Table of Internal Audit work in 2015/2016

AUDIT ACTIVITY / REVIEW AREAS AND ASSURANCE LEVELS

The following table provides a summary of the Internal Audit Service activities and assurances gained

Ref	Audit Activity	Focus of assignment	Status	Type of Audit & Opinion
1	Annual Governance Statement	Support and review of the AGS	Complete	Assurance - Satisfactory
2	Risk Management – Income Streams	Review of income streams, eg Car Parking, Building Control etc	Final Report	Assurance - Limited
3	Performance Management	Completion of 2014/15 audit. Review concentrated on Staff Performance	Final Report	Assurance - Satisfactory
4	Performance Management	Focus on performance of projects and programmes and in particular the role and responsibilities of CMT and Cabinet.	Final Report	Assurance - Satisfactory
5	Governance Compliance – Members Allowances	Completion of 2014/15 audit	Final Report	Assurance - Satisfactory
6	Governance Compliance	HR policy application by service managers: • Recruitment & Selection including induction • Capability, Grievance and Disciplinary • Training schemes	Draft Report	Assurance -
7	ICT	Application audits for key services ICT shared service support and review	ICT audits not undertaken due to secondment of auditor to ICT from 1st July 2015. Assurances taken from the tasks appointed to the auditor and the controls implemented. As the ICT service is provided from the Forest of Dean District Council (FODDC), assurances have also been gained from the audits conducted by SWAP, auditors to the FODDC	
8	NNDR	Year 2 module of 3 year programme	Interim assessment completed	Assurance - Satisfactory
9	Benefits	Year 2 module of 3 year programme	Interim assessment completed	Assurance - Satisfactory
10	Council Tax	Year 2 module of 3 year programme	Interim assessment completed	Assurance - Satisfactory
	GOSS – Finance Systems	*Review on GO Module Audits and Client Testing:*		Assurance -
11		- Accounts receivable	Final Report	High
12		- Main Accounting	Final Report	High
13		- Treasury Management	Final Report	High
14		- Bank Reconciliation	Final Report	Satisfactory

Ref	Audit Activity	Focus of assignment	Status	Type of Audit & Opinion
15		- Payroll	Draft Report with Management, waiting for response	
16		- Accounts Payable (transactional testing)	Final Report	Satisfactory
17		- Accounts Payable (SWAP Assurance)	Final Report	Substantial (High)
	GOSS – Human Resources	*Review on:*		*Consultancy -*
18		- Absence Recording	Final Report	Review to help inform Head of HR for 2020 Vision Programme
19		- Staff Allowances	Final Report	
20		- Shared Services Allowances	Final Report	
21		- Job Evaluation Process	Final Report	
22	GOSS – Procurement, Insurance, Health & Safety	Health and Safety audit Undertaken as part of Security Audit	Draft Report with Management, waiting for response	Assurance -
23	Data Protection & Control of Data	Completion of 2014/15 audit	Final Report	Assurance - Satisfactory
24	Social Media	Completion of 2014/15 audit	Final Report	Assurance - Limited
25	S106 agreements	Review of S106 agreements systems and processes	Final Report	Assurance - Satisfactory
26	Business Continuity Management	Overall plans, service plans and service manager engagement	Draft Report	Assurance -
27	Accommodation and property management	Review of strategy and property management	On-going due to resourcing issues	Work to be completed 2016/17
28	Security	Review of buildings and personal security	Draft Report with Management, waiting for response	Assurance -
29	Contract Management - SLM	Completion of 2014/15 audit	Draft Report with Management, waiting for response	Assurance -
30	Contract Management - Ubico	Completion of 2014/15 audit	Final Report	Assurance - High
31	Contract management	Review of key contracts including tender processes. Plus review of contractor use	Final Report	Assurance - Limited
32	Flood Works	Audit of the spend on flood works	Final Report	Assurance - No
33	Disabled Facilities Grant	Audit of Disabled Facilities Grants	Delayed due to long term absence of the Head of Audit Cotswolds, work now in progress	Work to be completed 2016/17
34	Freedom of Information	Follow-up of 2013/14 audit	Complete	Follow-Up – Satisfactory
35	Transparency Agenda	Follow-Up testing of the 2014/15 Audit	Complete	Follow-Up - Satisfactory

Ref	Audit Activity	Focus of assignment	Status	Type of Audit & Opinion
36	Asset Management (Follow-Up)	Follow-Up testing of the 2014/15 Audit	Recommendations not actioned, planned for 2016/17	Follow-Up to be carried out in 2016/17
37	Risk Management (Follow-Up)	Follow-Up testing of the 2014/15 Audit	Complete	Follow-Up - Satisfactory
38	Cash Receipting	Follow-Up testing of the 2012/13 Audit and current identified issue	Some recommendations actioned, but not all	Follow-Up to be carried out in 2016/17
39	Public Protection project support	Support and on-going advice regarding the Public Protection project	On-going	N/A
40	20:20 vision	Support and on-going advice regarding the 20:20 project	On-going	N/A
41	Other change projects	Support for other projects	On-going	N/A
42	Greenhouse Gas Emissions	Review of the data prepared for submission in respect of the Council's responsibility towards the reduction of greenhouse gas emissions	Concluded	N/A
43	DEFRA – Repair and Renew Grant	Review of data submitted by the Authority for claims and Authority costs	Concluded	N/A
44	Efficiency Measure Rankings	Review of the data prepared for the submission in respect of the Council's Efficiency Measure Rankings	Concluded	N/A
45	Procurement and Implementation of Audit Management Software	Being implemented to aid increased efficiency in managing multiple audit plans and clients	On-going	N/A
46	National Fraud Initiative	Co-ordination of data submissions for the national data matching exercise	On-going	N/A
47	Counter Fraud (CFU)	Support from Internal Audit towards the development of the CFU and in aiding the investigation of matters arising within the year	On-going	N/A
48	Administration/Management of SLA and reporting	Preparation of Internal Audit Monitoring Reports and preparation and attendance at Audit Committee. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams	On-going	N/A

Executive Summary for Contract Management 2015/16

Assurance	Limited

Audit Objectives and Scope

This audit was carried out as part of the core audit programme planned for 2015/16 as approved by Audit Committee. The purpose of the audit review is to provide Members and senior officers with sufficient levels of assurance that the contract management arrangements are effective and secure. The audit was included in the internal audit plan to provide assurance over the systems of control and risk management for Data Protection at Cotswold District Council.

Background

The Council has a responsibility to protect public funds and ensure best value for money. To ensure that authorised officers are able to demonstrate this, a section of the Constitution is dedicated to the Contract Rules. The Contract Rules are designed to guide officers through the procurement process and ensure they comply with Financial Rules and UK Public Contracts Regulations.

The new UK Public Contracts regulations came into force on 26th February 2015. Following on from these changes the GOSS Procurement Team have produced a Procurement & Contract Management Strategy which has been approved by the partner Councils/clients. Procurement Codes specific to each authority have been developed which support the overarching aims of the Strategy. The GOSS Procurement Team is also producing a Procurement Toolkit which will guide officers through the procurement process.

This review has concentrated on actual expenditure which in turn has provided data to establish whether the expenditure should have been subject to Contract regulations.

This review does not include processes where Service Level Agreements are in place, for example, review of client monitoring arrangements for Ubico.

This review of contract arrangements and management for supplies and services procured by the Council was undertaken in accordance with the 2015/16 Audit Plan as approved by Audit Committee in March 2015. The focus of the audit was on:

Reviewing actual spend over that last 2 years to establish the contracts that fall within the contract letting categories and to compare these with the formal Contracts Register.

Sample testing suppliers to ensure compliance with Procurement, Contract and Financial Rules.

This review has not covered contract management activities where service level agreements are in place but, has instead sought to provide assurance over day to day contract expenditure.

Overview and Key Findings

The Procurement & Contract Management Strategy was approved by Cabinet in March 2015. This strategy along with the revised Contract Rules (which incorporate the February 2015 changes to legislation) and the Financial Rules provide a framework to ensure compliance with procurement processes. The GOSS Procurement Team has also developed a Procurement Toolkit providing detailed guidance which will be easily accessible to all staff. At the time of the audit, further training was also being developed.

We can confirm that officers are aware of the basic requirements of the Contract Rules. There was evidence of some officers following formal, tendering, letting, evaluation and award processes. However, there were instances where cumulative expenditure had exceeded the limits as prescribed within the Contract Rules and on occasion a lack of understanding of the application of the Rules.

Also there was little awareness of the requirement to publish contracts on the Council's formal Contracts Register. Our analysis found that only 8 out of 135 (potential) suppliers/contracts paid, during the period April 2014 to July 2015, had been published as per the UK Public Contracts Regulations.

Conclusion

In summary, we can confirm that contract management arrangements are not as robust as expected. Although, there is an awareness of the Contract Rules, full compliance is not being observed. We have made recommendations to improve the control environment. At this stage we are able to offer a 'limited' assurance opinion.

Management Response

It should be noted that the period of testing used as evidence for this report was April 2014 – July 2015. Since then significant work has been undertaken by GOSS Procurement as detailed below.

The Procurement and Contract Management Strategy was developed for all GOSS/2020 partners to provide a framework to ensure compliance with not only the procurement processes; but in recognition that contract management across the partnership was weak.

Revised Contract Rules were developed by GOSS Procurement in conjunction with One Legal to incorporate the requirements of The Public Contracts Regulations 2015; CDM Regulations 2015; and the Local Government Transparency Agenda 2015.

CDC approved the Contract Rules in October 2015, and a Procurement Training Programme was developed to cover all of the above, advertised to service managers and on the Intranet with four dates two in December and two in January 2016. These sessions were attended by only a handful of officers. Training was also delivered to service teams, Built Environment and Project and Programme Management. In total across the partnership 29 x 1.5 hour sessions were delivered.

This training programme was delivered to all GOSS/2020 partners in October and November with the exception of Ubico Limited whose revised Contract Rules are due to be presented to their Board in June 2016 for approval.

The training was well attended, but more officers should have attended. GOSS Procurement has recommended previously that Contract Rules training should be mandatory for all officers who are responsible for procurement expenditure.

Further development of the common toolkit guidance and templates, and a common e-Procurement portal which will be utilised by officers as the corporate compliance tool for all requests for quotations, tenders and proportionate contract management will provide improved compliance.

Further Contract Rules training is to be scheduled for all 2020 partners in the autumn, and for CDC this has been provisionally scheduled for September 2016. Due to resource issues this will be delivered in conjunction with the various legal teams. This training will cover the toolkit and an introduction to e-Procurement portal for those not having used to date.

GOSS Procurement are to provide advertised quarterly workshops to all partners to assist with compliance and provide guidance of best practice and updates on legislation.

We have also been in discussion with Learning and Development to develop an e-learning offering which will reinforce the quarterly training.

However, as stated above we believe that training attendance covering the compliance and the full procurement cycle should be decreed as mandatory by Senior Leadership Teams.

Since February 2016, Agresso Requisitions £10k and above in value for all GOSS/2020 partners have been routed to GOSS Procurement for 'technical approval' prior to routing to cost centre/budget holder for approval.

The purpose of this 'technical approval' is two-fold to educate officers of the need to comply with Contract Rules and reject requisitions that have blatantly have not complied with any aspect including no legal contract signed. To date across the partnership there have been 41 rejections mainly for no legal contract. In addition there have been a further 32 compliant requisitions across the partnership where the requisitions have been raised prior to the contract being signed and legal teams are in receipt.

For compliance with Local Government Transparency Agenda, GOSS Procurement has written Agresso Reports to cover all expenditure of £5k value and above to identify any 'missings' from the expenditure reported to us for publication on the Contracts Register. This also identifies areas of non-compliance and need for training.

The combined actions that GOSS Procurement have, and are taking as recorded in the Action Plan below will provide the infrastructure and processes to ensure compliance. However, this has to be with the SLT's and Group Managers impressing on their staff the importance of compliance, and cooperation of Service Managers and their staff.

Executive Summary for Income Streams 2015/16	
Assurance	Limited

Overview and Key Findings

This review of Income Streams was undertaken as part of the Risk Management audit programme planned for 2015/2016 as approved by Audit Committee. The focus of this audit was on:

- Identifying and reviewing all Council income streams to form an assessment of risk and materiality
- Testing the control measures of selected income streams focusing on calculation of charge through to receipting of the income, and timely reconciliation to the General Ledger

Analysis of income streams was undertaken. We identified 8 service areas to review further:

Pest Control, Land Charges, Building Control, Licensing, Green Waste, Planning, Car Parking and Cemeteries

We carried out a high level review of processes and undertook testing where appropriate. We identified that a number of service areas are not carrying out reconciliations between business systems and the General Ledger.

Financial Rule I5.1 states that budget holders are responsible for:

Reconciling income systems with the council's main accounting system monthly to ensure that all income received has reached the correct budget head and investigating where there is a discrepancy.

Recommendations have been made to the budget holders / service areas in respect of performing monthly reconciliations between the business system and the general ledger. Monthly reconciliations will ensure compliance with the financial rules. Budget Holders will be able to identify whether income has been accurately posted in the ledger, any mis-postings will be easily identifiable and corrections made in a timely manner. These processes will also aid budget monitoring.

To further improve the control environment, recommendations have been agreed with management relating to:

- Documenting the basis for charging for building control fees
- Green Waste Income, promoting the most efficient methods of payment
- Consolidating all income into one cost centre for land charges

Based on the work completed we have concluded that the overall system of controls in respect of receipting income and security of cash is satisfactory however, monthly reconciliations to the general ledger are not being carried out which is a breach of the Financial rules, therefore the assurance opinion offered at this time is **Limited**.

Management Response

Detailed responses to each of the recommendations are set out in pages 13 to 15. The recommendations have been accepted by all service areas and changes have either already been implemented or are planned to be implemented from the start of the 2016/17 financial year.

A review will be carried out of the green waste charging processes during 2016/17 with a view to recommending a best practice, most efficient and effective process for 2017/18. The existing process does not allow for monthly reconciliations between the General Ledger and the expected level of green waste income. This will be reviewed as part of the green waste charging process work.

The limited assurance opinion reflects the fact that income streams are not being regularly reconciled to the General Ledger. As stated above, changes have been implemented to ensure that this reconciliation will take place regularly in the future.

Executive Summary for Section 106 Agreements 2015/16	
Assurance	**Satisfactory**

Overview and Key Findings

Section 106 Agreements are Planning Obligations built into planning permissions whereby a developer must provide something in order to gain planning permission. The Obligation usually derives from increasing pressure brought about by increased housing and population.

The scope of this audit was to review processes in operation for Section 106 Agreements in WODC as follows to ensure that:

- There is effective Identification of Section 106 Schemes
- There is clearly defined accountability for each scheme
- Agreements are in accordance with legislation
- Documentation is retained to support schemes

Our Internal Audit review has identified that:

- There is no central register of Agreements for monitoring Section 106s, nor are monitoring responsibilities assigned to specifically named posts
- There is no formal regular reporting on S106 Agreements to Members (other than in respect of Affordable Housing)
- Debtor invoices are not always raised for the collection of income to the authority

However, we found that in practice both Affordable Housing and Conservation S106 Agreements are being managed well.

Due to the introduction of the Community infrastructure Levy (CIL), officers at CDC and WODC have identified deficiencies in S106 recording arrangements and are to set up a joint S106 / Community Infrastructure Levy (CIL) group which will review ICT recording options to ensure that monies are appropriately accounted for both S106s and CIL.

Following this audit review, IA have been requested to support and advise the S106/CIL group.

We have met our objectives by reviewing the systems of internal control in place for S106 Agreements in accordance with the scope agreed. We offer a **Satisfactory** level of assurance. The system of expected control is sound but has elements of weakness thus increasing the system objective risks, and, compliance is generally good but there is evidence of non-compliance with some of the controls. Recommendations have been made, that if addressed should help add value to the controls in operation.

Management Response

We have reviewed the Audit Report and agree with the observations and recommendations made.
We will ensure that the proposed actions are put into place to mitigate and manage the risk exposure

Executive Summary Freedom of Information Follow-Up 2015/16	
Assurance	**Satisfactory**

Background
This follow-up review has been completed to assess the implementation of recommendations made as part of 2012/13 assurance work, as well as current FOI risks as agreed with management. The follow-up work was approved by the Audit and Scrutiny Committee in March 2015 as part of the 2015/16 Internal Audit Plan.

A number of recommendations were made as part of the 2012/13 FOI assurance work. Our findings have been detailed on an exception basis and focus on recommendations which have not been implemented. Our findings will also discuss general observations and areas for improvement made as part of the testing carried out as part of this review. In 2015 CDC received 605 FOI requests.

Overview and Key Findings
Our overall assurance opinion (based on actions taken following the 2012/13 work) is that the control environment is satisfactory. There were however areas for improvement which are reported in detail our main report – the key themes discussed are highlighted below:

FOI Policy: The Council's 2009 FOI Policy should be updated to either include, reference, or be replaced by the Councils 2015 FOI Guidelines.

FOI Processing: There is a large degree of similarity in both the number and type of FOI's received at CDC & WODC yet the processing procedure is quite different. A review should be undertaken at both sites to integrate and replicate best practices found at each site.

Response rates: The response rate has improved since the original review however the Council is still not achieving the ICO's target figure for FOI responses, recommendations have been made around escalation processes, training for staff, and greater awareness that officers can direct requests to previously published information.

Standard wording on responses: A sample of all 37 FOI requests received and responded to in 2016 were checked to determine typical responses. In 24% of the sample, officers failed to include the standard appeals or complaints information despite this step being documented in the Council's procedures, guidelines and included as part of recent training sessions.

Conclusion
Based on the sample testing completed as part of this follow-up we have found that all recommendations made as part of the assurance work in 2012/13 been addressed by management, however some residual risks and elements of non-compliance have been identified as part of this work. Through implementation of the audit recommendations within this report the strengthened control environment will provide management with greater assurance.

Management Response
I am pleased that we have received a 'Satisfactory' assurance for our Freedom of Information processes.

The issues which have been identified are ones of which we are already aware and we have started to take steps to address them. The actions proposed are set out against the recommendations.

Freedom of Information continues to be an important issue, both in relation to the numbers received by both councils and the nature of the requests, and we will therefore continue to keep our processes and performance under review.

Corporate Planning Manager

Executive Summary for Performance Management (Programmes and Projects)	
Assurance	**Satisfactory**

Overview and Key Findings

Whilst we reviewed project management processes in Cotswold District Council (CDC), we specifically excluded detailed work on 2020 projects, as these will have a their own assurance work plan in that the majority of future project streams will fall under 2020. In particular assurance was required that lessons learned from 2020's "predecessor" programme at CDC, One Team, had been taken on board and incorporated into current CDC projects.

One definition of a project is "a unique set of co-ordinated activities, with definite starting and finishing points, undertaken by an individual or team to meet specific objectives within defined time, cost, quality, and performance parameters" (Office of Government Commerce). The process of project management is to ensure that specified objectives are attained within the parameters set.

We found that:
- Although no one standard project management methodology is used in CDC, project management is used, the exact process used in each case is tailored to the project itself
- Standard project methodology document templates are available for use where appropriate
- Advice and support is available from Business Improvement

There is considerable documentary evidence on the "Connect" intranet site to show that lessons learned from the One Team projects were collected and recorded. We were informed of specific lessons learned relating to two particular projects (FoDDC website and LEAPS).

Whilst the processes described above to disseminate lessons learned from previous projects are not overly formal, we are of the opinion that, if the methods described to us continue to be used then staff involved in the management of current and future projects should be aware of lessons learned.

Executive Summary for Performance Management (Staff Performance)	
Assurance	Satisfactory

Background
This review on Performance Management was conducted as part of the core audit programme planned for 2014/15 as approved by the relevant Audit Committees at Cheltenham BC, Cotswold DC and West Oxfordshire DC. The finalisation of this audit has been significantly delayed due to resource issues in the service area and the long term absence of the Head of Audit Cotswolds.

Overview and Key Findings
Previous Performance Management reviews have focussed on arrangements at service and corporate levels reviewing how the council monitors and measures performance against set indicators and outcomes. As the overall performance of the council starts at staff level, we have reviewed systems and processes designed to aid and improve staff performance in order to support and ensure delivery of corporate aims and objectives.

The Learning & Organisational Development (L&OD) service, one of the services provided by the GO Shared Services, provides support for learning and development across the partner authorities. Corporate learning & development training is provided through an online self-service tool, the Learning Gateway (LG), as well as sessions delivered by the L&OD service. Service managers are responsible for delivering on the job training activities, completion of professional qualifications and ensuring compliance with Continuing Professional Development (CPD) requirements.

Staff development and training needs are identified and documented in the annual appraisal process which then feeds into the LG so that appropriate corporate training can be provided. Our testing identified that the appraisal process is being undertaken, however, the LG is not used effectively due to a lack of engagement with the system. Service managers commented that there were too many courses which were not relevant for service needs. In addition, requested courses that involved external providers were not being provided as budget restrictions prevent some external delivery. We were further advised that due to resource constraints, regular monitoring of the LG had not been undertaken and therefore some training requests had not been actioned; a new member of staff has since been appointed to manage the LG.

Where training courses are provided through external providers, recharging arrangements are in place. However, our testing identified that processes are not as robust as expected. If recharges are not appropriately managed, there is a risk that one authority could be subsidising the training costs of another authority. Under the new 2020 shared working arrangements, a robust mechanism for recharging will be considered.

At the time of audit, L&D management information was provided to the Client Officer Group (COG), Joint Liaison Forum (JLF) and Corporate Teams but there was no evidence to support that the measurement of individual performance improvement was being effectively monitored or reported. It is recommended that going forward into 2020 a clearer reporting process Is required and to be developed as part of the reporting process to the new Joint Committee.

Continuing Professional Development (CPD) refers to the process of tracking and documenting the skills, knowledge and experience required to demonstrate competency in a given profession and is a line manager's responsibility and does not fall under the remit of L&OD. Our review identified that there is no corporate record to identify those service areas that require CPD compliance. It is recommended that consideration is given to the compilation of a central database for roles within the organisation where CPD is integral to service delivery and that managers are reminded of their responsibility in respect of their staffs' CPD.

To improve the control environment we have made recommendations relating to the use and promotion of the LG, review of recharging arrangements, the monitoring and reporting of performance improvement and the monitoring of CPD compliance.

Conclusion
At the point of the original testing we concluded that a limited assurance was appropriate for the controls and processes that were in place.

Due to the delay in the completion of this audit, we have revisited the audit area and can confirm that due to the work that has been undertaken since the audit and the work to be undertaken going

forward into 2020; we can increase the assurance opinion to satisfactory.

Management Response
The Learning and Organisational Development provision will form part of the development of the 2020 strategy and will also consider how learning and organisational development is provided to the new organisation. Consideration will also be made as to how managers will support their teams' development to ensure they have the appropriate knowledge and skills to undertake their duties.

Executive Summary for Contract Management - Ubico	
Assurance	**High**

Background

The objectives of the audit were:

1. To review the Business Case and extract the key outcomes required from Ubico contract with CDC
2. To ensure the contract is designed to deliver the Business Case and service objectives; and has clear and measurable outcomes and operational practice requirements (both standards and targets).
3. To review the contract monitoring arrangements to ensure there is;
   - compliance with the contract,
   - delivery of outcomes,
   - compliance with operational practice requirements, and,
   - formal returns and reporting from the contractor as required.
4. To ensure the monitoring of critical success factors of the business case so that the Council achieves the original planned outcomes (or those that may have been subsequently approved).

Overview and Key Findings

The review of contract monitoring can confirm that robust arrangements are in place to ensure that the performance of Ubico is regularly monitored and challenged and that it continues to meet the objectives and outcomes as defined in the contract and the outline business case..

Management Response

The current systems are considered robust and the service will continue to review and improve monitoring systems, particularly as service changes take place, to ensure the Council continues to receive a high quality and good value service from Ubico.

Executive Summary for Members' Allowances	
Assurance	**Satisfactory**

Introduction

The objective of this audit was to provide assurance over the system of control in place for Members Allowances and expenses paid by Cotswold District Council. Our work has identified certain aspects which do not necessarily represent best practice (albeit that they are operationally acceptable) and one matter which was inconsistent with the Council's Financial Rules (albeit that it did comply with legislation). The scope of the audit relates to procedures, expense claim authorisation and payment, correct rates of allowance payment, monitoring and reporting.

Background

Local Authorities can pay allowances and expenses to Members in respect of duties which they carry out in their capacity as a member of the Council. The Democratic Services Section administers these allowances and expenses, which are regulated and prepared in accordance with Local Authorities (Members Allowances) (England) Regulations 2003.

Overview and Key Findings

The Council's Financial Rules apply to Council Members, as well as its employees:

"1.1   Financial Rules, together with Contract Procedure Rules and other forms of guidance on procedure and conduct, provide the framework for managing the council's financial affairs, ensuring high integrity and accountability. They apply to every Member and Officer of the council and anyone acting on behalf of the council."

"1.4   The Financial Rules provide clarity over the accountabilities of individuals, ensures that the council uses best practice when dealing with financial matters and that council resources are used wisely"
Cotswold District Council Financial Rules, approved by Council February 2012

The Council's Financial Rules also state that best practice is to submit expense and mileage claims monthly and within the financial year to which the claim applies:

"H8.2 Claims shall normally be submitted monthly and always by the end of April following the financial year end."
Cotswold District Council Financial Rules, approved by Council February 2012

From the sample of claims tested, none had been submitted on a monthly basis. However, the vast majority had been submitted within a regular timeframe that reflected the individual member's frequency of attendance. The frequency of claim did not adversely affect officer time or give rise to any undue burden on the part of processing officers.

There was, however, one instance of a claim being made for the entire financial year, and which was unlikely to be processed for recording/accounting in the year concerned. This is not considered to be operationally acceptable, and is likely to impact on the accurate representation of annual expenditure.

It is, however, acknowledged that The Local Authorities (Members' Allowances) (England) Regulations 2003 take precedence over the Council's Financial Rules, meaning the over-riding legal position is that Council officers cannot refuse to pay a claim submitted outside of any locally-set timescale, even if this amounts to a breach of the Council's Financial Rules.

It is recommended that all Members should be encouraged to submit claims on a regular basis (and quarterly as a minimum). Notwithstanding this, and given that annual claims are legally acceptable, then these should be submitted within the year for which they relate.

Conclusion

Strong internal controls exist for the Members' Allowances administration process (especially as every claim is fully checked by Democratic Services staff).

Whilst most Members do not submit claims on a monthly basis, i.e. in line with absolute best practice, the vast majority do submit claims within a regular timeframe, which does not adversely affect, or over-burden, processing officer time.

It is, however, considered that, other than in exceptional circumstances, claims should be submitted at least quarterly; and that half-yearly or yearly claims should be strongly discouraged.

Overall, we offer a Satisfactory assurance opinion. We have recommended a number of associated actions within this report that seek to improve administration (through more regular submission of claims by all Members) and the operation of best practice, in line with the Council's Financial Rules (which, in turn, will increase the assurance level over the Council's risk management and internal control framework).

Management Response
A thorough checking/scrutiny/approval process is in place within Democratic Services to ensure that processing is robust.

Members are provided with detailed information in respect of how to claim and what can be claimed. A summary document is currently included within the Council's Constitution.

Given the Member decision-making structure, the meetings schedule (whereby some committees only meet quarterly), and the fact that appointments to committees etc. are within the gift of political group leaders, the frequency of member attendance at meetings/approved duties varies considerably - with some Members only attending every two/three months.

Current, and previous, arrangements seek the submission of claim forms on a regular basis, and at least every two months.

Given the frequency of attendance by many Members, it is considered that, overall, claims are submitted on a timely basis; and there is no adverse effect or unacceptable burden on those officers who process claims. It is, however, accepted that there was one instance of a claim being made for the entire financial year, which was unlikely to be processed for accounting in the year concerned.

Officers will implement those parts of the recommendations that are within their gift, and encourage Members to comply with best practice (through more regular submission of claims by all Members).

However, ultimately, the legislative requirements take precedence over local provisions; and a claim cannot currently be refused due to a lack of timeliness.

(END)