates):</b></p> <ul style="list-style-type: none"> <li>• Review condition and relevance of the current commercial portfolio to determine capital investment requirements</li> <li>• Review the Council's commercial portfolio</li> <li>• Implement Locality Reviews</li> </ul>	<p>2019-2020</p> <p>2019-2021</p> <p>2019-2021</p>
3	<p><b>To enhance document retention arrangements in relation to the enforcement of anti-social behaviour action, the following activity is planned (AD Communities and Neighbourhoods)</b></p> <ul style="list-style-type: none"> <li>• Changes to procedures to be implemented to ensure enhanced document retention arrangements</li> </ul>	<p>2019-2020</p>
4	<p><b>To ensure there is there is corporate capacity to deliver sustainable services that better meet the needs of customers, the following activity is planned (All Assistant Directors):</b></p> <ul style="list-style-type: none"> <li>• Continue to implement the restructure of services through Future Council Business Reviews</li> <li>• Carry out a skills/capacity gap analysis and put in place targeted management and staff activity in response</li> </ul>	<p>2019-2020</p> <p>2019-2020</p>

Action Ref	Action	Target Date
	<ul style="list-style-type: none"> <li>Introduce tools and techniques to manage change effectively whilst maximising levels of staff engagement</li> <li>Develop communication/engagement strategies that enable all staff to have a clear understanding of organisational direction and the desired culture, behaviours and ways of working</li> </ul>	<p>2019-2020</p> <p>2019-2020</p>
5	<p><b>To enhance IT infrastructure, cyber security, governance arrangements, policy framework and resilience the Shared IT service to continue to develop and implement a strategy and programme of activity as follows: (AD Corporate Services and Transformation):</b></p> <ul style="list-style-type: none"> <li>Complete telephone enhancement activity</li> <li>Windows 2008 replacement programme</li> <li>Email filtering replacement</li> <li>Strengthen anti-virus arrangements</li> <li>Enhance network security management arrangements</li> <li>Enhance policy and training arrangements</li> <li>Review the Council's IT perimeter security arrangements</li> <li>Review access controls</li> <li>Complete the infrastructure review and produce a new ICT strategy and road map to improve ICT resilience and security</li> <li>Horizon VCI Upgrade</li> <li>Completion of the IT infrastructure refresh</li> </ul>	<p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2020-2021</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2019-2020</p> <p>2020-2021</p>
6	<p><b>To continue to enhance and embed information management arrangements to ensure that best practice records management across the Council continues to be applied and customer data is stored securely and appropriately managed the following activity is planned: (AD Corporate Services and Transformation)</b></p> <ul style="list-style-type: none"> <li>Review of data sharing arrangements with local authority partners and public agencies</li> <li>Review and update supplier agreements</li> <li>Review and enhance GDPR ICT security compliance</li> <li>Review of data security policies</li> <li>Review and carry out a further phase of GDPR staff training</li> </ul>	<p>2019-20</p> <p>2019-20</p> <p>2019-20</p> <p>2019-20</p> <p>2019-20</p>
7	<p><b>To embed the new Health and Safety Framework to ensure health and safety compliance and performance across the Council the following activity is planned: (AC Corporate Services and Transformation)</b></p> <ul style="list-style-type: none"> <li>Health and safety training needs to be identified for all roles across the Council</li> <li>Embed the new Health and Safety Framework and arrangements</li> </ul>	<p>2019-2020</p> <p>2019-2020</p>

Action Ref	Action	Target Date
8	<p><b>To review and enhance the Governance Framework and arrangements for the CCTV Partnership the following activity is planned: (AD Communities and Neighbourhoods)</b></p> <ul style="list-style-type: none"> <li>• Review of Governance Framework</li> <li>• Approval of new Governance Framework, Partnership Agreements, Shareholders Agreement and Terms of Reference</li> <li>• Development of a new five year rolling Business Plan for the Partnership</li> <li>• Review of reporting arrangements for the Partner Authorities</li> </ul>	<p>2019-20</p> <p>2019-20</p> <p>2019-20</p> <p>2019-20</p>

**Approval of Statement:**

**Approval of Statement by Interim Chief Executive and Leader of the Council**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Strategic Leadership Team, relevant officers and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Areas to enhance the governance framework already addressed are summarised in the Corporate Calendar set out on pages 22 and 23. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 24-27.

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 .....  
Date .....  
Cllr Sharon Taylor  
Leader of Stevenage Borough Council

Signed .....  
Date .....  
Matt Partridge  
Interim Chief Executive of Stevenage Borough Council

**Annual Governance Statement (AGS):  
Local Framework for compiling the AGS: Setting out the process**

The Council is required to prepare an Annual Governance Statement (AGS) and to present it alongside the Statement of Accounts. The AGS is a public assurance that the Council has a sound system of internal control, and robust corporate governance arrangements, designed to help manage and control its risks. It is an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.

CIPFA/SOLACE guidance suggests that the process for compiling the AGS should be clearly set out and provided as part of supporting evidence.

This document sets out the approach Stevenage Borough Council takes in compiling its Annual Governance Statement. The development of the AGS culminates from a continuous review process designed to enable the authority to review and improve its governance arrangements.

The framework includes timescales for compiling the evidence and writing the statement and sets out who will provide evidence.

This document is intended for use by:

- a) Officers charged with the responsibility of gathering evidence and coordinating the Council's approach to compiling the Governance Statement
- b) Members and managers who need to be aware of the Council's approach to compiling the Annual Governance Statement.

This is designed to be a working document, through which areas for improvement and further development of the process will be identified.

**Statutory Framework**

Revising and consolidating previous legislation, the 2015 Accounts and Audit (England) Regulations came into force on 1 April 2015 and require the Council to prepare an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, to accompany the Statement of Accounts.

In 2006, CIPFA/SOLACE produced a publication called, *Delivering Good Governance in Local Government: Framework and Guidance*. In April 2016, CIPFA/SOLACE published a reviewed *Framework and Guidance* that reflects the *International Framework: Good Governance in the Public Sector* developed by CIPFA/IFAC published July 2014.

## **Local Code of Governance**

The term 'Local Code' essentially refers to the governance structure in place at the council. To achieve good governance, a local authority should be able to demonstrate that its governance structures comply with those outlined in the 'Delivering Good Governance' Framework. The CIPFA/SOLACE Framework states that the authority should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles identified in the Framework.

The council's Local Code that summarises the system by which the Council directs and controls its functions and relates to the local community was revised to enhance the assessment process and approved by Audit Committee in June 2017 with full review due every three years, with the next full review in June 2020.

The Department for Communities and Local Government clarified that the Annual Governance Statement was assigned 'proper practice' status in August 2006 and therefore has statutory backing.

## **The Annual Governance Statement Process**

It is important that the Annual Governance Statement results from an ongoing process to contribute towards the embedding of good governance across the Council, and not just an end of year activity.

In order to proactively review governance in-year, Corporate Governance Group (CGG) meets a minimum of four times a year to oversee key elements of assurance for each of the Seven Principles of good governance. A core group of officers attends each meeting. Other corporate groups' terms of reference include the responsibility to escalate any issues to CGG which may impact on any area of the organisation's governance. Corporate Risk Group and Corporate Governance Group are closely aligned in order to enhance the links between risks and governance arrangements.

The approach to monitoring corporate governance promotes continuous review and update of information and regular monitoring of action plans.

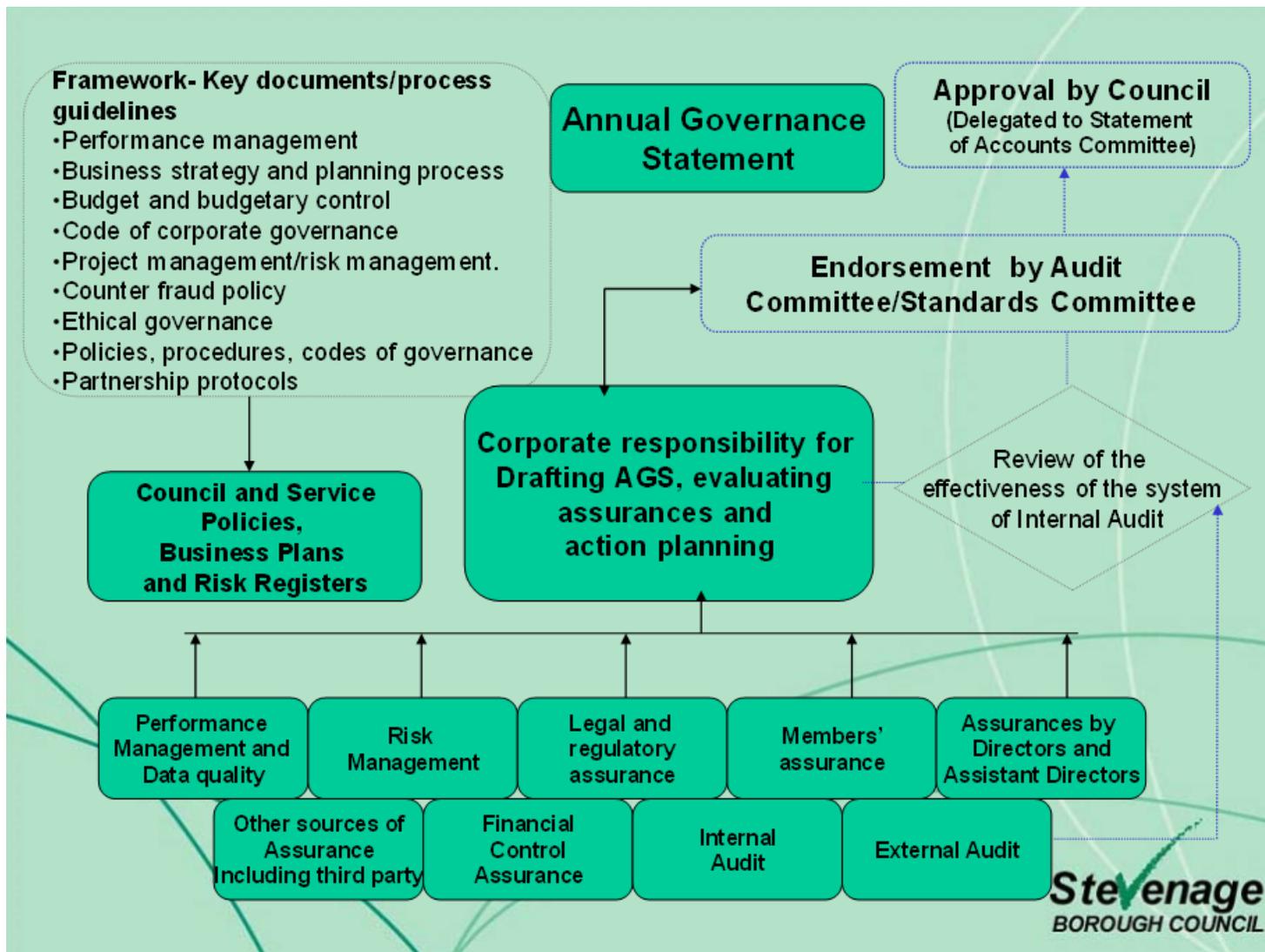
The AGS is compiled following a review of the effectiveness of systems of internal control. The review involves the Senior Leadership Team as well as specific responsibilities for Internal Audit and the Corporate Governance Group, as shown in the table below.

The AGS will be considered at the Audit Committee on 11 June 2019. The Leader of the Council and the Interim Chief Executive will sign the statement, prior to publication along with the Statement of Accounts.

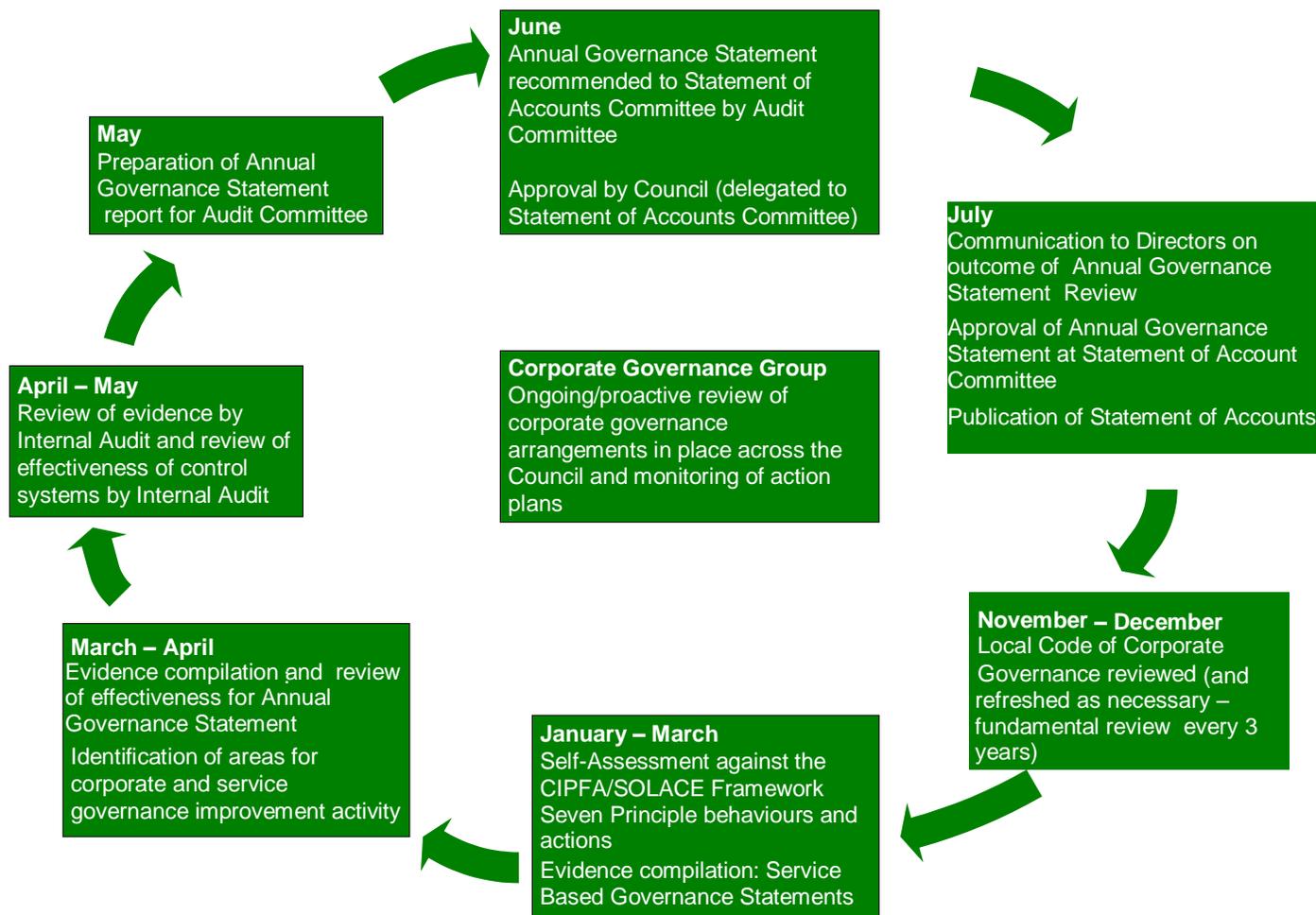
## **Roles and Responsibilities**

<b>Group of Individuals</b>	<b>Role &amp; Responsibilities</b>
Leader of the Council and Chief Executive	<ul style="list-style-type: none"> <li>• Sign off the Annual Governance Statement to accompany the Statement of Accounts</li> </ul>
Council (Delegated to Statement of Accounts Committee)	<ul style="list-style-type: none"> <li>• Approval of Annual Governance Statement alongside the Statement of Accounts following recommendation from Audit Committee</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Ensure the authority's Annual Governance Statement properly reflects the risk environment and identifies any actions needed for improvement</li> <li>• Consider the effectiveness of the authority's overall governance and control environment, risk management and anti-fraud and corruption arrangements</li> <li>• Seek assurance that action has been taken on risk related issues identified by Internal and External Audit and other inspections</li> </ul>
Elected Members (individually or collectively)	<ul style="list-style-type: none"> <li>• Approving and adopting relevant Codes and registering interest</li> </ul>
Corporate Governance Group Core membership: <ul style="list-style-type: none"> <li>• Assistant Director Finance and Estates (S151 Officer)</li> <li>• Monitoring Officer (Head of Shared Legal Service)</li> <li>• AD Corporate Services</li> <li>• Human Resources and Organisational Development Management representative</li> <li>• Records Governance Manager</li> <li>• Strategic ICT and Partnership Manager</li> <li>• AD Housing and Investment</li> <li>• Corporate Performance and Improvement Officer</li> <li>• Representative from the Shared Internal Audit Service</li> <li>• Representative from the</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing/proactive review of corporate governance arrangements in place across the Council</li> <li>• Moderation of Service Based Governance Statements and ongoing support to Assistant Directors in identification of appropriate actions</li> <li>• Action planning in response to the review of the Council's governance arrangements</li> <li>• Compilation of evidence to support the Annual Governance Statement, including monitoring completion of identified actions</li> <li>• Compilation of Annual Governance Statement and supporting documentation</li> </ul>

<b>Group of Individuals</b>	<b>Role &amp; Responsibilities</b>
Shared Anti-Fraud Service	
Monitoring Officer	<ul style="list-style-type: none"> <li>• Contribution to Annual Governance Statement by providing assurance that the Council as a whole is responding adequately to legislation and legislative change</li> </ul>
Section 151 Officer	<ul style="list-style-type: none"> <li>• Contribution to Annual Governance Statement by providing assurance that the Council as a whole has effective controls in place to manage its finances efficiently and effectively</li> </ul>
Assistant Directors	<ul style="list-style-type: none"> <li>• Annual assurance on the effectiveness of controls in place and governance arrangements (including response to legislative change, risk management and performance management) through Service Assurance Statements</li> <li>• Maintain awareness of and promote service governance arrangements</li> <li>• Identify areas of service control weakness and action plan in response to this</li> </ul>
Corporate Policy and Business Support Team	<ul style="list-style-type: none"> <li>• Provide assurance on the Council's governance and risk management processes and procedures</li> </ul>
Internal Audit (Shared Internal Audit Service) and Head of Shared Anti-Fraud Service	<ul style="list-style-type: none"> <li>• Provide independent review of corporate governance arrangements and compliance with arrangements in place</li> <li>• Assist in identifying areas for improvement and action planning</li> </ul>
Corporate Groups	<ul style="list-style-type: none"> <li>• Escalate any significant governance issues to Corporate Governance Group</li> </ul>
All Employees	<ul style="list-style-type: none"> <li>• Maintain awareness and contribute to the control process where appropriate</li> </ul>



**Timeline for the compilation of the Annual Governance Statement and monitoring of governance arrangements**



The process and timescales for compiling the Annual Governance Statement are part of the ongoing review and improvement of the Council's governance arrangements and not an isolated year end activity

**Corporate Backbone**

**A. Behaving with Integrity**

**B. Stakeholder Engagement**

**C. Defining Outcomes**

**D. Determining Interventions**

**E. Leadership Capacity and Capability**

**F. Managing Risk**

**G. Transparency and Accountability**

Corporate Governance comprises the policies and procedures in place and values and behaviours that are needed to help ensure the organisation runs effectively, can be held to account for its actions and delivers the best possible outcomes for the community with the resources available



**Key Documents**

Constitution  
 Member and Officer Codes of Conduct  
 Member/Officer Protocols  
 Register of Pecuniary Interests  
 Members Allowances Scheme  
 Financial Regulations  
 Contract Standing Orders  
 Medium Term Financial Strategy  
 Capital Strategy  
 Corporate Procurement Strategy  
 General Fund Asset Management Strategy  
 Housing Asset Management Strategy  
 Statement of Accounts  
 FTFC Corporate Plan  
 Annual Report  
 Community Strategy  
 Equality and Diversity Policy  
 Competency Framework  
 Performance Framework  
 Risk Management Policy & Guide  
 Audit Plan  
 Annual Audit Letter  
 ICT User Policy

HRA Business Plan  
 People Strategy  
 Workforce Plans  
 Competency Framework  
 Disciplinary Policy  
 Recruitment Policy  
 R.E.A.L. Conversations Policy  
 Job Evaluation Policy  
 Organisational Change Policy  
 Performance Improvement Plan  
 Corp Health and Safety Policies  
 Data Protection Policy  
 Freedom of Information Policy  
 Information Security Policy  
 Whistle Blowing Policy  
 Anti-Fraud & Corruption Policy  
 Complaints Policy & Procedures  
 Business Continuity Plans  
 Social Media Policy  
 Local Plan  
 Data Quality Policy  
 Gifts and Hospitality Register  
 Policy for Handling Personal Data  
 Document Retention Guidance

**Contributory Processes/Regulatory Monitoring**

Annual Governance Statement  
 Audit and Standards Committee  
 Overview & Scrutiny Arrangements  
 Head of Paid Service  
 Independent Officer  
 Section 151 Officer  
 Monitoring Officer  
 Financial Reporting  
 Modern Member Programme  
 Corporate Risk Group  
 Corporate Governance Group  
 Governance & Compliance Groups  
 Housing Management Board  
 Council's Values and Behaviours  
 Health & Safety Framework  
 Strategic Health and Safety Group  
 Health and Safety Sub Groups  
 Intranet and Council's Website  
 Publication Scheme  
 Freedom of Information Procedures  
 Council Tax Leaflet/Information  
 Customer Feedback process  
 Equality Impact Assessments  
 Officers Capital Group  
 Data Protection Impact Assessments

Leaders Financial Security Group  
 Staff Satisfaction Surveys  
 Member and Staff Induction  
 Community Engagement Framework  
 External Audit  
 Shared Internal Audit Service  
 Shared Anti-Fraud Service  
 Shared Services Agreements  
 Strategic Partnership Agreements  
 Shared Service Partnership Boards  
 Job Descriptions & Job Evaluation process  
 Schedule of Council meetings  
 Overview & Scrutiny  
 Contract Management training  
 Learning & Development Programme  
 Leadership Forum  
 CE Roadshows  
 Key Financial Indicators  
 Data Transparency Webpage  
 RIPA arrangements

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## Overview of Service Assurance Statements 2018/19

### Background

All Assistant Directors were asked to complete the annual review and update of their Service Assurance Statements for 2018/19. This process involves the following elements:

- Review of the operation of the Council's system of internal control within their service area
- Assurance that the control environment operated effectively during 2018/19 in respect of the service areas for which they have responsibility
- Review of actions taken during the year to address any weaknesses and identification of any further areas for improvement in 2019/20.

### Summary of progress against actions for delivery in 2018/19

Action identified for 2018/19	Progress	Service
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</b>		
Action carried over from 2017/18: Implement changes in Housing working practices to reflect the legal requirements of the Housing and Planning Act e.g. sale of high value voids, fixed term tenancies etc.	<b>No longer applicable.</b> The Government has now advised that the Higher Value Void Levy is not now going ahead. The Government has also advised that it will not be making changes to fixed term tenancies 'at this time'.	Housing and Investment
The results of the 'Big Knock' housing survey carried out in November 2017 identified an action to enhance communication with residents regarding Housing Investment activity	<b>Complete.</b> Resident consultation is carried out prior to Housing & Investment service changes which may have an impact for residents	Housing and Investment
Improvements in business intelligence to identify service weaknesses and enhance service delivery to form part of the SDS Future Council Business	<b>In progress.</b> Performance data is now being used to inform service scorecards. A case management system is being procured for the SDU's environmental functions which will provide end to end information exchange to enhance service intelligence. This action to carry over to 2019/20 to reflect the implementation and embedding of the new Case Management system once it is procured.	Stevenage Direct Services
Newly appointed Waste Operations Manager to carry out a review of contract management arrangements within Stevenage Direct Services	<b>Complete.</b> Contract management arrangements have been reviewed across the Business Unit and monitoring mechanisms are now in place. A new post of Commercial Contract Manager has been appointed in the Repairs Service.	Stevenage Direct Services

Action identified for 2018/19	Progress	Service
Procurement process within Stevenage Direct Services to be enhanced to secure contracts for subcontracted work	<b>Complete.</b> Contract management arrangements have been reviewed across the Business Unit and monitoring mechanisms are now in place A new post of Commercial Contract Manager has been appointed in the Repairs Service.	Stevenage Direct Services
Activity to further embed expected behaviours in Stevenage Direct Services to be carried out in 2018/19	<b>Complete.</b> A SDS Customer Charter has been developed aligned to the council's values as well as expected officer conduct and behaviour. The SDS Customer Charter model is to be rolled out corporately.	Stevenage Direct Services
SDS Business Review to include enhancement of communications to Stevenage Direct Services staff	<b>Complete.</b> There is now a new a SDS Change and Action Team, made up of operational staff and middle management. AD SDS meets with the whole unit every six months and sends out monthly blogs to staff. Managers receive fortnightly key messages from SLT meetings.	Stevenage Direct Services
Carry out a review of Financial Regulations and Contract Standing Orders to reflect organisational changes	<b>In progress.</b> A review of Contract Standing Orders to reflect organisational changes has been carried out. A review of the Council's Financial Regulations is scheduled for 2019/20.	Finance and Estates
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
Phase One of the Housing All Under One Roof Programme to review and enhance computer generated documentation aimed at residents	<b>In progress.</b> To be carried over to 2019/20 due to rescoping of activity.	Housing and Investment
SDS Future Council Business Review to include enhancement of customer insight, customer interaction and competing customer demands	<b>In progress.</b> Phase one of the SDS Future Council Business Review has been carried out. Phase 2 to be carried out in 2019/20 to further enhance service delivery arrangements	Stevenage Direct Services

Action identified for 2018/19	Progress	Service
<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>		
<p>SDS Business Review to ensure service provision is sustainable within the resources available and that best value is achieved.</p>	<p><b>Complete.</b> As part of the implementation of Phase one of the Future Council Business Unit review, a model has been developed to ensure the service can meet service requirements and customer demand.</p>	<p>Stevenage Direct Services</p>
<p>The Waste and Recycling Scrutiny Review will now be incorporated into the Overview and Scrutiny presentation on the SDS Future Council Business Review</p>	<p><b>In progress.</b> A Waste Scrutiny Review has taken place and recommendations are currently being implemented. A new action to be added for 2019/20 to reflect the further enhancement activity which will be carried out as a result of the review.</p>	<p>Stevenage Direct Services</p>
<p>Service standards and a customer charter are to be developed for SDS with an annual service plan directing the efforts of all service areas</p>	<p><b>Complete.</b> Service Plan and customer charter have been developed which sets out quality standards for each service element.</p>	<p>Stevenage Direct Services</p>
<p>A review of SDS policies to ensure services operate to approved standards</p>	<p><b>In progress.</b> Further work is required to complete this action. This action to be carried over to 2019/20.</p>	<p>Stevenage Direct Services</p>
<p>Inclusive Play Policy to be developed to enhance access to services</p>	<p><b>On hold:</b> This action is currently on hold due to review of service delivery offer. This action to be carried over to 2019/20.</p>	<p>Communities and Neighbourhoods</p>
<p>Communities and Neighbourhoods Business Review to consider more sustainable funding options to introduce more permanent and sustainable workforce arrangements and enhance long term service planning</p>	<p><b>Complete.</b> The Future Council Business Review has been implemented and has enhanced the sustainability of service allowing enhanced long term service planning</p>	<p>Communities and Neighbourhoods</p>
<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>		
<p>Business Review to inform service planning within the Communities and Neighbourhoods Service</p>	<p><b>Complete:</b> Service Planning workshops were held for all staff in February 2019. All three Service areas have now produced service plans</p>	<p>Communities and Neighbourhoods</p>

Action identified for 2018/19	Progress	Service
Implement the ITIL delivery programme for the Technology Shared Service	<b>Complete.</b> The Information Technology Infrastructure Library (ITIL) practices and processes have been implemented.	Corporate Services
<b>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>		
Training identified by the Housing and Investment Service training needs analysis carried out in 2017/18 to be implemented in 2018/19	<b>In progress.</b> Continued implementation of training identified by the Training Needs Analysis to be carried out in 2019/20. Action to be carried over to 2019/20.	Housing and Investment
Job descriptions for staff in Housing and Investment to be reviewed and updated to reflect changes identified during the Housing and Investment Business Review	<b>In progress.</b> Job descriptions for all Tier 4 posts have been reviewed and updated. Job descriptions to be reviewed and updated for all other posts below Tier 4 during the next phase of the Future Council Business Review. Action to be carried over to 2019/20.	Housing and Investment
SDS Business Review to ensure regular review of activities, outputs and outcomes takes place to inform future service delivery	<b>Complete.</b> Arrangements have been put in place to ensure that the review of activities, performance and outcomes are an integral part of SDS systems	Stevenage Direct Services
Benchmarking and collaborative working to be used more extensively to inform SDS service improvements and achieve added value	<b>Complete.</b> Benchmarking is carried out via information from APSE (Association for Public Service Excellence). Greater business intelligence and insight is being provided by the recent procurement of APSE LAMS (Land Audit Management System) which allows the service to monitor greenspace and street cleanliness quality levels in the borough.	Stevenage Direct Services
SDS Business Review to enhance workforce planning	<b>In progress:</b> A new SDS workforce plan has been developed but has not yet been implemented. This action is therefore carried over to 2019/20.	Stevenage Direct Services
Learning and Development programme for SDS to be reviewed and strengthened and forms part of the SDS Business Review	<b>Complete.</b> A Learning and Development review has identified staff training needs. A Business Unit Training Log has been developed and HR are assisting with implementation of the new arrangements.	Stevenage Direct Services

Action identified for 2018/19	Progress	Service
Job descriptions for staff in SDS to be reviewed and updated to reflect changes identified during the SDS Future Council Business Review	<b>In progress.</b> All Tier 4 posts have new job descriptions as part of the Future Council Business Reviews. All other job descriptions to be reviewed during the second phase of the business reviews. This action to therefore be carried over to 2019/20.	Stevenage Direct Services
A Health and Safety Specialist Company are currently undertaking a review of health and safety through the Business Unit. The review is expected to be completed by end of June 2018.	<b>Complete:</b> The review of Health and Safety has informed the development and implementation of a new SDS Health and Safety governance framework. AD SDS attends the Strategic Health and Safety Group and chairs the SDS Health and Safety Group. There is now an escalation route for high level service health and safety concerns to SLT.	Stevenage Direct Services
Review of Street Cleansing performance data collection and performance reporting	<b>Complete.</b> Street Cleansing performance data collection and performance reporting has been reviewed.	Stevenage Direct Services
Job descriptions for Finance and Estates staff to be reviewed and updated to reflect changes identified during the Finance and Estates Business Review	<b>Complete:</b> All job descriptions have been reviewed as part of the Future Council Business Review process.	Finance and Estates
Restructure of Accountancy Service to build capacity into the Finance section	<b>Complete.</b> The restructure of the Accountancy service is complete.	Finance and Estates
Job descriptions for staff in Communities and Neighbourhoods' Service to be reviewed and updated to reflect changes identified during the Communities and Neighbourhoods Business Review	<b>Complete.</b> All job descriptions for staff in Communities and Neighbourhoods were updated as part of the Future Council Business Review	Communities and Neighbourhoods
Consultants to be appointed to provide Project Management training to staff in Regeneration	<b>Complete:</b> Staff have now all attended Prince2 Project Management training.	Regeneration

Action identified for 2018/19	Progress	Service
<p>The Regeneration Future Council Business Review has identified additional staffing resources are required to provide sustainable service provision. Anticipated additional staff will be appointed by July 2018</p>	<p><b>Complete:</b> The Regeneration Future Council Business Review has been completed and staff have been appointed.</p>	<p>Regeneration</p>
<p><b>Principle F – Managing risks and performance through robust internal control and strong public financial management</b></p>		
<p>Action carried over from 2017/18: Following an independent compliance review of the Council’s Housing Stock (mechanical and electrical), delivery of a five year action plan is underway. Various procurement activities are in progress, along with preparation of compliance programmes ahead of the delivery phase</p>	<p><b>In progress.</b> A programme of work to improve compliance across all the Council’s housing stock has commenced. Inclusion of corporate properties and the compliance contract along with the retrofitting of sprinklers has resulted in some slippage to this programme of work. This action to be carried over to 2019/20.</p>	<p>Housing and Investment</p>
<p>Action carried over from 2017/18: A new post of Compliance Manager is required to carry out compliance activity arising from the transfer of services as part of the recent Senior Management Review and to manage delivery of the five year compliance action plan. Recruitment to this post is outstanding due to difficulties of recruit. A review of this role is required to attract suitable candidates.</p>	<p><b>In progress.</b> Applications for this post are currently being considered. Recruitment to this post has been delayed due to difficulties to recruit to this post. A review of this role has been carried out to attract suitable candidates. This action to be carried over to 2019/20.</p>	<p>Housing and Investment</p>
<p>Communities and Neighbourhoods Operational Risk Registers to be updated to reflect Business Review service structure</p>	<p><b>Complete.</b> The Operational Risk Registers now reflect the new structure of the Business Unit</p>	<p>Communities and Neighbourhoods</p>
<p>Membership of IT Partnership Board to be reviewed and aligned to the new council management arrangements and structure</p>	<p><b>Complete.</b> An Information Technology Steering Group now meets on a monthly basis and oversees the operation of the Shared IT Service. In addition a shared service ICT Partnership Board meets on a monthly basis and is responsible for the strategic direction of the service. Both groups include senior members of staff from both Councils.</p>	<p>Corporate Services</p>

Action identified for 2018/19	Progress	Service
Legal Shared Service Partnership Risk Register to be produced	<b>In progress.</b> Consideration of operational risks associated with the Shared Legal Service Partnership to be discussed at the next Shared Legal Service Partnership Board meeting. This action to be carried over to 2019/20.	Shared Legal Service
Shared Legal Service Partnership Agreement to be updated to reflect GDPR requirements	<b>In progress.</b> This needs to be finalised by the Shared Legal Service Partnership Board and is due for consideration at the next meeting of the Board. This action to be carried over to 2019/20.	Shared Legal Service
An archivist to be appointed to review documentation dating back to before the transfer to the new Shared Legal Service (i.e. pre August 2017)	<b>In progress.</b> Arrangements to buy in archiving service are currently being pursued. This action to be carried over to 2019/20.	Shared Legal Service
<b>Principle G: Implementing good practice in transparency</b>		
CCTV Partnership Governance review to be carried out and reported to June Joint CCTV Executive meeting. Completion date for governance review expected October 2018.	<b>In progress:</b> Work is well underway on the review of CCTV governance arrangements and the establishment of a five year business plan. The timescale for completion of this work has been extended to enable members to fully consider the legal review of partnership and trading options. This action to therefore be carried forward to 2019/20.	Communities and Neighbourhoods
Monitoring of the new Building Control Shared Service arrangements throughout 2018/19 to check the effectiveness and governance of the new arrangements.	<b>Complete.</b> The Building Control Shared Service arrangements have now been fully implemented and embedded. Monitoring arrangements are ongoing as required.	Planning and Regulatory Services

### **Actions for completion in 2019/20**

Action identified for 2019/20	Service Area
<b>Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</b>	
Dignity at Work Policy to be circulated to all staff in the Corporate Services Business Unit	Corporate Services

Action identified for 2019/20	Service Area
Officers responsible for procurement in the Corporate Services Business Unit to attend Financial Regulations refresher training	Corporate Services
Restructure and recruitment of permanent staff and graduate trainees in the Estates, Reconciliation and Paralegal service units to enhance capacity and workforce planning.	Finance and Estates
Improvements in business intelligence to identify service weaknesses and enhance service delivery to form part of the SDS Future Council Business (carried over from 2018/19)	Stevenage Direct Services
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>	
IT Shared Service Board Partnership Agreement to be reviewed and changes agreed by the ICT Shared Service Partnership Board	Corporate Services
New Communications and Marketing Action Plan to be implemented and embedded	Corporate Services
Review and enhance computer generated documentation aimed at residents (carried over from 2018/19)	Housing and Investment
Carry out a review of Financial Regulations (carried over from 2018/19)	Finance and Estates
Phase Two of the Stevenage Direct Services Future Council Business Review to further enhance service delivery	Stevenage Direct Services
<b>Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits</b>	
Service Plans to be produced for the Planning and Regulatory Services Business Unit	Planning and Regulation
Internal review of the Council's Customer Service model	Corporate Services
New performance framework to be put in place for ICT	Corporate Services
New performance measures to be introduced for the Communications service	Corporate Services
Carry out a review of customer satisfaction monitoring for the ICT service	Corporate Services
A review of SDS policies to ensure services operate to approved standards (carried over from 2018/19)	Stevenage Direct Services
Implementation of the recommendations from the Waste Scrutiny Review carried out in 2018/19	Stevenage Direct Services

Action identified for 2019/20	Service Area
Development and implementation of an Inclusive Play Policy to enhance access to Play services (carried over from 2018/19)	Neighbourhood and Communities
<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	
Establish a FTFC Programme Office to monitor performance of the FTFC Programme	Corporate Services
Development of an ICT investment programme	Corporate Services
<b>Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b>	
Job descriptions for posts in Planning and Regulation to be reviewed as part of the Future Council Business Review process	Planning and Regulation
Recruitment to key vacant posts in Planning and Regulation	Planning and Regulation
ICT officers’ job descriptions to be reviewed to reflect new structure and practices	Corporate Services
Recruitment to key posts in the ICT Service Delivery Unit	Corporate Services
Recruitment to posts in the CSC to enhance capacity and performance	Corporate Services
Appointment to interim posts in Human Resources to support Business Units to implement their Future Council Business Reviews	Corporate Services
Recruitment to new/vacant posts in the recently established Corporate Policy and Business Support unit	Corporate Services
Implementation and embedding of the new SDS Workforce Plan	Stevenage Direct Services
SDS job descriptions for staff below Tier 4 to be reviewed during the second phase of the business reviews (carried over from 2018/19)	Stevenage Direct Services
Lone working arrangements for Estates Officers when undertaking enforcement duties to be reviewed and new working practices to be implemented.	Finance and Estates
Continued implementation of training identified by the Training Needs Analysis to be implemented during 2019/20 (carried over from 2018/19)	Housing and Investment
Job descriptions for posts in Housing and Investment to be reviewed and updated as required during the next phase of the Future Council Business Review (carried over from 2018/19)	Housing and Investment

Action identified for 2019/20	Service Area
<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>	
Enhance Corporate Services staff awareness of the Council's Anti-Fraud and Corruption Policy and arrangements	Corporate Services
Business case to be produced outlining how ongoing GDPR monitoring/ information governance is going to be resourced.	Corporate Services
Enhance Communities and Neighbourhoods staff awareness of the Council's Anti-Fraud and Corruption Policy and arrangements	Communities and Neighbourhoods
Complete the review of the Communities and Neighbourhood web pages to ensure that information is still valid and up to date for the launch of the Council's new website	Communities and Neighbourhoods
Shared Legal Service Partnership Risk Register to be produced (carried over from 2018/19)	Shared Legal Service
Shared Legal Service Partnership Agreement to be updated to reflect GDPR requirements (carried over from 2018/19)	Shared Legal Service
An archivist to be appointed to review documentation dating back to before the transfer to the new Shared Legal Service (i.e. pre August 2017) (carried over from 2018/19).	Shared Legal Service
Appointment of a Compliance Manager to carry out compliance activity and to manage delivery of the five year compliance action plan (carried over from 2018/19)	Housing and Investment
Delivery of the five year action plan incorporating actions identified following an independent compliance review of the Council's Housing Stock (mechanical and electrical) (carried over from 2018/19)	Housing and Investment
<b>Principle G – Implementing good practice in transparency</b>	
Continued monitoring of the new Shared Home Improvement Agency Function to ensure its effective implementation	Planning and Regulation
Recommendations from the peer review of Constitutional Services to be implemented as part of the Future Council Business review of this service	Corporate Services
Complete the review of CCTV governance arrangements and the establishment of a five year business plan (carried over from 2018/19).	Communities and Neighbourhoods

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