

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ**

Tuesday, 28 November 2017 at 19:00

The Governance and Audit Committee considers and approves the Council's Statement of Accounts and reviews the Council's annual audit letter. The Committee also deals with the Council's governance, risk management and audit arrangements. To make recommendations to the Council on functions such as Elections and bye laws, and determine Community Governance Reviews.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

Have Your Say!

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Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, using the contact details below and we will try to provide a reading service, translation or other formats you may need.

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e-mail: democratic.services@colchester.gov.uk

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Governance and Audit Committee - Terms of Reference (but not limited to)

Accounts and Audit

To consider and approve the Council's Statement of Accounts and the Council's financial accounts, and review the Council's external auditor's annual audit letter.

Governance

To consider the findings of the annual review of governance including the effectiveness of the system of internal audit and approve the signing of the Annual Governance Statement.

To have an overview of the Council's control arrangements including risk management and in particular with regard to the annual audit plan and work programme, and to approve the policies contained in the Council's Ethical Governance Framework.

Other regulatory matters

To make recommendations to Council on functions such as elections, the name and status of areas and individuals, and byelaws.

To determine and approve Community Governance Reviews.

Standards in relation to Member Conduct

To consider reports from the Monitoring Officer on the effectiveness of the Members' Code of Conduct, and to advise the Council on the adoption or revision of the Code.

To receive referrals from the Monitoring Officer into allegations of misconduct and to create a Hearings Sub-Committee to hear and determine complaints about Members and Co-opted Members referred to it by the Monitoring Officer.

To conduct hearings on behalf of the Parish and Town Councils and to make recommendation to Parish and Town Councils on improving standards or actions following a finding of a failure by a Parish or Town Councillor.

To inform Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints.

To grant dispensations, and to hear and determine appeals against refusal to grant dispensations by the Monitoring Officer.

To make recommendations to Council regarding the appointment of Independent Persons.

General

To review of the Constitution including governance issues around formal meetings, processes and member training and to make recommendations to Council.

COLCHESTER BOROUGH COUNCIL
Governance and Audit Committee
Tuesday, 28 November 2017 at 19:00

The Governance and Audit Committee Members are:

Councillor Nick Barlow	Chairman
Councillor Dave Harris	Deputy Chairman
Councillor Peter Chillingworth	
Councillor Dominic Graham	
Councillor Fiona Maclean	
Councillor Dennis Willetts	

The Governance and Audit Committee Substitute Members are:

All members of the Council who are not Cabinet members or members of this Panel.

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 6 are normally dealt with briefly.

1 Welcome and Announcements

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

2 Substitutions

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

3 Urgent Items

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

4 Declarations of Interest

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or

participating in any vote upon the item, or any other pecuniary interest or non-pecuniary interest.

5 Have Your Say!

The Chairman will invite members of the public to indicate if they wish to speak or present a petition on any item included on the agenda or any other matter relating to the terms of reference of the meeting. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

6 Minutes of 17 October 2017

7 - 14

The Councillors will be invited to confirm that the minutes are a correct record of the meeting held on 17 October 2017.

7 Annual Audit Letter 2016-2017

15 - 44

A report by the Assistant Director Policy and Corporate inviting the Committee to consider and note the contents of the 2016-2017 Annual Audit Letter.

8 Mid-Year Internal Audit Assurance Report 2017-2018

45 - 54

A report by the Assistant Director Policy and Corporate summarising the performance of Internal Audit, and giving details of the audits undertaken between 1 April and 30 September 2017.

9 Treasury Management Strategy Statement – Mid Year Review 2017-2018

55 - 62

A report by the Assistant Director Policy and Corporate inviting the Committee to review treasury management activity and to recommend to Cabinet approval of any changes to the Treasury Management Strategy Statement for the year, including Prudential Indicators, the investment criteria, and the credit methodology.

10 Work Programme 2017-2018

63 - 66

A report by the Assistant Director Policy and Corporate giving details of the current Work Programme 2017-2018 for the Governance and Audit Committee.

11 Exclusion of the Public (not Scrutiny or Executive)

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

Part B

(not open to the public including the press)

**12 Treasury Management Strategy Statement – Mid Year Review
2017-2018 (Part B)**

Appendix A to the report by the Assistant Director Policy and Corporate inviting the Committee to review treasury management activity during the first six months of 2017-2018.

Governance and Audit Committee

Tuesday, 17 October 2017

Attendees: Councillor Nick Barlow, Councillor Peter Chillingworth, Councillor Dave Harris, Councillor Fiona Maclean, Councillor Dennis Willetts
Substitutes: Councillor Theresa Higgins (for Councillor Dominic Graham)
Also Present:

74 Minutes of the previous meeting

RESOLVED that the minutes of the meeting held 19 September 2017 were confirmed as a correct record.

75 Equality and Safeguarding - Annual Update Report

Councillor Higgins (by reason being a member of Fair Access to Colchester) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Andrew Harley, Equality and Safeguarding Co-ordinator, introduced the Equality and Safeguarding Annual Report. The report requests that the Committee review progress made in meeting the Council's legal duties and objectives in regard to both Equality and Diversity, and Safeguarding. The Committee is also requested to endorse the approach outlined in the report under paragraph 8, which relates to the Equality Act 2010, meeting the Public Sector Equality Duty and the Safeguarding agenda.

Andrew Harley provided the Committee with a summary of the report and the key improvements and initiatives as stated within Appendix A. Andrew Harley also highlighted the contents of Appendix B which related to a community briefing on Realising Equality of Access at the Community Hub.

The Committee welcomed and noted the report. A query was raised with regard to the management of the Borough of Sanctuary that was agreed as part of a Council motion in July 2017. In response Andrew Harley stated that it reflects the existing commitment in the area, working with a number of partners to reduce hate crime in the Borough as well as the programme to assist Syrian migrants. Andrew Harley stated that the Council works with Essex integration which gives advice and support to migrants and those in need. Further information on this can be provided after the meeting.

A Committee member highlighted that there is a Councillor Representative for the Armed

Forces covenant, and that Street Pastors work alongside the SOS bus during the evenings in Colchester which should be mentioned within the report. In addition, the need for a Changing Places WC in Castle Park, or in a venue that is open throughout the day and evening was also requested.

Some Committee members also requested that the Council use forms of media other than just online to contact residents to ensure that those with visual impairments can access Council documents.

In response to a query regarding the Equality Impact Assessments, there is a template document for staff to use. These are commonly reviewed every three years; however, this can be sooner if the service changes or if the public policies change. With regard to the Community Development Officer and when funding for this post would no longer be available, Andrew Harley stated that he would provide additional information after the meeting.

A member of the Committee questioned whether Councillors should be subject to a DBS check given the casework matters that are dealt with. In response Andrew Harley stated that he would provide further clarification on this outside of the meeting. Andrew Weavers, Monitoring Officer, suggested that Officers undertake further research on this matter before bringing a report back to a future meeting. Committee members agreed this approach.

In response to Committee questions on the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, Andrew Weavers informed the Committee that he would need to investigate and report back at a future meeting.

RESOLVED that -

- a) The Committee reviewed the progress made in meeting the Council's legal duties and objectives in regard to both Equality and Diversity, and safeguarding.
- b) The Committee endorse the approach contained within the report in Paragraph 8.

76 Review of the Council's Ethical Governance Policies

Councillor F. Maclean joined the meeting prior to this item.

Andrew Weavers, Monitoring Officer, introduced the report which requests that the Committee review the revised ethical policies and recommend them to Council so that they can be approved for inclusion in the Council's Policy Framework.

Andrew Weavers informed Committee members that the Income and Debt Policy has been added to the Ethical Governance policies after a recommendation made by the Governance and Audit Committee in March. Michelle Tarbun, Income and Corporate Debt Manager, and Samantha Preston, Customer Solutions Manager, attended the

meeting to provide information to Committee members regarding the policy. Michelle Tarbun informed the Committee that there had been a minor amendment to the policy in relation to the housing benefit overpayment process.

Committee members raised concerns that accepting cash payments from residents was not included within the Income and Debt policy and that it should be added. In response, Michelle Tarbun informed the Committee that the focus is on other forms of payment, however cash payments directly into Lloyds Bank are accepted and widely used. Customers without a bank account could also use a Post Office card account. In exceptional circumstances cash payments can be accepted directly by the Council.

A further query was raised about whether the Council could reduce the amount of irrecoverable debt written off by taking further steps to ensure business rates are paid. Michelle Tarbun confirmed that the business rate regulations are strict in terms of what can be done for recovery and that there are a number of existing business loopholes. The Council processes a high number of accounts and works well with existing businesses who pay their business rates.

Andrew Weavers then provided the Committee with a summary of the changes to the other policies in the report. This included updating the Senior Management role titles following the recent review, as well as terminology changes for the Code of Practice on Covert Surveillance. Andrew Weavers also highlighted that new data protection regulations had recently been released by the Government. A review of the existing Data Protection policy will be required to ensure that it meets the new regulations.

In response to Committee members questions, Andrew Weavers firstly confirmed that the number of instances where the policies had been invoked during 2016/17 were higher than in previous years. In response to a second query, Andrew Weavers stated that the new data protection regulations would come into force in May 2018 and the Council is currently undertaking an impact assessment of the new regulations. If changes are required to the Data Protection policy, the policy would come back to the Governance and Audit Committee for review in due course.

Andrew Weavers also confirmed that Colchester Borough Councillors are advised to register with the information commissioner as a controller if they hold any casework information and that the Whistleblowing policy only relates to Councillors and staff and not members of the public.

RESOLVED -

- a) That the Governance and Audit Committee reviewed the Ethical Governance Policies
- b) To *RECOMMEND* to Council that the they be approved for inclusion in the Council's Policy Framework.

77 Health & Safety Policy 2017/18

Andrew Weavers, Monitoring Officer, introduced the Health and Safety Policy report. The report requests that the Committee approve the revised Health and Safety Policy for 2017/18 and recommends to Council that it be included in the Council's Policy framework. The report also requests that the Committee note that a further report will be submitted to the Committee at a future meeting regarding the positive progress of health and safety, work undertaken during 2017 and the Council's future direction for Health and Safety Management.

Andrew Weavers stated that the Committee first reviewed the policy last October and that the policy will now be brought annually as part of the annual review of policies. Andrew Weavers highlighted that the policy has been reviewed and updated, and during 2017 the audit of Council services and working arrangements has continued. Both Waste Services and lone working arrangements have been reviewed with no significant risks identified; action plans have also been produced. Upcoming audits will take place in Community Zones and Building Management.

With regard to lone working, Andrew Weavers informed Committee members that a lone worker 24/7 monitoring system has been introduced. The system has an inbuilt S.O.S alarm, 2 way communications between a centralised control team and the lone worker and knows where you are located to ensure that assistance can be provided when needed.

Following an internal audit, Health and Safety received substantial assurance, which has since been backed up by a further review. All Council premises have been deemed suitable, with none identified at a high risk level.

In response to questions from Committee members, Andrew Weavers stated whilst all members aren't included in the policy, the core responsibility of Health and Safety lies with the Leader and Cabinet. This is then delegated to the Chief Executive to implement. A Committee member suggested that reference be made to Members in the Health and Safety Policy organisational structure. With regard to the issue of Town Hall safety, Andrew Weavers confirmed that safety arrangements are reviewed when necessary and in line with the national security threat levels.

In response to a request to strengthen the wording in the policy relating to illegal consumption of alcohol and drugs before driving, Andrew Weavers confirmed that this was included within the terms of employment for staff, but would be taken on board. A further suggestion about those using Council vehicles parking legally was made by a Committee member.

The Committee discussed the need to hold fire drills whilst Council meetings are taking

place. Andrew Weavers stated that fire equipment testing is undertaken each week on Council premises, but acknowledged that a fire drill during a Council meeting had not taken place for some time. Committee members agreed that a drill should take place when a meeting with Councillors, Officers and members of the public are present. It was also requested that advanced notice of the drill taking place be circulated to those who are likely to attend.

RESOLVED that -

- a) The revised Health and Safety Policy for 2017/18 be agreed and to *RECOMMEND* to COUNCIL that it be included in the Council's Policy Framework.
- b) The intention to submit a further report to Committee regarding the positive progress of health and safety, work undertaken during 2017 and the Council's future direction for health and safety management be noted.

78 Annual review of the Members' Code of Conduct and the Council's Localism Act Arrangements

Councillor Harris (by reason being a member of the Member Development Group) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Councillor Higgins (by reason being a member of the Member Development Group) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

Andrew Weavers, Monitoring Officer, introduced the Review of the Local Code of Corporate Governance for 2017/18. The report requests that the Committee review and recommend the updated policy to Full Council and that it be approved for inclusion in the Council's Policy Framework.

Andrew Weavers highlighted that the number of allegations since the new regime has been introduced has increased from three between November 2015 to October 2016, to a total of 13 between November 2016 and October 2017. Andrew Weavers confirmed that the complaints are all linked to comments made on social media.

Andrew Weavers highlighted that complaints can only be heard under the Localism Act if the account being used is Councillor specific. Those complaints made regarding Councillors using accounts in their private capacity can be referred to the Governance and Audit Committee under the powers of self-regulation. Andrew Weavers that it may be beneficial to develop guidance for members on the use of social media. This is an issue that could be looked at by the Member Development Group and an outside speaker could be brought in.

Committee members welcomed the suggestion of guidance and training on the use of

social media for both existing and new members of the Council. Committee members also discussed difficulty in applying the existing rulings on social media to current situations and requested further clarification on these matters. It was also suggested that the Member Development Group look for advice from the LGA and from other authorities as well as whether there could be external training provided to Councillors on an ongoing basis.

Andrew Weavers acknowledged that guidance would be useful and that the issue is on being faced by a number of different authorities and Parish Councils.

RESOLVED -

- a) That the Committee noted the contents of the report
- b) That the Committee agree to keep the Members' Code of Conduct and the Council's "Arrangements" under annual review.
- c) To *RECOMMEND* to the MEMBER DEVELOPMENT GROUP that training and guidance on Social Media for Councillors be researched prior to a report coming back to the Governance and Audit Committee.

79 Review of Local Code of Corporate Governance

Andrew Weavers, Monitoring Officer, introduced the Review of Local Code of Corporate Governance Report. The report quests that the Committee review the updated Local Code of Corporate Governance for 2017/18 and to recommend to Full Council that it be approved for inclusion in the Council's Policy Framework.

Andrew Weavers highlighted that the Local Code of Corporate Governance is presented to the Committee each year. The code has been updated to include the changes following the senior management review and the creation of the new commercial companies. Andrew Weavers stressed the importance of the code, as it provides a gauge for both internal and external auditors to assess how the Council is meeting the six principles of good governance.

The Chairman welcomed the report and noted the importance of the document for auditing purposes and for showing the governance standards of the organisation.

In response to a question from a Committee member, Andrew Weavers confirmed that both Councillors and Officers who have been appointed to the new commercial companies are covered by the Companies Act and subsequent laws and regulations.

RESOLVED to RECOMMEND to COUNCIL the updated Local Code of Corporate Governance for 2017/18 be approved for inclusion in the Council's Policy Framework.

80 Review of Member/Officer Protocol

Andrew Weavers, Monitoring Officer, introduced the Review of Member/Officer Protocol. The report requests the Committee to approve the revised Member/Officer Protocol and that it be included in the Council's Constitution.

Andrew Weavers highlighted the proposals contained within the report. This included changes to the introduction to the protocol and a suggestion that no further changes are required in relation to the Council Officers who hold roles within the new commercial companies.

The Committee requested that the respective roles of officers, as included within the protocol, be updated to reflect the changes to the roles of officers given the increase in partnership working and the creation of the commercial companies. Committee members agreed that a form of wording be circulated to Group Leaders, the Chairman and Group spokespersons before returning to the Committee. Committee members also requested that Essex County Councillors be referenced in section 16 of the protocol.

The Committee acknowledged the good working relationship between Officers and Members, and the need for the protocol to remain up to date.

RESOLVED that -

- a) The proposal for a new introduction to the Member/Officer Protocol be approved.
- b) A reference to Essex County Councillors be included under section 16 of the Member/Officer Protocol.
- c) The respective roles of officers within the protocol be updated to reflect modern working practices and that this be shared with Group Leaders, the Chairman and Group Spokespersons for consultation prior to returning to the Committee.

81 Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees

Andrew Weavers, Monitoring Officer, introduced the report Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees. The report requests the Committee to approve the Guidance for Councillors regarding Gifts and Hospitality and that it be included in the Constitution. The report also requests that the Gifts and Hospitality Policy for Employees be approved.

Andrew Weavers informed the Committee that the policies had been updated to reflect the new senior management roles and that a further amendment will be required to reflect the correct committee name.

RESOLVED that the Guidance for Councillors regarding Gifts and Hospitality be

included in the Constitution and approval of the Gifts and Hospitality Policy for Employees.

82 Work Programme 2017-18

Councillor Barlow introduced the Work Programme 2017-18 which requests that the Committee note the report.

Councillor Barlow highlighted that following discussions at this evenings meeting, a report regarding Data Protection may be submitted to the Governance and Audit in the near future. In addition a further report regarding the Member Officer Protocol may also be scheduled.

The Democratic Services Officer informed the Committee that the November meeting will be the last to start at 7pm as the six month later start time trial will come to an end. The January meeting of the Governance and Audit Committee would revert back to a start time of 6pm.

RESOLVED that the Work Programme 2017-18 be noted.

28 November 2017

Report of	Assistant Director Policy and Corporate	Author	Steve Heath
Title	Annual Audit Letter 2016/17		☎ 282389
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Annual Audit Letter summarises the conclusions and any significant issues arising from Ernst & Young's audit procedures for the year ended 31 March 2017. The areas of work and their main conclusions are summarised in the following table:

Area of Work	Conclusion
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
Consistency of other information	Other information published with the financial statements was consistent with the Statement of Accounts.
The Council's arrangements for securing economy, efficiency and effectiveness	The Council has put in place proper arrangements to secure value for money in its use of resources.
Consistency of Governance Statement	The Annual Governance Statement was consistent with the Auditors' understanding of the Council.
Public interest report	No matters to report in the public interest.

2. Recommended Decision

- 2.1 To consider and note the contents of the 2016/17 Annual Audit Letter.

3. Reason for Recommended Decision

- 3.1 The Accounts and Audit Regulations require the Council to consider the Annual Audit Letter.

4. Alternative Options

- 4.1 Not applicable.

5. Supporting information

- 5.1 The 2016/17 Annual Audit Letter is attached to this report as an appendix.
- 5.2 The Audit Results Report was issued on 7 July 2017, and presented to the Committee on 25 July 2017.
- 5.3 The Auditors' certificate that they completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice was issued on 25 July 2017.
- 5.4 In December 2017 the Auditor will also issue a report to the Committee summarising the certification work they have undertaken.

6. Strategic Plan references

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2016/17.

7. Publicity considerations

- 7.1 The Annual Audit Letter has been publicised on the Council's website, and a hard copy of the document is available at Council offices in line with statutory requirements.

8. Financial Implications

- 8.1 There were no financial implications arising from the audit fees detailed in Appendix A of the Annual Audit Letter, which were in line with the budgeted amounts.

9. Other Standard References

- 9.1 Having considered equality, diversity and human rights, health and safety, community safety and risk management implications, there are none that are significant to the matters in this report.

Appendices

Annual Audit Letter for the year ended 31 March 2017

Background Papers

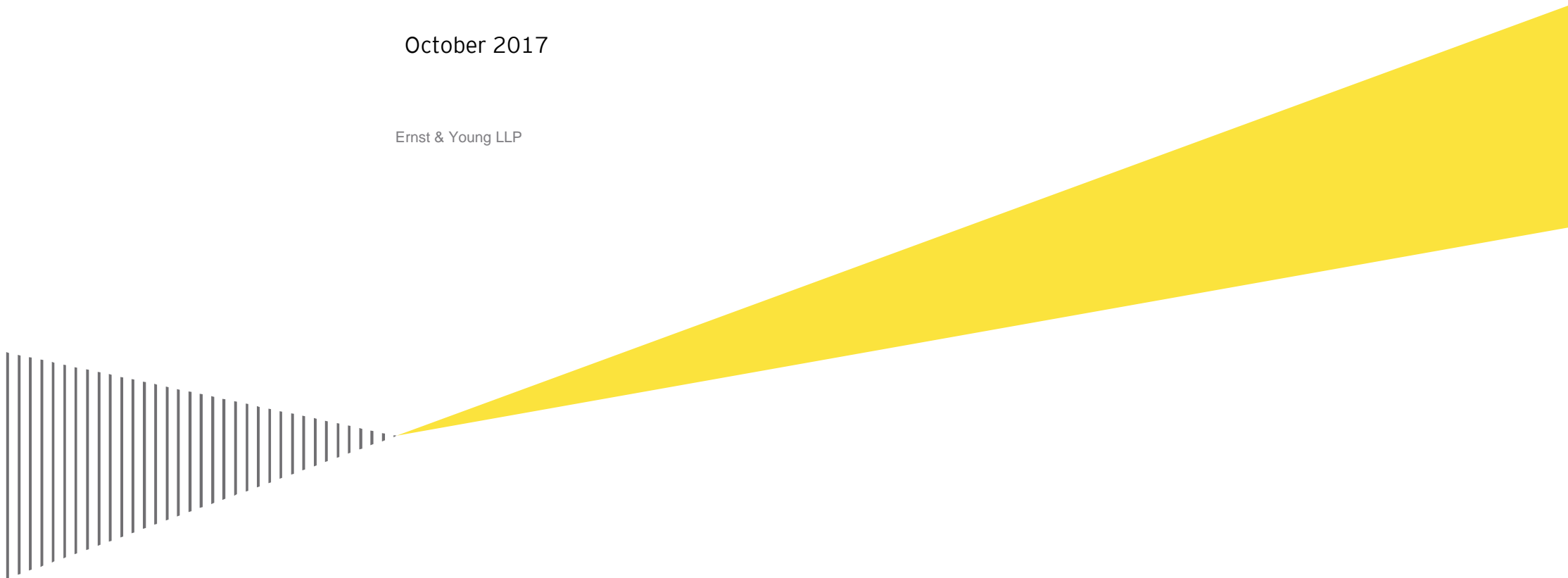
None

Colchester Borough Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP



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Public Sector Audit Appointments Ltd (PSAA) has issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

A hand with white nail polish is writing on a document with a blue pen. In the background, there is a calculator, a white cup, and a laptop. A yellow rectangular box is overlaid on the left side of the image.

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Colchester Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Statement of Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Annual Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 7 July 2017, and presented to the 25 July Governance & Audit Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 25 July 2017.

In December 2017 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Kevin Suter

Executive Director
For and on behalf of Ernst & Young LLP

Purpose

Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 25 July 2017 Governance and Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.



Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 7 March 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2016/17 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The background image is a blurred photograph of a workspace. It features a wooden desk with several clear glass tumblers filled with water. In the foreground, there are papers with financial charts and tables. A laptop is visible in the background, displaying some data. The overall scene suggests a professional environment related to finance or accounting.

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 25 July 2017.

Our detailed findings were reported to the July 2017 Governance and Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Management override of controls As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We did not identify any material weaknesses in controls or evidence of material management override. We did not identify any instances of inappropriate judgements being applied. We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.
Significant Risk	Conclusion
Risk of fraud in revenue recognition Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. Having assessed the key income and expenditure streams of the Council, we judge that there is material opportunity and incentive for the incorrect classification of revenue spend as capital expenditure.	Our testing did not identify any material misstatements from revenue and expenditure recognition. Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.

Other Key Findings	Conclusion
<p>Presentation of the financial statements</p> <p>Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) changing the way the financial statements are presented.</p> <p>The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement, and include the introduction of a new Expenditure and Funding Analysis note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.</p> <p>The Code no longer requires statements or notes to be prepared in accordance with Service Reporting Code of Practice. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.</p> <p>This change in the Code will require a new structure for the primary statements, new notes and full retrospective restatement of comparatives. This restatement will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.</p>	<p>Our testing performed has not identified any material misstatements in the 2016/17 statement of accounts.</p> <p>Our work identified that the restated gross expenditure and gross income differed from the 2015/16 financial statements. The differences related mainly to the incorrect treatment in the prior year netting off HRA income and expenditure, which has been identified and corrected as a result of moving to the new Expenditure and Funding Analysis note.</p> <p>The issue does not have an impact on the surplus/deficit on the CIES or the general fund.</p> <p>No other issues were identified during our work performed in this area.</p>
<p>Property, plant and equipment valuations</p> <p>Property, Plant and Equipment (PPE) represents a material item on the Council's balance sheet. PPE is initially measured at cost and then revalued to fair value (determined by the amount that would be paid for the asset in its existing use) on a 5 year rolling basis. This is carried out by an expert valuer and is based on a number of complex assumptions. Annually assets are assessed to identify whether there is any indication of impairment. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.</p>	<p>Our testing performed did not identify any material misstatements in the property, plant and equipment figures in the 2016/17 statement of accounts.</p>

Pensions valuations and disclosures

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet.

The information disclosed is based on the IAS19 report issued to the Council by the actuaries to the Essex Pension Fund.

As part of their actuarial review, councils are being asked to make additional payments to the pensions scheme to fund deficits.

Both the NAO's consulting actuary and EY's internal specialists identified that the assumptions used by the pension fund actuary were considered to be at the optimistic end of the range for the discount rate and RPI inflation. Further consideration of the impact of these specific assumptions was therefore considered by EY's internal pension's specialist, concluding that the overall position is reasonable for the current year.

However in the opinion NAO's consulting actuary and EY's internal specialists the methodologies used to derive the discount rate and RPI inflation assumptions do not take adequate account of the specific duration of the scheme's liabilities.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £2.9 million, which is 2% of gross revenue expenditure on services reported in the group accounts of £143.8 million.</p> <p>We consider gross revenue expenditure on services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Governance and Audit Committee that we would report to the Committee all audit differences in excess of £0.143 million.</p>

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. As these disclosures are considered to be of interest to users of the accounts we have adopted judgement in ensuring that we have tested the disclosures in sufficient detail to ensure they are correctly disclosed. In particular we have confirmed the figures for senior officer remuneration in full.
- Related party transactions. The accounting standard requires us to consider the disclosure from the point of materiality to either side of the transaction. We have therefore considered the nature of the relationship in applying materiality.
- Councillors' allowances. As these disclosures are considered to be of interest to users of the accounts we have adopted judgement in ensuring that we have tested the disclosures in sufficient detail to ensure they are correctly disclosed.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



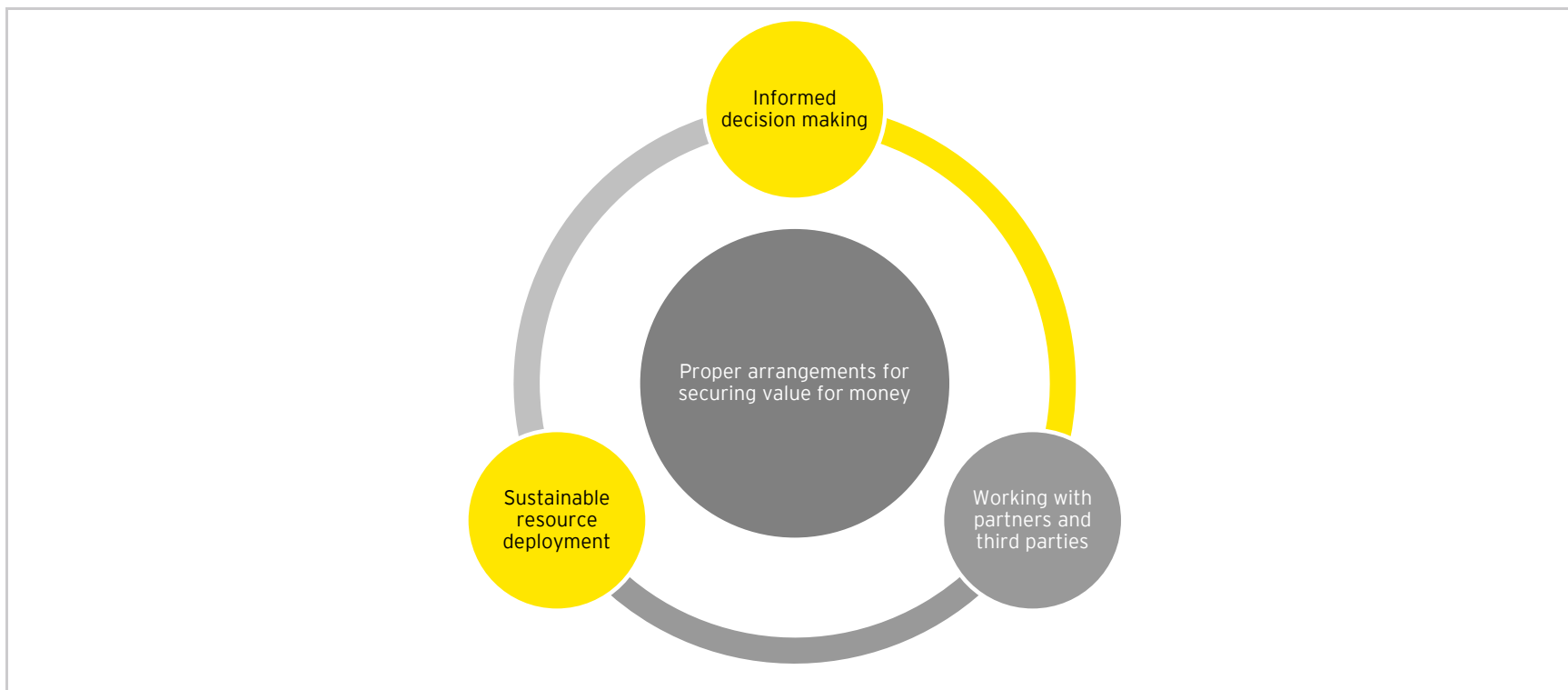
Value for Money

Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We identified two significant risks in relation to these arrangements. The table below presents the findings of our work in response to these risks.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 25 July 2017.

Significant Risk	Conclusion
<p>Sustainable resource deployment: Financial resilience - achievement of savings needed over the medium term</p> <p>To date the Council has responded well to the financial pressure resulting from the continuing economic downturn.</p> <p>However, the Council continues to face significant financial challenges over the next three to four years, with a forecasted underlying budget gap of £2.5m by 2020-21.</p> <p>Given the scale of the savings needed, there is a risk that savings plans to bridge this gap are not robust and/or achievable.</p>	<p>We undertook the procedures as set out in our audit strategy which have focused on:</p> <ul style="list-style-type: none"> • The adequacy of the Council's budget monitoring process, comparing budget to outturn. • The robustness of any assumptions used in medium term planning. • The savings plans in place, and assessing the likelihood of whether these plans can provide the Council with the required savings/efficiencies over the medium term. <p>Although the 2017/18 financial period sees the most challenging saving targets to date the Council has a strong history of delivering saving targets, has a strong and highly experienced management team and has taken effective steps to address future budget gaps.</p> <p>In 2016/17 the Council continued its strong performance against budget, delivering a small deficit of £0.1m, including approximately £1.5m of savings and additional income. The general fund balance stands at £9.4 million as at 31 March 2017.</p> <p>The 2017/18 budget is balanced, through the use of efficiencies and income plans. Although it is still relatively early in the financial year, we assessed these as reasonably based taking into account the Council's track record of delivering savings over the recent financial periods. While incrementally savings can become harder to achieve over time, the Council's performance in delivering its plans gives confidence that it can continue to do so.</p> <p>The cumulative budget gap, taking into account the 2016/17 outturn, is now forecast at £2.5m to 2020/21. Compared to a gross expenditure of approximately £130m per annum, we judged this to be a manageable budget gap.</p> <p>Therefore, based on the known information as at the end of the financial year, we assessed the Council to have adequate arrangements.</p>

Work with Partners and Third Parties: Essex Garden Communities Project

Over the past eighteen months, the Council, jointly with Essex County Council, Braintree District Council and Tendring District Council have developed proposals for Garden Communities in North Essex.

The aim of the Garden Communities approach is to identify an agreed strategic approach to the allocation and distribution of large scale housing led mixed use development, including employment opportunities and infrastructure provision.

The Council has sourced a peer review, performed by Lord Kerslake. The review looked at the current approach to delivering Garden Communities in North Essex.

As a new and significant arrangement there may be risks relating to the governance and accounting arrangements for the establishment of the project that affect the Council.

We undertook the procedures as set out in our audit strategy which have focused on:

- Gaining an understanding of the governance structure; and
- Obtaining and assessing the findings of the peer review performed by Lord Kerslake.

Our work performed demonstrated that the North Essex Garden Communities project between Essex County Council, Braintree District Council, Colchester Borough Council and Tendring District Council is being governed appropriately and that there is a strong working relationship between the parties.

The Authorities have responded positively and in a timely manner to the recommendations provided in Lord Kerslake's peer review.

Given the early stage of the project we are likely to revisit this issue as the project develops.



Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Governance and Audit Committee on 25 July 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Governance and Audit Committee.

A close-up, shallow depth-of-field photograph of a person's hands holding binoculars. The person's face is blurred in the background, focusing attention on the binoculars and the text overlay. A bright yellow rectangular box is positioned on the left side of the image, partially overlapping the binoculars.

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Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>The Council has implemented a dry-run for 2016/17 and we issued our audit report by the 31 July 2017.</p> <p>This is an excellent achievement.</p> <p>Through working together, and reflecting on this year, there are a number of areas where the closedown and audit processes can be further improved going forward. We do not expect the formal earlier deadline to pose a significant issue for the Council.</p>

Appendix A

Audit Fees

Appendix A Audit Fees

Our fee for 2016/17 is in line with the scale fee set by the PSAA and reported in our 25 July 2017 Audit Results Report.

Description	Final Fee 2016/17 £	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £
Total Audit Fee - Code work (Note 1)	64,066	64,066	62,582	62,582
Total Audit Fee - Certification of claims and returns (Note 2)	TBC	17,926	17,926	13,640
Non-audit work (Note 3)	TBC	4,250	N/A	4,250

Note 1: Due to additional work performed on the expenditure and funding analysis and the payroll data migration we have submitted a scale fee variation to PSAA of £1,484. We must seek the agreement from PSAA for this proposed variation, which has been agreed with the Council's Strategic Finance Manager.

Note 2: The planned fee for the certification of housing benefit subsidy is based on the indicative scale fee set by the PSAA, which itself is based on the programme of work carried out in 2014/15. The final fee will be reported to you in our annual certification report, upon completion of this work.

Note 3: The fee for non-audit work will be discussed with management and reported to the Governance and Audit Committee in subsequent reporting once the scope of work has been agreed for 2016/17. This work relates to the agreed upon procedures certification arrangements for the Pooling of Housing Capital receipts return.

We confirm we have not undertaken any other non-audit work outside of the PSAA's requirements.

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ED None

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28 November 2017

Report of	Assistant Director, Policy and Corporate	Author	Hayley McGrath
Title	Mid-Year Internal Audit Assurance Report 2017/18		508902
Wards affected	Not applicable		

This report summarises the performance of Internal Audit, and details the audits undertaken, between 1 April 2017 and 30 September 2017.

1. Decision Required

1.1 To review and comment on:

- Internal audit activity for the period 01 April 2017 – 30 September 2017
- Performance of internal audit by reference to national best practice benchmarks.

2. Reason for Decision

- 2.1 The Accounts and Audit Regulations 2015 require that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'
- 2.2 Internal audit is a key element of the Council's corporate governance framework. Robust implementation of audit recommendations gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

3. Key Messages

- An effective internal audit service was provided during the first half of the 2017/18 financial year.
- The assurance rating for the audit of Service Charges improved from 'limited' to 'substantial'.
- The assurance rating for the Museums audit changed from 'full' to 'substantial', and the assurance rating for the Houses of Multiple Occupation (HMO) audit changed from 'substantial' to 'limited'.
- Four further audits have also been rated with a 'limited' assurance; Land Charges Contracting with Third Parties, Security of Premises – Colchester Leisure World and the Professional Support Unit (PSU).
- Nine priority 1, 47 priority 2 and 21 priority 3 recommendations have been made. All recommendations have been accepted by management.
- There continues to be good progress made in implementing and verifying outstanding recommendations.

4. Supporting Information

- 4.1 Using a risk-based approach, Internal Audit generates reports for all audits, with recommendations to improve the effectiveness of the internal control framework and

maximise potential for service improvement across the Council. The audit plan consists of a mix of regularity, systems and probity audits.

4.2 This report has been designed to show:

- Summary information concerning audits finalised in the period receiving a 'Full' or 'Substantial' assurance rating and more detailed information on those audits receiving a 'Limited' or 'No' assurance rating.
- The effectiveness of the Internal Audit provider in delivering the service

5. Internal Audit Performance

5.1 Summary of Audits Finalised During the Period:-

During the period 1 April 2017 to 30 September 2017 a total of 21 audits have been finalised. There was no previous audit against which a change of level could be assessed in 12 of the audits. The assurance rating, for the remaining audits, improved in one case (11%), stayed the same in six cases (67%) and declined in two cases (22%).

Audit	Assurance Level	Change in Level	Priority of Recommendations			Agreed
			1	2	3	
205 – Land Charges	Limited	N/A	3	3	0	6
210 – Sickness /Leave / Flex	Substantial	►	0	5	2	7
214 – Procurement – Follow Up	N/A	N/A	0	0	0	0
219 – Museums Merged Service	Substantial	▼	0	2	2	4
220 - Contracting With Third Parties	Limited	N/A	1	2	0	3
226 – Security of Premises	Limited	N/A	2	0	0	2
232 – Houses of Multiple Occupation	Limited	▼	1	3	1	5
235 – Risk Mapping	N/A	N/A	0	0	0	0
237 – Strategic Risk Register	N/A	N/A	0	0	0	0
301 – Market –Site Visit	Substantial	N/A	0	3	2	5
303 – Health and Safety	Substantial	N/A	0	2	2	4
304 – Commercial and Investment Properties	Substantial	►	0	1	0	1
305 – Cemetery and Crematorium	Substantial	►	0	2	0	2
307 – Right To Buy	Substantial	N/A	0	4	2	6
308 – Planning Fees	Substantial	►	0	1	1	2
310 – Freedom of Information	Substantial	►	0	1	1	2
312 – IT Office 365 Post Implementation Review	Substantial	N/A	0	3	2	5
315 – High Wood Country Park	Substantial	►	0	2	1	3
333 – Professional Support Unit	Limited	N/A	1	4	1	6
334 – Events	N/A	N/A	1	7	4	12
335 – Service Charges	Substantial	▲	0	2	0	2

5.2 Use of Audit Resources:

	Days	%
Audit days delivered April – September 2017	123	38
Audit days remaining	203	62
	326	100%

5.3 Completion of the plan is in line with the profiled plan with the majority of audits due for completion in quarters 3 and 4.

5.4 In addition, 40 days were carried over from 2016/17, where audits were delayed at the request of management to meet operational business needs (IT Office 365 Post Implementation Review, Professional Support Unit and Events).

6. Status of all recommendations as at 30 September 2017:

6.1 Following the completion of each audit, a report is issued to management, incorporating recommendations for improvement in controls and management's response to those recommendations.

6.2 The table below provides a breakdown of the outstanding recommendations as at the 30 September 2017.

	Outstanding Recommendations That Are:			
Date	Implemented & Verified	Awaiting Verification	Not Due	Overdue
30/09/17	85	113	6	0

6.3 Progress in following up recommendations has continued throughout the period with revised lists of recommendations provided to Assistant Directors to enable them to confirm that they have been implemented and for Internal Audit to verify.

6.4 Priority continues to be given to those awarded a higher priority rating and/or those that have been outstanding the longest, and work continues with management to arrange for them to be verified and cleared down.

6.5 Of the 113 recommendations that are awaiting verification 45 of them relate to IT audits whilst a further 40 will be covered as part of the 2017/18 audit.

7. Performance of Internal Audit 2017/18 to date – Key Performance Indicators (KPIs):

KPI	Target	Actual
<i>Efficiency:</i>		
Percentage of annual plan completed (to at least draft report stage)	40%	34%
Average days between exit meeting and issue of draft report	10 max	5.5
Average days between receipt of management response and issue of final report	10 max	1.5
<i>Quality:</i>		
Meets CIPFA Code of Practice	Positive	Positive

Results of Client Satisfaction Questionnaires (Score out of 10)	7.8	9.3
Percentage of all recommendations agreed	96%	100%

- 7.1 The key performance indicators show that the internal audit provider is successfully meeting or exceeding the standards set in the majority of the KPIs.
- 7.2 The Client Satisfaction Questionnaires show a high level of satisfaction with the Internal Audit service.

8. Colchester Borough Homes Limited

- 8.1 Colchester Borough Homes Limited has its own agreed audit plan which is administered by Mazars LLP, who are also the Council's auditors. The coverage of the plan, and the scope of the audits, is decided by Colchester Borough Homes Limited and in general the audits do not affect the systems operated by the Council.
- 8.2 However, there are a few audits that, whilst they are carried out for either Colchester Borough Homes Limited or the Council, have a direct relevance and impact on the other organisation and in these circumstances it is appropriate that the results of the audit are reported to both organisations. These are known as joint audits.
- 8.3 There have been two joint audits, Right to Buy and Service Charges, carried out this period. Both received a substantial assurance rating.

10. Proposals

To review and comment upon the Council's progress and performance relating to:

- Internal Audit activity during the first half of 2017/18.
- Performance of Internal Audit by reference to national best practice benchmarks.

11. Strategic Plan Implications

- 11.1 The audit plan has been set with due regard to the identified key strategic risks to the Council and the objectives of the strategic plan to be vibrant, prosperous, thriving and welcoming. Therefore, the audit work ensures the effectiveness of the processes required to achieve the strategic objectives.

12. Risk Management Implications

- 12.1 The failure to implement recommendations may have an effect on the ability of the Council to control its risks and therefore the recommendations that are still outstanding should be incorporated into the risk management process.

13. Other Standard References

- 13.1 Having considered consultation, equality, diversity and human rights, health and safety and community safety implications there are none that are significant to the matters in this report.

Key to Assurance Levels

Assurance Gradings

Internal Audit classifies internal audit assurance over four categories, defined as follows:

Assurance Level	Evaluation and Testing Conclusion
Full	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the Council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Council's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the Council's objectives at risk. The level of non-compliance puts the Council's objectives at risk.
No	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Recommendation Gradings

Internal Audit categories recommendations according to their level of priority as follows:

Priority Level	Staff Consulted
1	Major issue for the attention of senior management and the Governance and Audit Committee.
2	Important issues to be addressed by management in their areas of responsibility
3	Minor issues resolved on site with local management.

Summary of Audits with a Limited Assurance Rating:

205 – Land Charges	Days	Assurance Limited	Priority of Recommendations			Agreed
			1	2	3	
	7		3	3	0	6

Scope of Audit: This review examined the following areas:

- Policies and procedures;
- Fee setting and notification;
- Local land charge searches;
- Income;
- Reliability of source information;
- Register management; and
- Complaints and litigation.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The Council's compliance with Local Land Charges legislation should be reviewed. At the time of the audit, evidence could not be provided to demonstrate the Council's compliance with its obligations to: publish information yearly relating to unit charges; publish a yearly summary of the total income and costs relating to access to property records; and publish a summary of the total income from answering enquiries. (1)
- An exercise should be undertaken, in conjunction with the appropriate departments, to confirm that all new land charges requested in the previous 12 months have been added to the register. In future departments requesting new land charges to be added to the register should seek assurance from the Land Charges Team that they have been added. (1)
- The Local Land Charges Team should prioritise adding new charges to the register over searches. (1)
- All Fees and Charges relating to Local Land Charges, which received approval by Cabinet, should be published on the Council's website. (2)
- When the Land Charges Team have sufficient capacity they should index the documentation which has been scanned onto IDOX (the Council's Imaging Management system). (2)
- The Council should undertake an exercise with system providers ARCUS to ensure all necessary data has been migrated to the new system. (2)

220 – Contracting with Third Parties (16/17)	Days	Assurance Limited	Priority of Recommendations			Agreed
			1	2	3	
	8		1	2	0	3

Scope of Audit: This review examined the following areas:

- Formation and Retention of Signed Contracts; and
- Award of Contract Requirements.

1

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- A contract tender submission checklist should be implemented by the Council. The checklist should detail the required documentation / evidence received as part of the candidates' contract tender submission e.g. financial accounts, insurance details, skills and training, accredited references and Disclosure and Barring Service (DBS) checks. The contract should not be signed until all the required checks have been completed and the contract tender submission checklist should be subject to independent authorisation such as by the relevant Head of Service and/or Legal Services Manager. (1)
- Scanned copies of the contracts signed by representatives from both the Council and the contractors / supplier should be retained on a central drive to enable contractual documentation to be efficiently located in the event of a query. In addition, all contracts should be provided to the Governance Team for retention of the signed hard copy. (2)
- A summary of exceptions identified with the documentation checks completed in respect of new contractors, plus any lessons learned as part of the contract tender process should be incorporated into the training and guidance provided to managers responsible for letting of contract. (2)

226 – Security of Premises	Days	Assurance Limited	Priority of Recommendations			Agreed
			1	2	3	
	2		2	0	0	2

Scope of Audit: This review examined the following areas:

- Leisure World – Colchester.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- The barriers at the entrance to the facilities should remain closed so that only visitors with a valid membership card or paying guests can gain access. (1)
- Memberships and guest passes should be checked at the Activa Gym entrance before access is granted. In addition, ad-hoc checks should be undertaken by staff to confirm that those using the various facilities, have paid the appropriate fee for doing so. (1)

232 – Houses of Multiple Occupation	Days	Assurance Limited	Priority of Recommendations			
			1	2	3	Agreed
	7		1	3	1	5

Scope of Audit: This review examined the following areas:

- Policies and Procedures;
- HMO Identification;
- Licence Application Processing;
- Income;
- Complaints; and
- Enforcement

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Where applicants fail to apply for licences for licensable properties the Council should take action, through the Courts if appropriate. The Council's Enforcement Policy should be reviewed and updated to ensure that it reflects legislative requirements and taking of reasonable and proportionate action in the event of an unlicensed, licensable HMO. (1)
- All documentation relating to the licensing process should be obtained and retained for evidence purposes. Sample checking should be performed and signed-off by management to confirm that the correct processes are being followed and appropriate documents obtained. (2)
- Systems should be implemented which allow payments taken to be traced back to individual accounts. (2)
- Complaints and enforcement action should be dealt with promptly. In addition, management should undertake sample checking and evidence the check. (2)
- Properties that were identified as Suspect HMO complaints should be followed up following the recruitment of the new team member. (3)

333 – Professional Support Unit	Days	Assurance Limited	Priority of Recommendations			
			1	2	3	Agreed
			1	4	1	6

Scope of Audit: This review examined the following areas:

- Structure including Roles and Responsibilities;
- Process Mapping;
- Promotion of the PSU and Liaison with Services;
- Performance Monitoring and Feedback.

Key Outcomes: The recommendations resulting from this review are summarised as follows:

- Monthly reconciliation reports should be produced for the Local Government Pension Scheme (LGPS). An action plan should be established, which includes milestones to be achieved to ensure the submission deadline date is achieved. Progress towards the submission should be reported to Executive Management. (1)
- The PSU should consider utilising the intranet site to promote the services that it can offer to the wider Council. The services offered by the PSU and its capabilities should also be raised at the various service meetings. (2)
- Finance meetings should occur on a periodic basis and these Service meetings should have agreed agendas, detailing areas to be discussed. The meeting minutes should record attendees with action plans (detailing responsible officer and due date) produced as a result of discussions. Progress against the action plans should be monitored via the service meetings. (2)
- The performance indicators included in the PSU Dashboard should be reviewed in consultation with service areas to ensure that they capture relevant, useful information that meets service area objectives. The performance indicators should be reported on a periodic basis. (2)
- The PSU should consider establishing SLAs with service areas. The SLAs should clearly set out roles and responsibilities. (2)
- PSU should introduce a standard format for procedures that requires both the date of the review and the next scheduled review date to be recorded. (3)



COLCHESTER

Governance and Audit Committee

Item

9

28 November 2017

Report of	Assistant Director Policy and Corporate	Author	Steve Heath ☎ 282389
Title	Treasury Management Strategy Statement – Mid-Year Review Report 2017/18		
Wards affected	Not applicable		

1 Executive Summary

- 1.1 This mid-year report considers treasury management activity for the first six months of 2017/18, and acts as a review of the 2017/18 Treasury Management Strategy Statement (TMSS) that was approved by Council on 22 February 2017. The report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the first part of the 2017/18 financial year;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - The Council's capital expenditure (prudential indicators);
 - A review of the Council's investment portfolio for 2017/18;
 - A review of the Council's borrowing strategy for 2017/18;
 - A review of any debt rescheduling undertaken during 2017/18;
 - A review of compliance with Treasury and Prudential Limits for 2017/18.

2 Recommended Decision

- 2.1 To note the report and treasury activity, and to recommend approval to Cabinet of any changes to the Treasury Management Strategy Statement (TMSS) for the year, including Prudential Indicators, the investment criteria, and the credit methodology.

3 Reason for Recommended Decision

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management was adopted by this Council on 17 February 2010. The primary requirements of the Code include the creation and maintenance of a Treasury Management Policy Statement and Practices, the production of an annual Treasury Management Strategy Statement for the year ahead, a **Mid-year Review Report** and an Annual Report covering activities during the previous year. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on treasury Management.

4 Alternative Options

- 4.1 Alternative options regarding treasury management activities are considered on an ongoing basis in consultation with our Treasury adviser, Link Asset Services (formerly Capita Asset Services).

5 Introduction

- 5.1 The Council operates a balanced budget, which broadly means that income raised during the year will meet its expenditure. Part of the treasury management operation ensures that the cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity before considering optimising investment returns.
- 5.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 5.3 Treasury management is defined as "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 5.4 The Council employ Link Asset Services to provide a consultancy service in respect of treasury management, to include advice on both debt and investments. During the year they have provided advice on borrowing, investments, counterparty credit details and general capital accounting and asset finance information.

6 Key changes to the Treasury Management Strategy Statement

- 6.1 There are no proposed changes to the strategy as a result of this review.
- 6.2 The table below compares our treasury adviser's latest interest rate forecasts with those that were included in the TMSS. The overall longer run trend is still for rates to rise gently, with the overall balance of risks remaining to the downside.

		Q3 2017	Q1 2018	Q1 2019	Q1 2020
Bank Rate	TMSS	0.25%	0.25%	0.25%	0.75%
	Now	0.50%	0.50%	0.75%	1.00%
PWL5 5 year	TMSS	1.60%	1.70%	1.80%	2.00%
	Now	1.50%	1.60%	1.80%	2.10%
PWL5 10 year	TMSS	2.30%	2.30%	2.50%	2.70%
	Now	2.10%	2.20%	2.50%	2.70%
PWL5 25 year	TMSS	3.00%	3.00%	3.20%	3.40%
	Now	2.80%	2.90%	3.10%	3.40%
PWL5 50 year	TMSS	2.80%	2.80%	3.00%	3.20%
	Now	2.50%	2.60%	2.90%	3.20%

7 Economic update *Performance to date*

- 7.1 After the UK economy's surprising strong growth in 2016, growth in 2017 has been disappointingly weak, with the first half of 2017 being the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power, and so the services sector of the economy has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from

the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports.

- 7.2 The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by switching to a much more aggressive tone in terms of its words around warnings that Bank Rate will need to rise. The focus was on an emerging view that with unemployment falling to the lowest level since 1975, and improvements in productivity being so weak, there was little spare capacity left in the economy, and they needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.
- 7.3 It therefore looked very likely that the MPC would increase Bank Rate to 0.5% in November or, if not, in February 2018. The big question after that was whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

Outlook

- 7.4 Link Asset Services undertook its last review of interest rate forecasts on 7 November after the MPC voted to increase Bank Rate to 0.5%, and gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is in line with previous statements that Bank Rate would only go up gradually and to a limited extent. Link Asset Services' forecasts are in line with this subdued path for increases in Bank Rate, and is in line with market expectations. The overall longer run trend is also for gilt yields and PWLB rates to rise, albeit gently.
- 7.5 Economic forecasting remains difficult with so many external influences weighing on the UK. The forecasts will therefore be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.
- 7.6 The overall balance of risks to economic recovery in the UK is currently to the downside, particularly with the current level of uncertainty over the final terms of Brexit. The latest Link Asset Services interest rate forecast is shown below.

	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020
Bank Rate	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00
5yr PWLB Rate	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10
10yr PWLB Rate	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70
25yr PWLB Rate	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40
50yr PWLB Rate	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20

8 Treasury Management Strategy Statement 2017/18

- 8.1 The Council's Treasury Management Strategy Statement (TMSS) for 2017/18 was approved by full Council on 22 February 2017. The strategy was as follows:
- The UK bank rate was cut from 0.50% to 0.25% in August 2016, having been at the previous historical low since March 2009. The view from the Council's

treasury advisers was that the Bank Rate was expected to remain unchanged until quarter 2 of 2019.

- The Council is currently maintaining an under-borrowed position. The borrowing strategy is to reduce the difference between gross and net debt by continuing to 'borrow internally', which is primarily due to investment rates on offer being lower than long term borrowing rates. This has the advantages of maximising short-term savings and reducing the Council's exposure to interest rate and credit risk. This approach is intended to be maintained during the year. However, against this, the long term saving resulting from borrowing at very low rates should be considered. Consequently this approach will be kept under review during the year.
- The investment policy reflects the Council's low appetite for risk, emphasising the priorities of security and liquidity over that of yield. The main features of the policy are as follows:
 - The Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties, which also enables diversification and avoidance of concentration risk.
 - The Council applies the creditworthiness service provided by Capita Asset Services, which combines data from credit rating agencies with credit default swaps and sovereign ratings.
 - The Council will only use approved counterparties from countries with a minimum credit rating of 'AA-', based on the lowest available rating. However, this policy excludes UK counterparties.
 - The suggested budgeted return on investments placed for periods up to 100 days during the year is 0.25%.
- The Council's Prudential and Treasury Indicators for 2017/18 through to 2019/20 were produced to support capital expenditure and treasury management decision making, and are designed to inform whether planned borrowing and the resultant revenue costs are affordable and within sustainable limits. They take into account all the economic forecasts and proposed borrowing and investment activity detailed in the TMSS.
- The Minimum Revenue Provision (MRP) Policy Statement for 2017/18 stated that the historic debt liability will continue to be repaid on an equal instalment basis over a period of 50 years, with the charge for more recent capital expenditure being based on the useful life of the asset and charged using the equal annual instalment method.

8.2 The details in this report update the position in the light of the latest economic position.

9 The Council's Capital Position (Prudential Indicators)

9.1 This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

9.2 The table below shows the original estimates for capital expenditure when the Prudential Indicators were agreed, along with the latest forecast. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This

direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

	Original Estimate	Current Position	Revised Estimate
Capital Expenditure 2017/18	£'000	£'000	£'000
Total Spend	22,262	6,594	26,897
Total Financing	20,238	6,594	24,873
Borrowing Need	2,024	0	2,024

- 9.3 The following table shows the CFR, which is the underlying need to incur external borrowing for capital purposes. It also shows two further prudential indicators relating to the level of borrowing. The **Operational Boundary** reflects the Council's expected debt position during the year, whilst the **Authorised Limit** controls the overall level beyond which borrowing is prohibited. This is the statutory limit determined by section 3 (1) of the Local Government Act 2003, and reflects a level of borrowing that could be afforded in the short-term, but is not sustainable in the longer term. The table demonstrates that the Council has maintained gross borrowing within its authorised limit during the first six months of 2017/18.

	Original Estimate	Current Position	Revised Estimate
	£'000	£'000	£'000
Capital Financing Requirement			
CFR - non housing	23,342	26,664	26,664
CFR - housing	130,993	129,957	129,957
Total CFR (year end position)	154,335	156,621	156,621
Net movement in CFR	(262)	2,024	2,024
The Operational Boundary			
Borrowing	139,154	141,094	143,118
Other long term liabilities	1,383	1,295	1,295
Total	140,537	142,389	144,413
The Authorised Limit			
Borrowing	168,252	170,826	170,826
Other long term liabilities	1,383	1,295	1,295
Total	169,635	172,121	172,121

- 9.4 One key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the next two financial years. This allows some flexibility for limited early borrowing for future years. No difficulties are envisaged for the current or future years in complying with this prudential indicator.

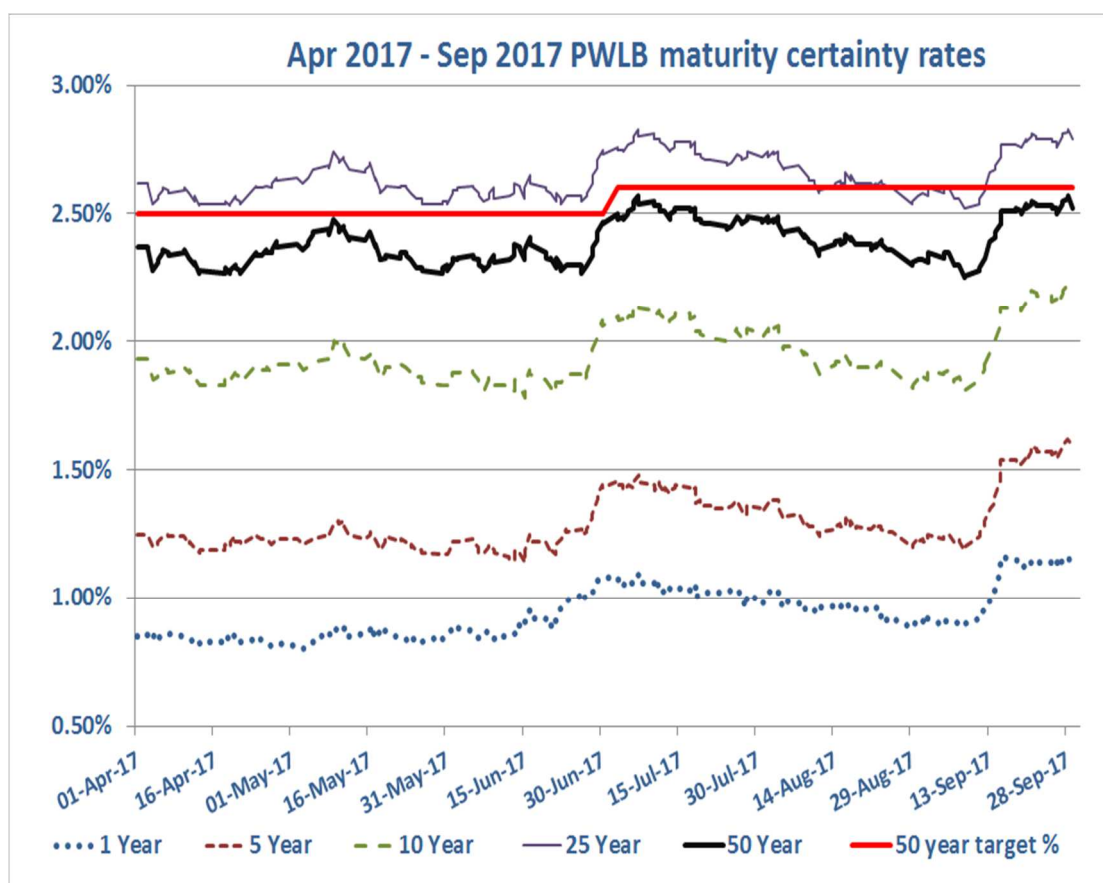
	Original Estimate	Current Position	Revised Estimate
	£'000	£'000	£'000
External Borrowing	139,154	141,094	143,118
Plus other long term liabilities	1,383	1,295	1,295
Gross Borrowing	140,537	142,389	144,413
CFR (year end position)	154,335	156,621	156,621
Under / (over) borrowing	13,798	14,232	12,208

10 Borrowing

- 10.1 When the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has borrowings of £141m and has utilised £14m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate, but will require ongoing monitoring in the event that the upside risk to gilt yields prevails.
- 10.2 Due to the overall financial position and the underlying need to borrow for capital purposes, new external borrowing of £5m has been undertaken from the PWLB and other Local Authorities. It is currently anticipated that further borrowing will not be undertaken during this financial year.

Source	Amount (£'000)	Duration (Years)	Rate (%)
Local Authority	2,000	4.5	1.02
PWLB	3,000	50.0	2.29

- 10.3 The graph below shows the movement in PWLB maturity certainty rates for the first six months of the financial year:



- 10.4 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

11 Investments

- 11.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the Bank Rate. The continuing potential for a re-emergence of the Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.
- 11.2 The Council held £56.9m of investments as at 30 September 2017 (£45.2m at 31 March 2017) and the investment portfolio yield for the first six months of the year is 0.40% against a six-month benchmark of 0.32%. A full list of investments held as at 30 September 2017 is shown in **Appendix B**. It should be noted that the level of investments held, and therefore the total returns available, are expected to reduce during the remainder of the year as a result of cash flow fluctuations and the continuing strategy of internal borrowing.
- 11.3 The current investment counterparty criteria selection approved in the TMSS is meeting the requirements of the treasury management function. Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2017/18.
- 11.4 The Council's budgeted investment return for 2017/18 is £170k, and performance for the year to date is currently expected to be above this figure despite the low rates available. This is due to levels of cash balances being higher than expected, which is partly as a result of the borrowing activity during the summer.

12 Strategic Plan references

- 12.1 Prudent treasury management underpins the budget required to deliver all Strategic Plan priorities.

13 Publicity considerations

- 13.1 **Appendix A** to this report is confidential.

14 Financial implications

- 14.1 The Central Loans and Investment Account (CLIA) comprises the Council's borrowing costs and investment income. The CLIA is difficult to predict and can be affected by several factors. The majority of the Council's debt is on fixed rates reflecting the longer-term nature of the borrowing decisions. Investments are generally made for shorter periods, making returns more variable. This mix is generally more beneficial when interest rates are high or increasing. It is important to add that the exposure to interest rate movements is regularly monitored to minimise risks to changes in returns.
- 14.2 The outturn position for the CLIA is currently projected to be in line with the budget. The main factors affecting the forecast are the combined impact of the additional investment income detailed above, and the interest cost of the new borrowing undertaken during the year. The position will continue to be reviewed as part of the regular budget monitoring reports.

15 Risk Management implications

- 15.1 Risk Management is essential to effective treasury management. The Council's Treasury Management Policy Statement contains a section on treasury Risk Management (TMP1).
- 15.2 TMP1 covers the following areas of risk all of which are considered as part of our treasury management activities:
- Credit and counterparty risk
 - Liquidity risk
 - Interest rate risk
 - Exchange rate risk
 - Refinancing risk
 - Legal and regulatory risk
 - Fraud, error and corruption, and contingency management
 - Market risk

16 Other Standard References

- 16.1 Having considered consultation, equality, diversity and human rights, health and safety and community safety implications, there are none which are significant to the matters in this report.

Appendices

Appendix A: Outstanding Temporary Investments 2017/18 (**confidential**)

Background Paper

None

28 November 2017

Report of	Assistant Director Policy and Corporate	Author	Jonathan Baker
Title	Work Programme 2017-18		282207
Wards affected	Not applicable		

This report sets out the current Work Programme 2017-2018 for the Governance and Audit Committee.

1. Decisions Required

- 1.1 The Committee is asked to note the contents Committee's Work Programme for 2017-18.

2. Alternative options

- 2.1 This function forms part of the Committee's Terms of Reference and, as such, no alternative options are presented.

3. Introduction

- 3.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 3.2 The Committee's work programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the work programme to be reviewed and, if necessary, amended according to current circumstances.

4. Strategic Plan References

- 4.1 Governance is integral to the delivery of the Strategic Plan's vision themes of a vibrant, prosperous, thriving and welcoming Borough.
- 4.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

5. Standard References

- 5.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

WORK PROGRAMME 2017-18

Meeting date / Agenda items
Governance and Audit Committee - 27 June 2017
Governance and Audit Committee briefing – 26 June 2017
<ol style="list-style-type: none"> 1. 2017/18 Audit and Certification Fees letter 2. Draft Annual Statement of Accounts 2016/17 3. Review of Meetings and Ways of Working 4. Year End Internal Audit Assurance Report 2016/17 5. Review of the Governance Framework and Draft Annual Governance Statement
Governance and Audit Committee - 25 July 2017
Governance and Audit Committee briefing – 20 July 2017
<ol style="list-style-type: none"> 1. Annual Statement of Accounts 2016/17 2. 2016/17 Year End Review of Risk Management 3. Colchester Borough Homes Annual Report and Governance Statement
Governance and Audit Committee - 19 September 2017
Governance and Audit Committee briefing – 18 September 2017
<ol style="list-style-type: none"> 1. Complaint in relation to Councillor Lilley 2. Local Government and Social Care Ombudsman Annual Review 2016/17 3. Publication of Annual Statement of Accounts 2016/17 4. Financial Monitoring Report – April to June 2017 5. Capital Expenditure Monitor 2017/18
Governance and Audit Committee - 17 October 2017
Governance and Audit Committee briefing – 10 October 2017
<ol style="list-style-type: none"> 1. Health and Safety Policy and Annual Report 2. Review of the Council's Ethical Governance Policies 3. Review of the Members' Code of Conduct and the Council's "Arrangements" 4. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers 5. Review of Local Code of Corporate Governance 6. Income and Debt Policy 7. Equality and Safeguarding Annual Update 8. Member/Officer Protocol Review
Governance and Audit Committee - 28 November 2017
Governance and Audit Committee briefing – 21 November 2017
<ol style="list-style-type: none"> 1. Annual Audit Letter 2. Mid-Year Internal Audit Assurance Report 2017/18 3. Treasury Management – Half Yearly Update
Governance and Audit Committee - 16 January 2018
Governance and Audit Committee briefing – 11 January 2018
<ol style="list-style-type: none"> 1. Certification of Claims and Returns – Annual Report 2016/17 2. Risk Management Progress Report 3. 2017-18 Interim Internal Audit Monitor

- | |
|--|
| <ol style="list-style-type: none">4. Annual Review of Business Continuity5. Annual Governance Statement Interim Review6. Review of Meetings and Ways of Working Update |
| Governance and Audit Committee - 6 March 2018 |
| Governance and Audit Committee briefing – 26 February 2018 |
| <ol style="list-style-type: none">1. Audit Plan 2017/182. 2017-18 Revenue Monitor, period April – December3. 2017-18 Capital Monitor, period April – December |

