

<b>Executive Summary for Treasury Management and Bank Reconciliation 2016/2017</b>	
<b>Assurance</b>	<b>High</b>
<p><b>Overview and Key Audit Findings</b></p> <p>The audit of Treasury Management is carried out over a 3 year cycle. 2016/2017 is the third year of the three year cycle; the detail of the areas that have been included in the year three audit can be found at Appendix B. The areas to be reviewed are drawn from the "Services in Scope" document defining those services which GOSS Finance will provide.</p> <p>The audits of Bank Reconciliation and Cash and Bank are conducted every year.</p> <p>We were able to verify that the aspects of Treasury Management which we reviewed this year were operating satisfactorily. Existing contracts with TM advisers end in 2017 and before expiration of these a decision will have to be made by senior officers and/or Members about action to be taken as regards re-tendering.</p> <p>We verified that bank reconciliations are being completed on a timely basis, and that these are being checked by an Accountant who signs and dates the statement to evidence this check.</p> <p>Cash files are uploaded daily from Civica into the Agresso General Ledger (GL). The two figures are reconciled daily and Civica and GL figures are recorded each day in a spreadsheet which also shows any daily differences. There is no formal management check (and evidencing of this by signature) to ensure this reconciliation is being done on a timely and accurate basis, and critically reviewing differences. However this would not be seen as a key control, as differences between the cash book and GL will be shown up in the bank reconciliation, and formal management check of this.</p> <p>The results of our review were satisfactory in all areas covered and we are able to give a <b>High</b> Audit Assurance Opinion Level. We made no recommendations as a result of this audit.</p>	

**Executive Summary for Main Accounting System and Budgetary Control - 2016/2017**

**Assurance**

**High**

**Overview and Key Audit Findings**

The audit of the Main Accounting System is carried out over a three year cycle. 2016/2017 is the third year of the three year cycle. The areas to be reviewed are drawn from the "Services in Scope" document defining those services which GO Shared Services (GOSS) Finance will provide. There are certain areas which we will continue to audit each year.

We examined the Medium Term Financial Strategy (MTFS) document for each Authority as presented to Members, and confirmed that all took account of material factors, and that the sources of assumptions made in respect of interest rates and inflation were reasonable.

We verified that budget monitoring reports are presented to each Authority's Cabinet on a quarterly basis.

None of the three Local Authorities produce a traditional formal "Budget Book" in electronic or paper form.

We confirmed that annual budget setting processes are sound.

We confirmed that 2015/2016 Revenue and Capital Outturn, and the 2016/2017 Revenue Account Budget returns had been submitted to Government, and obtained copies of each for all three Authorities as evidence.

We verified that the Treasury Management Statistics form had been completed and returned to Cipfa in respect of 2014/2015 and obtained copies of these for all three Authorities as evidence.

We confirmed that the outcome of four Key Performance Indicators relating to GOSS Finance performance was satisfactory.

We verified that the recommendation arising from our 2015/2016 audit had been implemented.

We were able to give a High level of assurance as a result of the audit work carried out.

## Executive Summary on Green Waste 2016/2017

Assurance

N/A

### Overview and Key Findings

The purposes of this audit were to:

- Review of the processes and systems used in Cotswold District Council (CDC), Cheltenham Borough Council (CBC), and Forest of Dean District Council (FoDDC) for the charging of green waste.
- Assess whether efficiencies could be achieved
- Assess whether processes could be standardising.
- Advise West Oxfordshire District Council (WODC) of the findings of this audit prior to that Authority's introduction of green waste charges in 2017/2018.

We looked at a number of areas, as follows:

- System
- Income Collection
- Charges
- Discounts
- Subscription period
- Licences
- Non-payment
- Renewals
- Customer Services
- Payment
- Refunds
- Recurring payments
- Staff resourcing
- Sacks
- Reconciliation

There are a number of areas where operational and policy differences are evident between Authorities. Some element of standardisation may be possible in these. In particular, Customer Services functions regarding Green Waste, and collection of licence fee income will fall within the 2020 programme (for CDC, FoDDC, and WODC), thus creating common systems.

We made two recommendations relating to CDC as a result of this review, relating to invoicing for garden waste collection fees and reconciliation to the general ledger.

As this is a consultancy review, we have not issued a formal audit opinion.

## Executive Summary for HR - Controlling Starters and Leavers 2016/2017

**Assurance**

**Satisfactory**

### Overview and Key Audit Findings

A core governance review was undertaken of the controls over the starters and leavers processes and procedures, as approved in the 2016/17 Audit Plans of each of the partner authorities (including the Forest of Dean District Council). This audit covers a review of control arrangements in place in respect of the dissemination of information when an employee starts or leaves, that protect the Council from undue risk and loss.

A review was carried out of current process operated at each authority (under GOSS), as well as a review of the forms used for recording method and design. The following sample was taken of starters and leavers from ABW:

<b>Partner Authority</b>	<b>Starters</b>	<b>Leavers</b>
Cotswold District Council	10	8
Cheltenham Borough Council	10	4
West Oxfordshire District Council	10	5
Forest of Dean District Council	6	4

The corresponding HR personnel and payroll files were reviewed for consistency as part of testing. ICT procedures regarding starters and leavers were also analysed.

#### *Cheltenham Borough Council (CBC) & Forest of Dean District Council (FoDDC)*

During testing, it was acknowledged by the HR/Payroll Business Centre (West) that the FoDDC 'Checklist for new appointment' format needs updating to the same format as the equivalent CBC checklist.

The lack of completed Payroll information from the Authorisation to Appoint form - especially the 'checked by' field - could mean that information is not verified and may lead to input mistakes not being highlighted. Non-completion of the HR 'office use only' section on the leavers form indicates that crucial actions in the process could be omitted.

The GOSS forms are not used consistently across all authorities, despite being branded for their use. The abundance of forms in use can be confusing and has the added risk of forms not being completed. The grouping of the fields on the forms, in terms of subject, is unclear. An example of this is the GOSS Authorisation to Appoint form, where post information (Division, Commencement Date) is mixed with personal information (Name, Home address).

The GOSS HR/Payroll Business Centre (East) has advised that Line Managers often need prompting to complete forms and follow process correctly. This can cause delays, is time consuming and could ultimately result in necessary information not being obtained.

The presence of guidance notes is a positive factor, especially for Line Managers who may be following the process for the first time or as a reminder for those who have not done so in some time. This guidance does, however, need to be relevant and up-to-date. In addition, guidance notes and related resources should be accessible and easy to find. Currently, forms and documentation are located using a different path on each intranet site, which can be confusing and adds to the risk of forms not being completed.

**Conclusion**

There are processes in place within the HR and ICT departments at all partner authorities to control the starter and leaver process. However, the areas of inconsistent and inefficient practices identified such as the lack of clear guidance for Line Managers, the amount and variety of forms used across the GOSS partnership, the lack of communicating starter/leaver information to all interested parties, etc. increases system weaknesses. We have made recommendations and suggestions for improving current processes which, if implemented, will help to improve the overall control environment.

**Management Comments**

Management have accepted the recommendations, many of these will be taken forward and addressed in line with the 2020 Programme work stream.

## Executive Summary on Public Services Network (audit conducted by SWAP)

### Assurance:

**SWAP**

**Audit Cotswolds**

**Reasonable**

**Satisfactory**

**This extract was taken from the Final Report produced by the SWAP ICT Auditor.**

### Objective

To provide assurance to the Senior Information Risk Owner (SIRO) that details contained within the Public Services Network (PSN) Commitment Statement, including the supporting information is complete, accurate, and can be submitted in the time-scale agreed with the PSN authority.

### Overview and Key Findings

As part of the 2020 Partnership, Information Technology will be a shared service across the four Partner Councils - Cheltenham Borough Council, Forest of Dean District Council, Cotswold District Council and West Oxfordshire District Council. The revised structure will provide a central approach across all Partners.

There were resource and established processes to ensure that information security was maintained, and it was found that ICT Change and Customer Services were making positive steps in moving towards an ISO27001:2013 organisation, which will further support the Partnership in maintaining PSN compliance.

At the time of our initial review, not all submission documentation had been completed by the ICT Change and Customer Services Team. The original plan, formally communicated to the Cabinet Office and Heads of Partnership, was to submit the PSN Commitment Statement and all supporting information during the week 11th-15th July 2016; the delay was partially due to the fact that the Internal ICT Health Check was not carried out until after the June referendum, to minimise the risk to the Electoral systems. Further work was carried out by the ICT Change and Customer Services Team, to evaluate the risks highlighted by this review and to transfer to a formal action plan. Consequently, the actual date of the PSN submission was the 5th August 2016.

There had, however, been liaison between the ICT Change and Customer Services, the key stakeholders of the 2020 Partnership, and the PSN team at the Cabinet Office to inform them of the change in submission date.

A further review was carried out, post submission, and concluded that all mandatory documentation had been submitted to the PSN authority and that care had been taken in ensuring that only accurate information had been entered onto the PSN Commitment Statement. The results were accurately transferred onto a Remediation Action Plan (RAP) from the Internal and External ICT Health Checks.

Assurance was taken on the effectiveness of the design of the security controls from the independent Internal and External ICT Health checks, the response to the security risks that had been identified, and a review of a sample of the joint information security policies, risk registers, and interviews with key staff.

There were no 'Critical' issues raised during the Internal and External ICT Health Checks that required resolution. Out of the 18 High risk issues raised, 13 actions remained open. In addition, 46 Medium risks were raised, of which 28 actions remained open, and 37 Low risks were raised, of which 13 remained open.

The total of 101 risks had been added to the remediation plan, and all 54 open actions had been assigned an owner, target date and had been given a service desk incident number to enable the progress of all actions to be monitored by the ICT Audit and Compliance Manager.

There were four security gaps detailed in the PSN Commitment Statement. Resource had been made available to address these gaps in compliance, or partial compliance, and these had all been documented in the Commitment Statement that had been sent to the PSN Team at the Cabinet Office, together with action plans. One of the four gaps identified, 'Cloud computing', represented no current risk, as this technology is not currently being used. However, a Cloud computing policy is being drafted, so that the Partnership is ready for future considerations of this technology.

In addition to the PSN pre-submission documents, a sample of the ICT Shared Service policies was reviewed. Work has been carried out to cross reference the policy and procedural documentation set to the PSN expected controls. There is now a full suite of policies and procedures that reference the PSN Control set, and work is continuing to develop these to deliver consistent, ICT operational processes across the partnership.

During the review of the joint Commitment Statement, network diagram, RAP, and policies, a small number of minor observations were made; recommendations for improvement were fed back directly to the ICT Audit and Compliance Manager. These recommendations are outside the framework of this report.

It was found that risks were assessed and communicated across service and corporate risk registers and that mitigating controls listed on those registers were monitored and evidenced. However, one Priority 3 recommendation was made that, when implemented, will further improve the recording of, and assessment of, risks identified during the ICT Health Checks.

There were no significant findings raised.

## Executive Summary on Business Continuity Management

**Assurance**

**Satisfactory**

### Introduction

This audit was carried out as part of the risk based audit programme planned for 2015/16 as approved by the Audit Committees in March 2015.

Business Continuity Management (BCM) is a key operational process within the Council. Effective BCM plans can help to ensure that the Council is able to continue to provide services during, and after an emergency. Legislation governing BCM is covered by the Civil Contingencies Act 2004 and Contingency Planning Regulations 2005. The focus of the audit was on the effectiveness of the arrangements in place and how the Council gains assurance that these arrangements will ensure recovery is in a planned and controlled manner.

Our work has been completed by carrying out desk top reviews, examination of BCM plans and discussions with key Officers.

### Overview and Key Findings

CDC has a Business Continuity Management Strategy which is supported by a Corporate Business Continuity Plan (CBCP). Detailed within this plan are instructions for Individual Service Heads to take responsibility for maintaining their own service area Business Continuity plans (BCPs). We did note the CBCP annual update was still at draft stage.

The Shared Head of Environmental Services is temporarily managing and assisting service areas with updating their own BCPs. We can confirm that work is progressing and there was evidence to support sound BCPs. However, regular review of BCP's could not be evidenced; most had last been reviewed 2 years ago. To comply with legislation, regular review is essential.

We can confirm that emergency response plans are in place, updated and with both authorities belonging to local resilience forums, the plans are robust. However, the District Emergency Planning Liaison Officer (DEPLO) role has been vacant for some time; we can confirm arrangements are currently being made to fill this position.

ICT has a combined, substantial, Disaster Recovery and BCM Plan. Increased joint working through the 2020 Partnership and the inclusion of the Forest of Dean District Council will now require the current plan to be updated. We noted that, although substantial in content regarding recovery of all Council systems, ICT's own service area business continuity elements of the plan are in need of review.

To comply with the Civil Contingencies Act 2004, BCM testing must be varied, such as desktop, partial and large scale, recorded, and any actions arising from the testing need to be assigned and acted upon. At the time of audit testing not all services had performed scheduled testing, although limited desktop discussions and some testing had taken place.

### Conclusion

We can confirm that Business Continuity Management arrangements are in place and currently being updated. We have made recommendations to enhance the control environment and at this stage we are able to offer a '**Satisfactory**' assurance opinion.



## **Management Response**

Due to a number of changes in personnel with responsibility for Business Continuity Planning and significant change in the Environment and Public Protection teams there has been a lack of continuity over recent years in corporate oversight which is evident from the findings of the audit team.

As part of the 2020 Partnership arrangements an individual has been appointed to provide corporate oversight for Emergency Planning arrangements to ensure appropriate documentation is reviewed regularly and kept up to date. This individual will also provide corporate oversight of the Business Continuity process and documentation liaising with service heads to ensure documentation is in place to support the process.

Management Team and Service Heads have also considered the report in detail and will ensure regular reviews of the BCP's through the annual service planning cycle.

Management Team considers that whilst appropriate documentation has been lacking, responses to business continuity issues such as a recent flooding incident in the Elmfield offices in Witney evidence the ability and appropriateness of the business continuity response.

## Executive Summary on Contract Management - SLM 2015/2016

**Assurance**

**Satisfactory**

### Overview and Key Findings

This review of the arrangements for the management of the contract being delivered by SLM was undertaken as part of the Risk Management audit programme planned for 2014/2015 as approved by the Audit Committee. It was carried over into 2015/16 in order to allow time for the systems and processes adopted by the service to become established.

The primary focus of the audit was to;

- Identify the key outcomes from the original business case
- Identify and assess how these outcomes were reflected in the formal contract
- Review the contract management arrangements which support and ensure the delivery of the desired outcomes
- Assess the outcomes now being attained from the contract against those specified in the original business case.

There are a number of risks associated with the delivery of the outsourced Leisure and Culture Services. The effective management of these risks rests with the Shared Head of Leisure and Communities who must obtain on-going assurance that the control arrangements are operating effectively to manage these risks to the desired levels. The audit process has sought to review these risks, and consider how the Shared Head of Leisure and Communities is gaining control assurance.

The Key Outcomes of the outsourcing of the contract are;

- Achieve the target annual savings of £225,000
- Protect the future of the services for local people
- Maximise opportunities through effective partnerships, to engage with communities and promote participation in Leisure and Cultural services which meet the needs of local residents and visitors.

A summary of the risk areas and our findings are;

The key outcomes from the original business case are not fully reflected in the contract and assured through performance outcomes, but our review has identified that the risk is mitigated through the terms and conditions specified in the contract.

The key contract outcomes are not being delivered as specified in the contract terms and conditions. Our audit found that a contract management arrangement operates and through our review of documents and conducting interviews with keys officers we found no instance of significant contract failure.

The outcomes (services and performance levels) now being attained from the contract are not delivering the original aims of the business case. Our audit found that the key overarching aims are being met by the operating contracted arrangement.

The areas where recommendations have been made are;

- The formal signing of the contract in accordance with Article 15 of the Councils Constitution
- Ensure that robust budget monitoring is carried out

Based on the review we have undertaken we conclude that the contract has been drawn up to meet the overarching objectives set out in the options appraisal and that these are being delivered. We have reviewed the systems of control and conclude that sound procedures operate to deliver the preferred outcome as identified in the original options appraisal. However, the audit review has identified some potential risks that could be mitigated through enhanced controls and therefore recommendations have been made, that if addressed, should help to add value to the controls already in operation.

Therefore we have given a Satisfactory assurance level for this review.

### **Management Response**

Although I was not involved in establishing the scope of this review, I accept the findings.

The key outstanding item is the signing of the contract which at the time of writing this response, is not yet complete, although Legal and Property Services have confirmed that it is close to completion.

Diana Shelton 19<sup>th</sup> August 2016

## Executive Summary on Accommodation and Property Management 2015/2016

Assurance

Good

### Overview and Key Findings

The Property and Estates team are responsible for the preparation and delivery of Asset Management Strategy, Accommodation Strategy and Commercial Property Investment Strategy (Service Delivery Plan 2016/17). It is the intention, under the 2020 Programme for Property and Estates Officers to work jointly over CDC, Forest of Dean District Council (FoDDC) and West Oxfordshire District Council (WODC). Officers are already working jointly between CDC and WODC.

CDC does not have specific accommodation or property strategies, so the Property and Estates team functions under the Council's aims and priorities and relevant 'Key tasks' (Corporate Strategy, 2016-2019):

*Priority- Provide High Quality Services at the Lowest Possible Cost to Council Taxpayers*

- *Improve buildings and asset utilisation to deliver revenue savings by working with key partners in the public and voluntary sector.*
- *Continue to rationalise under-utilised assets in Council ownership.*

The Council's property portfolio is recorded, using the 'Uniform' business application and reviewed annually. Property re-evaluations are completed on one third of properties annually by the Estates and Valuation Surveyor to ensure the register is financially accurate; a number of which are verified by an external surveyor.

The Council's Land and Property Asset Management Plan (AMP) sets out the overarching strategy governing the management of the Council's property portfolio; approved by the Cabinet in 2009. The purpose of the AMP is to ensure that assets are managed in line with the Council's overall aims, priorities and objectives. Our review found that, parts of the plan are no longer relevant to the current methods of working and direction is now provided by the Council's top tasks. Due to time and resource restrictions, Council properties are assessed when they become vacant or when there is a change in service needs.

The current Accommodation Management Plan includes the rationalising of the Trinity Road Offices, which is nearly complete; therefore the service should plan to review the accommodation plan to identify any future service demand changes.

Key documents for the management of the Council's land and property portfolio are the Scheme of Delegation (Appendix B1, AMP 2009) and the Acquisition and Disposal Policy for Land and Property (Appendix B4, AMP 2009). These policies set out the principles and the rules by which the Council will acquire and dispose of land to inform Officers, Members and other interested parties. Our review found that Officers have complied with the policies in respect of acquisitions and disposals.

There is evidence processes and policies have been followed by Council Officers managing the current land acquisitions and disposals on behalf of the Council. However, there have been no new proposals taken to Committee since Accommodation Management in July 2014. Since this time, the Property and Estates team have managed the acquisition/disposal of a number of sites, which has had a high demand of Officer time and not allowed full reviews to be completed, as set out in the Land and Property Asset Management Plan

Based on our audit review we have made one recommendation in respect of aligning the Asset Management Plans for the Councils that are included in the 2020 Programme and one observation in respect of a strategic plan for future accommodation and property management.

**Management Comment**

Satisfied with comments in report and that the agreed actions will be progressed once the new companies have been set up and further opportunities for shared procedures and arrangements can be reviewed. Accommodation requirements across the companies can be explored in line with company requirements.

## Executive Summary on Fleet Management 2016/2017

**Assurance**

**Satisfactory**

### Introduction and Background

A review of Fleet Management was undertaken as part of the 2016/2017 Internal Audit plan, approved by the Audit Committee in June 2016. This audit covered:

- Review of Policies and Procedures governing the replacement of Fleet vehicles and plant.
- Review of opportunities to use vehicles across authority borders in order to maximise effectiveness and reduce costs.
- Review of cross charging for vehicles when used across authorities.
- Review of the procurement arrangements and funding in order for Ubico to maximise the gains due to its significant buying power.
- Review of the arrangements for holding reserve vehicles in order to reduce the need to hire.
- Review of the policy setting process at the Councils and how it offers the most advantageous returns on vehicle investment.
- Review of the long term strategy across all Ubico partners.

In August 2012, Cotswold District Council (CDC) transferred its waste collection, recycling and street cleaning to Ubico Ltd., a teckal company that had been jointly founded with Cheltenham Borough Council. To provide the service, Ubico runs and maintains a selection of fleet and plant on behalf of the commissioning Councils.

As part of the undertakings, the Council purchased vehicles from the previous contractor, SITA or where necessary, purchased new vehicles. These vehicles were inspected and reviewed in order to establish a vehicle replacement schedule. An initial 10 year vehicle replacement plan was drafted, scheduling the replacement of vehicles that were considered to be beyond economic repair, whereby the repair and maintenance cost were uneconomical to continue.

The life span of these types of fleet is accepted as 8 years for transits and tippers, 7 years for rear compaction vehicles, and 5 years for sweepers. In some rural areas, vehicles fail prior to this time frame due to the poor road conditions. We were advised that these assets were depreciated over 7 years and that the fleet remain on the Council's accounts.

### Conclusion

Although the Opinion offered is satisfactory, the over-arching evidence suggest that financial gains are not being made where there is opportunity to do so.

Throughout the course of the audit, we repeatedly identified that, to achieve the best returns or economies of scale, Commissioning Authorities would have to align their waste and recycling Services.

Public opinion is a factor used to determine the Service even though it may not offer the best value for money.

In order to ensure the most advantageous outcomes, maximise savings and to achieve the best returns on the councils investments, the Commissioning Authority should:-

- Explore the process of procuring vehicles in order to establish if alternative methods could offer a more advantageous return on the Councils investment. Example - Ubico purchases directly;
- Align the service with other Commissioning Authorities. Ensuring same vehicle usage

would allow best possible discounts, better resilience through cross boarder usage as well as savings on parts and tyre contracts;

- Enter arrangements with other partners in order to utilise Ubico's significant buying power to enable greater savings;
- Consider the rechargeable costs should a vehicle be utilised by another authority;
- Engage through the Gloucestershire Joint Waste Committee, who are best placed, to prepare and commit to a single service policy strategy across the partners;
- Protect the Operators Licence held at Ubico by ensuring vehicle replacement is scheduled and completed on time.

#### **Management Comment**

This audit has been particularly useful as it has considered processes across both the Council and Ubico. Management agrees to work towards the implementation of the recommendations. The fact these issues are set out clearly in this report should enable the reasons for changes to be clearly evidenced and communicated.

(END)