

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 27 June 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, which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services. Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to most public meetings. If you wish to speak at a meeting or wish to find out more, please refer to Your Council> Councillors and Meetings>Have Your Say at www.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, 27 June 2017 at 19:00

Member:

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

Chairman
Deputy Chairman

Substitutes:

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

AGENDA - Part A
(open to the public including the press)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

1 Welcome and Announcements

- a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.
- (b) At the Chairman's discretion, to announce information on:
 - action in the event of an emergency;
 - mobile phones switched to silent;
 - the audio-recording of meetings;
 - location of toilets;
 - introduction of members of the meeting.

2 Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3 Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent, to give reasons for the urgency and to indicate where in the order of business the item will be considered.

4 **Declarations of Interest**

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgement of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

5 **Minutes**

To confirm as a correct record the minutes of the meeting held on 7 March 2017 and 24 May 2017.

07-03-17

9 - 18

24-05-17

19 - 20

6 **Have Your Say!**

a) The Chairman to invite members of the public to indicate if

they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter relating to the terms of reference of the Committee/Panel not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter relating to the terms of reference of the Committee/Panel not on this agenda.

7	Work Programme 2017-18 See report of Assistant Chief Executive	21 - 24
8	Draft Annual Statement of Accounts 2016/17 See report of Assistant Chief Executive.	25 - 28
9	Annual Audit & Certification Fees See report of Assistant Chief Executive	29 - 34
10	Review of Meetings and Ways of Working See report of Assistant Chief Executive	35 - 54
11	Year End Internal Audit Assurance Report 2016/17 See report of Assistant Chief Executive	55 - 64
12	Review of the Governance Framework and Draft Annual Governance Statement See report of Assistant Chief Executive.	65 - 76
13	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)

GOVERNANCE AND AUDIT COMMITTEE

7 MARCH 2017

Present:- Councillor Pearson (Chair), Councillor Barlow, Councillor Chaplin, Councillor Chillingworth, Councillor F Maclean, Councillor Willetts

Also present;- Councillor Buston, Councillor Davies, Councillor Fox, Councillor Harris, Councillor Hazell, Councillor Lissimore, Councillor Smith,

45. Minutes

RESOLVED that the minutes of the meeting held on 17 January 2017 were confirmed as a correct record.

46. Work Programme 2016-2017

Councillor Pearson introduced the Work Programme for 2016-17, which is the final work programme for the municipal year. The report requests that the Committee note the contents of the work programme report.

RESOLVED that the Work Programme 2016-17 be noted.

47. Member/Officer Protocol – Councillor Lissimore

Andrew Weavers introduced the Member/Officer Protocol report regarding Councillor Lissimore. The report requests that the Committee determine whether the comments made by Councillor Lissimore at the Full Council meeting on 8 December 2016, in relation to a Council employee, breached the Member/Officer Protocol and if so what action, if any, it considers appropriate in the circumstances.

Andrew Weavers informed the Committee that the report was placed on the agenda for the Committee following requests from the Liberal Democrat, Labour and Highwoods and Independent Group leaders. The Member/Officer protocol forms part of the constitution; point 10.3 refers to members raising matters relating to the conduct or capability of an individual Council Officer or Officers collectively at meetings held in public. The Committee were made aware of the options available to them in their deliberations.

Councillor Buston

Councillor Buston commented that he was surprised that this issue had been brought to the Committee and that he was disappointed that no independent member had been invited to sit on the Committee for this item.

In addition, Councillor Buston believed that the matter, which had a significant amount of

public interest, needed to be addressed to avoid the Council falling into disrepute. Given the urgency of the matter Full Council was the appropriate forum to do so.

Councillor Davies

Councillor Davies confirmed to the Committee that the video was receiving a significant number of views on the same day as the Council meeting and was in danger of bringing the Council into disrepute. Councillor Davies highlighted that the Portfolio Holder had been made aware of the video, but that this had not been passed on to the Leader of the Council. Councillor Davies felt that the viral nature and urgency of the matter would override point 10.3 within the Member/Officer Protocol. In raising the issue Councillor Lissimore was preventing further damage to the reputation of the Council.

Charlie Palmer

Councillor Pearson acknowledged a written contribution from Charlie Palmer, a copy of which was circulated to all members of the Committee.

Scott Everest

Scott Everest provided the Committee with his view of the alleged incident, and stated that the relevant Portfolio Holder and other members of the Cabinet through social media were aware of the video. The video, which was originally private before a request from a politician to make it public, was made available to highlight perceived bullying and abuse and to open additional homelessness shelters.

Since the video was posted, Scott Everest stated that he had been threatened with Police and legal action, as well as online abuse. Scott Everest also felt that if Councillor Lissimore was sanctioned this would threaten free speech and whistle-blowing.

Simon Crow

Simon Crow attended the meeting to speak in support for Councillor Lissimore bringing the video to the attention of the Council at a public meeting. Simon Crow was concerned for the alleged victim and whether the investigation into this matter had been correctly undertaken. Simon Crow questioned the validity in bringing this issue to the Committee and provided examples of situations where he believed other Councillors could be investigated for their behaviour.

Simon Crow concluded by stating that sanctioning Councillor Lissimore would not provide any benefit to residents, only to political opponents.

Cllr Lissimore

Councillor Lissimore informed the Committee that she was originally made aware of the video at 5.15pm and as the meeting progressed, given the viral nature of the video, a question had to be asked to bring the matter to the attention of the Council. Asking the question at Full Council would ensure that the matter would be dealt with swiftly. Councillor Lissimore confirmed that, following checks after the meeting, that the Leader of the Council and the Chief Executive had not been made aware of the video before the question was asked.

In relation to the protocol, Councillor Lissimore highlighted that it is provided as guidance, which at times needs to be viewed in different ways depending on the situation. Councillor Lissimore also confirmed that she was not aware of the Officer in question, and that her use of the word perpetrator was not attributing blame but only served to highlight that something had occurred. Councillor Lissimore informed the Committee that she has the utmost respect for Officers in their dedication to provide services across the Borough.

The Committee discussed the evidence provided and the contributions from members of the public, Councillors and Councillor Lissimore. In response to a query from a Committee member as to why the Leader of the Council and Chief Executive were not informed prior to the meeting taking place, Councillor Lissimore stated that she was only made aware of the video shortly on her way in to the Full Council meeting and the number of views of the video increased during the meeting.

The Committee also considered the circumstances, the wording used by Councillor Lissimore and the Member/Officer Protocol which is provided as guidance. Members felt that in raising the issue, despite the perceived urgency of the matter, Councillor Lissimore had breached the Member/Officer Protocol, however as it is only provided as guidance no further action should be taken. Committee members also felt that the Member/Officer Protocol should be reviewed and brought back to the Governance and Audit Committee at the next opportunity in order to establish whether the protocol should become mandatory.

RESOLVED that;

- a) The Member/Officer Protocol had been breached by Councillor Lissimore, but no further action should be taken
- b) The Member/Officer Protocol be reviewed by the Governance and Audit Committee at the next available opportunity.

48. Audit Plan

Steve Heath introduced the report, which requests the Committee reviews the contents of the Audit Plan for year ending 31 March 2017. Kevin Suter, Director, Ernst and Young and Dan Cooke, Audit Manager, Ernst and Young attended the meeting to present the Audit Plan report.

Kevin Suter gave the Committee a brief overview of the Audit Report. Kevin Suter informed the Committee that the Audit Plan includes the information that is required to be communicated to members in accordance with the International Standards of Auditing. The report includes information on two key responsibilities, including providing an opinion on the financial statement and to conclude whether adequate arrangements are in place to ensure value for money. The report also highlights two significant risks to Local Authorities, including whether there is any fraud in revenue recognition; this ensures that revenue is categorised in the correct audit year and whether capital expenditure is accounted for correctly. The second risk is the possibility of management override as officers within an organisation are in a unique position and could potentially override the controls that are set in place.

Kevin Suter informed the Committee that following amendments to the Code of Practice on Local Authority Accounting the presentation of the comprehensive income and expenditure statement is required to change. This change will require audit review, which could potentially incur additional costs. In addition to this the auditors are also required to assess

the Property, Plant and Equipment, and Pensions valuations which are based on a large amount of estimation techniques.

The Audit Plan also provides information on the value for money assessment, which assess the risks identified at the present time. This includes assessing the Council's budget and medium term financial forecasts to establish whether the savings and incomes targets identified are achievable. Kevin Suter highlighted that the report also includes a section on the independence of Ernst and Young from the Council to ensure that the work can be relied upon.

Councillor Pearson questioned whether at this stage there are any value for money risks that have been identified. In response Kevin Suter stated that the work in this area is yet to start, but any issues will be brought to the Committee.

Councillor Pearson also questioned whether the risks associated with leaving the European Union had been considered. In response Kevin Suter confirmed that there are uncertainties going forward, particularly in relation to the effect on the Council's ability to plan for the Medium Term Financial Forecast. Ann Hedges confirmed that this issue had been added to the Council's Risk Register.

RESOLVED that the contents of the Audit Plan for year ending 31 March 2017 be noted.

49. Review of Meetings and Ways of Working progress update

Andrew Weavers, Monitoring Officer, introduced the Review of Meetings and Ways of Working Update report. The report requests that the Committee note the progress to date, as well as confirm the ideas that should be prioritised. The report also requests that a full cost analysis of options for streaming Committee meetings be undertaken, as well as trailing the use of digital agendas for Councillors on three Colchester Borough Council Committees.

Nick Chilvers

Nick Chilvers attended the meeting and highlighted his interest in the report. Mr Chilvers felt that Cabinet was only a rubber stamping exercise and that Scrutiny was not strong enough in demanding answers from attendees. Nick Chilvers also felt that Full Council questions to Portfolio Holders should come at the beginning of the meeting and that the Cabinet should hold listening sessions at the weekend every three months.

Nick Chilvers also suggested that there should be improvements in the publicity of Have Your Say! and that engagement with members of the public needed to occur outside of the Town Centre. Nick Chilvers also commented that the Council should consider asking members of the public for the items that they wish to be discussed at Cabinet or Scrutiny.

Cllr Harris

Councillor Harris supported the introduction of supplementary questions as part of Have Your Say! as well as the introduction of digital agendas.

Councillor Harris also stated that to attract Councillors from all walks of life it is necessary ensure that the Council has the right facilities and is accessible; Councillor Harris suggested the use of Skype to allow for video conference participation to enable people to

attend meetings as well as introducing later start times.

Cllr Davies

Councillor Davies welcomed the report and thanked the members of the public for responding to the survey. Councillor Davies felt that the responses provided showed that members of the public were feeling disenfranchised.

Councillor Davies acknowledged the number of requests for the introduction of supplementary questions and felt that this should be implemented. Councillor Davies also stated that, whilst not commented on by members of the public, a place for members to congregate before meetings would be beneficial to the meetings process. In addition, Councillor Davies suggested changing the public speaker position at Full Council meetings to make it more welcoming and to improve publicity around meetings. Councillor Davies also commented on reducing the amount of jargon within reports and making agendas easier to read.

Councillor Pearson thanked the attendees for having their say. Councillor Pearson recognised the importance of making meetings less daunting for members of the public and for Councillors. Councillor Pearson also welcomed the comments about the members' room, and felt that the cost provided within the report was too high. It was suggested that the Grand Jury Room be used as a location for Councillors to meet prior to Full Council meetings.

Andrew Weavers

Andrew Weavers presented the report to the Committee and highlighted to Councillor Harris that Councils are currently not able to hold meetings virtually, however this is currently being considered for Joint Committees given the geographical distances between partner authorities.

Mr Weavers informed the Committee that the Governance and Audit Committee would have the opportunity to lead the way in using digital agendas, following the required training. The Committee may also wish to extend invitations to the Scrutiny Panel and the Revolving Investment Fund Committee to use digital agendas from next year. Mr Weavers also outlined the two streaming options provided and informed the Committee that the Leader of the Council has requested that the May Local Plan Committee meeting is streamed online due to its significance. Mr Weavers also highlighted the options available for shorter agendas, altering meeting start time and the review of Have Your Say! to include a supplementary question. The issue around supplementary questions would need to be carefully considered particularly in relation to the regulatory Committees. Mr Weavers also provided a summary on the work undertaken in terms of improving social media, the members room and member training.

Committee members welcomed and discussed the ideas included in the report. Committee members agreed with the three Committee trial of digital agendas, but stressed the importance of providing adequate devices where required as well as the need to install power supplies in meeting rooms. Regarding live streaming of meetings, the Committee felt that due to the cost an audio only solution should be prioritised. Members also requested that further research be undertaken to assess whether there is a local company that could provide a cheaper bespoke solution.

The Committee discussed and subsequently agreed to trial the start time of the Governance and Audit Committee at 7pm for the next municipal year. The Committee felt that the later start time would allow those Councillors and members of the public who commute to get back to Colchester in time for the start of the meeting, it would also allow those more locally to eat before a meeting begins. Councillor Barlow highlighted the issue of informal meetings for members of the public to discuss topics at length with members of the Cabinet. A meeting with the Cabinet, which was included in the public consultation responses, could take place at the weekend.

With regard to the shorter meeting reports and agendas, the Committee acknowledged the importance of making sure that agendas are accessible for members of the public, but with the requirement that the reports contain sufficient information in order to make appropriate decision.

The Committee acknowledged the support for the introduction of supplementary questions as part of Have Your Say!, and suggested that this idea be implemented as soon as possible. Councillor Willetts felt that Have Your Say! needed to be further improved, particularly in relation to the interaction with Councillors when members of the public are speaking.

Regarding the Members Room, the Committee stated that the specification as outlined in the report is too expensive, whilst recognising the importance of having a location for Councillors to meet. In terms of Members training Councillor Pearson also suggested that there should be refresher training courses for Chairman at the beginning of the municipal year, as well as training for the new Mayor and questioning skills for the Scrutiny Panel.

RESOLVED;

- a) That the progress of the Review of Meetings and Ways of Working made to date be noted
- b) That all initiatives be progressed with further updates provided at the next Governance and audit Committee meeting.
- c) That a full cost analysis of audio streaming be provided, as well as further research into a local streaming solution.
- d) that the Governance and Audit Committee trial using digital agendas from the start of the next municipal year and invite the Chairman of the Scrutiny Panel and the Revolving Investment Fund Committee to do the same.
- e) That the Governance and Audit Committee trial starting meetings at 7pm from the beginning of the next municipal year.

50. Financial Monitoring Report – April to December 2016

Darren Brown, Finance Manager, introduced the Finance Monitoring Report for the period from April to December 2016. The report requests that the Committee considers the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first nine months of 2016/17.

Darren Brown stated that the income to date is below target, with a net overspend of £691,000 on the General Fund. This figure consisted of £606,000 overspend in service budgets, which included one off spends and service demand pressures such as the provision of Bed and Breakfast and the cost of recovering the Silver Leaf boat in Brightlingsea. The total also includes £110,000 of carry forward funding for the next

financial year and a technical item underspend of £25,000. Darren Brown stated that it is likely that further adjustments will be made for the final year figures.

Regarding the Housing Revenue Account, this is underspent by £843,000 up to quarter three; the forecast spend for the year is predicted to be on budget.

Councillor Willets questioned why the overspend figures provided to Full Council in deciding the budget had not been updated with the forecast presented in the quarter three financial report. In response Sean Plummer, Finance Manager, stated that the report to Full Council uses the half year outturn forecast due to the report originally being submitted to the Scrutiny Panel and Cabinet at the beginning of the year. The forecast is provided with confidence and there are possible variations to the forecast. Final figures of the budget position are only provided once the end of the year is reached and the required accounting has taken place. The budget also includes a number of carry forwards which can be reviewed depending on the final outturn position, as well as other items that may remain unspent through the year.

Following the response from Sean Plummer, the Chair stated that officers may wish to consider how Full Council can be provided with an up to date outturn forecast when making its decision on the budget.

RESOLVED that the Committee considered the financial performance of General Fund Services and the Housing Revenue Account for the first nine months of 2016/17.

51. Capital Expenditure 2016/17

Steve Heath, Finance Manager, introduced the Capital Expenditure report 2016/17. The report requests that the Governance and Audit Committee review the level of capital spending during the first nine months of 2016/17, and forecasts for future years.

Steve Heath stated that for the first nine months of the year £13.7m of the Capital budget for the year has been spent, which represents 56% of the total budget. Whilst this is a low percentage this is typical for this part of the year; expenditure to quarter three was 49.5% in 15/16, but this increased to 89% by year end. Any balance that is not spent during one financial year is rolled forward to the next financial year. Of those projects that overrun this tends to be caused by changes in the expected timing of payments to contractors. The Committee were informed that the Capital Programme had increased by £18.9m since the previous report and now stands at £56.6m.

Steve Heath highlighted that there was an overspend of £100,000 for the Creative Business Hub, which will be referred to the Revolving Investment Fund Committee for consideration. There are currently eight schemes classed as amber. The Committee welcomed the inclusion of a description for red, amber and green schemes.

RESOLVED that the level of Capital spending during the first none months of 2016/17, and forecasts for future years be noted.

52. Amendments to the Council's Covert Surveillance Policy

Andrew Weavers introduced the report, which requests that the Governance and Audit Committee note the outcome of the recent Office of Surveillance Commissioners Inspection Report. The report also requests that the Committee approve the amended Covert

Surveillance Policy and the Use of Social Media in Investigations Policy and Procedure, and that both policies be recommended to Council for inclusion in the Council's Policy Framework.

Andrew Weavers informed the Committee that whilst this Policy was approved in October, a further update is required following an inspection from the Office of Surveillance Commissioners. The inspection received a positive response, however some amendments were recommended to improve the effectiveness of the policy.

The amendments include clarification on areas where a covert human intelligence source may have been inadvertently discovered, as well as a reduction in the number of authorising officers from 10 to four and regular training for all officers potentially involved in the process. One of the main changes is the recommended inclusion of a new provision to deal with social/personal media. This has been recommended to all Local Authorities whose Policy did not deal with social media.

Andrew Weavers confirmed that Colchester Borough Council had not requested the use of these powers since 2013, and that if social media surveillance were to be used it would have to go before a magistrate.

The Committee welcomed the amendment to the Policy; Councillor Chillingworth questioned whether politicians would be involved in the decision-making process for conducting covert surveillance. Andrew Weavers stated that whilst the Policy requires an Officer to make the decision, there is no reason why the Leader of the Council could not be informed of the decision.

In response to a question from Councillor Willets, Andrew Weavers confirmed that Colchester Borough Homes is not permitted to undertake covert surveillance. Whilst officers who manage Anti-Social Behaviour are within Colchester Borough Homes, Colchester Borough Council is responsible for making the decision to conduct covert surveillance and must be satisfied with the evidence presented to them in order to approve the use of covert surveillance.

RESOLVED;

- a) That the outcome of the recent Office of Surveillance Commissioners be noted
- b) To *RECOMMEND* to Council that the amended Council's Covert Surveillance Policy be included in the Council's Policy Framework.

53. Income and Debt Policy 2017

Samantha Preston, Customer Solutions Manager, introduced the report which requested that the Governance and Audit Committee review and agree the proposed Income and Debt Policy 2017. The report also requested that the Income and Debt Policy should be included as part of the annual review of the Council's Ethical Governance Policies.

Samantha Preston highlighted the key changes in the policy to the Committee. This included additional information on how customers make a payment and receive information about outstanding debts following a payment. In addition, the reviewed Policy has streamlined the information provided in previous versions.

The Policy also includes information about payment by direct debit, as well as how older payment options such as cheques, payment cards and postal orders will slowly be phased

out. Customer are supported through the process of changing their payment methods. With regards to the write-off process, the new policy changes the write off authorisation limits as well as streamlining the process. Samantha Preston highlighted to the Committee that the focus is to move from a paper based process to a system based process.

Councillor Pearson questioned what provisions are in place for those customers who may find it difficult to obtain a bank account. In response Samantha Preston stated that Colchester Borough Council and Colchester Borough Homes have been working with those who have difficulty in accessing a bank account. Colchester Borough Homes have a good working relationship with Lloyds Bank to assist in this process and from their experience the only circumstances so far in which they would be declined is if they have committed fraud.

Councillor Willets questioned whether there had been any progress in improving the Council's ability to retrieve business rates from those companies that have defaulted and then been made insolvent. Samantha Preston confirmed that whilst the team has done work on this issue it is extremely difficult as there are agreed legal processes that must be followed to recover the money. Samantha Preston confirmed that this situation is commonly known across Local Authorities.

Councillor Willets also questioned whether as the Governance and Audit Committee had reviewed the Income and Debt Policy, it should also review the write-offs. Andrew Weavers confirmed as the write-offs were agreed as part of a Portfolio Holder decisions the responsibility would remain under the Scrutiny Panel rather than the Governance and Audit Committee.

RESOLVED that;

- a) The Income and Debt Policy 2017 be agreed
- b) The Income and Debt Policy form part of the Ethical Governance Policies reviewed annually by the Governance and Audit Committee.

GOVERNANCE AND AUDIT COMMITTEE

24 MAY 2017

Present:- Councillor Pearson (Chair), Councillor Barlow, Councillor Chaplin, Councillor Chillingworth, Councillor F Maclean, Councillor Willetts

Also present;- Councillor J.Maclean for Councillor F.Maclean

54. Appointment of Chairman

RESOLVED that Councillor Barlow be appointed Chairman for the ensuing municipal year.

55. Appointment of Deputy Chairman

RESOLVED that Councillor Harris be appointed Deputy Chairman for the ensuing municipal year.

27 June 2017

Report of	Assistant Chief Executive	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. Publication of Annual Statement of Accounts 2016/17 2. Financial Monitoring Report – April to June 2017 3. 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. Local Government Ombudsman Annual Review 3. Review of the Council's Ethical Governance Policies 4. Review of the Members' Code of Conduct and the Council's "Arrangements" 5. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Officers 6. Review of Local Code of Corporate Governance 7. Income and Debt Policy 8. Equality and Safeguarding Annual Update 9. 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. Internal Audit Work Programme 2017/18 3. Annual Review of Business Continuity 4. 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 4. Annual Governance Statement Interim Review

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

27 June 2017

Report of	Assistant Chief Executive	Author	Steve Heath ☎ 282389
Title	Draft Annual Statement of Accounts 2016/17		
Wards affected	Not applicable		

This report sets out the arrangements for the audit and approval of the Draft Statement of Accounts for 2016/2017

1. Decisions Required

- 1.1 To consider this report relating to the pre-audit Statement of Accounts for 2016/17.
- 1.2 To consider the proposal for a separate internal briefing session for the Committee prior to the scheduled meeting for approval of the audited accounts of 27 July 2017.

2. Statement of Accounts 2016/17

- 2.1 The Accounts and Audit (England) Regulations 2015 made a number of changes relating to the audit of local public bodies, including the following:
 - The deadline for the draft accounts to be certified by the Responsible Financial Officer to be brought forward from 30 June to 31 May.
 - The deadline for approving and publishing the audited accounts to be brought forward from 30 September to 31 July.
- 2.2 Both changes will be effective from the accounts for 2017/18. The advanced notice was intended to give authorities time to make the necessary changes in their processes, but it was hoped that they would move to the new timetable as soon as they could. Accordingly, we have again worked towards achieving the new deadlines for the 2016/17 accounts.
- 2.3 The draft accounts for 2016/17 have now been compiled, and they were certified by the Responsible Financial Officer on 26 May 2017, which is in advance of the current statutory deadline of 30 June. It is suggested good practice to publish the draft Statement of Accounts on the Council's website, in line with the Government's policy of increased transparency. This took place on 31 May, and the accounts can be accessed via the link below:

<http://www.colchester.gov.uk/article/11907/Statement-of-Accounts---Colchester-Borough-Council>
- 2.4 The Statement of Accounts for 2016/17 has been prepared using the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and the Service Reporting Code of Practice 2016/17. The key areas of the Statement of Accounts, including the main financial statements are explained in the annex to this report.
- 2.5 The 2016/17 Code requires authorities to report based on the way in which they operate and manage services. It also introduces the Expenditure and Funding

Analysis. Together these changes allow a clear link to be made between the final outturn that was reported to the Scrutiny Panel on 13 June and the audited financial statements.

- 2.6 The final accounts audit commenced on 31 May, and the External Auditor will report to the meeting of this Committee on 25 July. The report will detail the findings of the final accounts audit, address any matters arising out of the audit and comment on the proposed audit opinion on the accounts. The Responsible Financial Officer must re-certify the presentation of the annual accounts before Member approval is given.
- 2.7 For the 2016/17 accounts the Council aims to have secured Member approval and published the accounts with the audit opinion and certificate prior to the revised deadline of 31 July, which is two months in advance of the current statutory deadline of 30 September. Confirmation of the published statement, including the Auditors' opinion, would then be reported to the meeting of the Committee on 19 September 2017.
- 2.8 As has been the case in prior years, it is proposed that an internal briefing session for Members is arranged to take place prior to the Committee of 25 July 2017 where Members will be asked to approve the certified accounts. It is important that all Members sitting on the Committee on this date attend this briefing. The session will seek to explain the purpose of the main statements, and provide a broader understanding of the contents of the accounts and the Auditors' report. This, in turn, should enable those Members approving the accounts to be satisfied that the presentation appears appropriate, and that the accounts are consistent with other financial information provided. Members are requested to advise of any particular areas of concern in advance so they can be addressed within the session.

3. Strategic Plan References

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

4. Publicity Considerations

- 4.1 The accounts are open for public inspection from Monday 5 June to Friday 14 July to meet our legal duties. These dates are shown on the Council's website and can be accessed via the link below:

<http://www.colchester.gov.uk/article/16018/Audit-of-Accounts>

- 4.2 Staff will be available to provide information and respond to questions during this period. The local press also usually take the opportunity to view the accounts and information will be provided as appropriate.

5. Financial Implications

- 5.1 The approval of the Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.
- 5.2 The Scrutiny Panel received periodic financial reports during the course of the financial year. The pre-audit revenue and capital outturn results for the financial year 2016/17 were considered by the Scrutiny Panel on 13 June 2017.

6. Other Standard References

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

Background Papers

None

Key Areas of the Statement of Accounts

Movement in Reserves Statement

This statement is a summary of the movements in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' and 'unusable reserves'. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves include a number of adjustments that reflect the difference between the requirements of proper accounting practices and the statutory arrangements for the setting of Council Tax and Housing Rents.

Comprehensive Income and Expenditure Account

This statement consolidates all the gains and losses experienced by the Council during the financial year as a result of incurring expenditure on its major functions, and generating income from the Collection Fund and from Central Government. The total of this account shows the increase/decrease in the net worth of the Council, which agrees to the movement on the Total Net Assets shown on the Balance Sheet.

Balance Sheet

This statement summarises the Council's financial position at the year end. It shows assets and liabilities that the Council holds or has accrued with other parties. These are matched by the reserves available to the Council, which fall into two categories – usable and unusable.

Cash Flow Statement

This statement summarises the cash flows that have taken place into and out of the Council's bank accounts over the financial year. It separates the flows that have occurred as a result of the Council's operations, those flows arising from investing activities and those flows attributable to financing decisions made by the Council.

Housing Revenue Account Income and Expenditure Statement

This statement reflects the requirement to account separately for income and expenditure relating to the assets held by the Council for the purposes of housing. It shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The increase or decrease on the HRA balance on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Collection Fund Accounts

These accounts show the amounts involved in the collection and distribution of Council Tax and Non-Domestic Rates. The year end balances are distributed across the Balance Sheets of the Billing authority, Government and Precepting authorities in accordance with the IFRS Code.

Group Accounts

These accounts bring together the financial position of the Council and its interest in Colchester Borough Homes Limited and Colchester Community Stadium Limited.

27 June 2017

Report of	Assistant Chief Executive	Author	Steve Heath
Title	Annual Audit & Certification Fees		☎ 282389
Wards affected	Not applicable		

The accompanying report from Ernst & Young sets out their Audit and Certification Fees for 2017/18

1. Action required

- 1.1 To consider and note the indicative audit and certification fees for 2017/18.

2. Reason for scrutiny

- 2.1 The Accounts and Audit Regulations require the Council to review the proposed audit approach and scope for the 2017/18 audit.
- 2.2 To ensure that the audit is aligned with the Committee's service expectations.

3. Supporting information

- 3.1 The Audit and Certification fees letter confirms the work that the auditors propose to undertake for the 2017/18 financial year.

4. Strategic Plan references

- 4.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2017/18.

5. Financial implications

- 5.1 The auditor has submitted an indicative total code audit scale fee of £62,582. This is unchanged from the 2016/17 fee, and is in accordance with the amounts budgeted for the 2017/18 year. Should any projected variances arise, they will be reported to the Committee or the Scrutiny Panel as part of the quarterly revenue monitoring reports.

6. Other Standard References

- 6.1 Having considered financial implications, publicity, 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.

Attached Documents:

Annual Audit and Certification Fees 2017/18

Adrian Pritchard
Chief Executive
Colchester Borough Council
Rowan House
33 Sheepen Road
Colchester, Essex
CO3 3WG

10 April 2017

Direct line: 07876 397986

Email: ksuter@uk.ey.com

Dear Adrian

Annual Audit and Certification Fees 2017/18

We are writing to confirm the audit and certification work that we propose to undertake for the 2017/18 financial year at Colchester Borough Council.

From 1 April 2015, the duty to make arrangements for the audit of the accounts and the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. In October 2015, the Secretary of State confirmed that the transitional arrangements would be extended for one year for audits of principal local government bodies only, to cover the audit of the accounts for 2017/18. The audit contracts previously let by the Audit Commission and novated to PSAA have therefore also been extended for one year to give effect to this decision.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 will apply for principal local government and police bodies. These audited bodies will be responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. The PSAA will play a new and different role in these arrangements.

Indicative audit fee

For the 2017/18 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees. There are no planned changes to the overall work programme for 2017/18. It is therefore proposed by the PSAA that scale fees are set at the same level as the scale fees applicable for 2016/17. These fees reflect the significant reductions made to scale fees since 2012/13.

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

The audit fee covers the:

- Audit of the financial statements;

- Value for money conclusion; and
- Whole of Government accounts.

For Colchester Borough Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the council;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

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

As we have not yet completed our audit for 2016/17, our audit planning process for 2017/18 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

The PSAA sets an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee for 2017/18 will be based on actual 2015/16 benefit certification fees. As the actual 2015/16 benefit certification fee has not been finalised by PSAA at the time of writing they have not yet set the 2017/18 certification fees.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2017/18 relates to work on the housing benefit subsidy claim for the year ended 31 March 2018. We will set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2016/17 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2017/18 £	Planned fee 2016/17 £	Actual fee 2015/16 £
Total Code audit fee	62,582	62,582	62,582
Certification of housing benefit subsidy claim	TBC	17,962	13,640*

* The actual fee for 2015/16 is still subject to approval by the PSAA for an additional fee of £1,083 in relation to work carried out in 2015/16.

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

Billing

The indicative code audit fee will be billed in 4 quarterly instalments of £15,646. Additionally, we will bill 25% of the indicative certification fee each quarter when it has been determined.

Audit plan

Our plan is expected to be issued in January 2018. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the s151 Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Governance & Audit Committee.

Audit team

The key members of the audit team for the 2017/18 financial year are:

Kevin Suter – Executive Director ksuter@uk.ey.com Tel: 07876 397986

Dan Cooke – Manager dcooke@uk.ey.com Tel: 07867 152506

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. 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.

Yours sincerely



Kevin Suter
Executive Director
For and on behalf of Ernst & Young LLP

cc. Councillor Pearson, Chair of the Governance & Audit Committee
Sean Plummer, Finance Manager (s151 Officer)

27 June 2017

Report of	Assistant Chief Executive	Author	Andrew Weavers
Title	Review of Meetings and Ways of Working		
Wards affected	Not applicable		

This report concerns the work completed to date on the Review of Meetings and Ways of Working and includes recommendations for the next steps of the review.

1. Decision(s) Required

- 1.1 To note that Officers will continue to loan IT equipment to Councillors who do not currently have a suitable device to enable the digital agenda trial to proceed.
- 1.2 To *RECOMMEND* to Council that all meetings be audio streamed and to facilitate this the Council enter into a contract with Audiominutes.
- 1.3 To agree the contents of the report templates and agenda templates as set out in the appendices to the report and these be implemented across all Committees.
- 1.4 To *RECOMMEND* to Council that the Meetings General Procedure Rules be amended, as set out in the appendices, to allow a public speaker to speak for an additional minute in order to ask a supplementary question or make a further comment during Have Your Say! Arrangements.
- 1.5 Following the completion of the six month trial of later start times, the Governance and Audit Committee review the implications.
- 1.6 To consider the options to improve the Members Room and to determine whether a recommendation should be made to Cabinet that funding be made available for such improvements.
- 1.7 To agree that a more proactive approach be taken to the promotion of Council meetings via social media.
- 1.8 To *RECOMMEND* to the Member Development Group that it consider the issue of mandatory training for Councillors and to report to Cabinet by December 2017.

2. Supporting Information

- 2.1 The Governance and Audit Committee conducted a review during the last municipal year to investigate how use of technology by Councillors in meetings could be improved and how public engagement with the meetings process could be increased. A progress update was provided to the final meeting of the municipal year in March.
- 2.2 This report provides the Committee with a number of proposals as well as further updates on the review since March.

3. Councillor ICT

- 3.1 It is proposed that those Councillors who do not have access to a suitable device for accessing agendas digitally during meetings be loaned the required equipment. Those Councillors who already have their own suitable personal device will be encouraged to continue to use this device.
- 3.2 Following approval at the previous Governance and Audit Committee to trial digital agendas, and invite members of the Revolving Investment Fund Committee and the Scrutiny Panel to participate, an IT survey of those Committee members has been conducted. It is anticipated that at least five devices will be required to ensure that all Councillors from the three trial Committees will have a device to access digital agendas. Further research will be required when other Committees begin to use digital agendas to establish how many additional devices will be required.
- 3.3 Three demonstration devices operating the three main software systems (Apple, Android, Windows) have been ordered; all of which are compatible with the Councils IT systems, including the MyCMIS digital agenda application. This is in recognition that Councillors will have different levels of experience and knowledge between the different operating systems. Providing a device that a Councillor already has experience with will assist in speeding up the transition to digital agendas. Councillors will also be able to trial each device to ensure that they receive the most adequate device for their needs.

4. Digital agendas

- 4.1 The Chairpersons of the Revolving Investment Fund Committee and the Scrutiny Panel have agreed to participate in the digital agendas trial.
- 4.2 Suitable training will be provided to all members of the trial Committees and this Committee will be provided with an update on the adoption of digital agendas after six months. Lessons learnt from the implementation of digital agendas in the three Committees will be factored in for full digital agenda implementation.
- 4.3 Members of those Committees using digital agendas will be required to ensure that their devices are fully charged prior to the meeting. Meeting rooms do not currently provide adequate charging solutions and suitable options will need to be investigated.

5. Streaming of committee meetings

- 5.1 The Governance and Audit Committee in March expressed a preference for audio streaming over video streaming on the basis of cost. Subsequently Colchester Borough Council have entered into a three month trial with Audiominutes who provide live streaming and recording of Committee meetings that integrates into the Committee management system.
- 5.2 A number of meetings have now been successfully streamed using the Audiominutes service. An example of an Audiominutes stream can be found at the link below;
<https://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/30/Default.aspx>
- 5.3 Experience so far suggests that the system is easy to use, provides good value, and integrates seamlessly into Colchester Borough Councils Committee Management system. The integration provides a professional look and feel and ensures that all information relating to that Committee meeting can be found on one webpage. This

system also provides for the delivery of social media posts, see Paragraph 9.2. **Appendix A** contains further details about the functionality of Audiominutes.

- 5.4 Comments made at the previous meeting suggested looking into alternative streaming solutions. Further research has not indicated any suitable audio or video streaming products that provide the same advantages as Audiominutes. A local solution for video streaming was identified, however this was considerably more expensive than the Public-i streaming solution that had already been rejected by the Committee.

6. Shorter meeting agendas/Executive Summary

- 6.1 In response to requests for agenda documents to be more accessible, less detailed and generally easier to read, the Council's agenda and report templates have been rewritten and updated.
- 6.2 The Council's report templates are available for report authors on the intranet, with the intention that a 'house' style be followed as far as possible. As an example for illustrative purposes a revised Cabinet report template is attached to this report as **Appendix B**. The revised template retains the 'header' format at the top of the report as this already adequately sets out the title, which meeting the report is for, who is responsible for it and the wards affected. A guidance note (not for inclusion in the written reports) has been added explaining the requirement for Plain English, avoidance of jargon and acronyms as well as font and formatting suggestions.
- 6.3 The report itself proposes an Executive Summary immediately beneath the 'header' in order to clearly set out in brief terms the fundamental details of the report. Following this section are separate paragraphs for the decision being recommended, the reasons for the decision and any alternatives. The intention being that these four sections together will form a stand-alone summary, avoiding the need to look through the whole report in order to grasp the important issues. The detail of the report will then be found starting on a separate page, in the form of one section headed 'background information', after which will follow the various 'standard' paragraphs which are used to prompt report authors to include 'housekeeping' information to illustrate that certain legal and financial practices have been followed, as appropriate.
- 6.4 The opportunity has been taken to also revise the Council's agenda templates, an example of which is a Planning Committee template attached to this report as **Appendix C**. No changes are proposed to the design of the front cover. The one page information sheet has been retained because it provides useful information to anyone who is not familiar with the meetings arrangements although this section has been reworded to give more clarity and avoid jargon. The page listing Committee members and substitutes now defines these more clearly and includes an explanation of an agenda for those unfamiliar with meetings jargon. The 'standard' items included in agendas have also been reviewed for clarity, brevity and removal of jargon. These are illustrated at **Appendix D** to this report which also includes an example of revised explanatory text to be used in the agenda 'running order' below each report title.

7. Meeting Start Times

- 7.1 At its meeting on 7 March 2017 the Governance and Audit Committee agreed to trial a 7.00pm start time from the start of the current municipal year. Positive implications of this change could include increased public attendance and easier attendance for Members with day-time employment. Negative implications could include an increased cost of servicing these meetings by officers. It is suggested that this trial continue for a period of six months, which should provide a sufficiently long period for any implications

resulting from the change in start time to be identified. As well as this meeting, this will cover the following scheduled meetings:-

- 25 July 2017
- 19 September 2017
- 17 October 2017
- 28 November 2017

7.2 It is proposed that a report on the trial of the later start time be considered at the Committee's meeting on 16 January 2018

8. Review of Have Your Say!

8.1 Whilst the Constitution already allows for a speaker to speak for an additional minute in response to a question from a member of the Panel it is proposed to extend this provision further. It is proposed to recommend to Council that the Have Your Say! provisions be amended to allow public speakers an additional minute to ask a supplementary question or respond to any answer given to them during Have Your Say! This will apply to all meetings with the exception of those of a quasi-judicial nature such as Planning Committee and Licensing Sub-Committee hearings. A draft of the revised extract from the Meetings General Procedure Rules is attached at **Appendix E**.

9. Social Media

9.1 The report to the Committee in March 2017 explored in some detail issues around the use of social media to promote and report from Council meetings. The current practice is to tweet a link to the agenda of a meeting once it is published on the Council's website. No further communication is posted on social media before the meeting begins. It is proposed that more regular social media updates be sent both pre and post meeting. As an example, a schedule of tweets that could be sent in respect of a Cabinet meeting is set out below.

Cabinet	Cabinet Papers now available online (link)	First available online
	This week's Cabinet agenda: list items with link	Monday before Cabinet
	Cabinet takes place, 6pm tomorrow in the Town Hall come along to Have Your Say	Day before Cabinet
	Join us in the Town Hall for Cabinet at 6pm this evening	Day of Cabinet (12noon)
	Cabinet starts in one hour, join us in the Town Hall	Day of Cabinet (5pm)
	Decision(s) from Cabinet last night	Day after Cabinet (10am)
	Next Cabinet takes place at 6pm on in the Town Hall	Day after Cabinet (11am)

9.2 Should the Committee agree that live audio streaming of meetings continue, then the need for social media updates from the meeting lessens, as the proceedings are available for members of the public to access in real time. Furthermore, should the Council proceed with Audiomminutes, the system can be enabled to send a tweet when the stream of a meeting commences, when the Committee starts its consideration of a new agenda item and when the full recording of the meeting is available online following completion of the meeting.

10. Develop further training opportunities for Councillors

- 10.1 The Council values member development and has been awarded the LGA's Charter Status for Elected Member Development. The Constitution requires that Councillors undertake training before they sit on Committees exercising quasi-judicial functions, for example Planning Committee and Licensing hearings and to ensure that this training is kept up to date. All other training and development is voluntary. Whilst there is considerable appetite amongst members for training and development, there may be some benefit in considering whether other areas of training and development should also be made mandatory. Possible examples include Chairmanship training for Chairman, Scrutiny training for Scrutiny Panel members and safeguarding.
- 10.2 The all party Member Development Group has been established to consider issues relating to the provision of member development. It is therefore suggested that this group be asked to look in more detail at the issue of mandatory training, such as the subjects that could be considered for mandatory training together with, the implications for Councillors and for resources generally, and to report to Cabinet by December 2017.

11. Members Room

- 11.1 Following feedback from members about the benefits of a space where they can meet cross party in advance of meetings, the costs of refurbishing the Members Room in the Town Hall were investigated and reported to the Committee in March. Following the Committee's feedback about the proposed expenditure a more modest series of proposals have been looked at. This still includes the provision of some basic catering facilities to allow members to prepare hot drinks and light food before meetings in an informal setting. Members have indicated that the provision of such a space could help make meetings more business-like, shorter and less confrontational. The provision of charging points would also help support the move to digital agendas.
- 11.2 It is estimated that to complete the works set out below would cost approximately £10,000:-
- Removal of pigeon holes and installation of replacement mailboxes in group rooms
 - Removal of existing fixtures and fittings and redecoration of ceiling, walls and woodwork.
 - Installation of Tea Bar kitchen
 - Installation of power points and charging facilities for devices
 - Supply of replacement furniture
- 11.3 Should the Committee consider that these improvements should be pursued, a recommendation to Cabinet that the funding be made available will need to be made.

12. Strategic Plan References

- 12.1 The recommendations in this report seek to improve the Council's public engagement with the meetings processes and help to deliver the Council's Digital Challenge proposals.

13. Consultation and Publicity Considerations

- 13.1 A public consultation was conducted at the start of the Review of Meeting and Ways of Working. The results of which were considered by the Governance and Audit Committee in March 2017.

14. Financial Implications

- 14.1 The cost of the contract with Audiominutes and the supply of Councillor IT to the five identified Councillors can be found from within the Strategic Governance budget. The costs of the members' room improvements would be a matter for Cabinet to consider along with the additional costs associated with the delivery of digital agendas.

15 Equality and Diversity References

- 15.1 An updated Decision Making and Meetings Equality Impact Assessment will be completed prior to further decisions being taken by Council.
- 15.2 [Decision Making and Meetings Equality Impact assessment](#)

16. Other standard references

- 16.1 None

Appendices –

Appendix A – Audiominutes functionality details

Appendix B – Revised Cabinet report template

Appendix C – Revised Planning Committee agenda template

Appendix D – Revised Standard Meeting items

Appendix E - Proposed Revised Rule 5 of Meeting General Procedure Rules



Audiominutes Specification

Overview

The Audiominutes system comprises an 'App' for use on the Android platform which captures and encodes audio, saves the recorded audio to local storage and simultaneously streams the audio over a suitable network to our system.

Features included:

- Record/Stop
- Mute (recorded message played to listeners during a break)
- Profanity filter (replaces last 2 seconds of audio with pre-recorded message)
- Meeting selection (pick the next meeting to broadcast – ad-hoc meetings also supported)
- Agenda item tagging in real time (ad-hoc items can be added on the fly)
- Publish/unpublish button (this can be done as soon as the meeting is over)
- Back-up copy of meeting stored on host device
- Security checksum stored (proves audio file has not been tampered with)
- A test stream facility (guest account)
- Current and peak listeners displayed
- Detailed analytics (live and archived playback statistics)
- Email based meeting set-up system
- Automatic detection of breaks in connection and local file uploader
- An audio player, integrated into either CMIS or mod gov to allow listeners to connect to the live stream on all recent web browsers
- Web APIs to allow you to host a web page from which your listeners can connect to both live and archived audio
- Web APIs to connect to your Twitter account to facilitate agenda items to be Tweeted in real time
- Email support during normal working hours (Monday to Friday 8:30 am to 6:30 pm)

Technical

- Audio streamed over port 80 or 8000 using Icecast (an industry standard audio streaming protocol)
- Audio format 11,025 Hz 16 Bit mono at 64kbps MP3

Cabinet

Item

Insert date of meeting 12pt

Report of	Assistant Director 12pt	Author	First and last name 12pt ☎ last 6 digits
Title	Insert title 12pt		
Wards affected	Insert all ward/s affected or insert 'Not applicable' 12pt		

Guidance for Authors before you begin writing ...

Style and Content

Please bear in mind when writing a report that it will be read by people who may be very unfamiliar with the subject matter but who, nevertheless, need to grasp the fundamental facts without having the benefit of a detailed background.

It's important to remember that Councillors have asked for reports to be written using Plain English and that every effort be made to remove local government jargon, technical and professional terms, acronyms and abbreviations.

Formatting

The text should be in the corporate font (Arial 12pt) and should be left aligned.

Suggested margin settings are Top 0.76 cm, Bottom 1.5 cm, Left 1.52 cm, Right 1.52 cm, Gutter 0 cm, Header 0.76 cm, Footer 1.25 cm

1. Executive Summary

- 1.1 Provide a summary of the report (a bullet point list is fine) to give readers sufficient information to quickly grasp the fundamental details of the subject matter without them needing to read the detailed background which will be set out in paragraph 5 below. The summary should be no longer than a page in length.

2. Recommended Decision

- 2.1 Set out in full the recommended decision here.
- 2.2 If there is more than one decision, please list them separately.

3. Reason for Recommended Decision

- 3.1 Provide reasons for the recommended decision here.

4. Alternative Options

- 4.1 Give details of any alternative options which have been considered and rejected here.

Page break after Section 4.

5. Background Information

- 5.1 This will be the main section of the report and should be started on a new page. Give full details of the background, supporting information and proposals (but not the recommended decision) here. This section is likely to cover a number of pages and may be separated into sub-headings for ease of reading and clarity.

6. Equality, Diversity and Human Rights implications

- 6.1 In completing this section you should give proper weight to equality and diversity considerations and demonstrate how the decision will impact on the promotion of equality and overcome discrimination in relation to gender, gender reassignment, disability, sexual orientation, religion or belief, age and race/ethnicity.
- 6.2 All new policies and any major changes to a policy need an Equality Impact Assessment (EIA) to be completed. Senior Management Team has advised that the following process must be complied with:
- EIA to be completed in line with the policy or change being introduced;
 - EIA to be uploaded to the website and Equality and Diversity Officer informed who will amend the master timetable to include the new EIA and review date;
 - A link to the EIA to be included in the relevant section of the report.

Reports will not be processed without a link to a completed and agreed EIA.

- 6.3 Furthermore, you need to generally consider whether a course of action will involve a breach of human rights and show that these have been taken into account by recording the reasoning behind a particular decision. For help contact Andrew Weavers ext. 2213.

If the report does not impact on any of the standard references listed separately in paragraphs 7 to 13 below, please consider using the following paragraph as an alternative.

7. Standard References

- 7.1 There are no particular references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

7. Strategic Plan References

- 7.1 In this section identify any direct links to the vision, themes and objectives of the [Strategic Plan 2015-18](#). For help contact Chris Reed on extension 2240.

8. Consultation

- 8.1 In this section show that consideration has been given to the timing and method of consultation. Also give an indication of what will happen to the responses.

9. Publicity Considerations

- 9.1 In this section show that consideration has been given to who will be affected by the decision, what effect it will have on them and the best way of communicating the decision to them.

- 9.2 If the project is likely to be very controversial then consideration should be given to consulting the people concerned in advance of the decision.

10. Financial implications

- 10.1 Set out details here of any financial implications which are not already allowed for in the approved budget. For help contact your group accountant in Financial Services.

11. Community Safety Implications

- 11.1 In completing this section show that community safety considerations have been taken into account and consideration has been given on how the decision will impact upon crime and disorder. The Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder. Community safety includes actions to address problems identified by people living and working in the area including the fear of crime. For help contact the Community Safety section extension 2884.

12. Health and Safety Implications

- 12.1 In completing this section consider whether, as a result of the decision, there would be any harm to the health and safety of the general public and ensure that the actions taken as a result of the decision are as safe as is reasonably practicable. For help contact Carl Free on extension 6579.

13. Risk Management Implications

- 13.1 In completing this section detail the implications of the decision made (that is the effect of agreeing or disagreeing with the recommendation) not necessarily the risks of the report item. Identify the risks and opportunities. If there are strong risks or opportunities associated with the item these should be made clear in the main body of the report. This section is a summary of the potential effect of the decision. Any implications for other items or projects should be outlined with further details in the main body, if applicable. For help contact the Corporate Governance Manager on extension 8901.

Appendices

Any Appendices which provide additional information necessary to complete the report may be included as separate documents or attached to the report as one document.

Background Papers

Background papers are documents which have been relied upon to formulate the report but excluding documents already published elsewhere. Please be aware that any document listed must be shown to anyone who asks to see it. You should take this into consideration before listing any confidential documents.

[Committee Name] Meeting

**[Venue Name], [Venue Address]
[Date] at [Start Time]**

The Planning Committee deals with planning applications, planning enforcement, public rights of way and certain highway matters.

If you wish to come to the meeting please arrive in good time. Attendance between 5.30pm and 5.45pm will greatly assist in noting the names of persons intending to speak to enable the meeting to start promptly.

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!

The Council welcomes contributions and representations from members of the public at most public meetings. If you would like to speak at a meeting and need to find out more, please refer to the Have Your Say! arrangements here: <http://www.colchester.gov.uk/haveyoursay>.

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The Council audio records public meetings for live broadcast over the internet and the recordings are available to listen to afterwards on the Council's website. Audio recording, photography and filming of meetings by members of the public is also welcomed. Phones, tablets, laptops, cameras and other devices can be used at all meetings of the Council so long as this doesn't cause a disturbance. It is not permitted to use voice or camera flash functions and devices must be set to silent. Councillors can use devices to receive messages, to access meeting papers and information via the internet. Looking at or posting on social media by Committee members is at the discretion of the Chairman / Mayor who may choose to require all devices to be switched off at any time.

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.

Facilities

Toilets with lift access, if required, are on each floor of the Town Hall. A water dispenser is available on the first floor and a vending machine selling hot and cold drinks is located on the ground floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

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Colchester, CO1 1JB

telephone (01206) 282222 or textphone 18001 followed by the full number you wish to call

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

www.colchester.gov.uk

COLCHESTER BOROUGH COUNCIL
[COMMITTEE NAME]
[date] at [start time]

The Planning Committee Members are:

Councillor Theresa Higgins	Chairman
Councillor Cyril Liddy	Deputy Chairman
Councillor Lyn Barton	
Councillor Helen Chuah	
Councillor Pauline Hazell	
Councillor Brian Jarvis	
Councillor Derek Loveland	
Councillor Jackie Maclean	
Councillor Philip Oxford	
Councillor Rosalind Scott	

The Substitute Members are:

All members of the Council who are not members of this committee and who have undertaken the required planning skills workshop training:-

Councillors;

Christopher Arnold	Roger Buston	Karen Chaplin	Nigel Chapman
Peter Chillingworth	Phil Coleman	Nick Cope	Robert Davidson
John Elliot	Annie Feltham	Adam Fox	Martin Goss
Dave Harris	Darius Laws	Mike Lilley	Sue Lissimore
Fiona Maclean	Patricia Moore	Gerard Oxford	Chris Pearson
Lee Scordis	Jessica Scott-Boutell	Lesley Scott-Boutell	Paul Smith
Martyn Warnes	Dennis Willetts	Julie Young	Tim Young

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 brief and agenda items may be considered in a different order, if appropriate.

An Amendment Sheet is available on the Council's website by 4:30pm on the day before the meeting here: <http://www.colchester.gov.uk/article/13489/Planning-Committee>

Please note that any further information for the Committee to consider must be received no later than 5pm two days before the meeting in order for it to be included on the Amendment Sheet. With the exception of a petition, no written or photographic material can be presented to the Committee during the meeting.

Part B

(not open to the public including the press)

STANDARD AGENDA ITEMS – PLANNING COMMITTEE

Welcome

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, live audio-streaming / recording of the meeting. Councillors who are members of the Committee will introduce themselves.

Have Your Say! (Planning)

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. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

These speaking provisions do not apply to applications which have been subject to the Deferral and Recommendation Overturn Procedure (DROP).

Substitutions

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

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.

Declarations of Interest

Councillors will be asked to say if there are any items on the agenda in 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.

Minutes of Previous Meeting

To confirm as a correct record the minutes of the meeting held on (insert date).

Planning Applications

When the members of the Committee consider the planning applications listed below, they may decide to agree, all at the same time, the recommendations in the reports for any applications which no member of the Committee or member of the public wishes to address the Committee.

BUSINESS AGENDA ITEMS

Standard text below title to briefly explain purpose, for example:

170230 Pontoon opposite Yacht Club, Coast Road, West Mersea, Colchester

A report giving details of a planning application to extend a floating pontoon by 1.6m wide and 43m metres long.

Appendix E

Proposed Revised Rule 5 of Meeting General Procedure Rules

5. Public Participation at all Public Meetings (Have Your Say!)

- (1) Any member of the public may ask a question or address a meeting on a matter which is on the agenda for the meeting or is within the terms of reference of the Cabinet, Panel or Committee except in cases where the Cabinet, Panel or Committee is acting in a quasi-judicial capacity or similar or in relation to planning applications, subject to the following procedure.
- (2) Subject to the absolute discretion of the Chairman to extend or limit the time available for public participation, a period of up to fifteen minutes shall be available at the start of a meeting for public participation on issues within the remit of the meeting not otherwise appearing on the agenda for the meeting.
- (3) Where public participation relates to an item on the agenda for the meeting, the Chairman shall invite the participation immediately prior to the consideration of the item by the meeting. The amount of time afforded to public participation on any single item shall be at the absolute discretion of the Chairman but should not normally exceed fifteen minutes.
- (4) At the absolute discretion of the Chairman the order of business for the meeting may be changed for the convenience of the public who wish to participate.
- (5) A member of the public may ask questions or make a statement for a period not exceeding three minutes. When a speaker has one minute of the allotted time remaining, a bell will be rung. At the end of the period of time, the bell will be rung again and the speaker will stop speaking whether or not the speech has been concluded.
- (6) An answer to a question posed or statement made by a member of the public may take the form of:
 1. a direct oral answer; or
 2. where the desired information is contained in a publication of the Council, a reference to that publication; or
 3. where the reply to the question cannot conveniently be given orally, a written answer which will be reported to a future meeting.
- (7) Following the conclusion of the answer the member of the public may, if they wish, have a further period of up to one minute to ask a supplementary question or comment on the answer provided. At the end of that period of time, the bell will be rung and the speaker will resume their seat whether or not their comments have been concluded. A further response to the speaker's comments may be made.
- (8) In the exercise of absolute discretion, the Chairman may disallow or terminate any public participation which is scurrilous, vexatious, improper, irrelevant or otherwise objectionable.

- (9) Public participation at meetings must be made orally at the meeting. Written statements may not be submitted instead of personal attendance and documents including photographs may not be circulated by a member of the public participating in the meeting except for a petition which may be presented to the Chairman.

27 June 2017

Report of	Assistant Chief Executive	Author	Hayley McGrath
Title	Year End Internal Audit Assurance Report 2016/17		508902
Wards affected	Not applicable		

This report summarises the performance of internal audit, and details the audits undertaken, between 1 October 2016 and 31 March 2017.

1. Decision Required

1.1 To review and comment on:

- Internal audit activity for the period 01 October 2016 – 31 March 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 2016/17 financial year.
- The assurance rating for the Creditors audit has changed from 'full' to 'substantial'.
- The assurance ratings for the IT Civica Application and Business Continuity Planning audits have changed from 'substantial' to 'limited'.
- Seven priority 1, 40 priority 2 and 20 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 October 2016 to 31 March 2017 a total of 21 audits have been finalised. No audit opinion was given for two of these audits (Strategic Risk Register and the Health and Safety Follow Up). There was no previous audit against which a change of level could be assessed in four of the audits. The assurance rating, for the remaining audits, changed in 20% of the audits and remained the same in 80%.

Audit	Assurance Level	Change in Level	Priority of Recommendations			Agreed
			1	2	3	
202 – IT Civica Application	Limited	▼	1	3	4	8
204 – Licensing – Gambling, Alcohol and Entertainment	Substantial	►	0	1	1	2
209 – General Ledger	Substantial	►	0	3	1	4
211 - Creditors	Substantial	▼	0	1	0	1
212 – Risk Management	Substantial	►	0	2	1	3
213 – Treasury Management	Substantial	►	0	2	1	3
215 – Purchasing Cards / Petty Cash	Limited	N/A	2	3	0	5
216 – IT Helpline Application	Substantial	N/A	0	2	1	3
217 – Business Continuity Planning	Limited	▼	2	0	2	4
218 – Housing Rents	Substantial	►	0	1	1	2
222 – Debtors	Full	►	0	0	0	0
223 – Council Tax	Substantial	►	0	0	2	2
225 – NNDR	Substantial	►	0	0	2	2
227 – Parking Service Income / Partnership	Substantial	►	0	3	1	4
228 – Leisure World – Core Functions	Substantial	►	0	4	0	4
230 – Payroll	Limited	►	2	4	3	9
231 – Allotments and Beach Huts	Substantial	N/A	0	5	0	5
236 – Asset Register	Full	►	0	0	0	0
239 – Safes	Probity	N/A	0	6	0	6

5.2 Use of Audit Resources:

	Days	%
Audit days delivered April – September 2016	88.5	27%
Audit days delivered October 2016 – March 2017	187.5	58%
Audit days remaining	48	15%
	324	100%

During the first half of the year we also completed 40 days carried over from the 2015/16 period.

Thirty eight of the audit days remaining relate to the audit of the Professional Support Unit which has been carried over to 2017/18 at the request of management, together with the audits of the 365 Cloud and Grant Funding which have been delayed to meet business needs. The balance of the days to delivery relate to end of year work including the finalisation of draft reports.

6. Status of all recommendations as at 31 March 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 31 March 2017.

	Outstanding Recommendations That Are:			
Date	Implemented & Verified	Awaiting Verification	Not Due	Overdue
31/03/17	75	98	13	0

- 6.3 Progress in following up recommendations has continued throughout the period with revised lists of recommendations provided to Heads of Service 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 98 recommendations that are awaiting verification 66 of them relate to IT audits. Internal audit have received updates from Corporate ICT and are currently working through the information with their Computer Audit Manager to ascertain whether recommendations can be closed down.

7. Performance of Internal Audit 2016/17 to date – Key Performance Indicators (KPIs):

KPI	Target	Actual
Efficiency:		
Percentage of annual plan completed (to at least draft report stage)	100%	96%*
Average days between exit meeting and issue of draft report	10 max	4
Average days between receipt of management response and issue of final report	10 max	1
Quality:		
Meets CIPFA Code of Practice – per Audit Commission	Positive	Positive
Results of Client Satisfaction Questionnaires (Score out of 10)	7.8	9.3
Percentage of all recommendations agreed	96%	100%

* excluding audit days that have been deferred / delayed at the request of management.

- 7.1 The key performance indicators show that the internal audit provider is successfully meeting or exceeding the standards set.
- 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 Public Sector Internal Audit Limited, 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 The Housing Rents audit has been completed, it retained a substantial assurance rating with one priority 2 and one priority 3 recommendations.

9.0 Proposals

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

- Internal Audit activity during the second half of 2016/17.
- Performance of Internal Audit by reference to national best practice benchmarks.

10. Strategic Plan Implications

- 10.1 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.

11. Risk Management Implications

- 11.1 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.

12. Other Standard References

- 12.1 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 client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client'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:

202 – IT Civica Application	Days	Assurance Limited	Priority of Recommendations			Agreed
			1	2	3	
	10		1	3	4	8

Scope of Audit: This review examined the following areas:

- Application Management and Governance;
- System Security;
- Interface controls and Processing;
- Data Input;
- Data Output;
- Change Control;
- System Resilience and Recovery; and
- Support Arrangement.

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

- The ability to recover data backups made of the Civica application should be reintroduced. Once reintroduced, the Disaster Recovery Plan should be aligned to the Business Continuity Plan. (1)
- Management should formally define the responsible system owner for the Civica application. This should be a senior staff member without operational management responsibilities. (2)
- Civica password settings should be amended to ensure: the minimum password length is eight characters long (as per the Council's Acceptable Use Policy); password complexity requires a mixture of alphanumeric characters and symbols; and passwords may not be reused for a minimum of five password changes. (2)
- Audit trail functionality should be improved with the Civica application to allow the details of changes made (i.e. 'before' and 'after' values) to be recorded. (2)
- The Business Process & Training Officer should keep a record of the training delivered to Civica users when new users are added to Civica and major system changes occur. (3)
- The monthly exercise to review the number of unsuccessful login attempts made on the Civica system, should be formally documented. (3)
- The monthly exercise to review the appropriateness of user access on the Civica application, should be formally recorded. Emphasis should be placed on identifying staff that: have not logged on in a significant period of time; have left the Council; and have moved teams within the Council. (3)
- Performance monitoring of the technical support provided by Civica's supplier should be introduced. (3)

215 – Purchasing Cards / Petty Cash	Days	Assurance Limited	Priority of Recommendations			Agreed
			1	2	3	
	8		2	3	0	5

Scope of Audit: This review examined the following areas:

Purchasing Cards

- Policies and procedures;
- Creation and termination of accounts;
- Accounting for purchase card transactions;
- Monitoring of purchase card transactions; and
- Management information.

Petty Cash

- Policies and procedures;
- Control of petty cash; and
- Management information and reporting.

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

- The Purchasing Card Policy (the Policy) should be reviewed to reflect current working practices. Roles and responsibilities for the process should be included and cover management, monitoring, approval requirements, including for temporary limit amendments, and reporting. The date of the Policy review and the next scheduled review should be included. (1)
- Card expenditure should be monitored and where inappropriate expenditure has occurred and/or which is not in accordance with Policy, this should be raised with the respective Head of Service. Where persistent mis-use has occurred, the Professional Service Unit should consider, with agreement from the Head of Service, blocking the Card. In addition, management information reports which cover Card expenditure, highlighting spend per service area, nature of expenditure etc. should be produced and shared with Heads of Service. Any cases of expenditure over £500 should be reported on the supplier expenditure reports. (1)
- The 'Purchasing Card Request Form' should be reviewed and updated to reflect the required business practices, including authorisation of Card requests. (2)
- Periodic reviews should be performed to identify cases where cardholders no longer require a Card. The Card should be terminated if there is no longer a business requirement for it. (2)
- The Council should review the business requirement for petty cash and consider issuing Cards to service areas instead. However, if a decision is made to continue to use petty cash, Petty Cash Reimbursement Forms should be submitted to the Income Team as part of the petty cash "top-up" process. In addition, confirmation should be provided and/or a reconciliation undertaken to identify why the expected balances of cash and receipts do not agree with the petty cash floats. Independent ad-hoc checks should also be performed to check that the amounts held in cash / receipts is correct. (2)

			Priority of Recommendations			
217 – Business Continuity Planning	Days	Assurance Limited	1	2	3	Agreed
	8		2	0	2	4

Scope of Audit: This review examined the following areas:

- Review and update of the plan;
- Staff training and awareness;
- Rehearsing the plan; and
- Management Information.

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

- Services should review and refresh their Business Continuity Plans on at least a six monthly basis in-line with the Business Continuity Strategy (the Strategy). Conformance against the requirements should be monitored with appropriate action taken where the review of Plans is not completed. In addition, a review of the Service Plan owners and contact details of key officers responsible for implementation should be undertaken to ensure they are up to date. (1)
- Rehearsals to Service Area Plans should be completed on a regular basis and feedback obtained to inform Action Plans. Conformance against regular reviews should be monitored with appropriate action taken where the required Service Area Plan rehearsals is not completed. (1)
- The latest version of the Strategy should be made available on the Council's website, to help ensure that members of the public and staff are appropriately informed of what action will be taken in the event of an incident and their role. (3)
- The Council should investigate whether the Essex Group are able to produce up to date information (averages) which can be used for comparison in the 'Measurement and Monitoring Tool'. (3)

230 – Payroll	Days	Assurance Limited	Recommendations			
			1	2	3	Agreed
			2	4	3	9

Scope of Audit: This review examined the following areas:

- Compliance with Policy, Procedures and Legislation, including Submission of Her Majesty's Revenue & Customs (HMRC) Return;
- Starters and Leavers;
- Deductions;
- Variations and Adjustments to Pay;
- Changes of Circumstances;
- System Security;
- Reconciliation; and
- Payroll Checks and Management Information.

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

- The Council should examine their contract with Midland iTrent / Midland Bureau and determine whether they can insist that they provided with an ISAE 3402 statement around the outsourced finance processes. (1)
- Budget holders should complete a detailed check of the payroll costs to verify that each employee within their service area is being paid at the correct Spinal Column Point and also for the correct number of hours. Each budget holder should be required to confirm when this check has been completed and Payroll should monitor receipt of the confirmation. In addition, the Payroll and Operational Human Resources (HR) Manager should confirm that all queries with the Bureau have been resolved. (1)
- Procedures should be developed in respect of controls around system access. The procedure should cover setting up access rights, access levels in line with responsibilities, removal of leavers and periodic review of access rights. (2)
- The Document Retention Policy should be reviewed and updated to reflect current roles and responsibilities. In addition, the Council should assure themselves that they will continue to meet the Document Retention Policy in the future, when the read-only access to the Northgate system has ended. (2)
- The Payroll and Finance Teams should clear the remaining payroll related items from the suspense account. (2)
- A post project implementation evaluation exercise should be undertaken to identify best practice and areas from which lessons can be learned. (2)
- HR policies and procedures should be reviewed to confirm that they reflect current legislation / Council processes, and be updated where necessary. (3)
- The Council should investigate with Midland iTrent the system capabilities for automatic notification of payroll expiry dates e.g. end of temporary contract, VISA expiry etc. (3)
- Assurance regarding the backing up of data should be sought from Midland. (3)

Governance & Audit Committee

Item
12

27 June 2017

Report of	Assistant Chief Executive	Author	Hayley McGrath 508902
Title	Review of the Governance Framework and Draft Annual Governance Statement		
Wards affected	Not applicable		

This report concerns the Annual Governance Statement for 2016/17

1. Decisions Required

- 1.1 To consider and note the review of the Council's compliance with the seven principles of good governance (CIPFA Internal Framework: Good Governance in the Public Sector 2014) including the review of effectiveness of the internal control arrangements.
- 1.2 To approve the Annual Governance Statement for 2016/17.

2. Reasons for Decision(s)

- 2.1 Regulation 3 of the Accounts and Audit Regulations 2015 states that :
'A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.'
- 2.2 Regulations 6(1) and (2) go on to place a requirement on the Council to conduct a review of the effectiveness of its system of internal control at least once a year and to report the findings to this committee. Following the review the committee must approve an Annual Governance Statement (AGS), prepared in accordance with proper practices in relation to internal control.
- 2.3 The review of the system of internal control assesses the Council's compliance with the seven principals of good corporate governance (CIPFA / SOLACE guidance – Delivering Good Governance in Local Government) and the effectiveness of the policies and procedures that make up the Council's governance framework. The process also produces a management action plan to address any identified weaknesses.
- 2.4 CIPFA's proper practice requires the Chief Executive and the Leader of the Council to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the authority's governance and control arrangements.

3. Alternative Options

- 3.1 None.

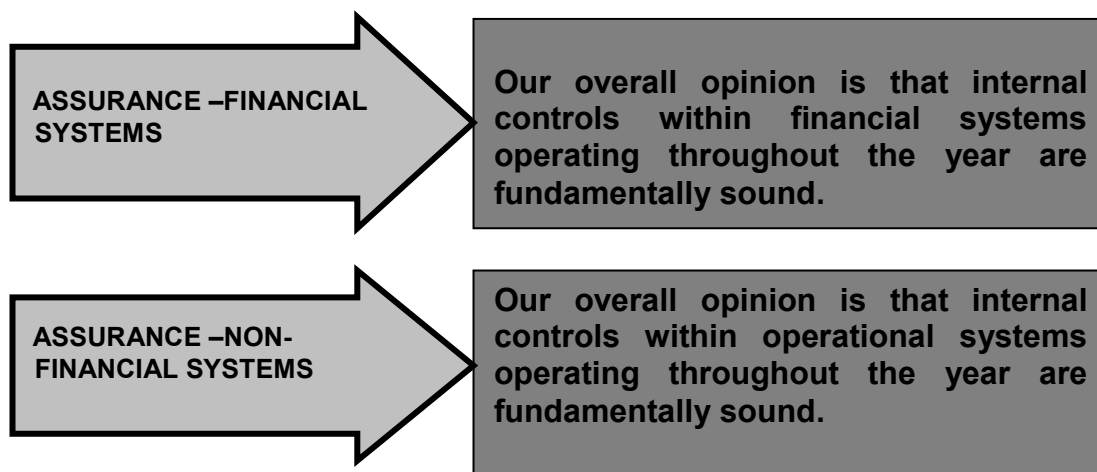
4. Supporting Information

- 4.1 Colchester Borough Council has adopted a Local Code of Corporate Governance based on the 2016 CIPFA and SOLACE guidance document – Delivering Good Governance in Local Government. The purpose of the AGS is to review compliance with the seven principles of good governance outlined in the guidance and contained in Colchester's Local Code of Corporate Governance.
- 4.2 The seven principles of Corporate Governance are:
- Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Principle 2: Ensuring openness and comprehensive stakeholder engagement.
 - Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - Principle 6: Managing risks and performance through robust internal control and strong public financial management.
 - Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 4.3 As part of the governance review it is a requirement that the Council reviews the effectiveness of internal control and this is primarily evidenced by the Head of Internal Audit Report produced by the Council's Internal Audit provider, Mazars. A copy of the report is available as a background paper. The key statement from this report is detailed below:-

2016/17 Year Opinion

Internal Control

From the Internal Audit work undertaken in compliance with the PSIAS (Public Sector Internal Audit Standards) in 2016/17 it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at Colchester Borough Council for the year ended 31 March 2017 accords with proper practice, except for the significant control environment issues as documented in the detailed report. The assurance can be further broken down between financial and non-financial systems, as follows:



4.4 The overall summary from the report states:

'We have noted a change in Colchester Borough Council's control environment during the audit year. During the 2016/17 year, 21 (73%) of internal audit projects were rated 'full/substantial assurance' compared with 30 (81%) in the prior year. We have noted a small increase in the number of internal audit projects rated 'limited assurance' up from seven (19%) to eight (27%). There were no 'nil assurance' audits this year.'

4.5 It is recognised that the reduction in full/substantial assurance ratings is due in part to managers raising concerns themselves and asking for assistance in improving processes.

4.6 In addition, the further steps taken in producing the AGS have been as follows:-

- A full review of the Council's code of corporate governance including detailed assessment of evidence supporting each principle.
- Assurance assessments relating to key areas of governance and control have been completed by senior management.
- Consideration of risk management issues.
- Detailed follow up of issues with relevant managers to provide evidence of controls in place.
- Review of the action plan from the Statement of Internal Control for 2015/16.
- Review of the implementation of recommendations made by Internal Audit.
- Review of issues raised in External Audit reports, principally the Annual Audit Letter.
- Assessment that the financial arrangements comply with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010).

4.7 The AGS for 2016/2017 is attached at appendix 1. The format of the statement takes into account both the mandatory pro-forma contained within CIPFA's proper practice guidance, together with subsequent examples of best practice.

4.8 The AGS includes a table showing significant internal control issues and planned actions to address these. A more detailed action plan is set out within this report at Appendix 2. The AGS should be an ongoing assessment and therefore a review of the progress against the recommendations will be reported to the Committee later on in the financial year.

4.9 As stated earlier the Governance Committee is required to approve the AGS, which will then be signed and included within the Statement of Accounts.

5. Proposals

5.1 That the committee consider the review of governance and internal control arrangements and approve the Annual Governance Statement for 2016/17.

6. Strategic Plan Implications

- 6.1 The achievement of the strategic plan requires a sound system of governance to ensure the effective delivery of services. Therefore improving on existing governance arrangements will help to ensure that the strategic plan objectives can be achieved.

7. Risk Management Implications

- 7.1 Risk Management is a fundamental part of the Governance process and a failure to implement the action plan may have an effect on the ability of the Council to control its risks. Therefore the actions should be incorporated into the risk management process.

8. Other Standard References

- 8.1 There are no direct Publicity, Financial, Consultation, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Background Papers

Head of Internal Audit report for the year ended 31 March 2017.

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**COLCHESTER BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

APPENDIX 1

Scope of responsibility

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

In discharging this overall responsibility, Colchester Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Council is also responsible for ensuring that any companies owned by the Council, and any jointly operated services, also have proper arrangements in place for the governance of their affairs.

Colchester Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the Council website at www.colchester.gov.uk or can be obtained from Colchester Borough Council, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG.

This statement explains how Colchester Borough Council has complied with the code and also meets the requirements of regulations 6(1)(a) and (b) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. Which in turn directs the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Colchester Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Colchester Borough Council for the year ended 31 March 2017 and up to the date of approval of the annual accounts.

Elements of the Framework

The framework consists of comprehensive processes that each ensure that the Authority complies with the principals of good governance. These include:

- **The Strategic Plan** – which identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users. This is supported by an action plan that is updated annually.
- **The Strategic Risk Register** – which reflects the objectives of the strategic plan and identifies the implications for the Council's governance arrangements.
- **The Constitution** - This is the fundamental basis of the authority's governance arrangements and includes:
 - Defining and documenting the roles and responsibilities of the executive, nonexecutive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
 - Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken.
 - The Policy Framework which includes the documents relating to Corporate Governance including:
 - The Local Code of Corporate Governance.
 - A risk management strategy detailing processes and controls required to manage risks.
 - The Anti-Fraud and Corruption Policy
 - The Ethical Framework which includes documents relating to standards of conduct and good practice which include:
 - A code of conduct which defines the standards of behaviour for all members.
 - Planning procedures Code of Practice
 - Protocol on Members/officer Relations
 - Media Protocol
 - Operational Protocol relating to Administration Arrangements
 - Monitoring Officer Protocol
 - Chief Finance Officer Protocol
 - Resources Protocol
 - A whistle blowing policy for receiving and investigating complaints from the public and staff.
 - Gifts and Hospitality Guidance
- **The Chief Finance Officer Protocol** sets out the responsibilities to conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010)
- **The operation of a Governance and Audit Committee** which undertakes the core functions of an audit committee, as identified in CIPFA's document 'Audit Committees – Practical Guidance for Local Authorities'.
- **The operation of a Scrutiny Panel** to ensure that the actions of the Cabinet accord with the policies and budget of the Council, monitor the financial performance of the Council, link spending proposals to the Council's policy priorities and review progress and to review decisions of the Cabinet via the call-in procedure.
- **A performance management system** for all officers that identifies key objectives and development needs.
- **A members training programme.**

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- **A communications strategy** which establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- **A partnership strategy** that ensures that the quality of the Council's partnerships are improved and that all partnerships, both current and proposed, add value.
- **Treasury management practices and policies**

The Strategic Finance Manager has continued to hold the post of the Section 151 Officer for Colchester Borough Council during the year. The arrangements in place ensured that Colchester Borough Council's financial management arrangements conformed with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010).

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

Review of effectiveness

Colchester Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates including the Benefits Fraud Inspectorate, Equal Opportunities Commission, Lexcel, Investors In People, the Vehicle Inspectorate, DEFRA, East England Tourist Board, the Office of Surveillance Commissioners and the Local Government Ombudsman.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- **A robust Internal Audit function** where the planned work is based on identified key systems and risk areas. The Council's Internal Audit Service arrangements conform to the governance requirements and core responsibilities of the *CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2010)*
- **An embedded reporting system** for both internal and external audit issues that ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the Governance and Audit Committee.
- **A comprehensive risk management process** that ensures the key risks across the authority, both operational and strategic, are captured and reported to senior officers and members.
- **The reports of the Chief Financial Officer** to members and the senior management team including financial assessments of key projects and decisions.
- **Reporting of key performance issues** to the Scrutiny Panel.
- **A comprehensive budget monitoring process** that is reported monthly to senior managers.
- **A partnership register** that records the details of all of the partnerships that the Council is involved in.
- **A defined Monitoring Officer role** which sets out responsibility for ensuring all decisions comply with statutory requirements and are lawful.

The significant control issues found during the course of the review are highlighted in the table at the end of the statement.

Effectiveness of Other Organisations

The Council owns two companies, Colchester Borough Homes (CBH) which was created in 2003 and Colchester Community Stadium Limited (CCSL) that was created in 2007. As these are limited companies there is no requirement for them to produce Governance Statements in this format. However it is recognised by the Council that it is essential for these companies to operate effective governance procedures to ensure appropriate and cost effective service provision and protection of Council assets.

Whilst CBH is an 'arms length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it provides an effective and economical service to housing tenants and that the Council's asset, the housing stock, is adequately protected. CBH have produced their own annual governance review that has been shared with the Council. There were no significant control weakness identified during the year that are required to be included in this statement.

A review of the management arrangements for CCSL was carried out as part of the preparation of this statement. Whilst CCSL is an 'arms length' company it is still necessary for the Council to ensure that it operates effectively to ensure that it can make the necessary loan repayments to the Council and that the Council's asset, the stadium, is adequately protected. There were no significant control weakness identified during the year that are required to be included in this statement

The Council is the lead partner in a joint museum service with Ipswich Borough Council. Due to the nature of the arrangement, the joint museum service conducts its own annual governance review which includes an assessment of internal control. Therefore it is not intended to include any details relating to this service within this statement.

The North Essex Parking Partnership was created on 1 April 2011, with Colchester Borough Council as the lead partner. The partnership conducts its own annual governance review which includes an assessment of internal control. Therefore it is not intended to include any details relating to the service within this statement.

The Council has a comprehensive partnership strategy and maintains a detailed register of the partnerships that it participates in. The strategy defines what a partnership is and details the governance arrangements that should be in place for all partnerships, both present and new. It also provides a mechanism for improving the effectiveness of the partnerships.

Internal Audit Opinion

From the work undertaken in 2016/17, Internal Audit has provided satisfactory assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2017 accords with proper practice. This is excepting any details of significant internal control issues as documented hereafter. It is also the opinion of Internal Audit that the Council's corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

Significant Governance Issues

The review of the effectiveness of the governance and internal control arrangements has identified some areas where actions are required to ensure that the authority continues to provide appropriate and cost effective services. The issues and action plans are shown in the table below. These will be monitored and reviewed via the Internal Audit reporting process.

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No.	Issue	Action
1.	<p>The internal audit review of the payroll function identified two key areas for improvement:</p> <ul style="list-style-type: none">• The payroll contractor should be requested to provide an ISAE 3402 statement around the outsourced finance processes• All employee information relating to spinal column points and hours of work should be verified by budget holders in each service area and checked by the Payroll Manager.	<p>The Payroll Manager has been in discussion with the contractor and at present the ISAE 3402 statement cannot be provided. However the contractor's auditors are providing the relevant assurance.</p> <p>The employee information is now complete, and ownership of data by operational teams is one of the key drivers for the move to self-serve. As part of the role out of self-serve the importance of managers reassuring themselves that their data is correct will be highlighted.</p>
2.	<p>The internal audit review of contracting with third parties highlighted the need to develop and implement a tender submission checklist, covering the required documentation / evidence received as part of the tender submission process. It should be enforced that the contract is not signed until the checklist has been completed and be subject to independent authorisation.</p>	<p>The contract procedure rules and guidance are being reviewed and the checklist will form the basis of the instructions.</p>
3.	<p>The internal audit review of the Civica application system identified several areas for improvement, however the most significant recommendation related to the reintroduction of the ability to recover data backups and the alignment of the disaster recovery plan to the business continuity plan.</p>	<p>It was agreed that this functionality will be reintroduced. This functionality is dependent on the successful introduction of the new HDS platform, which is a large corporate ICT project underway at Colchester.</p>

We have been advised on the implications of the result of the review of the effectiveness of the governance framework, by the Governance Committee, and we propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Leader of the Council

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& Chief Executive

on behalf of Colchester Borough Council

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Colchester Borough Council
Annual Governance Statement – Action Plan for 2017/18

Significant Internal Control Issues – Relating to 2016/17 Financial Year

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
1.	<p>Payroll</p> <p>The internal audit review of the payroll function identified two key areas for improvement:</p> <ul style="list-style-type: none"> • The payroll contractor should be requested to provide an ISAE 3402 statement around the outsourced finance processes • All employee information relating to spinal column points and hours of work should be verified by budget holders in each service area and checked by the Payroll Manager. 	<p>The Payroll Manager has been in discussion with the contractor and at present the ISAE 3402 statement cannot be provided. However the contractor's auditors are providing the relevant assurance.</p> <p>The employee information is now complete, and ownership of data by operational teams is one of the key drivers for the move to self-serve. As part of the role out of self-serve the importance of managers reassuring themselves that their data is correct will be highlighted.</p>	31 July 2017	Payroll & Operational HR Manager	Internal Audit Process
2.	<p>Contracting with Third Parties</p> <p>The internal audit review of contracting with third parties highlighted the need to develop and implement a tender submission checklist, covering the required documentation / evidence received as part of the tender submission process. It should be enforced that the contract is not signed until the checklist has been completed and be subject to independent authorisation.</p>	<p>The contract procedure rules and guidance are being reviewed and the checklist will form the basis of the instructions.</p>	31 October 2017	Procurement Business Partner	Internal Audit Process

No.	Issue	Action	Due Date	Responsible Officer	How this Issue was Identified
3.	<p>Civica Application</p> <p>The internal audit review of the Civica application system identified several areas for improvement, however the most significant recommendation related to the reintroduction of the ability to recover data backups and the alignment of the disaster recovery plan to the business continuity plan.</p>	<p>The system itself is due to be replaced however It was agreed that this functionality will be reintroduced. This functionality is dependent on the successful introduction of the new HDS platform, which is a large corporate ICT project underway at Colchester.</p>	31 October 2017	ICT Manager	Internal Audit Process