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Contact Officer:

Ola Dejo-Ojomo, Tel: 01483 444106

27 May 2015

Dear Councillor

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** to be held in the Committee Room 1 - Millmead House on **THURSDAY, 4 JUNE 2015 at 7.00 pm.**

Yours faithfully

Satish Mistry
Executive Head of Governance

MEMBERS OF THE COMMITTEE

Chairman: Councillor Gordon Jackson

Vice-Chairman: Councillor Jo Randall

Councillor Philip Brooker
Councillor Colin Cross
Councillor David Elms
Councillor Mike Hurdle

Councillor Jennifer Jordan
Ms Maria Angel⁺
Mr Ian Symes[^]

⁺Independent member

[^] Parish member

Authorised Substitute Members:

Councillor Richard Billington
Councillor Matt Furniss
Councillor David Goodwin
Councillor Liz Hogger

Councillor Nigel Kearse
Councillor Susan Parker
Councillor David Reeve
Councillor Caroline Reeves

OFFICER REPRESENTATION:

Sue Sturgeon (Manager Director: Head of Paid Service and S151 Officer)
Satish Mistry (Executive Head of Governance and Monitoring Officer)
Martyn Brake (Executive Head of Organisational Development and Deputy Monitoring Officer) and
Joan Poole (Head of Internal Audit)

QUORUM 3



THE COUNCIL'S STRATEGIC FRAMEWORK

Vision – for the borough

For Guildford to be a town and borough:

- with strong infrastructure
- world-class businesses with capacity to expand and deliver growth
- an evolving and vibrant economy which creates a progressive and sustainable environment
- for people today and future generations living in an ever improving society.

Five fundamental themes that support the achievement of our vision

- **Infrastructure** – working effectively with partners to drive development and business growth that will expand our economy
- **Economy** – to grow a sustainable economy that will support all aspects of life in our borough.
- **Development** – to ensure that there is appropriate infrastructure, commercial space and a range of homes, built sensitively, without damaging our heritage or countryside.
- **Sustainability** – to ensure the services we provide and the borough develops and grows, in the most sustainable way.
- **Society** – to evolve a self-reliant and sustaining community, while supporting our most vulnerable residents.

Values for our residents

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

Mission – for the Council

A forward looking, efficiently run Council, working in partnership with others and providing first class services that give the community value for money, now and in the future.

Developing our Council

To be a well led, collaborative organisation that has customer care and top quality at its heart. To have highly trained and proficient staff and councillors who challenge and learn.

AGENDA

ITEM

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

2 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

In accordance with the revised local Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, you must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

3 MINUTES (Pages 1 - 8)

To confirm the minutes of the meetings of the Corporate Governance and Standards Committee held on 26 March 2015 and 19 May 2015 (attached).

4 ANNUAL GOVERNANCE STATEMENT 2014-15 (Pages 9 - 28)

5 ANNUAL REPORT ON GUILDFORD BOROUGH COUNCIL'S COMPLIANCE WITH INFORMATION RIGHTS LEGISLATION - 2014 (Pages 29 - 48)

6 DISMISSAL OF, OR DISCIPLINARY ACTION AGAINST, STATUTORY OFFICERS (Pages 49 - 56)

7 EXTERNAL AUDIT 2015-16 FEE LETTER AND THE FUTURE OF LOCAL GOVERNMENT EXTERNAL AUDIT (Pages 57 - 64)

8 INTERNAL AUDIT PLAN 2015-16 (Pages 65 - 82)

9 HEAD OF INTERNAL AUDIT OPINION 2014-15 (Pages 83 - 88)

10 SUMMARY OF INTERNAL AUDIT REPORTS OCTOBER 2014 - MARCH 2015 (Pages 89 - 102)

11 WORK PROGRAMME (Pages 103 - 108)

Meeting dates for 2015-16

- Thursday 23 July 2015
- Thursday 24 September 2015
- Thursday 26 November 2015
- Thursday 14 January 2016
- Thursday 31 March 2016

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

- * Councillor Andrew French (Chairman)
- * Councillor Nick Sutcliffe (Vice-Chairman)

- | | |
|--|--------------------------------|
| * Ms Maria Angel (Independent member) | Councillor Iseult Roche |
| * Mrs Isobel Atkinson-Flint (Independent member) | Mrs Pat Scott (Parish member) |
| * Councillor Adrian Chandler | * Mr Ian Symes (Parish member) |
| Councillor Mark Chapman | Councillor David Wright |

*Present

CGS30 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were submitted on behalf of Councillors Mark Chapman, Iseult Roche and David Wright.

In accordance with Council Procedure Rule 17(m), Councillor Anne Meredith attended as a substitute for Councillor Mark Chapman.

CGS31 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS32 MINUTES

The minutes of the meeting of the Corporate Governance and Standards Committee held on 27 November 2014 were confirmed and signed.

CGS33 COVERT SURVEILLANCE POLICY 2014

At its meeting in November 2014, the Committee approved an action plan produced by officers to address the recommendations of the Assistant Surveillance Commissioner, following his visit in September 2014. The action plan included updating the Council's Covert Surveillance Policy. The Constitution had already been updated to reflect that the delegations to the Executive Head of Governance include the Senior Responsible Officer role, in accordance with the Assistant Surveillance Commissioner's recommendations.

Further to observations made by the Committee, officers agreed to update the job titles of those who can make authorisations, as listed on page 25 of 37 of the policy, to reflect current job titles namely: Executive Head of Finance and Executive Head of Organisation Development.

The report did not mention the Assistant Surveillance Commissioner's recommendation on wider corporate RIPA training. However, further to a query from the Committee, officers advised that training provided by an external trainer, had been organised for 28 May 2015. This training would be for both authorising officers and other officers that may potentially deal with covert surveillance work. The Managing Director, who would authorise the use of minors or vulnerable people for covert surveillance, would also undertake the training on 28 May 2015.

Having considered the updated policy, the Committee RESOLVED to endorse the updated Covert Surveillance Policy.

CGS34 DATA PROTECTION ACTION PLAN

In June 2013, the Council had asked the Information Commissioner (ICO) to carry out a voluntary audit of its records management and subject access request arrangements. The recommendations from the audit had provided a useful action plan for the Information Risk Group to implement. At its meeting in June 2014, the Committee requested an update on the implementation of the action plan specifically relating to reviewing the arrangement with the Police (as joint occupiers of the Millmead House) and how privacy impact assessments were being progressed.

Work had been done with regard to formal records management, and a records management project group had been formed in response to this.

Work had also been done on reducing the risk of unauthorised access or disclosure of personal information between the three data controllers on the Millmead site, namely Guildford Borough Council, Surrey County Council and Surrey Police. Meetings between representatives from each data controller had been set up by the former Head of Business Systems who had since left the organisation. As such, officers were reassessing the current situation and how to take this forward.

Committee members commented that they were pleased to note the provision of annual data protection refresher training. Officers advised that there were plans to also provide the same training for councillors during the induction programme following the May 2015 borough elections.

Further to a query from the Committee, officers advised that there is an ongoing project to reduce the information held in the archives in order to address issues that arose further to staff from one department accessing documents from another department at the Woking Road depot.

Officers noted that the correct target dates for recommendations B4 and B16 should be 31 March 2015, rather than 2014.

Having considered the progress against the action plan, the Committee

RESOLVED

1. to note the progress of the action plan as detailed in Appendix 1 to the report
2. to agree that the Information rights Officer includes a further progress report in the annual information rights compliance report for 2014.

CGS35 CRIMINAL RECORDS CHECKS FOR COUNCILLORS

The Committee considered a report which had set out the findings of a review on whether Guildford Borough councillors were eligible under current rules for criminal record checks by the Disclosure and Barring Service (DBS).

The review was prompted by a Freedom of Information request to the Council from a member of the public in August 2014 requesting a "list of all past criminal convictions of, and any criminal charges currently pending against, members of the GBC Executive team".

Although the Council's response to the FOI request was that it did not hold the information requested, the Monitoring Officer accepted that the request raised important issues of concern around the governance of the Council. He therefore took steps to review our current

arrangements by making enquiries of other similar councils to understand the extent to which they require and maintain information regarding councillors' criminal convictions.

The outcome of the review was that there was currently no legal basis upon which the Council could legally require such checks on its councillors by the DBS.

A copy of the report had been sent to the FOI applicant, who responded that, instead of focussing on the legal position, the Council should encourage councillors to disclose their checks voluntarily.

Committee members noted from paragraph 2.17 of the report that regulated activities, as defined by The Protection of Freedoms Act 2012 also included "assistance with cash, bills or shopping or the conduct of their personal affairs... even if only done once". They went on to note that through their casework, borough councillors may give advice to residents on the above issues, especially with regard to getting into debt, or dealing with homelessness and similar incidents.

Further to a query from the Committee, officers advised that it would be down to each parish council to consider whether their members should undergo DBS checks; the Borough Council would not instruct them to do these.

The Committee noted that if the new Council after May 2015 considered asking councillors to apply for voluntary checks and any councillor refused, there would be little difference between that and the current position. The Committee also noted that candidates had to sign a declaration regarding any convictions when they stand for election.

Having considered the report, the Committee RESOLVED to

1. note the position in respect of the DBS
2. agree to defer consideration as to whether it would be appropriate and proportionate to ask councillors to apply for a basic disclosure criminal record check using the service provided by Disclosure Scotland to the new Council following the local elections in May.

CGS36 EXTERNAL AUDIT PLAN 2014-15 AND EXTERNAL AUDIT UPDATE

The Committee considered the annual audit plan of the Council's external auditors, Grant Thornton. The plan detailed the programme of work that the auditors intended to carry out during 2014-15, the approach they will adopt, and any significant risks that they will review as part of the audit.

The Committee also considered Grant Thornton's latest periodic update, which covered the progress up to March 2015 and a work programme for the rest of the audit to September 2015.

The Committee had no comment on the External Audit Plan.

Further to a query from the Committee, the auditors advised that they had concluded the representation against the hackney carriage fees and written to the objector. They were currently considering whether a representation from another member of the public would have any impact on 2013-2014 accounts. If not, they would be able to certify the closure of the audit.

Having considered the report, the Committee RESOLVED to:

1. Approve the external audit plan, including the fee set out in the Appendix; and
2. Note the content of the external auditor's update.

CGS37 ENQUIRIES OF THOSE CHARGED WITH GOVERNANCE

The Committee considered a report by the external auditor, Grant Thornton, setting out their enquiries of those charged with governance (TCWG). Part of Grant Thornton's annual audit included making enquires of TCWG in order to comply with the International Standards on Auditing as adopted by the UK Financial Reporting Council.

The enquiries made were to determine whether TCWG had the knowledge of any actual, suspected or alleged fraud affecting the entity. These enquiries were made in part to corroborate the responses to the inquiries of management.

Grant Thornton sent the Council a questionnaire setting out their inquiries of TCWG. Officers had prepared a response to the questionnaire on behalf of the Chairman of the Corporate Governance and Standards Committee. The Committee was asked to approve the Council's response to the questionnaire.

Further to queries from the Committee, officers clarified the following aspects of their responses to the questionnaire:

- The ethical behaviour of contractors was managed from the tendering process. Potential contractors were asked to include their policies on areas such as equalities and risk, and these would be evaluated against the Council's standards and form part of the overall evaluation criteria.
- There was a number available for members of the public who wished to report their concerns of fraud. Officers were encouraged to report their concerns to their managers, or where this may not be possible or appropriate, to HR or the Head of Internal Audit.
- Officers were aware of a potential threat of judicial review proceedings from the Guildford Hackney Carriage Association regarding personal search fees, but at the time of the meeting they had not received a formal claim. The Council was involved in ongoing communication with the Association to explain the Council's position.

Having considered the report, including the Council's response to Grant Thornton's questionnaire, the Committee RESOLVED to approve the responses to Grant Thornton provided in the Discussions with Those Charged with Governance document at Appendix 1 to the report.

CGS38 PROCUREMENT RULES

The Public Contracts Regulations 2015 came into force on 26 February 2015. Procurements undertaken on or after this date must comply with the new regulations. The Committee considered a report outlining recommended amendments to the Council's Procurement Procedure Rules (PPRs) to comply with these regulations.

Local authorities had only a number of weeks to incorporate the changes into their PPRs, and officers believed that other related changes to our PPRs may be required as the new procurement regime beds down. The report therefore also recommended that the Managing Director, in consultation with the Executive Head of Governance or his nominated deputy, and the appropriate lead councillor, be given delegated authority to make such additional changes

as required. This was to ensure compliance with the new rules, an appropriate level of governance, and adherence to the principles of best value in all procurement activity.

Further to queries from the Committee, officers advised that parish councils may also be subject to the new regime and that there was a new requirement for procurements over £25,000 to be advertised on Contracts Finder, a government portal to encourage bidding from small and medium sized enterprises. Officers agreed that they would bring this to parish councils' attention.

Having considered the report, including the recommended amendments to the Procurement Procedure Rules, the Committee RESOLVED to recommend to Council:

1. The amended Procurement Procedure Rules attached to the report at Appendix 1 be approved and adopted;
2. The Managing Director be given delegated authority to make other related changes to the Procurement Procedure Rules as she, in consultation with the Executive Head of Governance and the appropriate lead councillor, considers desirable and necessary as the new procurement regime beds in.

CGS39 WORK PROGRAMME

The Committee considered its work programme for the following year. The Committee also considered a report outlining proposals for it to consider Treasury Management reports. Under current financial procedure rules, the Council had nominated the Corporate Improvement Scrutiny Committee to be responsible for ensuring effective scrutiny of our Treasury Management strategy and policies. The nomination was consistent with CIPFA good practice.

However, officers led a review as to whether the Corporate Improvement Scrutiny Committee was the most appropriate Committee to consider our Treasury Management strategy and policies. These concerns were prompted by the scrutiny committee's increasing workload, and the level of relevant knowledge and expertise of the Committee.

Further to discussions with the Chairman of the Corporate Improvement Scrutiny Committee, the Chairman of the Corporate Governance and Standards Committee, and the Lead Councillor for Finance and Asset Management, officers agreed that the Corporate Governance and Standards Committee would be the most appropriate Committee to consider Treasury Management reports. This view was shared by the Treasury Management Panel and the Corporate Improvement Scrutiny Committee.

Officers explained that the role of this Committee would be to consider Treasury Management strategies and policies before they are agreed by full Council. Officers confirmed that they would provide Treasury Management training to the Committee to ensure it would be able to effectively carry out its new role.

Officers agreed that the Single Equality Scheme and Action Plan would move from Unscheduled to the main work programme soon.

Having considered the draft work programme including the proposals for the Committee to consider Treasury Management items, the Committee RESOLVED to

1. support the proposals for it to consider Treasury Management reports
2. approve its work programme, as detailed in Appendix 1 of the report.

Councillor Andrew French

Councillor Nick Sutcliffe noted that the Chairman, Councillor Andrew French, was not seeking re-election at the forthcoming Borough elections in May 2015, after having served 22 years on the Council, and wished him all the best for the future.

Councillor French in turn thanked officers for their support to this committee, noting that they often had provided clear responses to some complex issues, which he appreciated.

The meeting finished at 8.10 pm

Signed

Chairman

Date

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

- | | |
|-------------------------------|------------------------------|
| * Councillor Philip Brooker | * Councillor Jennifer Jordan |
| Councillor Colin Cross | * Councillor Jo Randall |
| * Councillor David Elms | Ms Maria Angel |
|* Councillor Mike Hurdle | Mr Ian Symes |
| * Councillor Gordon Jackson | |

Authorised substitute members

- | | |
|-------------------------------|----------------------------|
| Councillor Richard Billington | Councillor Nigel Kearse |
| Councillor Matt Furniss | Councillor Susan Parker |
| Councillor David Goodwin | Councillor David Reeve |
| Councillor Liz Hogger | Councillor Caroline Reeves |

*Present

CGS1 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Colin Cross, Ms Maria Angel and Mr Ian Symes.

CGS2 APPOINTMENT OF CHAIRMAN

The Committee

RESOLVED: That Councillor Gordon Jackson be appointed Chairman of the Corporate Governance and Standards Committee for the 2015-16 municipal year.

Councillor Gordon Jackson thereupon took the Chair.

CGS3 APPOINTMENT OF VICE-CHAIRMAN

The Committee

RESOLVED: That Councillor Jo Randall be appointed Vice-Chairman of the Corporate Governance and Standards Committee for the 2015-16 municipal year.

The meeting finished at 8.05 pm

Signed
Chairman

Date

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Corporate Governance and Standards Committee Report

Report of the Managing Director

Author: Claire Morris

Tel: 01483 444827

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Lead Councillor responsible: Councillor Nigel Manning

Tel: 01252 665999

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Date: 4 June 2015

Annual Governance Statement

Executive Summary

The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement detailing the governance framework and procedures that have operated at the Council during the year, a review of their effectiveness, significant governance issues that have occurred and a statement of assurance. This report outlines the background to the Annual Governance Statement and provides the Annual Governance Statement for 2014-15 at Appendix 1. The Annual Governance Statement is underpinned by the Audit and Performance Manager's (as Head of Internal Audit) Annual Opinion Report April 2014 to March 2015. The opinion is at Appendix 2.

The Annual Governance Statement will be included in the Council's statement of accounts for 2014-15. The statement concludes that we are a well-run Council with good governance processes in place however there have been a number of significant governance issues during the year, which are reported in Appendix 1 section 6.

Recommendation to Corporate Governance and Standards Committee:

That the Committee considers the Council's Annual Governance Statement as set out in the Appendix 1 to this report and refers any comments that it feels appropriate to the Executive.

Reasons for Recommendation:

To comply with Regulation 10 of the Accounts and Audit (England) Regulations 2015, the Executive must approve an Annual Governance Statement.

1. Purpose of Report

- 1.1 This report explains the requirement for the Council to prepare an Annual Governance Statement, which the Executive is asked to approve and the Leader and the Managing Director to sign on behalf of the Council.
- 1.2 This report invites this committee to review the draft statement and refer comments to the Executive

2. Strategic Framework

- 2.1 Improving the Council's governance structures is a key priority under the 'Developing your Council' theme within the Corporate Plan

3. Background

- 3.1 The Council has a responsibility to ensure that it conducts its business in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 3.2 In discharging these overall obligations, the Council is responsible for putting in place appropriate arrangements for the governance of its affairs and ensuring that there is a sound system of internal control that facilitates the effective exercise of its functions and includes arrangements for the management of risk. The overall system of controls across the Council contributes to the effective corporate governance of the organisation.
- 3.3 The Audit and Performance Manager and the Head of Financial Services have drafted the statement on behalf of the Chief Finance Officer. She has then reviewed the document and made amendments and additions. Internal Audit, through the Audit and Performance Manager, has provided independent assurance over the system of internal control.
- 3.4 Good governance is about getting things right first time by focussing on the things that matter most. It is about:
 - demonstrating leadership and respect for the democratic process and the purpose of public bodies making proper, timely and transparent decisions
 - managing risk and allocating resources effectively
 - knowing your customers and stakeholders
 - being open, honest and taking responsibility and accountability for your decisions
 - demonstrating high standards of integrity and behaviour both as an individual and as a corporate body.
- 3.5 Good governance is the responsibility of everyone within the organisation and impacts on all the activities of the Council and how we deliver our services.

- 3.6 The Audit Commission and Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) have defined a common governance framework and a set of principles for all public services, called Delivering Good Governance in Local Government. CIPFA/SOLACE, last updated in 2012. The Annual Governance Statement attached at **Appendix 1** follows the framework and example governance statement provided in it.
- 3.7 As part of the Annual Governance Statement, we have identified a number of significant governance issues that the Council is working on resolving. These are outlined in section 6 of Appendix 1. In addition to the issues outlined, a member of the public raised a number of matters with our External Auditor, Grant Thornton in January 2015. The Audit Director has shared the substance of the matters raised with the Council's Managing Director and Head of Financial Services, who have asked the Audit and Performance Manager to investigate. However, at this stage we do not consider the matters raised by the member of the public to have any impact on the disclosures made within the Annual Governance Statement at **Appendix 1**.

4. Financial Implications

- 4.1 There are no financial implications related to this report

5. Legal Implications

- 5.1 In order to comply with Regulation 10 of the Accounts and Audit (England) Regulations 2015, the Council must approve an Annual Governance Statement.

6. Human Resource Implications

- 6.1 There are no human resource implications to this report.
- 6.2 We will work with PR and marketing on any communications issues that arise.

7. Conclusion

- 7.1 We are a well-run Council with good governance processes in place. However we must continue to improve and in 2015-16 will be concentrating on:
1. The Transformation Programme; which includes fundamental service reviews, asset investment and traded service reviews
 2. Project Management
 3. Risk Management
 4. Performance Management
 5. Workforce Development
 6. Records Management
 7. Improving Transparency

8. Background Papers

Accounts and Audit (England) Regulations 2015
Delivering Good Governance in Local Government (CIPFA/SOLACE)

9. Appendices

Appendix 1 – Annual Governance Statement
Appendix 2 – The Audit and Performance Manager’s (as Head of Internal Audit)
Annual Opinion Report April 2014 to March 2015

ANNUAL GOVERNANCE STATEMENT 2014-15

1. SCOPE OF RESPONSIBILITY

- 1.1. Guildford Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. 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.
- 1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.
- 1.3. The Council has approved and adopted a local code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government, including compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) . A copy of the code is on the website at www.guildford.gov.uk or can be obtained from Corporate Development Services, Millmead House, Millmead, Guildford, Surrey, GU2 4BB (tel. 01483 444854).
- 1.4. This statement explains how the Council has complied with the code and meets the requirements of regulation 4) of the Accounts and Audit Regulations 2015 in relation to internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

3. GOVERNANCE FRAMEWORK

- 3.1 The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review.

Strategic Framework and Performance Management

- 3.2 The Governance arrangements start with the Strategic Framework, which sets out the Vision and Mission and establishes the Council's key priorities. In 2013-14, the Council approved a Corporate Plan for the period 2013-2016. This is an essential part of our strategic framework and sets out the vision for the borough for the next three years.
- 3.3 The Corporate Plan has five themes, which have informed the more detailed service plans. The five themes provide a focus for Council activities and there is a clear link between service delivery and the Council's corporate objectives. We monitor progress against the objectives in the service plans through regular performance monitoring meetings and reports to the Corporate Management Team. The five themes are:
- Infrastructure
 - Economy
 - Development
 - Sustainability
 - Society
- 3.4 The Council has had a robust performance management system for many years, which links individual service business plans; key performance indicators (KPIs) and the Council's risk management system. We report progress against the Corporate Plan to Corporate Management Team. The Chairmen and Vice Chairmen of the Scrutiny Committees and the Executive regularly monitor progress against the Corporate Plan.
- 3.5 We have embedded risk management within the organisation. It is an integral part of project management and service business plans. We have changed the format of the risk register within the service business plans in line with the latest guidance from ALARM, the public sector risk management association.
- 3.6 Officers should review each service risk register during the year. However, this is not consistently done across the organisation and will be included in the roll out of the new programme and project management system, which went live in February 2015.
- 3.7 We record risks at all levels from the basic, but essential, health and safety risks such as slips, trips and falls to high level-risks such as the impact of the financial situation and climate change. In 2014-15, we introduced a financial risk register to risk assess the Council's budget for 2015-16 and inform the level of general fund unallocated reserves that the Council holds.
- 3.8 Risk Management is an integral part of project management and we use risk management effectively in all of our significant projects. However, we do not currently apply risk management consistently in all of our smaller projects.
- 3.9 We recognised this was an issue and we have reviewed our project management framework. We had already identified a framework that tailors the project management process to the scale of the project but we recognise that we need a programme management solution to monitor the wide range of projects and activities which are needed to deliver the targets in the Corporate Plan. This was introduced in November 2014.
- 3.10 The Council has always scored well under the Audit Commission's annual assessment of Value for Money. In 2014-15, we continued with our Lean Management programme and introduced Fundamental Service Reviews (FSRs) to

improve services and reduce costs. Over the coming years every service will be subject to a FSR and its associated scrutiny and improvement. The FSR reviews will actively look at alternative methods of service delivery through the Lean programme, shared services and partnerships with the public, voluntary or commercial sectors.

- 3.11 We have already started to transfer some administrative tasks into the Customer Service Centre as the first point of contact and resolution. This has released resources in the front line services to concentrate on technical and professional activities.
- 3.12 By 31 March 2015, the Council had completed 45% of the projects set out in the Corporate Plan. A further 43% are on-track to be completed by their deadline date, leaving only 12% either off track or not started. Significant achievements in 2014-15 were:
1. completed 22 new Council homes, a further 43 new Council homes are due for completion by June 2015. These are the first HRA properties built by the Council in over 20 years.
 2. enabled the completion of 37 new affordable homes with our housing association partners and have planning permission in place for a further 275 affordable homes, including 4 flats on Council owned land
 3. brought 4 long term empty homes in the borough back into use
 4. delivered 5 new gypsy and traveller pitches at Ash Bridge
 5. invested over £6.8 million maintaining and improving tenants' homes
 6. worked with Surrey County Council (SCC) to produce the 'Surrey Transport Plan: Guildford Borough Draft Local Transport Strategy and Forward Programme –Part A' and continue to work with SCC to develop Part B which will set out a coherent multi-modal transport strategy and programme
 7. consulted on a new draft local plan and delivered a joint draft Strategic Housing Market Assessment (SHMA) with Waverley and Woking Borough Councils
 8. developed a preliminary Community Infrastructure Levy (CIL) charging policy and consulted on the charging schedule
 9. developed plans for the Clay Lane Link road on Slyfield and consulted with local residents on the scheme
 10. successfully obtained Housing Zone status for the Slyfield Area Regeneration site and made good progress with Thames Water to agree a memorandum of understanding on working together to take the development forward
 11. made good progress implementing the homelessness strategy agreed in 2013: 94% of actions were either complete or on track when the first year review of the strategy was undertaken in October 2014
 12. worked with 137 families under the family support programme and successfully turned 100% of families around
 13. worked with the University of Surrey to secure funding from the Local Enterprise Partnership (LEP), Enterprise M3 to explore how 5G technology can help Guildford businesses and continued to support the roll out of superfast broadband across the borough

Agenda item number: 4

Appendix 1

14. raised and match funded £101,000 for Guildford Philanthropy; a community fund to support vulnerable and disadvantaged groups and individuals, particularly focussing on improving access to education, training and skills
15. developed and agreed a public health and wellbeing strategy
16. continued to work with and support our social enterprises including piloting a street cleansing service
17. opened a new aerial adventure course at stoke park
18. signed an agreement with Action Surrey to deliver the Green Deal in Guildford
19. entered into a development agreement with LandSecurities for the redevelopment of North Street and are making good progress towards the agreement of the financial condition on which the development will proceed
20. achieved the purple flag accreditation for Guildford town centre in partnership with the business improvement district, Experience Guildford
21. secured premises on the Midleton industrial estate for a business incubator unit with support funding from Enterprise M3 LEP
22. undertook a review of the Council's constitution and governance arrangements and implemented a new procurement strategy
23. kept council tax below inflation for 2015/16 and maintained council tax and business rates collection rates at over 99%
24. identified £0.9million savings and £1million of additional income for the 2015-16 budget with plans in place for a further £2.4million savings and additional income for the period 2016 to 2019
25. Invested £7million of the £25million fund set up for the Council's Asset Investment Strategy to increase the Council's investment property portfolio and purchase additional investment property assets, achieving £0.4 million additional net rental income for the general fund
26. expanded our customer service centre to include the planning reception
27. implemented a new online payments and receipting system with Elmbridge BC, Epsom & Ewell BC and Mole Valley DC
28. completed the 3 Fundamental Service Review (FSR's) of the Street Cleansing, Parking and Planning Services
29. retained our Aa1 credit rating with Moody's following a further inspection

All of these demonstrate the Council's sound governance arrangements.

The Constitution

- 3.13 The Council has a comprehensive Constitution that covers, amongst other things, the roles and responsibilities of Councillors and officers. We constantly review the Constitution with amendments agreed and issued throughout the year to ensure that it remains relevant to the objectives contained in the Strategic Framework.

- 3.14 We completed a major review of the constitution, which reported to Council in May, October and December 2014. As part of the review, we made changes to the councillors' code of conduct and scheme of delegation and significant changes to the financial and procurement procedure rules. Following the revision to the procurement procedure rules, the Executive approved a new corporate procurement strategy in April 2015 and approved the establishment of a Corporate Procurement Advisory Board (CPAB) to enhance the governance arrangements and consistency of procurement processes across the Council. We have also undertaken a series of training sessions on procurement for service managers. The Council is still in the process of setting up the board and the roll out of the strategy is in its early stages.
- 3.15 In November, following a motion to Council, the Joint Scrutiny Committee set up an overview and scrutiny task and finish group which reviewed the Council's governance arrangements. The review reported its findings to Council in April 2015, who approved the proposals for the new Council to consider in July 2015 (following the election). The key recommendations from the review are that the Council in future:
- operates hybrid Executive arrangements involving the establishment of two politically balanced Executive Advisory Boards (EABs) chaired by a lead Councillor, the EABs will report to the Executive
 - dissolves the existing scrutiny committees and replaces them with one overview and scrutiny committee for post-decision review of Executive decisions and wider external scrutiny
 - recognises the importance of the Corporate Governance and Standards Committee and expands its role to include treasury management and budget monitoring
 - improves communication with ward Councillors
 - improves public awareness of the decision-making processes at the Council and its governance arrangements.
- 3.16 The Managing Director, in her capacity as Head of Paid Service, on matters, which are deemed urgent, makes a small number of decisions each year, under delegated authority within the Council's constitution. Such decisions are rare but necessary for the operation of the Council. The urgency of the decision is discussed with the Chairman of the Corporate Improvement Scrutiny Committee. The Managing Director reports her decisions to the next available Committee, which would have taken the decision. In 2014-15, following review of one decision by the Joint Scrutiny Committee, a recommendation was made by the Committee to review the procedure for taking urgent decisions. The Joint Scrutiny Committee recommended additional consultation with the Monitoring Officer as well as the Chairman of the Scrutiny Committee and the Leader of the Council, in order to provide an additional safeguard to ensure that the power is used appropriately. This recommendation was enacted as part of the review of the Constitution in December 2014 and the revised requirement is included within Part 3 of the Constitution, Delegation to Officers, Responsibilities and Powers of the Head of Paid Service.

Forward Plan and Committee Decisions

- 3.17 We use the Forward Plan to manage the work programme and decisions of the Executive and full Council. The work programme for the two scrutiny committees are discussed at agenda setting meetings held every two months with the chairs and vice-chairs of the scrutiny committees.

Scrutiny Committees

- 3.18 The Council is striving to improve its scrutiny arrangements and is making good progress. Following a scrutiny workshop with councillors in May 2013, a range of proposals was put together into a draft improvement plan, which was adopted by both scrutiny committees in July 2013. Although we have two scrutiny committees, they meet as a Joint Scrutiny committee for items of mutual interest such as the Leader's report and the Outline Budget report. The Joint Scrutiny Committee reviewed the improvement plan in June 2014 and signed off the relevant actions as complete. The Joint Scrutiny Committee also recently commissioned a task and finish group to undertake a wider review of our governance arrangements, as described above. Its report was well received by councillors and the Council broadly accepted its recommendations. The task and finish working group will be reconvened by the new Council to further develop the detailed proposals and implement the recommendations. This will further improve our scrutiny function.

Corporate Governance and Standards Committee

- 3.19 Following enactment of the Localism Act 2011, the Standards Committee and Audit Committee were disbanded and a new committee known as the Audit and Corporate Governance Committee was established. In May 2014, the Committees were further re-organised and the committee with responsibility for audit and accounts, corporate governance and ethical standards is now known as the Corporate Governance and Standards Committee. The role and functions of the committee include:

Audit and Accounts activity

- monitoring internal audit activity and receiving bi-annual reports from the Executive Head of Organisational Development
- receiving reports from the external auditor, including his annual letter
- review and approve the annual statement of accounts

Corporate Governance activity

- monitoring and reviewing the Council's constitution
- corporate governance, risk management, statement on internal control and any issues referred to it
- compliance with the Council's own and published standards
- receiving an annual report regarding complaints about the Council referred to the Local Government Ombudsman
- monitoring the effectiveness of various Council policies

Ethical Standards activity

- implementing, monitoring and reviewing the operation of codes of conduct for Councillors and Officers
- promoting and maintaining high standards of conduct by Councillors and co-opted members
- investigating and determining allegations of misconduct where determination by the Monitoring Officer is considered inappropriate

The full role and responsibilities are available on our website, at Part 2 (Article 11) of the Constitution. The Council agreed on 19 May 2015 that the Corporate Governance and Standards Committee will also be responsible for Treasury Management and Budget Monitoring.

- 3.20 We advise the committee, through a regular reporting process, of progress against agreed internal audit recommendations and other governance issues such as equalities, risk management, sickness, health and safety, business recovery and data quality.

Compliance with Laws and Regulations

- 3.21 The Council employs appropriate professional staff in relevant fields to provide guidance and advice as required. Part of their role is to ensure that the actions of the Council and individual councillors and officers comply with relevant laws and regulations, as well as the Council's own policies and procedures.
- 3.22 The Managing Director undertakes both the statutory roles of Head of Paid Service and Chief Finance Officer. The arrangement of one officer performing both roles is unusual but not unique. The Managing Director is supported by two Deputy Chief Finance Officers so that where a conflict of interest could exist, the Managing Director assumes the role of Head of Paid Service, and one of the Deputy Chief Finance Officers assumes the role of the Chief Finance Officer. In this arrangement, the Council ensures separation of duties exists where necessary and the governance framework is maintained.
- 3.23 The Corporate Management Team led by the Managing Director (Head of Paid Service and Chief Finance Officer) review all reports to the Executive. The Executive Head of Governance is the Council's Monitoring Officer and is part of the Corporate Management Team. In addition, the Council has comprehensive Financial Procedure Rules and Procurement Procedure Rules as part of the Constitution that provide guidance on spending decisions to ensure that

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expenditure is lawful and properly controlled. These rules were subject to a major review in 2014-15.

Whistleblowing and Complaints

- 3.24 The Council has a Whistleblowing policy as part of its Constitution. This was reviewed in 2013 and the Council approved a new policy in February 2014.
- 3.25 In 2014-15, the Council introduced a new corporate complaints process. This has shortened and simplified the process for the customer and improved the timeliness and quality of complaint handling. We have created a new post of Complaints and Improvement Officer to monitor complaints, identify trends and work with managers to drive service improvements.

Development of Councillors and Senior Officers

- 3.26 Our strategic framework, which was revised when the Council adopted the Corporate Plan in October 2013, states that a key aspiration in the development of our Council is to have “highly trained and proficient staff and councillors who challenge and learn.” All officers (including senior officers) have two performance reviews (appraisals) a year. Officers also have a series of one to one meetings with their line manager to discuss individual performance against agreed targets. This is also an opportunity to identify development needs and training requirements against the Council’s objectives.
- 3.27 We have developed a set of behavioural competencies linked to each post. We have provided training to all staff and managers and have undertaken the first full year of performance review appraisal meetings under the new system.
- 3.28 The Council also recognises the importance of ensuring that its councillors receive all necessary training and development in order to carry out their various roles. In September 2013, the Council received accreditation under the South East Employers Charter for Elected Member Development by demonstrating that we had a strategic approach to councillor development, which linked to the Council’s corporate objectives and priorities. The Councillor Development Steering Group has put in place a comprehensive member development programme that meets councillors’ ongoing training and development needs. The processes and procedures put in place give us a robust framework for responding to future challenges and legislative changes. The Council continues to meet the standard of the Charter as demonstrated recently in our 18-month interim assessment carried out by South East Employers in March 2015.
- 3.29 We offer training for Councillors on a wide range of topic areas such as Ethical Standards, Planning, Licensing, local government finance, media skills, chairing skills and time management.
- 3.30 The steering group has prepared a comprehensive induction programme for new councillors for implementation after the Borough elections in May 2015.
- 3.31 The Council has adopted a Corporate Plan which clearly set out the aims and objectives of the Council over the next three years, but they need to be underpinned by a clear set of values that are understood and adhered to by staff at all levels. The work that we have carried out on values and performance and development provides staff with an understanding how they contribute to the achievement of our corporate priorities.
- 3.32 We successfully retained our IIP Bronze status. We also retained our Customer Service Excellence Standard. The assessor found a deep understanding and commitment to customer service excellence from senior management through to front line staff.

Communication, Consultation and Accountability

- 3.33 The Council has well-established processes to manage and provide effective communication with residents, businesses, visitors and stakeholders. As part of this, we produce and deliver four editions a year of our Council newspaper, About Guildford, to all households in the borough to update local people about the Council's activities, services and performance. We also use online and social media tools to reach as many people as possible with the latest news and information. The Council provides a comprehensive media service for proactive releases and reactive requests for local, regional and national press, as many residents use online, broadcast and other news sources.
- 3.34 In addition, we have a corporate procedure for producing individual services' publications for residents and customers to provide information and education (for example, to encourage behaviour changes in recycling and litter). Also to support individual services in their own social media and other communications.
- 3.35 The Council has a corporate identity, which is used to brand communications and services. This helps customers and taxpayers to understand and recognise which services we provide or are responsible for.
- 3.36 We are continuing to look at ways to improve customer service and access through our web site. We have reviewed the way that our residents are using the website and have started moving towards a self-service model for our report/pay/apply section. We are also continuing to expand our use of social media to improve our customer engagement.
- 3.37 The Council realises the importance of consultation with our residents and community. We already consult widely in line with our Community engagement strategy and consultation standards using publications, surveys, focus groups and our Citizens' Panel. We recognise the need for greater engagement and involvement with residents and stakeholders in our strategic decision-making and service delivery and are working on an action plan to improve our consultation processes still further.
- 3.38 Many of our services actively consult with the community as an integral part of their service delivery, for example our widespread consultation on the draft new Local Plan. However, our community is changing and we need to be responsive to their developing needs. We have identified consultation as part of the overall process of transparency and engagement with our residents and customers.
- 3.39 As part of our commitment to openness and transparency, we have increased the amount of information available on our website. This should reduce the demand from Freedom of Information (FOI) requests.
- 3.40 During 2014 (our current system reports on calendar rather than financial years) the number of FOI requests increased to 848 over a total of 669 in the previous year. This represents a rise of 27%.
- 3.41 We are required to respond to FOI requests within 20 working days. The Information Commissioner sets a Minimum Compliance threshold for this target of 85%. In 2013, we achieved 87%, but in 2014, this fell to 69%. As a result, we have introduced regular reports on performance to the Corporate Management Team and a new system to manage the process will be introduced in 2015.

Partnerships

- 3.42 Our mission statement emphasises the importance of partnership working in providing first class services. At the strategic level, we established a new Guildford-Surrey Board in September 2013 to replace the former Guildford Local Strategic Partnership. The Board, which comprises senior Councillors and officers from the Borough Council and Surrey County Council, together with representatives of the University of Surrey, Royal Surrey County Hospital and Guildford College, focuses on the overseeing the delivery of the following shared priorities:

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- a. infrastructure improvements, including roads (trunk roads and town centre), rail and future transport innovations
 - b. economic development, including sustainable business and jobs growth and access to learning and skills
 - c. promoting sustainable development, including housing
 - d. delivering public health improvements
 - e. supporting families and our less advantaged communities, including in the light of welfare and benefit reforms
 - f. maximising the use of our assets and estates to drive income and community benefit
 - g. maximising the value extracted from waste.
- 3.43 At the same time, we established a new Guildford Health and Wellbeing Board comprising representatives of the Council and other major public and voluntary sector organisations, such as Guildford and Waverley Clinical Commissioning Group, Royal Surrey County Hospital, Surrey County Council. The Board supports and promotes the public health agenda in its widest sense. This incorporates health improvement (including people's lifestyles, inequalities in health and the wider social influences of health), health protection and health services. The Board is responsible for developing and implementing the Guildford Health and Wellbeing Strategy.
- 3.44 We have also forged a strong relationship with the Enterprise M3 Local Enterprise Partnership (LEP). The Leader of the Council joined the Board in 2014, and Guildford Council enjoys regular representation at all levels of the LEP through strategic working groups. The Council provided significant input into the formation of the LEP's Strategic Economic Plan and subsequent Local Growth Deal submission and European Funding Investment Strategy. This included formulating a broad and comprehensive growth package for consideration by government covering infrastructure, housing, skills and enterprise.
- 3.45 Through Enterprise M3, we are able to access capital funding and borrowing at preferential rates for key strategic projects. Through the LEP, we have recently:
- been successful in obtaining financial support for the Clay Lane Link road,
 - agreed additional borrowing capacity for the HRA to deliver more council houses,
 - received funding to help create a business incubator space on the Midleton industrial estate and
 - continue to work with Surrey County Council (as the local transport body) to bid for funding under the Local Growth Fund for transport schemes.
- 3.46 We are also involved in a large number of service specific partnerships. Examples of best practice include Surrey Strategic Waste Partnership, Safer Guildford Partnership and the Choice-Based Lettings housing scheme.
- 3.47 Over the last two years, the Council has worked with Surrey Lifelong Partnership, Oakleaf Enterprise and Guildford YMCA to establish Glade (Guildford Learning and Development Enterprise). The focus of this new social enterprise is to provide training, skills, qualifications and employment opportunities for young unemployed

people in Westborough and Stoke. Following this work the Council contracted Glade in 2014-15 to provide gardening services on behalf of the Council at day centres, sheltered housing schemes, elderly tenant's homes and street cleansing services in Westborough.

- 3.48 We have also continued to support the Guildford Bike Project. We have leased a property in Westborough, which is being used as a shop and classroom delivering training programmes within the community. The Council has extended and refurbished the workshop at Woking Road Depot to provide greater capacity and employment opportunities for jobseekers. The scheme has now received approval as an accredited City and Guilds Centre.
- 3.49 We are looking to build on the success of these two schemes, by continuing to develop new social enterprise partnerships. Most recently, we have supported the establishment of a PC refurbishment business based on the bike project model.

4. REVIEW OF EFFECTIVENESS

- 4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.
- 4.2. Internal Audit has conducted an ongoing review of the Council's Corporate Governance processes and carried out audits according to the annual Audit Plan, which was approved by the Corporate Management Team, and the Corporate Governance and Standards Committee. We base the Audit Plan on a risk assessment that provides guidance as to the frequency of audits. It covers four main themes (Financial Control, Asset Management, Management Control and ICT) specifically to address the main concerns of corporate governance.
- 4.3. Internal Audit has produced an annual report on Corporate Governance, which is an assessment of corporate governance against CIPFA guidelines. They also review standards of internal control including risk and performance management. The overall conclusion is that the system of Internal Control at Guildford Borough Council for the period to 31 March 2015 was sound.
- 4.4. We have used all of this activity to inform the annual Corporate Governance Statement.
- 4.5. We have a Corporate Governance Group that meets quarterly to discuss any governance issues or concerns. The group comprises the Managing Director (as Head of Paid Service), either the Head of Financial Services or Principal Accountant for financial management and projects (as deputy Chief Financial/S151 Officers), the Executive Head of Organisation and Development and the Executive Head of Governance (as Monitoring Officer). We also have an Information Security Risk Group to review the Council's information governance and have appointed a senior manager as the Senior Information Risk Owner who is working with a group of officers to improve information security.
- 4.6. There are two scrutiny committees:
1. Corporate Improvement Scrutiny Committee - to lead on functions concerned with the management of the Council's resources, internal services and overall improvement programme.

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2. Customer and Community Scrutiny Committee – to lead on functions that have a direct impact on the Council’s customers and local communities.
- 4.7. The two scrutiny committees meet as a Joint Scrutiny committee for items of mutual interest, such as the Leader’s report and Outline Budget report.
- 4.8. The Corporate Governance and Standards Committee receive reports on progress against the audit plan, activities and findings of Internal Audit, risk management, health and safety, equalities, treasury management, ethical standards, Ombudsman complaints and progress against audit recommendations. It also receives interim and annual reports from Grant Thornton, the Council’s external auditors, and is responsible for approving the Council’s Statement of Accounts.

5. INTERNAL AUDIT STATEMENT

During 2014-15, internal auditors completed 91 per cent of the audit plan. The shortfall was the result of a number of unplanned audits, which were requested by managers. There were six audits in progress at the end of the year on which we have not yet given an opinion but there are no indications so far of any material or significant issues arising from this work, which would affect this statement. The table below shows assurance levels of the work carried out in the year to 31 March 2015:

Assurance Rating	Number of Audits	
Substantial	8	13%
Reasonable	36	60%
Limited	5	8%
No Assurance	0	0%
No Opinion (one-off projects)	4	7%
Ongoing (Inc. fundamental service reviews)	7	12%

- 5.2 Where appropriate the audit report provides management recommendations designed to address weaknesses in the system of internal control. We report the outcomes of these audits to the Corporate Governance and Standards Committee every six months giving councillors an opportunity to understand the Council’s compliance with key controls and to discuss any areas of concern with the auditors. We also update councillors on the progress of recommendations.
- 5.3 The Council has very high levels of assurance in respect of all its main financial systems and its governance arrangements. The main financial systems, which feed into the production of the Council’s financial statements, achieved substantial or reasonable assurance level following internal audit.
- 5.4 Each year the Head of Internal Audit, provides an opinion on the Council’s assurance and control framework in her Annual Opinion Report April 2014 to March 2015.

6. SIGNIFICANT GOVERNANCE ISSUES

- 6.1. This year has been a period of change and there have been ongoing financial pressures. Despite this challenging environment, there have been significant achievements and continuing improvement in the Council’s overall governance

arrangements. Where we have identified areas for further improvement we will take the necessary action to implement changes that will further develop our governance framework.

- 6.2. During 2014-15, we carried out a review of how we set taxi-licensing fees following a challenge to the accounts. The review included the costings of the Mot Station and internal recharges and although we identified areas for improvement, there were no material issues that would affect the scale of fees set. This work is on-going and is part of a wide-ranging overall review of licensing. Where improvements to processes have been identified they will be actioned by the Licensing team..
- 6.3. We have also reviewed the access controls on our major systems. The majority of systems were well controlled and had documented permissions and hierarchies but the review found that there needs to be greater control and governance over our use of SharePoint.
- 6.4. Following two complaints regarding the Council's procurement decisions, the Council has reviewed its procurement processes. During the review, we found that procurement procedure rules were not consistently applied across all departments and there is a need for corporate oversight and training of service managers on procurement. During 2014-15, the Council revised its procurement procedure rules and undertook initial training of service managers. In April 2015, Executive approved a corporate procurement strategy and the establishment of a corporate procurement advisory board (CPAB). The Council is still in the process of setting up the board and the roll out of the strategy is in its early stages.
- 6.5. The Information Commissioner's Office (ICO) carried out a voluntary audit (requested by the Council) on the Council's records management system in June 2013. The Council was given limited assurance for records management and subject access requests. Following the audit, the council developed an improvement action plan and is making good progress towards its implementation. However, further improvement is still required in relation to records management. Further information is set out in the Council's annual report on Compliance with Information Rights.
- 6.6. The Council is compliant with the requirements under the Local Government Transparency Code 2014 for the publication of data, which the code mandates 'must be published'. However, the Council only publishes a majority, rather than all, of the data which is 'recommended for publication' under the code, and recognises the need to improve its transparency by publishing the remaining data and improving the accessibility of the data on its website.
- 6.7. Due to a significant increase in the volume and complexity of Freedom of Information (FOI) Act requests received, the Council's systems for dealing with FOIs have been overloaded. As a result, the Council's performance did not meet the Information Commissioner's minimum compliance threshold of 85%. Further information is set out in the Council's annual report on Compliance with Information Rights along with a series of actions the Council is taking to improve its performance.
- 6.8. The Openness of Local Government Bodies Regulations, adopted in August 2014, place a requirement on Councils to publish on its website and make available to the public for inspection, reports on decisions taken under authority delegated to Officers or Councillors, where the effect of the decision is to:
 - (a) grant a permission or license;

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- (b) affect the rights of an individual;
- (c) award a contract or incur expenditure, which in either case, materially affects the Council's financial position.

The Council's process for recording decisions taken under delegated authority is not consistently applied across all services, there is no central library of such decisions and the decisions themselves are not currently reported to a committee of the Council. Where decisions have been properly documented, they are available for public inspection on request; however, the Council does not currently publish delegated decisions on its website. The Corporate Governance Group are reviewing the process for documenting decisions made under delegated authority and will consider how to provide this information on our website and report it to a relevant Committee in future.

- 6.9. In 2013-14, a number of residents made an allegation regarding the conduct of the former Lead Councillor for Planning. The Council appointed a third party to conduct an independent investigation into the allegations, which found that there was no breach of the Council's codes of conduct. However, in 2014-15, the residents referred the matter to the police. Further information was obtained by the police, which had not been at the disposal of the Council's independent investigator during the investigation. As a result, the former Councillor pleaded guilty, in May 2015, to 3 counts of forgery, one of obtaining a pecuniary advantage by deception, and one of wilfully pretending to be a barrister. The offences related to the former Councillor's personal and professional working life and Guildford Borough Council did not suffer any direct financial loss. However, we accept that the Council has suffered reputational damage.
- 6.10. As outlined in paragraph 3.19, the Corporate Governance and Standards Committee is the responsible committee for ensuring ethical standards at the Council, however, its work programme on ethical standards has traditionally been reactive. Officers consider that there is scope to provide the committee with a proactive work programme and that decisions relating to ethical standards, made by the Monitoring Officer under delegated authority within the Council's constitution should be reported to the Committee in line with paragraph 6.8. Officers will prepare a report on ethical standards for the Committee in 2015-16.

7. ASSURANCE SUMMARY

- 7.1. Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.
- 7.2. From the review, assessment and monitoring work undertaken and the ongoing work of internal audit we have reached the opinion that overall key systems are operating soundly and that there are no fundamental control weaknesses.
- 7.3. We confirm, to the best of our knowledge and belief, that this statement provides an accurate and fair view.

SIGNED:
Leader of the Council on behalf of Guildford Borough Council

SIGNED:
Managing Director on behalf of Guildford Borough Council

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Corporate Governance and Standards Committee Report

Report of Executive Head of Corporate Development

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Date: 4 June 2015

Annual report on Guildford Borough Council's compliance with Information Rights legislation

Executive Summary

This is the annual report of the Information Rights Officer to show how the Council has performed in compliance with the Information Rights legislation. In 2014 there was:

- an increase in the number of formal requests for information under the Freedom of Information Act 2000, Environmental Information Regulations 2004 and Data Protection Act 1998 (subject access requests),
- an increase in response timescales in relation to requests made under the Freedom of Information Act 2000 and Environmental Information Regulations 2004 receiving a response outside of the statutory timescales,
- an increase in the number of reported information risk incidents

Recommendation to Audit and Corporate Governance Committee

1. That the committee approves the action to be taken by officers as set out in this report

Reason(s) for Recommendation:

To ensure that the Council continues to improve its compliance with Information Rights legislation so it operates in an open manner whilst providing data privacy for individuals.

1. Purpose of Report

1.1 The Information Rights Officer is required to provide an annual report on the Council's compliance with the Data Protection Act 1998, Freedom of Information Act 2000 and the Environmental Information Regulations 2004 to the Audit and Corporate Governance Committee. These are commonly referred to as the Information Rights legislation.

1.2 This report is for the 2014 calendar year and covers the following areas:

- a) formal requests under the Freedom of Information Act (FOI) and the Environmental Information Regulations (EIRs) – a performance and analysis of the management information available;
- b) Information Commissioner's Office (ICO) investigations in respect of the above;
- c) data protection and privacy, including a summary of reported data protection breaches;
- d) Information Rights issues for 2015 and beyond

2. Strategic Framework

- 2.1. Complying with the Information Rights legislation is consistent with the five fundamental themes set out in the Council's Strategic Framework.
- 2.2. By promoting openness in the way the Council operates and data privacy for the individuals who use its services, we are able to support society in evolving a self-reliant and sustaining local community, while supporting our most vulnerable residents, who are often the subjects of the most sensitive information the Council holds.

3. Background

Freedom of Information

- 3.1. Individuals and legal persons have the right to request any recorded information held by or on behalf of the Council. The Council must respond to these requests within 20 working days in all but exceptional cases. In exceptional cases, it may be necessary to extend the response timescale in order to complete a public interest test. Environmental information held by the Council falls under separate, but similar, access rules – namely the Environmental Information Regulations 2004. For ease of reference, requests for environmental information are included with Freedom of Information requests in this report.

Data Protection

- 3.2. Section 7 of the Data Protection Act 1998 provides any living individual with the right to request their own personal data from the Council. The Council must deal with these requests within 40 calendar days. At the time of writing, we used a separate system (from FOI requests) as they always involve protectively marked information and so we keep them as confidential as our discovery process will allow. During in 2015 we have been implementing a new system for handling both FOI and Subject Access requests.
- 3.3. Schedule 1, Part 1, Principle 7 of the Data Protection Act 1998 requires us to take appropriate technical and organisational measures against unauthorised or unlawful use of personal data and against accidental loss or destruction of, or damage to, personal data. We have a procedure for staff to report information security risk incidents. The Information Rights Officer reports the outcomes of investigations to

the Executive Head of Organisational Development, who is the Senior Information Risk Owner (SIRO). The Information Rights Officer provides an anonymised summary to the Corporate Governance Group each quarter.

4. Performance with requests for information under the Freedom of Information Act 2000 and Environmental Information Regulations 2004

Table 1 - Freedom of Information (FOI) and Environmental Information Regulations (EIRs) during 2014

	2013	2014	% +/- over prev. year	Comments
Number of formal requests	669	848	27%	This continues the consistent significant increase in the number of requests each year over the last ten years.
Performance (% of requests dealt with within statutory 20 working days)	87%	69%	-18%	Performance did not meet the Information Commissioner's minimum compliance threshold of 85 per cent.
Number of known investigations by the ICO	0	9	Increase	Four individuals were responsible for the nine complaints to the Information Commissioner during 2014. Two complainants made three complaints each, another made two and a fourth made one.

Table 2 – Which Services received requests during 2014

Service involved	TOTAL Number of Requests 2013	TOTAL Number of Requests 2014	2014 Late Responses	% On time
Business Systems	60	69	34	51
Health and Community Care	107	151	67	56
Corporate Development	32	17	6	65
Economic Development	26	26	13	50
Financial Services	21	22	9	59
Housing Advice	40	43	15	65
Human Resources	55	44	6	86
Legal & Democratic	33	31	10	68

	TOTAL Number of Requests 2013	TOTAL Number of Requests 2014	2014 Late Responses	% On time
Service involved				
Services				
Neighbourhood & Housing Management	28	42	18	57
Operational Services	80	74	41	45
Parks & Leisure	46	74	7	91
Planning Services	76	77	30	61
Revenues & Payment Services	144	188	24	87
Management Team	8	7	4	43
	As some requests involved more than one service, the total of requests in this table will be greater than the actual number of requests received by the Council during the year			

Table 3 – Who made use of the Freedom of Information Act during 2014?

Category selected by officer	No of requests 2013	No of requests 2014
Commercial	176	192
Media	87	83
Charity/interest groups	11	8
Individuals	355	564
Campaign Group	0	1

4.1. Applicants are under no obligation to identify their purpose for making a request under the Freedom of Information legislation. They are simply required to provide a name and address for correspondence. Therefore, it is not always clear whether an applicant is acting in a private capacity, on behalf of an organisation or for other business purposes such as research. However, the current system allows the Council to make a judgment on the capacity in which an applicant appears to be making a request (for example if a company is making a request, an assumption is made that the request is for commercial purposes). It should be noted that this depends on a subjective judgement by the officer logging the request, so the above figures should only be used as a general guide (for example, many journalists submit requests from personal Hotmail and Gmail addresses and such-like, without identifying themselves as journalists and so their requests may be categorised as ‘individuals’). Table 3 above shows the data for 2014, bearing in mind the preceding comments.

4.2. We have increased the amount of information published through the transparency page on the website in compliance with the Local Government Transparency Code

2014 and will be keeping the accessibility of the information under review. The following information was published:

Accounts receivable	Debt recovery policy Invoicing
Salaries and benefits	Senior officer salary chart Officers' remuneration Senior staff responsibilities
Service and financial plan	General fund budget book
Invoice payments	Spotlight on our spending
Statement of accounts	Statement of accounts up to the financial year-end 2013/14
Business rates overpaid (credit) accounts	Overpaid credit accounts (published quarterly)
Council-owned land and buildings	Published on OS maps
Energy, greenhouse gas reports	Greenhouse Gas emissions report

5. FOI and EIR referrals to the Information Commissioner's Office (ICO)

5.1. The ICO notified the Council that it was dealing with nine formal appeals in relation to FOI and EIR requests during 2014. This was a significant increase over 2013. However, it should be noted that six of the nine complaints were from two individuals who made three complaints each. A third individual made two complaints.

Year	Known Referrals during 2014	Decisions Against the Council*
2014	9	0
2013*	0	0

* Known at the time of writing

6. DATA PROTECTION AND PRIVACY

Table 5 – Data Protection and Privacy Performance

	2013	2014	%+ / (-) over 2013
Number of Subject Access Requests:	17	16	-6%
Percentage of requests resolved within 40 days	53%	46%	-7%
Number of these which were appealed to the ICO and investigated	1	0	-100%
Number of security and or confidentiality breach allegations reported to the Information Rights Officer under the information risk incident report procedure	2	9*	+350%
Number of the above, which the Council reported to the ICO	0	2	Increase

Three requests remained on hold at the time of writing. Three of the overdue requests were from a single source and were extremely complex.

*Summaries of these cases are in Table 6

Table 6 – Summary of information risk incidents

	Summary of incident	Category of incident	Resolution
IRB28	January 2014: The Council sent an anti-social behaviour complaint to the neighbours who had been complained about in error. This resulted in threatening behaviour directed at the complainant.	2 – reportable to the ICO	<p>The Council moved the complainant to alternative accommodation.</p> <p>The risk was incorporated into the Basic Data Protection course for staff</p> <p>The matter was reported to the Information Commissioner's Office (ICO), who stated in Decision Notice ENF0528865:</p> <p><i>"In this case, the disclosure appears to be the result of an administrative error by a trained member of staff who through their previous employment, had considerable</i></p>

	Summary of incident	Category of incident	Resolution
			<p><i>experience in dealing with neighbour complaints and a history of dealing with other sensitive matters without any previous incidents of this nature. This would suggest that they were more than qualified to carry out this kind of work, and in this case mistakenly typed the wrong house number in a one off mistake.</i></p> <p><i>“The remedial measures that have been outlined have been noted, and it is expected that these will be fully implemented to prevent reoccurrence. Therefore, the case, as reported to us, does not appear to meet the criteria set out in our Data Protection Regulatory Action Policy necessitating further action by the ICO and is now closed.”</i></p>
IRB29	<p>Minutes of a ‘Team around the family’ meeting, containing some sensitive information about one of the family members was sent to an internal “Heritage and Culture” mailing list in error. This was caused by an officer selecting the wrong group suggested by Outlook’s auto-complete.</p> <p>There was no disclosure outside of the Council.</p>	0 (Near miss)	<p>The Heritage Manager confirmed that her staff had deleted the email and no further disclosures had occurred.</p> <p>IRO recommended the corporate switch-off of autocomplete, which was not accepted.</p>
IRB30	<p>A member of staff complained that the Council was forwarding all of their emails to their line manager in breach of their privacy.</p> <p>No personal information was disclosed in this instance</p>	0 (Near miss)	<p>No personal data was involved in this instance but the IRO recommended the use of a data guardian pro-forma to ensure managerial intervention in any given instance is necessary and proportionate.</p>

	Summary of incident	Category of incident	Resolution
IRB31	<p>Two officers authorised to access the open revenues system were using the same username and password (the personal log in details of one of the officers).</p>	N/A	<p>This was not an information risk incident as both officers were authorised to access the information but the practice was not compliant with the Acceptable Use of ICT policy.</p> <p>The issue of password sharing is being addressed in general terms through the data protection-training course.</p>
IRB32	<p>Customer reported that she received her rent notification letter together with two notifications relating to three other people in the same envelope. This incident did not involve sensitive personal data.</p> <p>This relates to the daily process by which Housing Benefits and Housing Rents letters are produced separately by the respective services and then matched for enveloping.</p> <p>The separation and enveloping of the letter bundles undertaken in the post room was manual. The number of letters involved and the fact that there were varying numbers of documents for each customer resulted in the likelihood of human errors.</p>	0 (Near miss)	<p>The letters were collected on the day after the matter was reported, so that the incident was contained.</p> <p>Responsibility for the process is now with Revenues and Payment Services. The service provides the documentation to the post-room pre-sorted into the bundles. This means the post room staff need only envelope the documents rather than separate them.</p>

	Summary of incident	Category of incident	Resolution
IRB33	<p>Nineteen credit card receipts misplaced at Electric Theatre. These were the merchant copies, which contain the full 16-digit card number and expiry date of each card. The information at risk did not include names, addresses or CSV numbers.</p> <p>It is debatable whether any personal information, which would allow identification, was disclosed. The incident may have raised questions about PCI compliance, which would have been a matter for audit.</p>	0 (near miss)	No further action was taken in relation to data protection but the matter was investigated by internal audit.
IRB34	<p>July 2014: The Parking Office reported the loss of a credit card receipt containing the card number and expiry date.</p> <p>It was likely that the customer was given both copies. This involved limited information.</p> <p>CCTV was checked but did not provide further insight into the incident.</p>	0 (near miss)	<p>No further action was taken in relation to data protection.</p> <p>Customer notified and advised to inform their bank if they were concerned. The responsible officer anticipated that the new Adelante payment system would reduce the likelihood of similar events happening as the information stored would be more limited.</p>
IRB35	<p>A temporary member of staff based in HR scanned and uploaded two job applications to the JobsGoPublic (JGP) recruitment site but saved them to the incorrect JGP accounts. One applicant viewed her account and saw someone else's application form and raised the issue with JGP and HR. JGP spoke to an HR Advisor, who rectified the matter by saving</p>	1 (Self-contained breach)	<p>HR rectified the error immediately on notification.</p> <p>HR carried out a risk assessment on the process and subsequently changed the procedure so that manual application forms were no longer uploaded.</p>

	Summary of incident	Category of incident	Resolution
	both documents to the correct applicant's accounts.		
IRB36	<p>A package containing, witness statements, bank statements and other personal information about a Housing Options client (potential victim of domestic abuse) was delivered to the Council by recorded delivery but never reached the addressee (who is in the Council's Housing Advice service). The package was never located; though Housing Advice has since reported receipt of some of the contents (some sensitive information remains missing)</p> <p>The receptionist on duty placed the package in the Council's internal post system, which is contrary to the procedure rules. The package should have remained at reception and the addressee notified to collect it in person.</p>	2 (reportable to the ICO)	<p>The receptionist who placed the package in the internal post did not pass the probationary period and no longer works for the Council</p> <p>All reception staff were reminded of the procedures and the consequences of not following them.</p> <p>The office manual was reviewed and the delivery log sheet expanded to include more information so that there is a more complete audit trail.</p> <p>The ICO stated in their closing letter on 26 March 2015:</p> <p><i>"We have considered the information you have provided about a potential breach of the DPA and, on the basis of the information we currently hold, we have decided that no further regulatory action is necessary at this stage.</i></p> <p><i>"This is because the council had training and policies in place to protect personal data. In this instance, the staff member concerned had received training on the handling of postal items, but this training was not followed."</i></p>

As noted from Table 6 there was an increase in the number of information risk incidents reported during 2014. It is likely that this is a direct result of the awareness created by the corporate data protection training as well as the implementation of the formal Information Risk Incident Reporting Procedure during 2013.

7. VOLUNTARY AUDIT BY THE INFORMATION COMMISSIONER

- 7.1. The Council requested an Information Commissioner audit of its records management and subject access request handling in 2013. An update on progress is attached as Appendix 1.

8. Future information rights issues

Freedom of Information and Environmental Information Regulations

- 8.1. As reported in previous years, the Council put the current system in place for dealing with FOI and EIR requests (and Subject Access Requests) some years ago as a temporary measure and this was being updated at the time of writing. Officers remain eager for the implementation of the Freedom of Information Module, which is part of the Firmstep Customer Relationship Management (CRM) system recently acquired.
- 8.2. Prioritising the above system will assist with logging and assigning requests and automating the workflow for dealing with them. Officers anticipate that the system will be of great assistance to Executive Heads of Service, who are responsible for ensuring they respond to formal information requests within the statutory response timescales. The new system also promises to provide much more meaningful management reports, which will greatly help in the monitoring of information rights compliance.

Data Protection and Privacy

- 8.3. The three previous annual reports have commented on the EU General Data Protection Regulation (GDPR), a draft of which was released by the European Commission early in 2014. The GDPR, once agreed, will replace the current data protection laws for EU member states. The draft GDPR was still subject to agreement at the time of writing. The EU Council is slated to reach a decision before the end of 2015.
- 8.4. The key theme of the proposed GDPR is accountability and the proposals included:
- a single set of data protection rules across the EU,
 - abolition of “implied consent”, which would mean consent must be explicitly given in all cases where consent is required
 - an obligation to use plain English in privacy statements
 - increased responsibility and accountability for those processing personal data
 - an obligation to report serious breaches to the ICO within 24 hours
 - increased data portability for customers, so that they can transfer their data from one organisation to another more easily
 - a “right to erasure” to help people better manage privacy risks, particularly on line

- an obligation for certain organisations to appoint a data protection officer
- potentially bigger fines (based on a percentage of an organisation's annual turnover).

9. Financial Implications

9.1. This report does not propose any additional spending. However, the financial implications of a failure to comply with the Data Protection Act 1998 are considerable. At the time of writing, the ICO may impose a monetary penalty of up to £500,000 for each breach. The new EU regulation proposes penalties of up to 2 per cent of annual turnover.

10. Legal Implications

10.1. The Council's compliance with the information rights legislation has direct legal implications and failure to do so can result in costly enforcement action and compensation claims.

11. Human Resource Implications

11.1. There are no proposals in this report which have any direct human resource implications

12. Conclusion

Freedom of Information and Environmental Information Regulations

12.1. The number of FOI and EIR requests continued to increase for the ninth consecutive year. There has been a notable increase in the number of overdue requests. A replacement of the existing FOI system is urgently required and Executive Heads of Service will need to ensure arrangements are in place in their service to make sure they give priority to responding on time.

12.2. Corporate Management Team now considers a monthly report on response timescales and this is likely to help improve response times.

Data Protection and Privacy

12.3. As with Freedom of Information requests, the Council's 2014 performance of 46% per cent compliance in relation to Subject Access Requests is a decline over 2013. Three of the requests were from a single source and were complex in nature. However, sound records management is at the heart of responding on time to Subject Access Requests (and in fact any formal requests for information) and the Council must still make considerable progress to comply with the ICO audit recommendations. The Council has a legal obligation to manage personal data in a way that promotes compliance with the subject access rights. This is a records management issue, which would need to be prioritised in order to realise improvements in this area of compliance.

13. SUMMARY OF ACTIONS TO BE TAKEN BY OFFICERS

- 13.1. The basic data protection training course will continue as a means to raise awareness of data protection and information security issues. (Councillor training is also scheduled at the end of June).
- 13.2. The Firmstep system for dealing with formal requests for information will be implemented during 2015.
- 13.3. As part of the implementation of the new system, the procedures for dealing with formal requests for information will be reviewed and training-needs identified.
- 13.4. Corporate Management Team have agreed a local target of 90% of responses to requests within the statutory timescales and now consider a monthly performance report.
- 13.5. Information governance champions will be appointed in each service to support Executive Heads of Service to ensure requests assigned to them receive a response within the timescales.
- 13.6. The Senior Information Risk Officer (SIRO) will ensure, through the Information Risk Group that the Council makes further progress with the Information Commissioner's audit recommendations so that there is an improvement in the way the Council handles subject access requests and manages its records.
- 13.7. Executive Heads of Service will continue to work with the Customer Services Centre and the Executive Head of Organisational Development to improve public access to information and will maintain systems in place to publish non-sensitive information proactively, where there is a clear public interest to do so.

14. RECOMMENDATIONS

- 14.1. Committee is asked to note the contents of this report and the summary of actions to be taken by officers.

15. BACKGROUND PAPERS

- 15.1. Guildford Borough Council Data Protection Audit Report Executive Summary October 2013 (available on the Information Commissioner's website)

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Voluntary Information Commissioner Audit - Detailed findings and action plan

In June 2013, the Council made a request to the Information Commissioner's Office (ICO) for an audit of our records management (RM) arrangements and Subject Access Request (SAR) processes. The ICO produced a report containing some 36 recommendations to improve arrangements for both. The recommendations have been used as an action plan to help to improve the Council's management of its records and handling subject access requests.

The Information Rights Officer provided an update to the Corporate Governance and Standards Committee on 26 March 2015, showing that the Council had met or was complying with many of the recommendations. The Committee agreed that the Information Rights Officer would provide a further update with the annual information rights compliance report.

The remaining recommendations are set out below together with progress as at 30 April 2015.

Action plan and progress

Outstanding Recommendation	Progress at 30 April 2015	Officer Responsible for action
<p>A4, A5, A6. Develop an overarching policy that documents Guildford Borough Council's approach to records management, supports the RM function and provides a framework for supporting documents such as procedures and disposal schedules.</p>	<p>IN PROGRESS – COMPLETION TARGET: 01 July 2015</p> <p>The Records Management Standards have been drafted and approved by the records management project group. They will be taken to Management Team during May 2015. This document will set out the Standards for the Council overall, and will be used by each Service to create their own set of local standards, based on their own needs. That target date for CMT approval of the standards is 01 July 2015. Therefore, the records management actions shown in this table as "in progress" are expected to be completed by 01 July 2015.</p>	<p>Darren Spice Information Systems Manager</p>
<p>A10. Ensure the provision of data protection refresher training on an annual basis. Review training content on an annual basis so it remains</p>	<p>COMPLETED/ONGOING</p> <p>On line refresher training is being rolled out to staff who have</p>	<p>Vincenzo Ardilio – Information Rights Officer</p>

relevant and up to date.	attended training more than a year ago via NetConsent. This allows training to be monitored across the Council.	
A11. Ensure there is appropriate records management training commensurate with specialised staff duties. General records management requirements for all staff should be included in the corporate training.	IN PROGRESS – COMPLETION TARGET: DECEMBER 2015 The Records Management project group will roll out training on records management, following approval of the standards. This training will be completed by the end of 2015, and is likely to tie in with overall changes the Council's use of SharePoint and other document and records management systems.	Darren Spice Information Systems Manager
A12. Review and formalise the local elements for training and monitor their deployment, ensuring they are consistent with corporate standards.	IN PROGRESS – COMPLETION TARGET 30 NOVEMBER 2015 Following approval of the standards by 01 July 2015, the Records Management project group will plan training on records management as part of the overall project during the period 1 July to November 2015. Training sessions for each Service will be included in this plan, based on their own local needs.	Darren Spice Information Systems Manager
A18. Implement formal requirements to monitor and return records that are taken out of the office for extended periods.	IN PROGRESS – TARGET FOR COMPLETION 30 SEPTEMBER 2015 In order to meet the individual needs of each Service this will be completed at a local level, following the approval of the overall records management standards by 01 July 2015.	Darren Spice Information Systems Manager
A20. Implement procedures to monitor the return of archive boxes.	IN PROGRESS – TARGET FOR COMPLETION 30 SEPTEMBER 2015 In order to meet the individual needs of each Service this will be completed at a local level by 30 September 2015, following the approval of the overall records management standards.	Darren Spice Information Systems Manager
A21. Produce guidance for the archiving	IN PROGRESS – TARGET FOR COMPLETION 30	Darren Spice

<p>requirements to ensure records can be tracked and retrieved. Where records are of limited use for the purposes for which they were collected, consider whether they can be destroyed.</p>	<p>SEPTEMBER 2015 As above – for completion during 1 April to 30 September 2015</p>	<p>Information Systems Manager</p>
<p>A25. Consider separating data controllers, to reduce the risk of unauthorised access or disclosure of personal information.</p>	<p>The data controllers are Guildford Borough Council, Surrey County Council and Surrey Police who share the Millmead complex. Information should not be shared between these separate legal entities in an ad-hoc manner.</p> <p>The Head of Business Systems was arranging a meeting with representatives from each of the data controllers to agree some ground rules in terms of maintaining confidentiality where necessary and to consider any other arrangements to ensure an appropriate separation of duties in respect of personal information. However, he has now left the Council. This project will be picked up by his replacement who is scheduled to start in June. A new target date will be agreed.</p>	<p>Interim Head of Business Systems</p>
<p>A31. Ensure that PDF files can be protectively marked in line with the requirements, or introduce an alternative measure for dealing with PDF files and train staff appropriately. For example, the use of safe haven procedures for fax usage.</p>	<p>COMPLETED/IN PROGRESS – TARGET FOR COMPLETION 30 SEPTEMBER 2015</p> <p>The Boldon James File Classifier product has now been purchased and will be made available for all users during 2015,. This product uses the same classification policy as the Office Classifier product, which is currently in use by staff at the Council. The existing Office Classifier requires an upgrade before File Classifier can be implemented. This has been delayed due to the technical issues related to upgrading and rolling out new software to the VDI devices and staff commitments to other projects.</p>	<p>Darren Spice Information Systems Manager</p>
<p>A33. Ensure that all services develop and implement retention schedules for their manual records.</p>	<p>IN PROGRESS – TARGET FOR COMPLETION 1 JULY 2015</p> <p>The new Records Retention and Disposal Schedule has been drafted. This will be submitted for CMT approval with the Records Management Standards by early June 2015. This will</p>	<p>Darren Spice Information Systems Manager</p>

	become a working document that is continually updated by each Service.	
A34. Implement retention schedules for electronic records that are held by GBC. Ensure that schedules are reviewed regularly so they continue to meet business needs and statutory requirements.	See above (this is part of the Records Retention Schedule)	Darren Spice Information Systems Manager
A37. Ensure appropriate RM performance measures are developed and that records management compliance reporting is fed into the relevant group / individuals.	IN PROGRESS – TARGET DATE FOR COMPLETION 1 JULY 2015 Overarching performance measures have been discussed by the Information Risk Group and will be incorporated into the Records Management Standards	Darren Spice Information Systems Manager Martyn Brake Executive Head of Organisational Development
A38. Where elements of existing policy contain records management requirements, these should be monitored and reported on to assure compliance.	IN PROGRESS This forms part of the Records Management Standards referred to above.	Vincenzo Ardilio – Information Rights Officer
A40. Consider adapting the Statement of Information Assurance to incorporate elements of records management.	TARGET FOR COMPLETION AUGUST 2015 The Council’s ICT developers are building a Configuration Management Development Database (CMDB) that will hold information asset information linked to risk assessments, working procedures and controls. The information asset information will be added as a separate module by August 2015.	Martyn Brake – Executive Head of Organisational Development Darren Spice – Information Systems Manager
A43. Include risks from local information asset	See above (A40)	See A40

registers within the corporate risk register where appropriate.		
A44. Where risk to information assets are identified as requiring a control, ensure these are recorded on the information asset register	See above (A40)	See A40
A45. Ensure that all information assets are assessed for risk. Where the workload is excessive consider allocating responsibility to additional staff.	COMPLETED/ONGOING Awareness of this requirement has been raised through the Privacy & Information Security Liaison Group and through local management team meetings. Overall success is also dependent on the above recommendations relating to information assets.	Vincenzo Ardilio – Information Rights Officer
A46. Ensure there is oversight of information asset risks and that any controls are tested for adequacy.	COMPLETE/ONGOING This is a training and awareness issue. This is raised at the Corporate Data Protection training and included as a standing agenda item on Information Risk Group agenda and Privacy & Information Security Liaison Group. IRO will incorporate adequacy tests into a programme of compliance testing samples, which will be carried out during the 2015/16 financial year.	Vincenzo Ardilio – Information Rights Officer
B4. Additional resource should be provided to support and cover leave or other absence of the Information Rights Officer.	AGREED ACTION COMPLETED Information Governance Champions appointed in each service area to coordinate local compliance	Vincenzo Ardilio – Information Rights Officer/ Executive Heads of Service

<p>B16. Guildford Borough Council should ensure services have delegated responsibility for ensuring the appropriate progress of SAR processing and for monitoring and reporting this to the Information Rights Officer.</p>	<p>IN PROGRESS – TARGET FOR COMPLETION JULY 2015</p> <p>This is in line with B4. Subject Access Requests are monitored through the Privacy & Information Security Liaison Group</p> <p>Completion is dependent on the introduction of the Firmstep solution as a platform for dealing with SARs. The use of the Firmstep solution for the management of the SAR will be completed once the solution has been successfully implemented as a solution for managing the FOI process as described in B21.</p>	<p>Vincenzo Ardilio – Information Rights Officer</p> <p>Darren Spice Information Systems Manager</p>
<p>B21. Introduction of a work flow based system with facilities such as automatic email reminders should be prioritised to reflect the problem of late SAR completion.</p>	<p>IN PROGRESS – TARGET FOR COMPLETION JUNE 2015</p> <p>This is subject to the introduction of the Firmstep solution as a platform for dealing with SARs. The solution is a 'off the shelf' process that runs as part of the overall Firmstep CRM solution purchased by the Council. Firmstep have encountered some difficulties during the implementation of the solution which has delayed the roll out.</p>	<p>Darren Spice Information Systems Manager</p>
<p>B33. Guildford Borough Council should ensure that the proposed replacement for the Subject Access Request System can retain central records of all 3rd Party disclosure requests.</p>	<p>IN PROGRESS – TARGET FOR COMPLETION JULY 2015</p> <p>This is subject to the introduction of the Firmstep solution as a platform for dealing with SARs, as detailed in B16.</p>	<p>Darren Spice Information Systems Manager</p>

Corporate Governance and Standards Committee

Report of the Executive Head of Governance

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Date: 4 June 2015

Dismissal arrangements for Statutory Officers

Executive Summary

1. The purpose of this report is to revise the Employment Procedure Rules set out in Part 4 of the Constitution. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 amend the procedure to be followed for dismissing a statutory officer of the Council i.e. the Head of Paid Service, the Chief Finance Officer (s151 officer) and the Monitoring Officer (the 'relevant officers').
2. The current requirement imposed on the Council to appoint a "designated independent person" before it could dismiss or discipline its Head of Paid Service, Chief Finance Officer (s151 officer), or Monitoring Officer has been replaced with a new requirement to appoint an independent Panel as and when required for the purposes of advising the Council on matters relating to the dismissal of one or more of the relevant officers. The Panel must have at least two members, being Independent Persons who have been appointed for the purposes of the members' conduct regime under section 28(7) of the Localism Act 2015.

Recommendation to Council

The Committee recommends to Council:

1. that the Officer Employment Procedure Rules contained within the Council's Constitution be revised as set out in Appendix 1 hereto with immediate effect.
2. That the role of the Independent Persons be revised to include reference to their new responsibilities as a co-opted member of an independent dismissal advisory Panel and that the current allowance paid shall incorporate such duties.
3. That the Monitoring Officer be given delegated authority in consultation with the Leader to make any further revisions to the Officer Employment Procedure Rules as may be necessary to fully implement the requirements of the Local Authorities

(Standing Orders) (England) (Amendment) Regulations 2015.

Reason for Recommendation:

To ensure compliance with the Local Authorities (Standing Orders) (England) Amendment) Regulations 2015

1. Purpose of Report

- 1.1 The purpose of this report is to make recommendations for the revision of the Employment Procedure Rules set out in Part 4 of the Constitution so as to establish a process for the formation of a Dismissal Advisory Panel reflecting the new mandatory statutory requirements contained in the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015. These regulations amend the procedure to be followed for dismissing a statutory officer of the Council i.e. the Head of Paid Service, the Chief Finance Officer (s151 officer) and the Monitoring Officer (the 'relevant officers').
- 1.2 The requirement imposed on the Council to appoint a "designated independent person" before it could dismiss or discipline its Head of Paid Service, Chief Finance Officer (s151 officer), or Monitoring Officer has been replaced with a new requirement to appoint an independent Panel as and when required for the purposes of advising the Council on matters relating to the dismissal of one or more of the relevant officers. The Panel must have at least two members, being Independent Persons who have been appointed for the purposes of the members' conduct regime under section 28(7) of the Localism Act 2015.

2. Background

- 2.1 Special arrangements for disciplinary action, including dismissal, for a council's statutory officers have been in place for some years in local government in recognition of the sensitivity of their roles in a political environment. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 came into force on 11 May 2015 and the Council is required to incorporate in its standing orders the amendments relating to its dismissal procedure concerning the relevant statutory officers.
- 2.2 The Department for Communities and Local Government states that these Regulations are designed to "simplify and localise the disciplinary process for the most senior officers of a council i.e. the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer. They remove the requirement that a Designated Independent Person be appointed to investigate and make a binding recommendation on disciplinary action against these senior staff.'
- 2.3 An independent panel replaces the Designated Independent Person process and the full Council may not dismiss a relevant officer unless the procedure laid down in these new regulations is complied with.
- 2.4 The Department for Communities and Local Government accepted following consultation on the draft regulations that there was a continuing need for the relevant officers to have additional statutory protection as they discharge

statutory responsibilities to their councils and discharge these in a political environment.

- 2.5 The rationale therefore behind the specific but changed statutory protection afforded to the Head of Paid Service, the Chief Finance Officer (s151 officer) and the Monitoring Officer is that such officers in the proper exercise of their statutory duties are required to 'speak truth to power' in the public interest without fear or favour. This is required even where, for example, such advice would be potentially unpopular and may represent clear dissent from any prevailing political leadership's views.
- 2.6 The public interest requires professional advice to be given even if there is a danger of such advice being wrongly misconstrued (e.g. as being undermining disloyal, insubordinate or politically motivated). Such advice does not of course have to be accepted by Members if there is good reason not to do so.
- 2.7 However, if such officers omit, in whole or in part, to exercise properly their statutory duties due to risk of detriment, the interests of the Council and the public are not served, and the public pay the cost. The limited statutory protection is thus designed to be in everyone's interests, and relevant officers can still be legitimately held to account where it is appropriate in the public interest.

3. Action

- 3.1 The Council is required to amend its Constitution including its standing orders.
- 3.2 The Council must appoint a Panel (meeting as and when required) being a committee appointed by the Council under section 102(4) of the Local Government Act 1972 for the purposes of advising the Council on matters relating to the dismissal of the relevant officers of the Council. It will be subject to all the legal requirements of a committee including the proportionality rules.
- 3.3 The Panel must consist of at least two Independent Persons being persons appointed under section 28(7) of the Localism Act 2011 and, where there are fewer than two such persons, the Panel may consist of such Independent Persons as have been appointed by another authority or authorities as the council considers appropriate.
- 3.4 The Council is not required to appoint more than two relevant Independent Persons to the Panel but may do so. Currently the Council has three Independent Persons.
- 3.5 Subject to the requirement to have two relevant Independent Persons, the Council must appoint to the Panel such relevant Independent Persons who have accepted an invitation. Invitations should therefore be sent in accordance with the following priority order:
 - An Independent Person who has been appointed by the council and who is a local government elector within the council's area;

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- Any other Independent Person who has been appointed by the council ;
and
 - An Independent Person who has been appointed by another council or
councils.
- 3.6 Should any Panel be required to be appointed, the Council must appoint the Panel at least 20 working days before full Council holds its meeting at which full Council takes a vote on whether or not to approve dismissal, taking into account in particular –
- (a) any advice, views or recommendations of the Panel;
 - (b) the conclusion of any investigation into the proposed dismissal; and
 - (c) any representations from the relevant officer.
- 3.7 Local authorities must modify their standing orders to give effect to the new arrangements. It is therefore proposed that the paragraph set out in Appendix 1 of this report be added as new paragraph 8 to the Officer Employment Procedure Rules in Part 4 of the Constitution.
- 3.8 Guidance has not yet been received from the Department of Communities and Local Government regarding the practical implications of putting into place the new arrangements. The Local Government Association is also expected to provide advice on the matter. In addition, your officers therefore propose that delegated authority be given to the Monitoring Officer in consultation with the Leader to make any further amendments to the Officer Employment Procedure Rules as may be required to implement fully the new arrangements, as may be necessary following receipt of this guidance.

4. Financial Implications

- 4.1 Under the 2015 Regulations any remuneration allowances or fees paid by the Council to an Independent Person appointed to the Panel must not exceed the level of remuneration, allowance or fees payable to that Independent Person in respect of that person's role as Independent Person under the Localism Act 2011.
- 4.2 Travel expenses of Independent Persons are reimbursed at the same rate as set out in the Members' allowance Scheme. These new duties can be included in these arrangements.
- 4.3 The cost of appointing the panel and their expenses can be contained within existing budgets.

5. Legal Implications

- 5.1 The legal implications are set out in the body of this report.

6. Human Resource Implications

- 6.1 Convening the independent dismissal advisory Panel would be undertaken within existing resources. The Council must also consider what consequential changes need to be agreed in relation to any relevant contracts of employment.

7. Risk management implications

- 7.1 The implications regarding risk are apparent from the report in that the Council must follow the statutory process and exercise its powers reasonably and for a proper purpose. If the Council does not implement these revised regulations at its next Council meeting it will be in breach of the requirements set out in the regulations.

8. Human Rights Act implications

- 8.1 Panel arrangements are designed to respect an Individual's right to a fair hearing.

9. Equality Act implications

- 9.1 This report deals with internal and procedural matters only.

10. Conclusion

- 10.1 The Council is required to amend its Constitution including standing orders in the light of The Local Authorities (Sanding Orders) (England) (Amendment) Regulations 2015 SI No. 881 no later than the first ordinary meeting of the authority falling after 11 May 2015.

11. Background Papers

SI 2015 No. 881 the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015

12. Appendices

Appendix 1 - Officer Employment Procedure Rules revisions

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Officer Employment Procedure Rules

8 Additional provisions in relation to disciplinary action concerning the Head of Paid Service, Monitoring Officer and/or Chief Financial Officer

8.1 The Managing Director/Head of Paid Service, Monitoring Officer and Chief Financial Officer (a 'relevant officer') may not be dismissed by the Council unless the procedure set out in Schedule 3 of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 has been complied with.

8.2 The Council must invite any Independent Person appointed under the provisions of the Localism Act 2011 section 28(7) who has been appointed by the Council (or, where there are fewer than two such persons, such Independent Persons as have been appointed by another authority or authorities as the Council considers appropriate), to be considered for appointment to an independent Panel with a view to appointing at least two such persons to the Panel.

8.3 The Council must appoint to the Panel such relevant Independent Persons who have accepted an invitation issued in accordance with paragraph 8.2 in accordance with the following priority order –

- (a) an Independent Person who has been appointed by the council and who is a local government elector within the authority's area;
- (b) any other Independent Person who has been appointed by the council; and
- (c) an Independent Person who has been appointed by another council or councils.

8.4 The Council is not required to appoint more than two relevant Independent Persons but may do so.

8.5 The Council must appoint any Panel at least 20 working days before the meeting of the Council to consider whether or not to approve a proposal to dismiss a relevant officer.

8.6 Before the taking of a vote at the meeting of the Council to consider whether or not to approve a proposal to dismiss a relevant officer the authority must take into account in particular:

- (a) any advice, views or recommendations of the Panel;
- (b) the conclusions of any investigation into the proposed dismissal; and
- (c) any representations from the relevant officer.

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Corporate Governance and Standards Committee Report
Report of the Managing Director (Chief Financial Officer)

Author: Claire Morris, Head of Financial Services

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Date: 4 June 2015

External Audit 2015-16 Fee Letter and the future of Local Government External Audit

Executive Summary

The Council's external auditors, Grant Thornton, have submitted their audit fee letter for 2015-16. The letter is attached as **Appendix 1**, it provides a broad summary of the programme of work that Grant Thornton intend to carry out during 2015-16. The overall fee for the core audit and grant claim work is a 24% reduction on the fee charged in 2014-15 and is within budget.

Central Government closed the Audit Commission in March 2015. This report also provides Councillors with an update on arrangements for local body audit following its closure.

Recommendation to Corporate Governance and Standards Committee

That the Corporate Governance and Standards Committee:

1. approves the external audit fee submitted by Grant Thornton, and makes any comments it feels relevant.
2. notes the arrangements for local body audit following the closure of the Audit Commission

Reason for Recommendation:

To enable the Committee to consider and comment on the planned audit fee.

1. Purpose of Report

- 1.1 This report provides a summary of the proposed external audit fee and the work programme for the audit of the 2015-16 accounts, value for money opinion and the grant certification work as set out in the fee letter attached at **Appendix 1**.

Officers recommend that the Committee notes the fee and makes any comment that it feels relevant

2. **Strategic Framework**

- 2.1 The Developing your Council theme within the Corporate Plan 2013-16 sets out the Council's key priorities of improving value for money and efficiency in service delivery and improving the Council's governance structures. The annual audit by Grant Thornton contributes to the achievement of those priorities.

3. **Background**

- 3.1 When the external audit function transferred to private firms in 2012, the Audit Commission proposed that the scale fee (which covers the core audit) would reduce by 40 per cent and remain the same until the audit for 2016-17. The fee for the 2015-16 core audit will be £57,533; this represents a 25% (£19,177) decrease in the core audit fee since 2014-15. The decrease has been enabled due to the procurement exercises run by the Audit Commission across Local Government and Health sectors. Grant Thornton will prepare and produce a detailed audit plan for submission to the Corporate Governance and Standards Committee in March 2016, however the fee letter contains details of the scope of work covered by the core audit fee.
- 3.2 The external auditor charges a separate fee for Grant Certification work. The indicative fee for 2015-16 is £13,925, which is a reduction of £3,405 since 2014-15. The actual fee charged may vary from the indicative fee, depending on the level of work necessary to complete the grant certification work.
- 3.3 Overall, there is a 24% decrease in audit fees from £94,040 in 2014-15 to £71,458 in 2015-16.

The future of External Audit in Local Government

- 3.4 Following enactment of the Local Audit and Accountability Act 2014 (LA&AA 2014), the Audit Commission ceased to exist on 31st March 2015. Prior to its demise, the Audit Commission let a series of framework contracts for the audit of local bodies which will run until 2018 (or 2021 if the government decides to extend the contracts by three years).
- 3.5 Since the closure of the Audit Commission, central government has put the following arrangements in place that relate to the role and functions previously carried out by the Commission:
- 1) Responsibility for managing the audit contracts for local government bodies, along with the Commission's statutory functions for audit (e.g., setting the standards of performance, appointing auditors, setting and determining fees) and value for money work has transferred to an independent private company created by the Local Government Association (LGA).

- 2) The Commission's responsibility for certifying the use of grant monies from central government by audited bodies was not provided for by the LA&AA 2014 and will therefore cease with the exception of certification arrangements for the housing benefit subsidy claim.
 - 3) The National Audit Office has taken on responsibility for the Code of Audit Practice and guidance, which sets out the way in which auditors carry out their functions. They have also taken on responsibility for conducting national value-for-money studies.
 - 4) The Financial Reporting Council (FRC) has become the overall regulator of audit standards, mirroring arrangements under the Companies Act 2006.
 - 5) The Chartered Institute of Public Finance and Accountancy (CIPFA) and other professional accountancy bodies have been recognised as the supervisory bodies charged with putting in place eligibility rules for those firms wanting to be appointed as local public auditors and the qualifications and experience required to be able to sign off a local audit report.
 - 6) Statutory responsibility for the National Fraud Initiative (NFI) has transferred to the Cabinet Office. The Commission's work in helping to tackle fraud and corruption is transferring to a new Counter Fraud Centre being established by CIPFA.
- 3.6 Once the current audit contracts run out in 2018, local bodies will be able to appoint their own external and independent auditor and will need to do so by 31st December preceding the relevant financial year. The maximum length of appointment is five years. The decision will need to be made by full Council and cannot be delegated. Local bodies have to establish, consult and take into account the advice of an independent auditor panel on the selection and appointment of a local auditor. Sector led collective procurement of local audit services are facilitated within the regulations.
- 3.7 This means that, unless central government extends the existing contracts, Guildford Borough Council will need to procure its own external auditor by 31st December 2017. It will also need to establish its own independent auditor panel. However, the LGA are consulting on the establishment of a joint procurement exercise for principal councils. This would mean that the procurement of local government body audits is undertaken in large lots, as happened when the audit commission procured the current contracts. If this does not happen, there is broad agreement between the Surrey Treasurers group (i.e., the Chief Financial Officer's for all the Surrey authorities) that a joint procurement exercise would be preferable across the Surrey Authorities.
- 3.8 The government intends to issue further guidance in relation to the independent auditor panels and further information will be provided to the Corporate Governance and Standards Committee once it is received.

4. **Financial Implications**

- 4.1 There is budget provision in the 2015-16 estimates for the audit fees and the fees for other services provided by Grant Thornton.

5. **Legal Implications**

- 5.1 The Local Audit and Accountability Act 2014 states that the accounts of a relevant authority for a financial year must be audited:
- a) in accordance with the Act and provision made under it, and
 - b) by an auditor (a “local auditor”) appointed in accordance with the Act or provision made under it.
- 5.2 A local auditor must, in carrying out the auditor’s functions in relation to the accounts of a relevant authority, comply with the code of audit practice applicable to the authority that is for the time being in force. The current code of practice for UK Local Government is the Code of Audit Practice issued by the Audit Commission in 2010. The code adopts the International Standards of Auditing (ISAs) as issued by the FRC.

6. **Human Resource Implications**

- 6.1 There are no human resource implications to the report.

7. **Conclusion**

- 7.1 The report outlines Grant Thornton’s fee letter for 2015-16. The audit fee has reduced by £19,177 since 2014-15.

8. **Background Papers**

None.

9. **Appendices**

Appendix 1 – Grant Thornton Letter: Planned Audit Fee for 2015-16 .



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14 April 2015

Dear Sue

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2015/16 has been set by the Audit Commission at £57,533, which compares to the audit fee of £76,710 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by the Audit Commission at £13,925, which compares to the certification fee of £17,330 for 2014/15.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	14,383.25
December 2015	14,383.25
March 2016	14,383.25
June 2016	14,383.25
Grant Certification	
December 2016	13,925
Total	71,458

Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2015 to March 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed by the end of September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2015 – March 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	July to September 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	February to September 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return (or conclusion that no audit is required)	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	July to December 2016	Grant certification report	A report or letter summarising the findings of our grant certification work

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Christian Heeger	01293 554 145	christian.heeger@uk.gt.com
Engagement Manager	Keith Hosea	020 7728 3231	keith.j.hosea@uk.gt.com
In Charge Auditor	Sebastian Evans	020 7728 3451	sebastian.evans@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Paul Dossett our Public Sector Assurance regional lead partner at paul.dossett@uk.gt.com

Yours sincerely

A handwritten signature in black ink that reads "Christian Heeger". The signature is written in a cursive style with a large, sweeping 'C' and a long, trailing 'e'.

Christian Heeger
For Grant Thornton UK LLP

Corporate Governance and Standards Committee Report

Report of Chief Internal Auditor

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Lead Councillor responsible: Nigel Manning

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Date: 4 June 2015

Internal audit plan 2015-16

Recommendations

The Committee is recommended to approve the audit plan for 2015-16 set out in Appendix 1. The Committee is also recommended to approve the audit plan for the first half of 2015-16 set out in Appendix 2 and note progress against the plan for the period October 2014 to March 2015 contained in Appendix 3.

Reason(s) for Recommendation: To ensure an adequate level of audit coverage

1. Purpose of Report

To present the draft audit plan for 2015-16 and the work programme for the first half of the year, which is extracted from the audit plan. This report also presents a calculation of the resources required for the proper audit of Council services.

2. Strategic Priorities

- 2.1 The audit of Council services supports the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

3. Background

- 3.1 We have based the plan on a risk assessment in line with best practice. We aim to audit the majority of services at least once every three years although we review the major systems annually. We update the risk assessment after each audit.
- 3.2 We base the audit planning process on an assessment of risk and the resources available. The audit plan is a balance between supply and demand and is affected by unplanned events even though there is a contingency budget. The current audit resources are:

In-house resources	2.67 FTE
Senior Auditor (Temp) and Contractor	0.75 FTE
Total resources	3.42 FTE

- 3.4 We have to ensure that the level of audit coverage is sufficient to provide assurance on the overall standard of corporate governance. The planning process includes.
1. identifying the audit universe (all of the areas that require audit attention)
 2. carrying out a risk assessment to identify the level of risk and the appropriate frequency of audit
 3. an estimate of the resources required to carry out the audits
 4. reviewing how we resource the plan
 5. producing the audit plan based on the available resources
- 3.5 The audit plan includes a certain amount of contingency to allow for unplanned work because the actual requirements will vary from year to year. We base the planned figure on records from previous years but it can only ever be an estimate.
- 3.6 Over the last few years, we have augmented in house audit resources by employing a contractor. In 2014-15, we appointed Haines Watts on a two year contract to carry out the fundamental systems work and technical ICT audits.
- 3.7 During 2014-15 there were internal resource problems so we used the contractors to cover the shortfall. In addition we have employed an experienced auditor on a temporary, part-time basis to ensure that planned work is covered
- 3.7 The plan aims to cover areas that support the Council's strategic priorities, governance issues and financial probity. In addition, we have to reflect the recent changes within the Council. These changes bring both opportunities and challenges for us. Audit skills are relevant to many of the new initiatives across the Council and we have become involved in both lean and fundamental service reviews, which are part of the overall business improvement programme. While this is not traditional audit work it affords an in depth knowledge of the services that a purely systems audit would not always provide and is therefore an important source of information about the Council. This information feeds into the risk assessments.
- 3.8 We also need to be aware that there are increased risks in times of change. Over the last year there have been significant changes with fundamental service reviews in two major services. There are also continuing financial pressures on the Council to provide value for money. This means being more efficient and effective and looking for innovative ways of working. The

challenge for audit is to help services become leaner and more effective within a controlled environment.

- 3.9 Change and uncertainty does affect staff and increases the risk of system failure, the relaxation or circumvention of the expected controls and fraudulent activity. We need to ensure that the appropriate control measures are in place and applied consistently across all services. We also need to be sure that we have good governance arrangements in place and that we are operating within both the legal framework and our own protocols and standards.
- 3.10 In general the overall control framework within the Council is sound with sufficient controls in place to prevent significant loss but it would be wrong to ignore the changes that are taking place and how this affects people and systems. There is no evidence to suggest that there is a systemic problem but it would be wrong not to factor these into the risk assessments.
- 3.11 This is a challenging time for audit. We need to be proactive in helping services move forward, improve and achieve the desired outcomes of the Corporate Plan but we also need to ensure that effective systems of governance and control are in place.
- 3.12 We will review the audit structure during 2015-16 to ensure that we have the right mix of resources to come up with the best solution for the future.

4. Audit Plan 2015-2016

- 4.1 The plan is extracted from the audit planning system and includes both the high risk annual audits and the overdue audits. The overdue audits are either low risk or have previously been subject to only a partial audit.
- 4.2 The plan produced for 2015-16 shows a resource requirement for 926 days. The total available days using current resources is year is 665 days. The shortfall will be covered by 120 days from the contractor plus the appointment of a new senior auditor. The post has been agreed and will shortly be advertised. This will not only cover the shortfall in the work programme but also provide some succession planning for the future.
- 4.3 The resource calculation takes into account the total available time less time for annual leave, bank holidays, sick leave, training, appraisals and other non-rechargeable work. The figure for non-rechargeable works is based on previous experience (all members of internal audit complete timesheets therefore the estimates are reasonably accurate). We try to keep non-productive time to a minimum and there is a monthly target of 90 per cent productive time for all audit staff.
- 4.4 The full year’s plan is set out in Appendix 1 and the proposed work plan for the first six months of 2015-16 is in Appendix 2. The plans show the latest risk assessment based on the updated risk assessment. The risk ratings are as follows:

Risk score	Audit frequency
A	Annual audit

B	Audit every two years
C	Audit every three years
D	Audit every five years

- 4.5 The plan is ambitious and wide ranging. There are many challenges ahead for the Council. We have tried to strike a balance between reviewing the basic financial and management controls, the major governance areas that we must get right, the smaller services and the fundamental systems on which the external auditor bases his opinion.
- 4.6 In addition the plan includes value for money audits to identify the potential for trading services which is an objective in the Corporate Plan. We will be working with managers to help them to deliver different service options either through channel shift, automation or different service models with the appropriate level of control.
- 5. Progress against the plan October 2014 to March 2015**
- 5.1 The last six months have continued to be unpredictable and this has affected the delivery of the planned work. As a result we have employed Haines Watts to carry out three further audits.
- 5.2 Progress against the plan for the period October 2014 to March 2015 is set out in Appendix 3. Where audits have been postponed due to specific operational reasons they have been carried forward to 2015-16.
- 6. Financial Implications**
- 6.1 The financial implications of the new post were the subject of a growth bid which has been agreed .
- 7. Legal Implications**
- 7.1 The Local Government Act 1972 (S151) requires that a local council “shall make arrangements for the proper administration of their financial affairs”.
- 7.2 The 1972 Act is supported by the Accounts and Audit Regulations 2011 which state that “ A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control “.
- 7.3 The internal audit plan is necessary to satisfy these legal obligations.

8. Human Resources

- 8.1 There are no HR implications. We will manage the shortfall during the course of the year and will adjust the plan as necessary.

9. Conclusion

- 9.1 This is a time of change for the organisation. The audit plan for 2015-16 is structured to reflect the changing needs and priorities of the Council. We will continue to review the audit service to ensure that we have the necessary resources and expertise to deliver a robust audit plan in line with best practice.

Appendix 1 – Proposed Audit Plan 2015-16

Operational					
Service Unit	Risk Score	Audit Days	Audit Type	April-Sept	Oct - March
Economic Development					
Asset Development	B	10	Systems Audit	5	5
Electric Theatre	B	2	Follow-Up		2
Guildford House	B	2	Follow-Up		2
Museum	B	2	Follow-Up		2
Guildhall	B	2	Follow-Up		2
Industrial Estates	A	15	Systems Audit		15
TIC	B	2	Follow-Up		2
Planning					
Dev Control	A	10	Compliance Audit		10
Building Control	A	10	Compliance Audit		10
Land Charges	B	10	Compliance Audit		10
Operational Services					
Abandoned Vehicles	C	5	Compliance Audit	5	
CCTV	B	5	Follow-Up		5
Dog Control	C	5	Systems Audit	5	
Fleet management	B	25	Systems Audit	10	15
Parking	A	15	New System Implementation	15	
Park&Ride	C	5	Performance review	5	
Refuse And Recycling	B	10	VFM Audit		10
Street Cleansing	B	10	VFM Audit	10	
Vehicle Maintenance	B	10	Systems Audit		10
Parks and Leisure					
Crematorium	B	8	Systems Audit	8	
Glive	B	8	Follow-Up		8
Countryside Management	B	20	Review prior to FSR	5	15
Leisure Management Contract	B	10	Follow-Up	5	5
Financial Services					
Main Accounting	A	10	S151 Audit		10
Treasury Management	A	10	S151 Audit		10
Debtors	A	10	S151 Audit		10
Revenues and Payments					
Council Tax	A	10	S151 Audit		10
Housing Benefit	A	10	S151 Audit		10
NNDR	A	10	S151 Audit		10
Payroll	A	10	S151 Audit		10
Insurance	B	10	Compliance Audit		10
Creditors	A	10	S151 Audit		10

Cash and Bank (Adelante)	A	5	Follow-Up	5	
Creditors FSR	A	15	Lean Review	15	
Purchase to Pay System	B	8	Follow-Up	8	
Self-Employed	B	10	Follow-Up		10
Taxable Benefits	B	10	Follow-Up		10
Authorised Signatories	A	3	Compliance Audit	3	
Legal and Democratic Services					
Elections	B	10	Compliance Audit		10
Electoral Registration	B	10	Compliance Audit		10
Health and Community Care					
Civil Emergencies	A	10	Systems Audit	10	
Community Meals	B	10	Systems Audit	5	5
Community Transport	B	10	Systems Audit	5	5
Day Centres	B	10	Systems Audit	5	5
Emergency Communications	B	5	Systems Audit	5	
Premises Licenses	A	10	Systems Audit	5	5
Food and Safety	A	10	Compliance Audit	10	
Grants to Voluntary Organisations	B	5	Compliance Audit	5	
Health and Safety	B	10	Compliance Audit		10
Licensing System	A	10	Compliance Audit	5	5
Pest Control	B	5	Compliance Audit	5	
Taxi Licensing	A	10	Compliance Audit	5	5
Housing Advice					
Affordable Housing	B	5	Systems Audit	5	
Homelessness	B	10	Systems Audit	10	
Tenancies	B	10	Systems Audit	10	
NHMS					
Building Maintenance	B	10	Systems Audit		10
Traveller Caravan Sites	B	5	Follow-Up	5	
Stores	A	10	Follow-Up	5	5
Gas Servicing	A	10	Follow-up	10	
Corporate Development					
Energy Management	B	10	Systems Audit		10
Human Resources					
Selima	A	5	Systems Audit	5	
HR Policies	A	5	Systems Audit	5	
Pay and Grading (Post je)	A	10	Systems Audit		10
Agency staff	B	10	Systems Audit	10	
Home Working/Remote Access	B	10	Systems Audit	10	
Staff Benefits	B	5	Systems Audit		5

Governance					
Risk Management	A	10	Performance Review	5	5
Performance Management	A	10	Performance Review	5	5
Procurement	A	10	Performance Review	5	5
Asbestos	A	10	Follow-Up	10	
Legionella	A	10	Follow-Up		10
Fire Risk	A	10	Performance Review	10	
Complaints	A	5	Performance Review	2.5	2.5
Project Management	A	5	Performance Review	2.5	2.5
Data Quality	A	10	Systems Review	5	5
Public Health and Wellbeing A	A	5	Performance Review		5
Trading Services	A	5	Performance Review		5
Emergency Planning	A	5	Performance Review	5	

Business Systems					
Network Security	A	10	Systems Audit		10
Access Controls	A	10	Follow-up		10
Telecoms	B	10	Systems Audit	10	
Information Security	A	10	Systems Audit		10
IT Renewals	B	5	Systems Audit		5
Asset Management	B	5	Follow-up	5	

Contracts					
Service Contracts	A	20	Systems Audit	10	10
Term Contracts	A	20	Systems Audit	10	10
Capital Projects	A	20	Systems Audit	10	10

Non Rechargeable					
Sick Leave		20		10	10
Appraisals		5		2.5	2.5
1:1s		5		2.5	2.5
Training		5		2.5	2.5
External Audit		3		1.5	1.5
Audit Planning		5		2.5	2.5
Supervision of Jobs		3		1.5	1.5
Audit Management		5		2.5	2.5
CDMT		3		1.5	1.5
Committee Reports		3		1.5	1.5
Recommendation Management		5		2.5	2.5

Corporate Dev. Support		3		1.5	1.5
Administration		3		1.5	1.5
Audit Contract		3		1.5	1.5

Non Audit Duties					
Mayors Fund		3		3	
Ombudsman		15		7.5	7.5
Equalities		5		2.5	2.5
Lean		15		7.5	7.5
FOI/SAR		15		7.5	7.5
Special Projects		15		7.5	7.5
	Total Days	926		410	516

Resources Required to carry out the plan	4.41FTE
---	----------------

Current Resources			FTE
Senior Auditor			0.81
Auditor			0.86
Chief Internal Auditor			1
Senior Auditor Temp & Contractor			0.75
			3.42
New Senior Auditor post			1
Resources 2015/16			4.42

Total Days for Plan Coverage	GBC	Contractor	Total
	665*	120	785

*Calculated 210 x3.17

Resource Calculation	
Total Available Days in year	262
Less leave and bank holidays	41
	221
Less non rechargeable	
Sickness	5
Training	3
Appraisals etc	3
Net Days per year	210

Appendix 2 - Work Plan April-September 2015				
Operational		Risk Rating	Audit Type	April-Sept
Asset Development	10	A	Systems Audit	5
Abandoned Vehicles	5	C	Compliance with legal procedures	5
Dog Warden	5	C	Compliance with legal procedures	5
Fleet Management	25	B	Management Controls	10
Parking	15	A	System Implementation	15
Park and Ride	5	C	Systems Audit	5
Street Cleansing	10	B	VFM Audit	10
Crematorium	8	B	Systems Audit	8
Countryside Management	20	B	Review prior to FSR	5
Leisure Management Contract	10	B	Follow up from 2014-15	5
Cash and Bank (Adelante)	5	A	Follow up from 2014-15	5
Creditors FSR	15	A	Compliance with legislation	15
Purchase to Pay System	8	B	Follow up from 2014-15	8
Authorised Signatories	3	A	Compliance audit	3
Civil Emergencies	10	A	Governance Framework Review	10
Community Meals	10	B	Systems Audit	5
Community Transport	10	B	Systems Audit	5
Day Centres	10	B	Systems Audit	5
Emergency Communications	5	B	Systems Audit	5
Premises Licences	10	A	Compliance with regulations	5
Food and Safety	10	A	Compliance with regulations	10
Grants	5	B	General ad hoc advice and small projects	5
Licensing	10	A	Compliance with regulations	5

Pest Control	5	B	VFM Audit	5
Taxi Licensing	10	A	Compliance with regulations	5
Affordable Housing	5	B	Performance Monitoring Audit	5
Homelessness	10	B	Systems Audit	10
Lettings and Tenancies	10	B	Counter fraud systems review	10
Traveller Sites	5	B	Follow- up Financial controls	5
Stores	5	A	Follow-Up Asset management controls	5
Gas Servicing	10	A	Compliance with regulations	10
Telecommunications	10	B	Systems Audit	10
ICT Asset Management	5	B	Asset Management Controls	5
Selima (HR System)	5	A	Systems Audit- Data Security	5
HR Policies	5	A	Governance Audit	5
Agency Staff	10	A	VFM Audit	10
Remote Working	10	B	VFM Audit and Management Control	10
Totals				259

Contract Audit				
Service Contracts	20	A	Governance Audit	10
Term Contracts	20	A	Governance Audit	10
Capital Projects	20	A	Governance Audit	10
Totals				30

Governance				
Risk Management	10	A	Governance audit	5
Performance Management	10	A	Governance audit	5
Procurement	10	A	Governance audit	5
Asbestos	10	A	Governance audit	10

Fire Risk Assessments	10	A	Governance audit	10
Complaints	5	A	Governance audit	2.5
Project Management	5	A	Governance audit	2.5
Data Quality	10	A	Governance audit	5
Emergency Planning	5	A	Governance audit	5
Totals				50

Non-Rechargeable				
Management and Overheads				
Sick Leave	20			10
Appraisals	5			2.5
1:1s	5			2.5
Training	5			2.5
External Audit	3			1.5
Audit Planning	8			2.5
Supervision of Jobs	5			1.5
Audit Management	5			2.5
CDMT	3			1.5
Committee Reports	5			1.5
Recommendation Management	5			2.5
Corporate Dev. Support	3			1.5
Administration	3			1.5
Audit Contract	3			1.5
Totals				35.5

Non Audit Duties				
Mayors Fund	3		Compliance	3

Ombudsman	15		Compliance	7.5
Equalities	5		Compliance	2.5
Lean	15		VFM	7.5
FOI/SAR	15		Compliance	7.5
Special Projects	15			7.5
Totals	74			35.5

Total Days April to September 2015 = 410 days

Appendix 3 Progress against Plan 2014-15					
Operational	Risk Rating	Audit Type	Complete	In Progress	Carried Forward
HB	A	s151 audit	Y		
Council Tax	A	s151 audit	Y		
Rents	A	s151 audit	Y		
Main Accounting	A	s151 audit	Y		
Treasury Management	A	s151 audit	Y		
NNDR	A	s151 audit	Y		
Payroll	A	s151 audit	Y		
Creditors	A	s151 audit	Y		
Debtors	A	s151 audit	Y		
Car Parks	A	Fundamental Service Review	Y		
Glive contract	A	Compliance with contract	Y		
Finance Controls Misc Expenditure)	A	Compliance with financial procedures	Y		
Authorisation Controls	A	corporate authorisation controls	Y		
Procurement Cards	B	Management Controls		Y	
Fleet Maintenance	A	Systems Audits - Operational	Y		
Trade Waste	B	Systems Audits - Operational	Y		
CCTV	A	Compliance with legislation	Y		
Bailiffs	B	Compliance with Regulations - new system	Y		
Environmental Health (Food Standards)	A	Compliance with legislation			Y
Direct Debits	A	Compliance with legislation	Y		
Taxable Benefits	A	Compliance with legislation	Y		
MOT	B	Systems Audit	Y		

Fuel Management	B	Systems Audit Follow-Up	Y		
Electoral Registration	B	Systems Audit			Y
Elections	A	Compliance with legislation			Y
Garage Clearance	A	System and data quality audit			Y
Sale of Council Houses	C	Compliance with legislation	Y		
Homelessness	B	Compliance with legislation			Y
Improvement Grants	B	Compliance with legislation	Y		
Planning	A	Compliance with legislation	Y		
Licensing	A	Compliance with legislation	Y		
Stores (follow-up)	B	Asset management audit	Y		
Markets	C	Systems Audit	Y		
Dog Warden	C	Compliance with legislation		Y	
Noise Nuisance	B	Reviewing new system		Y	
Guildhall	C	Asset Management Review	Y		
Museum	B	Systems Audit -Operational	Y		
TIC	B	Systems Audit -Operational	Y		
Electric Theatre	B	Systems Audit -Operational		Y	
Guildford House	B	Systems Audit -Operational	Y		
Petty Cash & Floats	C	Compliance with financial procedures	Y		
General Advice to Services		General ad hoc advice and small projects	Y		

Contract Audit					
Purchase to Pay	A	Contract audit	Y		
New Payments System	A	Contract audit	Y		
Kitchens and bath refurbishments	A	Contract audit		Y	
Engineering-Highways contracts	B	Contracts Audit			Y

ICT					
Network Security	A	Compliance with best practice	Y		
ICT Project Management	A	Compliance with best practice	Y		
Access Controls	A	Compliance with best practice	Y		

Governance					
Risk Management	A	Governance audit	Y		
Performance Management	A	Governance audit	Y		
Procurement	A	Governance audit	Y		
Legionella/Asbestos	A	Governance audit follow-up	Y		
information Security	A	Governance audit	Y		
Complaints	A	Governance audit	Y		
Project Management	A	Governance audit	Y		
Data Quality	A	Governance audit	Y		
Public Health and Wellbeing Agenda	A	Governance audit	Y		
Trading Services	A	Governance audit	Y		
Emergency Planning	A	Governance audit	Y		
Contingency					

Extra Work					
Recharges				Y	
Premises Licences				Y	
Pest Control			Y		
Licensing Taxis			Y		
MOT			Y		
Non Audit Duties					
Mayors Fund		Compliance	Y		
Elections		Resourcing			

Ombudsman		Compliance			
Equalities		Compliance			
Lean					
FOI/SAR					
Special Projects					
Totals			54	6	6
Summary					
Complete	53	91%			
In progress	7				
Carried Forward	6	9%			
No of Audits Carried Out	66				

Appendix 4 – Summary of Audit Opinion 2014-15

Total Productive Audit Work (inc extra Work)	66	60	91%
Substantial	8	13%	
Reasonable	36	60%	
Limited	5	8%	
No Assurance	0	0%	
No Opinion	4	7%	
In Progress	7	12%	
	60	100%	

Corporate Governance and Standards Committee Report

Report of Chief Internal Auditor

Author: Joan Poole

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Lead Councillor responsible: Nigel Manning

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Date: 4 June 2015

Head of Internal Audit Opinion

Recommendation

That the Committee notes the contents of this report and consider the Head of Corporate Development's annual opinion in Appendix 1.

Reason for Recommendation:

To comply with The Chartered Institute for Public Finance and Accountancy Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 and the Public Sector Internal Audit Standards.

1. Purpose of Report

- 1.1 The purpose of this report is to provide assurance on the standards of governance and control that were operating in 2014-15.

2. Strategic Framework

- 2.1 The audit of the Council's services support the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

3. Background

- 3.1 The Chartered Institute for Public Finance and Accountancy Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (The CIPFA Code) established the expected professional standards for internal audit in local government. The CIPFA Code sets out the requirements for the Head of Internal Audit to give his opinion on the effectiveness of the system of internal control as well as risk management and governance arrangements to members of the Audit and Corporate Governance Committee.

3.2 The annual opinion is part of our governance framework and informs the Annual Governance Statement. In addition, during the year, we report to the Corporate Governance and Standards Committee on the activities of Internal Audit to fulfil the requirements of the Accounts and Audit Regulations, the CIPFA Code of Practice (2006) and the new Public Sector Internal Audit Standards, which came into force on 1 April 2013. The Chief Internal Auditor's opinion is attached in Appendix1.

3.3 We base internal audit work a risk assessment, which we update after each audit. In 2014-15, there was evidence of sound controls and with the exception of a small number of medium risks control issues there was substantial and reasonable assurance on our major financial systems.

3.4 This report provides the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's internal control arrangements for the year April 2014 to March 2015.

4. Financial Implications

4.1 None.

5. Legal Implications

5.1 None.

6. Human Resource Implications

6.1 None.

7. Conclusion

7.1 The Council has a sound system of internal control but we are changing as an organisation. This brings its own risks. Changes in roles and responsibilities always increase the risk of system, control breakdown, and although the Council is well placed to respond to future challenges we have to be aware of the risks. We have worked with management to identify the potential risks and incorporate them in the audit plan for 2014 - 15.

8. Background Papers

None.

9. Appendices

Head of Internal Audit Opinion

Guildford Borough Council

Head of Internal Audit Annual Opinion Report April 2014 to March 2015

1. Introduction

- 1.1 It is the duty of the Head of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of the system of internal control. This is based on the standard of control observed from internal audits, which have been carried out in accordance with the annual Audit Plan and other advice work on control systems. The results of our investigation work and the work of other internal and external reviews also informs my opinion.
- 1.2 My opinion on the adequacy and effectiveness of internal control informs and should be read alongside the Annual Governance Statement, which is incorporated into the Council's Statement of Accounts.
- 1.3 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives.
- 1.4 An effective internal audit service is critical in delivering the Council's strategic objectives by:
1. Championing best practice in governance,
 2. Objectively assessing the adequacy of governance and management of existing risks,
 3. Commenting on responses to emerging risks and proposed developments; and
 4. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.
- 1.5 It objectively examines, evaluates and reports on the adequacy of the governance and control environment as a contribution to the proper, economic and effective use of resources. The control environment comprises the organisation's policies, procedures and operations in place to:
1. Establish, and monitor the achievement of, the organisation's objectives.
 2. Identify, assess and manage the risks to achieving the organisation's objectives.
 3. Facilitate policy and decision making.
 4. Ensure the economical, effective and efficient use of resources.
 5. Ensure compliance with established policies, procedures, laws and regulations.
 6. Safeguard the organisation's assets and interests from losses of all kind, including those arising from fraud, irregularity or corruption.
- 1.6 One of the main aims of the internal audit team is to provide assurance on the Council's overall system of internal control. This is achieved in part through the delivery of the annual audit plan which is designed to:
1. Satisfy the requirements of the Corporate Governance and Standards Committee
 2. Ensure the delivery of a scheduled programme of audits on a risk based needs assessment.
 3. Support the Managing Director as the Responsible Financial Officer and S151 Officer

in discharging her statutory duties.

2. Assurance on Internal Control

- 2.1 To quantify my opinion on the adequacy of internal control, I have collated the assurance ratings based on for the outcome of each review undertaken in 2014-15. The results are shown in the table below.

Levels of Audit Assurance:

	Assurance Rating	Assurance Criteria
1	Substantial	Assurance that the controls are suitably designed consistently applied and effective
2	Reasonable	Assurance that the controls are suitably designed consistently applied and effective but we have identified issues that if not addressed, increase the likelihood of risk materialising in this area
3	Limited	Some assurance that the controls are suitably designed and effective but inconsistently applied and action needs to be taken to ensure risks in this are managed
4	No Assurance	Fundamental control weaknesses that need immediate action
5	No Opinion	Results of one-off investigations or consultancy work

- 2.2 In 2014-15 we completed 91 per cent of the audit plan. There were another 6 unplanned reviews carried out over the year which accounted for the shortfall. There were seven audits in progress at the end of the year on which we have not given an opinion, however in the work carried out so far there is no indication of any material or significant issues arising from this work that affect this statement. The results of the work carried out in the year to 31 March 2015 are shown below:

Assurance Rating on Productive Audit Work	No. of Audits	
Substantial	8	13%
Reasonable	36	60%
Limited	5	8%
No Assurance	0	0%
No Opinion (one-off projects)	4	7%
In Progress (inc fundamental service reviews)	7	12%
Total audit coverage	60	

- 2.3 The Internal Audit work programme is based on a risk assessment, which is updated after each audit. In 2014-15 there was evidence of sound controls and with the exception of a small number of medium risks I can give substantial assurance on our major financial systems.
- 2.4 The Council has very high levels of assurance in respect of all the main financial systems and majority of its governance arrangements. All of the main financial systems that feed into the Council's financial statements have achieved substantial or reasonable assurance following the audit reviews. None of the control weaknesses found in the audits represent a significant or material risk to the Council.

- 2.5 There are no specific governance, risk management and internal control issues of which Internal Audit have been made aware during the year, which cause any qualification of the above opinion. The main issue and priority from an audit perspective, as recognised by management, is that the Council sustains and completes the programme of transformational change and embeds improvement across the Council whilst maintaining service delivery and the effective operation of key controls.
- 2.6 The key governance, risk management and internal control areas where I consider good progress has been made and which are integral to continued improvement are:
1. performance management of our progress against the Corporate Plan with a reporting schedule to Corporate Management Team, Scrutiny and Executive
 2. extensive consultation with the community on the Local Plan including emphasis on hard to reach groups
 3. continuing work to improve our consultation processes
 4. increased customer focus through more efficient and outward facing service delivery
 5. a transformation programme including a programme of fundamental service reviews which will cover all services
 6. channel shift by transferring front line administrative work and queries into the Customer Service Centre therefore releasing resources within the service to concentrate on professional and technical activities
 7. improved information security framework and the proposal to appoint data managers within each service
 8. peer review of our emergency planning process which will result in closer ties between the Council and external agencies
 9. a rolling programme of data protection training sessions for staff
 10. the introduction of an integrated programme and project management system ;
 11. improved focus on the management of legionella and asbestos
 12. workforce capacity and development through the new performance review cycle
 13. greater community involvement through social enterprise projects and Guildford Philanthropy
 14. fundamental review of our Constitution
 15. a review of our governance arrangements including the role of the scrutiny committees
- 2.7 Within the last twelve months we have carried out a great deal of work within the Licensing Team following a challenge to the 2013-14 accounts over taxi licence fees. The review of fees included the costings of the Mot Station and internal recharges and although we identified areas for improvement there were no material issues that would affect the scale of fees set. This work is on-going and is part of a wide-ranging overall review of licensing. Where improvements to processes have been identified they are will be actioned by the Licensing team.
- 2.8 We have also reviewed the access controls on our major systems. The majority were well controlled and had documented permissions and hierarchies but the review found that there were some issues with the control and governance over our use of Sharepoint as a document management tool especially where the data is of a personal or confidential nature. The review found that the permissions have been rolled out in an organic manner, being assigned to both users and documents. This has led to inconsistent access controls to individual documents and areas. We are currently addressing this by migrating document management to File 360 which will provide improved governance and control and transferring all sensitive personal staff data to a dedicated HR system.
- 2.9 There have been continuing changes over the last year with the focus on transformation and re-organisation of some major services. We recognise that risk always increases in times change but there is no evidence that where changes have taken place or are planned there are any control issues. In fact during the service reviews internal audit have been involved to ensure that this does not happen.

Agenda item number: 9

Appendix 1

- 2.10 Any audit plan and subsequent work has to be seen in the context of the organisation as a whole and our defined corporate objectives. In a Council of Guildford's size and complexity, with its significant change agenda and focus on improvement and innovation there is a greater risk of breakdown of control particularly where roles and systems are changing and the expectations for the pace of change are high.
- 2.11 We have worked and continue to work with management to identify and examine these areas of potential or emerging risk. Where audit work has highlighted areas for improvement recommendations have been made to address any control implications. These will be monitored and progress reported to the Corporate Governance and Standards Committee.
- 2.12 We are not complacent but overall, we consider that appropriate actions are being taken to address control implications and recommendations but we will continue to monitor and report progress. Overall, the standards of internal control remain good and follow-up reviews are planned for areas where audit work has highlighted areas for improvement.
- 2.13 There were a number of service requests for work which was not on the audit plan and although there is always a contingency budget the work exceeded the budget, therefore, the work undertaken during the period focussed on covering the high risk areas in order to provide assurance on the Council's overall system of internal control.
- 2.14 I can therefore provide substantial assurance that the Council's systems of governance, risk management and internal control in operation until 31 March 2015 were generally sound and operate consistently across departments.

Joan Poole

Chief Internal Auditor

Corporate Governance and Standards Committee Report

Report of Chief Internal Auditor

Author: Joan Poole

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Lead Councillor responsible: Nigel Manning

Tel: 01252-665999

Email: nigel.manning@guildford.gov.uk

Date: 4 June 2015

Summary of Internal Audit Reports October 2014 – March 2015

Recommendations

The Committee is requested to note the contents of this report.

Reason for Recommendation: To ensure an adequate level of audit coverage

Purpose of Report

- 1.1. This report provides a summary of audit work carried out in the period October 2014 to March 2015.

Strategic Priorities

- 1.2. The audit of the Council's services supports the priority of providing good governance, efficient, cost effective and relevant quality public services that give the community value for money.

Background

- 1.3. The summaries of the audit reports that we have carried out in the period October 2014 to March 2015 are set out below. Internal Audit uses a scale to categorise the findings and audit opinion under five classifications. These are:

No Opinion – Results of one-off investigations or consultancy work ranging from investigations into potential fraud or misappropriation or other projects such as value for money reviews on which no audit opinion is given.

No Assurance – Fundamental control weaknesses that need immediate action. The area reviewed has significant control weaknesses and, or significant problems were found in the course of the audit.

Limited Assurance – Some assurance that the controls are suitably designed, effective but inconsistently applied, and action needs to be taken to ensure risks are managed. The area reviewed has some control weaknesses and there is a risk of loss or, problems were identified in the course of the audit.

Reasonable Assurance - Assurance that the controls are suitably designed consistently applied and effective but we have identified issues that if not addressed, increase the likelihood of risk materialising in this area. This rating reflects audits where the systems are sound and there are only low-level risks.

Substantial Assurance – Assurance that the controls are suitably designed consistently applied and effective. The area reviewed is well controlled and no material problems were found.

The classifications are included in the reports to managers and have been included here to provide the Committee with an overall conclusion on the findings of the audits. The reports are ranked in order of audit opinion.

NO OPINION

There have been no investigations within the period.

NO ASSURANCE

There were no reports with a “No Assurance” opinion in this period.

2. LIMITED ASSURANCE

2.1 CCTV

The Council operates CCTV cameras across a range of locations. These are installed in Parking (car park monitoring), Neighbourhood and Housing Management (at various housing locations) in addition to Economic Development (museum).

Their use has spread organically and service areas have not always sought advice from the Information Rights Officer or ICT. Consequently, work is currently being undertaken to put a governance structure in place and assess the CCTV systems in operation across the Council. The review found the following areas of good practice:

- We have an adequate suite of policies, which govern the use of CCTV cameras.
- The policies reflect the current best practice guidelines and comply with statutory requirements.
- Committee structures are in place to consider the issue of information security.
- The CCTV Procedure Rules are comprehensive and considers organisational requirements in addition to the privacy requirements.
- Council staff viewing CCTV footage receive DBS checks prior to employment and these checks are repeated every three years.

However, the following weaknesses were identified.

- We do not have a full inventory of CCTV devices

- Privacy Impact Assessments for pre-existing CCTV systems had not been completed.
- Copies of requests for information from third parties had not been properly referenced and kept as evidence that the Data Protection Principles have been met.
- Hard drives were not located in controlled environments and the date stamps were not accurate.
- The hardware and software was in poor repair and required updating.
- Training in the use of CCTV systems and information security was inconsistent.
- It was unclear whether the contract staff viewing CCTV footage had the necessary Security Industry Authority licenses.
- Signage was not visible enough increasing the risk that people are not aware that CCTV is in operation.

Audit Opinion – Limited Assurance - Management Response – The recommendations have been agreed and an action plan has been drawn up to address all the issues raised in the report. Progress against the action plan will be monitored.

2.3 ICT Project Management

The Council operates under increasing pressure to maintain or improve its service delivery whilst dealing with reduced budgets and staffing constraints. This has led to changes in service delivery models and technology facilitates many of these changes.

Our ICT project management system has been developed in-house and loosely based on Prince 2 project management methodology. We have been using a Sharepoint document repository to capture all documentation relating to ICT project activities. The site also contains workflow processes to ensure that there were adequate review and approval systems.

During 2014, the Corporate Management Team identified a need for a corporate programme management system, which would capture the diverse range of activities, and projects that feed into the Corporate Plan objectives. We subsequently purchased a new web based Programme and Project Management system which went live in January 2015 and which will be used for all projects within the Council.

The review of ICT project management found the following areas of good practice:

- Project Management activity is aligned to the overall ICT Strategy.
- There is a Project Management Handbook and Project Management Guide available on the intranet, for staff to use.
- Testing highlighted that Business Cases were submitted prior to projects initiation.

- It was evident that in-house solutions were considered as part of Business Case submissions.
- The capital bidding process to obtain funding from the ICT Renewals Fund, provides ICT with an overview of what the customer require and they are able to ensure that the solution aligns with the ICT Strategy.

However, the audit also identified the following control issues:

- The Council's project approach, based on Prince 2 methodology, was not being applied.
- There was an inconsistent approach to costs in the Business Cases.
- Backing documentation was not always uploaded to the Project Management portal.
- Key Performance Indicators were not being captured.
- Key documents such as the Project Plan and Risk Assessments were not evident in the sample of projects reviewed.
- No Highlight Reports were available for the projects sampled.
- There was no evidence of any Quality Assurance processes.
- Key milestones were not identified and reported against.
- There were no Post Implementation Reviews in the sample of projects viewed.

Audit Opinion – Limited Assurance- Management Response – A new corporate programme management system went live at the end of 2014-15. Training on the system and project management in general is being rolled out across the Council.

2.4 Access Controls

The Council introduced Microsoft Sharepoint 2007 to store its electronic documentation in a structured way, which would enable users to search for the documents they required quickly and easily.

In addition, it was hoped that the system would provide the platform for more collaborative working, with various users being able to share and work on the same documents. Furthermore, the Council used the system as its basis for The Loop, which is their Intranet service.

Sharepoint is used by different services to varying degrees. Some of the bigger users of the system include Human Resources, ICT, Planning and Financial Services.

Workflows have been created within the Sharepoint environment to automate tasks such as staff Performance Reviews and Project Management work. These workflows are designed to move documents between users in a pre-defined order, so they can add comments before the document moves to the next user.

The control of Sharepoint and its users is shared between ICT (Information Systems Team), who deal with technical issues and Site Administrators, who are non-IT staff based in each Service Area and deal with the issues which are 'local' to their area.

Sharepoint 2007 is one of the earlier versions of the application and has less well-developed identity and access management tools. Consequently, many early adopters of this software, tended to invest in separate software to run alongside Sharepoint, which provided a mechanism to capture information regarding the users and their access levels. Guildford Borough Council has not chosen to do this and there is a risk that the access to Sharepoint documents is not adequately controlled.

Areas of good practice

- Logical access controls ensure that only users with a valid User ID and Password can access the network where Sharepoint resides.
- The design of the Sharepoint Workflows enforces segregation of duties.

Areas of Weakness

- There is no over-arching policy or governance structure to manage Sharepoint.
- The key functions within Sharepoint have not been clearly documented and assigned to specific roles.
- Training has not been consistently applied.
- The permissions have been rolled out in an organic manner, being assigned to both users and documents. This is leading to inconsistent access controls to individual documents and areas.
- There is no overview of which users have access to which areas and documents.
- The data contained within Sharepoint has not been subject to data classification.
- Testing confirmed that the Sharepoint Workflows are not operating as intended.
- Site Administrators of Service Area sites have no contingency arrangements in place e.g. what would happen in the event of their absence - and their knowledge is not being captured.
- The network topography provided did not show where the servers sit in relation to the overall network, making it difficult to assess if they were suitably located.
- There is no Audit Log to track data and sites that had been accessed and changed.

Audit Opinion – Limited Assurance- Management Response – We will be migrating to a new system File 360 which will have a governance and hierarchical framework based on posts rather than individual members of staff. There will also be a clear security permissions with an audit trail of any changes and details of sites accessed.

2.5 Taxable Benefits

The Payroll and Insurance Manager is responsible for compiling and the submission of the annual Taxable Benefits return on behalf of the Council to HMRC. Taxable benefits guidance notes and the timetable of key stages and submission deadlines are available on the HMRC website.

Currently, one of the payroll officers is being trained to undertake the duties relating to Taxable Benefits. The audit found that the 2013/14 taxable benefit annual return was submitted on time and in accordance with HMRC deadline. However, the review found that there were areas for improvement. These were:

- Completion of year end procedures guidance notes but it should be noted that staff within payroll use the HMRC guidance booklet;
- Transfer the responsibility for collating, reviewing and reporting process to HR so that all staff information is held in one place as although Payroll reports on taxable benefits outside the payroll it does not monitor usage of taxable equipment across the Council;
- Improve the documentation on the classification of benefits (either taxable, exempt or areas relating to private use).
- The Payroll Manager relies on services to provide the data. This should be held as part of staff contracts and if this responsibility is transferred to HR this issue will be resolved;
- During the course of the audit emails could not be located to confirm whether employees had been informed of their P11d information. These have now been produced and staff have received proper notification.

Audit Opinion – Limited Assurance - Management Response – The recommendations have been discussed with managers and progress on the recommendations will be reviewed during the year.

3 REASONABLE ASSURANCE

3.1 Network Controls

The Council operates with approximately 600 PC's and half of these are thin client devices (known as IGEL devices). There is a strategy of moving towards more flexible ways of working and thin client supports this strategy, so the number of thin client users is rising and will continue to do so. There are also provisions made for staff, members and contractors to access the network remotely, under specific controlled conditions.

As a public sector organisation, the Council has to comply with the Public Sector Network requirements and they were last assessed in May 2014. There is an imminent move towards a shared platform and data centre at Redhill, which will change the network infrastructure. Therefore, no major decisions or investments are being made in the network until this has been completed.

Areas of good practice

- Firewalls and other dynamic content filtering tools ensure that inbound and outbound traffic is monitored and rule sets are updated as required.
- The Council operates with up to date anti-virus software, updates are performed automatically and no user can connect to the network without the latest version of anti-virus software.
- Patching activity is regularly performed.
- Physical access to key network equipment is appropriately controlled.
- Access to the network by third parties/contractors is well controlled with access being blocked until it is required.
- Password and lockout periods are appropriate.
- Remote access controls use two-factor authentication and all devices are checked to ensure that the device meets corporate standards before connection is allowed.
- Wi-fi access is controlled via a login and password credential supplied by ICT. Accessing wi-fi does not provide the user with access to the corporate network.

Weaknesses in controls:

- The ICT Security Policy requires updating, it was last reviewed in March 2013.
- Evidence of remedial actions is required to prove that high risk areas identified in the penetration testing have been addressed.
- There were instances where the starter and leaver process was not being correctly followed. This increases the risk that unauthorised access to the network could occur.
- The review of Active Directory accounts does not extend to third party suppliers/contractors. Whilst the default is to block access until required, there could be accounts that are no longer required and could therefore be removed.

The recommendations have been agreed and an action plan is in place.

Audit Opinion- Reasonable Assurance

3.2 Cash Receipting

The Council processed £278 million through its cash receipting system in 2014-15. In September 2014 we replaced the Civica system with Adelante. There have been snagging problems with the new system and the payments team have encountered numerous issues. At the time of the audit, the key issues facing the payments team have been around the Veriphones and the manual allocation of monies from the suspense account. The review found that:

- Daily reconciliations between Connect Pay and Adelante were not always signed and dated and reasons for variances were not recorded.
- The User Summary report is not reviewed periodically;
- Refunds are not being checked promptly and checks usually take place after the refund has been made; and

- There are issues with payments processed through Adelante which have failed to go through the system.

The issues have been raised with Adelante who have developed a solution but has not yet been tested by the Creditor Section due to year end processes taking priority.

The recommendations have been agreed and an action plan is in place.

Audit Opinion- Reasonable Assurance

3.3 Debtors

The Debtors team consists of a Debtors Supervisor and three Debtor Assistants. The staff raise invoices at the request of the services within the Council. The team also administers debt chasing, recovery actions and write-offs in accordance with the established policies when all possible routes of recovery have been exhausted. In 2014-15 the team processed 29,000 invoices requests and collected £23 million. This review found that the controls in place were well designed but that there were issues that needed to be addressed in relation to:

- Invoice requests in some instances do not contain the relevant information or have been authorised by officers who do not appear on the authorised signatory list; and
- There has been a minor change in the Write-Off process which is not reflected in the Council's Financial Regulations. This will be reviewed in May 2015.

The recommendations have been agreed and an action plan is in place.

Audit Opinion- Reasonable Assurance

3.4 Creditors

The Creditors team consists of the Payments Manager; an Assistant Payments Manager; a Senior e-Payments Officer and four Purchasing and Payments Officers. The Creditors team makes payments of invoices and other payment requests at the request of the departments within the Council in accordance with the established policies. The Council's accounting package is e-Financial, but we also use a purchase to pay system to process invoices. In 2014-15 the team processed 24,761 invoices, totalling £59 million. Eighty per cent were processed via the automated system and 20 per cent via the original manual system. The review found many areas of good practice but identified the following issues:

- Testing of invoices and credit notes identified that there were instances where forms were not being signed or electronically certified by two officers as required by the constitution. Segregation of duties is being compromised.
- The Creditors team have not been restricted in who can amend and create supplier accounts on the system.

The recommendations have been agreed and an action plan is in place.

Audit Opinion – Reasonable Assurance

3.5 Council Tax

The Council has approximately 56,000 residential properties and is responsible for collecting Council Tax from these properties. Council Tax is administered through the 'Civica Open Revenues System', for processing and recording Council Tax bills, amendments and payments. The Council Tax team consists of a Manager and a team of 15 staff who deal with all aspects of the Council Tax service from bill queries to recovery of outstanding debts. In 2014-15 the collection rate was 99.13% totalling £87.3million. The review found significant areas of good practice but there were some areas for improvement relating to:

- Manual calculations are not retained to validate that the annual bills contain the correct figures;
- Annual declaration forms (declaring any personal interest) are not completed by the Revenues team;
- Council Tax write offs have not been processed during the year; and
- Annual declarations/reviews are not conducted for Single Persons Discounts; Disregards; Disabled Persons Discount; and Exemptions although there many mitigating activities which are carried out by the Council Tax team

The recommendations have been agreed and an action plan is in place.

Audit Opinion – Reasonable Assurance

3.6 Rents

The section is responsible for the administration and rents for 5028 residential properties; approximately 1600 garages and 35 traveller pitches. The properties are divided into five geographical areas -each area has an Area Manager allocated.

There are five levels of tenancies ranging from homeless to secure which depend on the length of time of the Tenancy and the reliability of rents being paid. The Housing Rents Team consists of the Housing Income Manager, five Area Managers; a Housing Rent Officer; a Housing Rent Assistant; a Business Support Officer and a Money Advisor. The total income for the year 2014-15 was £29.3 million with a collection rate of 99.73%. In the main there are sound and consistent controls in place but the following control issues were identified

- Checks are not performed for In-Year changes to rent accounts;
- Annual Declaration forms are not completed by the Housing Rents team;
- Direct debit batches are created by the same Housing Officer who also enters the information onto the rent reconciling spreadsheet.

The recommendations have been agreed and an action plan is in place.

Audit Opinion – Reasonable Assurance

3.7 NNDR

The Council is responsible for collecting NNDR from approximately 4,500 business properties collecting £81.4 Million in 2014-15 with a collection rate of 99.23%. The audit found many areas of good practice within the service but there were recommendations on the need for:

- Annual declaration forms are not completed by the Revenues team;
- There is a segregation of duties issue with regards the monthly cash payments reconciliation where the same officer prepares and reconciles the cash reconciliation report. This is a temporary measure following the introduction of the new payments system. No errors were found in the testing,
- Additionally, the reconciliation is not signed or dated by the preparing and reviewing officer;

The recommendations have been agreed and an action plan is in place.

Audit Opinion – Reasonable Assurance

3.8 Payroll

The Payroll Section comprises of the Payroll and Insurance Manager and two Payroll Officers. It is responsible for the administration and processing of the salary payments (including making compulsory and volunteer deductions from salaries) for the employees at Guildford Borough Council.

The Payroll Section uses the Selima system and processes payroll for approximately 800 employees per month. There are many areas of good practice

Areas of good practice

- Formal authorisation is given to the Payroll and Insurance Manager in order to load the new pay scales onto the payroll system. An email was sent to the Payroll and Insurance Manager dated 21 February 2014 from the Executive Head of Financial Services to instruct for the 2014 pay award to be loaded.
- The Selima system automatically calculates correct pay using pre input parameters.
- The pay file is transmitted securely each month as payments by BACS transmission and reconciled to total values expected. The files are transmitted via BACS and totals checked prior to release of the payroll run.
- Testing of leavers identified that appropriate adjustments were made to final salaries for employees where the Urgent Clearance Sheet stated an outstanding amount due to the council or owed to the employee.

But the following issues were identified:

- Testing of a sample of 10 leavers identified one instance where HMRC was notified over a month after the date of the employee leaving.

- Testing of a sample of ten starters identified one instance where the starter declaration form was not held on the employee's personal file.
- An extension to the period that an honorarium payment was paid was made on verbal authorisation.

The recommendations have been agreed and an action plan is in place.

Audit Opinion – Reasonable Assurance

3.9 Pest Control

This was a follow-up review after the Council outsourced the service to an external contractor. Although there were no issues raised on the level of service there was still a significant administrative burden on the service. A new system has been agreed to route all calls through Customer Service Centre which will provide more robust and consistent reporting and reconciliation.

The recommendations have been agreed and an action plan is in place.

Audit Opinion – Reasonable Assurance

4 SUBSTANTIAL ASSURANCE

4.1 Housing Benefit

The review found that the controls in place for the management of housing benefit claims were sound, consistently applied and effective

Audit Opinion – Substantial Assurance

4.2 Main Accounting

The review found that the controls in place were sound, consistently applied and effective. There were no recommendations arising from this review.

Audit Opinion – Substantial Assurance

4.3 Treasury Management

The review found that the controls in place for our Treasury Management function were sound, consistently applied and effective.

Audit Opinion – Substantial Assurance

4.4 Guildford House and Tourist Information Centre

These services share the same building but have different managers. We reviewed them jointly as there were many synergies. There is evidence of good customer service in both teams and sound financial and asset controls which has resulted in the substantial audit opinion. However, the review identified some issues with accommodation and equipment which need to be addressed and this has been brought to the attention of senior management.

Audit Opinion – Substantial Assurance

4.5 Outstanding Work

There are six reviews which were outstanding at the end of March. These were reviews that were just starting or had been delayed at the request of managers for operational reasons. These are:

1. Homelessness – Planning started
2. Food Safety – Planning started
3. Electric Theatre – Testing complete
4. Dog Warden – Testing in progress
5. Gas Servicing – Testing in progress
6. Glive – Draft report out for agreement

These will be included in the report to Committee on the work of the section for first half of 2015-16.

5. CORPORATE PROJECTS

5.1 Ombudsman

There have been eight Local Government Ombudsman (LGO) complaints in the year and four to the Housing Ombudsman. The number of complaints is lower than previous years and there have been no local settlements in 2014-15.

5.2 Project Management

We have been working with a multi-disciplinary team to introduce a new corporate programme/project management system. There was a soft launch of the new system in January 2015 concentrating on all the projects linked to the Corporate Plan. We are now launching this across the Council together with a number of training initiatives.

5.3 Freedom of Information and Subject Access Requests

We are involved in many FOI and SAR requests. We cannot plan for this type of work, as we do not know how complex a search will be. The Council has to respond within specific timescales or face possible censure from the Information Commissioner so when a request comes in we have to respond quickly which can impact on other work

5.4 Fundamental Service Reviews

There have been fundamental service reviews on two major services in the last year, Planning and Car Parks. This entails looking at each function and working with staff on the processes to identify efficiency savings. The reviews have now been concluded and there are implementation plans in place.

6. GOVERNANCE PROJECTS

6.1 Governance Review

Each year we carry out a governance review based on the six principles of the CIPFA/SOLACE framework. The recommendations arising from the 2014-15 review were:

- to maintain and deliver customer focused services in an economic and effective way through consultation, robust and innovative service planning and meaningful performance data
- to develop our links with the community and look for opportunities for joint ventures through a variety of channels including social enterprise and Guildford Philanthropy
- to continue the work that has been done to embed the Council's corporate values and competencies framework so that we have staff with the right skills to deliver the service changes that will be required over the next five years
- to improve and standardise our business planning, performance and risk management processes through Verto
- to roll out the new programme management framework
- to continue to work with staff on data protection issues

Many of the areas for improvement are already underway and work on these projects will continue in 2015-16.

7. SERVICE REVIEWS

7.1 Over the last year, Internal Audit has worked with managers on lean reviews in Parking, Planning and Operational Services. Although this is not traditional audit work, many of the business process re-engineering disciplines involved are closely related to audit systems analysis. This has the benefit of helping managers make efficiency savings but it also increases our understanding of the services and the business risks.

The reviews have identified opportunities for more efficient working and potential income generation. This is on-going and is part of an overall corporate project.

8. Financial Implications

No financial implications apply.

9. Legal Implications

No legal implications apply.

10. Human Resources

No Human Resource implications

11. Conclusion

- 11.1 Any audit plan and subsequent work has to be seen in the context of the organisation as a whole and our defined corporate objectives. In a Council of Guildford's size and complexity, with its significant change agenda and focus on improvement and innovation there is a greater risk of breakdown of control particularly where roles and systems are changing and the expectations for the pace of change are high.
- 11.2 We have worked and continue to work with management to identify and examine these areas of potential or emerging risk. Where audit work has highlighted areas for improvement recommendations have been made to address any control implications. These will be monitored and progress reported to Committee.
- 11.3 We recognise that change increases the risk factor but there is no evidence that where changes have taken place or are planned there are any material control issues. In fact during the service reviews we have been involved to ensure that this does not happen.
- 11.4 We are not complacent but overall, we consider that appropriate actions are being taken to address recommendations but we will continue to monitor and report progress. Overall, the standards of internal control remain good and follow-up reviews are planned for areas where there have been control weaknesses.

Corporate Governance and Standards Committee Report

Report of Head of Executive Head of Governance

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Date: 4 June 2015

Corporate Governance and Standards Committee – work programme

Recommendation

That the Committee consider and approve its work programme, as detailed in Appendix 1 to this report.

Reason for recommendations:

To allow the Committee to approve its work programme for the rest of the year.

1. Purpose of report

1.1 The draft work programme sets out the items to be considered by this Committee over the next year.

2. Draft work programme

2.1 The draft work programme for the Corporate Governance and Standards Committee is set out in Appendix 1 to this report. The items to be considered include decisions to be made by the Executive and full Council, with consideration of any comments or recommendations made by this Committee.

3. Financial Implications

3.1 There are no financial implications

4. Legal Implications

4.1 There are no legal implications

5. Human Resource Implications

5.1 There are no human resources implications.

6. Background Papers

- Guildford Borough Council Forward Plan
- Management Team Forward Plan

7. Appendices

Appendix 1 – Corporate Governance and Standards Committee draft work programme

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

23 July 2015

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Draft statement of accounts	To note the draft statement of accounts signed by the Chief Finance Officer for 2014-15	Executive 21.07.15 Council 7 July15	Claire Morris 01483 444827
Treasury Management Annual Report	To recommend to Council (July 2015) the noting of the treasury management annual for 2014-15 and approval of the actual Prudential Indicators.	Council	Victoria Worsfold 01483 444834

24 September 2015

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Governance Report 2014-2015	To approve the Annual Governance Report for 2014-2015	Executive 29.09 or 27.10 2015	Satish Mistry 01483 444042
Statement of accounts 2014-2015	To approve the Statement of accounts 2014-2015	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Audit Committee Update	To note the update report from the external auditor	Corporate Governance and Standards Committee	Grant Thornton/ Claire Morris 01483 444827
Audit findings report	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Grant Thornton/ Claire Morris 01483 444827
Annual report of the Local Government Ombudsman 2014-2015	To note the Local Government Ombudsman's annual report for 2014-2015	Corporate Governance and Standards Committee	Martyn Brake 01483 444850

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

26 November 2015

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Audit Letter 2014-2015	To consider the Annual Audit Letter and Annual Governance Report for 2014-15	Executive: 24.11.15	Claire Morris 01483 444827
Responsibility for functions and proposed amendments to the scheme of delegation	<ol style="list-style-type: none"> 1. To approve any proposed amendments to the scheme of delegation to officers in respect of executive functions 2. To recommend to Council (07/07/15) the noting of the delegation of executive functions made during the 2013-14 municipal year and to approve any proposed amendments to the scheme of delegation to officers in respect of non-executive functions. 	Executive 23.06.2015	John Armstrong 01483 444102
Summary of internal audit reports April 2015 to September 2015	To consider the summary of internal audit reports and progress on the internal audit plan for April – September 2015	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Internal Audit Plan: progress report			
Treasury Management monitoring report April – September 2015	To consider the report monitoring treasury management from April to September 2015	Executive 24.11.15 Council 08.12.15	Victoria Worsfold 01483 444834

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

14 January 2016

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Treasury Management Strategy 2015-2016	To recommend to Council the adoption of the revised Treasury Management Strategy and prudential indicators	Executive 19.01.16 Council 10.02.16	Victoria Worsfold 01483 444834

31 March 2016

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Enquiries of those charged with governance	To agree the Committee's response to the external auditor's audit plan for 2014-15	Corporate Governance and Standards Committee	Satish Mistry 01483 444042
Audit Plan	To note the external auditor's audit plan for 2014-15	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Audit Committee Update	To note the update report from the external auditor	Corporate Governance and Standards Committee	Claire Morris 01483 444827

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

Unscheduled items

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Single Equality Scheme and Action Plan	To review the Single Equality Scheme and Action Plan for 2012-15 (Year 1 and 2)	Corporate Governance and Standards Committee	Martyn Brake 01483 444850
Corporate Risk Strategy	Report on the Council's corporate risk strategy and risk management arrangements	Corporate Governance and Standards Committee	Martyn Brake 01483 444850
Criminal Records Checks for Councillors	To consider whether to ask councillors to apply for basic disclosure criminal record checks.	Corporate Governance and Standards Committee	John Armstrong 01483 444102