



Notice of a Meeting, to be held in the Council Chamber, Civic Centre, Tannery Lane,
Ashford, Kent TN23 1PL on Thursday 30th June 2016 at 7.00 pm.

The Members of this Committee are:-

Cllr. Waters (Chairman)
Cllr. Buchanan (Vice-Chairman)
Cllrs. Farrell, Link, Powell, Shorter, Smith, White

NB: Under the Council's Public Participation Scheme, members of the public can submit a petition to the Cabinet if the issue is within its terms of reference or ask a question or speak concerning any item contained on this Agenda (Procedure Rule 9 refers)

Agenda

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1. **Apologies/Substitutes** – To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)
2. **Declarations of Interest:-** To declare any interests which fall under the following categories, as explained on the attached document: 1
 - a) Disclosable Pecuniary Interests (DPI)
 - b) Other Significant Interests (OSI)
 - c) Voluntary Announcements of Other Interests

See Agenda Item 2 for further details

3. **Minutes** – To approve the Minutes of the Meeting of this Committee held on the 16th June 2016 (to follow)

Part I – For Decision

4. Fraud Investigations and Debt Recovery Annual Report 2015/16
5. Internal Audit Annual Report and Opinion 2015/16
6. Audit Committee Annual Report 2015/16
7. Annual Governance Statement 2015/16
8. Local Code of Corporate Governance (2016)

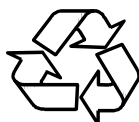
9. 2015/16 Financial Statements – Letters of Assurance to the External Auditors
10. Annual Staff Appraisal Process

Part II – Monitoring/Information Items

11. External Audit Update Report
 12. External Audit Fee Letter 2016/17
 13. Report Tracker and Future Meetings
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DS/AEH
22nd June 2016

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Declarations of Interest (see also “Advice to Members” below)

- (a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

- (b) **Other Significant Interests (OSI)** under the Kent Code of Conduct as adopted by the Council on 19 July 2012, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting before the debate and vote on that item (unless a relevant Dispensation has been granted). However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

- (c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency reasons alone, such as:

- Membership of outside bodies that have made representations on agenda items, or
- Where a Member knows a person involved, but does not have a close association with that person, or
- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position.

[Note: an effect on the financial position of a Member, relative, close associate, employer, etc; OR an application made by a Member, relative, close associate, employer, etc, would both probably constitute either an OSI or in some cases a DPI].

Advice to Members on Declarations of Interest:

- (a) Government Guidance on DPI is available in DCLG’s Guide for Councillors, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/240134/Openness_and_transparency_on_personal_interests.pdf
- (b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, with revisions adopted on 17.10.13, and a copy can be found in the Constitution at <http://www.ashford.gov.uk/part-5---codes-and-protocols>
- (c) If any Councillor has any doubt about the existence or nature of any DPI or OSI which he/she may have in any item on this agenda, he/she should seek advice from the Corporate Director (Law and Governance) and Monitoring Officer or from other Solicitors in Legal and Democratic Services as early as possible, and in advance of the Meeting.

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **16th June 2016**.

Present:

Cllr. Waters (Chairman);
Cllr. Buchanan (Vice-Chairman);
Cllrs. Link, Shorter, Smith, White.

Apologies:

Cllrs. Farrell, Powell.

Also Present:

Head of Culture, Head of Finance, Head of Audit Partnership, Audit Manager, Member Services Officer.

Lisa Robertson, Elizabeth Olive, Neil Robertson - Grant Thornton UK.

Prior to the commencement of the meeting a minutes silence was held in remembrance of the MP Jo Cox, who was killed on the 16th June.

42 Declarations of Interest

Councillor	Interest	Minute No.
Smith	Made a Voluntary Announcement as he drew and received added years for a Local Government Pension	43

43 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 15th March 2016 be approved and confirmed as a correct record.

44 Safeguarding Audit Follow Up

This item was brought forward and the Head of Audit Partnership introduced the report, which was requested by Members at the meeting in December 2015. The report set out the progress made since the Committee received the 'weak' assurance rated report on Safeguarding. 19 of the 23 recommendations had been implemented before the deadline of 31st March 2016 and Mid Kent Audit's most recent follow up report raised the assurance from 'weak' to 'sound'. The Head of Audit Partnership

concluded that this signified a positive response to what had been a worrying set of circumstances. He asked the Committee if they required any further action to be taken or if they were content to return to the standard monitoring procedure.

Resolved:

- That (i) the report be received and noted**
- (ii) the Committee agree the standard monitoring procedure for Safeguarding resume**

45 Procurement and Appointment of External Auditors

The Head of Finance introduced the report which updated the Committee on the procurement of an external auditor in time for the 2018/2019 financial statements. He clarified that the recommendations had unfortunately not been reproduced on the report document, but they were for the Committee to note the report and opt for the preferred procurement route through a Sector Led Body. The Head of Finance outlined the three approaches available for the procurement which were Solo Procurement, Joint Procurement and Outsourced Procurement (Sector Led Body). The Local Government Association had placed a bid in to the Secretary of State's Office and an announcement was expected in July. The Head of Finance concluded by acknowledging the work that the Head of Audit Partnership had contributed to the report.

Resolved:

- That (i) the report be received and noted**
- (ii) the Committee supported the proposal that procurement for the external auditor take place through a Sector Led Body**

46 Statement of Accounts 2015/2016 (including Member Training)

This report presented the 2015/2016 Statement of Accounts for approval. The Head of Finance explained that there were three main parts of the report which were the Draft Statement of Account 2015/2016 sent for Audit and for which the Auditors were completing their own work on, a Presentation on Statement of Accounts and A Guide to Local Authority accounts by Grant Thornton. The Presentation was then shown and the Committee discussed the following points:-

- The Chairman asked what % turnover there would be where the Materiality level was £1 million. The Head of Finance responded that the Revenue Budget was approximately £80 million and the Council Tax and Business Rates collection budget stood at £80 million so those combined were a turnover of £160 million. The external auditors confirmed that the materiality threshold was calculated on a percentage of the Gross expenditure figure on the face of the income and expenditure account, this was £86 million and Mrs

Robertson confirmed the materiality threshold was approximately 1.8% of this figure (£1.4m).

- A Member asked for elaboration on the meaning of Impairments. Mr Robertson explained that Housing Stock would be valued annually and could decrease, then increase, dependent on the property market at the time of valuation. Impairment was not something that would depreciate over time, but could go up and down.
- The Chairman asked for confirmation on the frequency of revaluation and the Head of Finance confirmed that Pensions were revalued triennially and Property was revalued annually.
- Regarding the figures on P.41 of the report, a Member asked why it indicated two Chief Executives and it was explained that this reflected the overlap between the two post holders.
- A Member questioned whether the RICS valuation on Council dwellings could be carried out as a desktop valuation and the Head of Finance confirmed this was an option. He explained that it was preferential to undertake an annual valuation because of the volatile housing market. The Head of Finance gave clarification on the accounting term 'amortised' and explained that it referred to the lifespan and depreciation of an asset. Another Member commented that the figure in the report on Council dwelling assets was lower than expected and this was because they were discounted to allow for the Existing Use Value for Social Housing. The Committee discussed the effects of Right to Buy (RTB) on the valuation and it was confirmed that there would be a discrepancy on the balance sheet owing to the change in asset type after a property was purchased under the RTB scheme. The total RTB discount amount was approximately £2.2 million with an average discount amount of £71,000. The maximum percentage discount obtainable under RTB was 30%. A Member observed that the Housing Stock's expected value was most likely higher than reported, but he could see that it was difficult to pin down the exact statistics and the Council had to be prudent.

Resolved:

That the Committee note the draft Statement of Accounts 2015/2016 which were sent to audit and the training given

47 Report Tracker and Future Meetings

The Chairman confirmed the dates for the future meetings.

Resolved:

That the Report be received and noted

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CR

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Agenda Item No: 4
Report To: **AUDIT COMMITTEE**



Date: 30th June 2016

Report Title: Fraud Investigations & Debt Recovery - Annual Report 2015/16

Report Author: Hannah Davies, Fraud Manager
Nic Stevens, Senior Recovery Officer

Portfolio Holder:

Summary: This report provides an update on the work of the Fraud team within the Finance Department. For the first time the scope of the report has been extended to cover an element of the work conducted by the Recovery team within the same department which complements the fraud work and also seeks to ensure monies are recovered as appropriate.

The year for the Fraud Team started with minimal staffing entering a period of transition with the migration of benefit fraud to the Single Fraud Investigation Service however, has ended with increased resources with a view to moving forward and providing the authority with a corporate resource.

Key Decision: NO

Affected Wards: All – none specific

Recommendations: **The Committee be asked to:-**

Note the content of the report

Policy Overview:

Financial Implications:

Risk Assessment NO

Equalities Impact Assessment NO

Background Papers: Fraud landscape review 23 February 2016 – National Audit Office

Fighting Fraud and Corruption Locally the Strategy 2016 – 2019 – supported and published by Chartered Institute of Public Finance and Accountancy (CIPFA)

Fraud and Corruption Tracker Summary Report 2015 –
Chartered Institute of Public Finance and Accountancy
(CIPFA);

Protecting the English Public Purse 2015 – The European
Institute for Countering Corruption and Fraud (TEICCAF);

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Nicola.stevens@ashford.gov.uk

Report Title: Fraud Investigations & Debt Recovery - Annual Report 2015/16

Purpose of the Report

1. The report gives details of work within the Finance department over 2015/16 to protect the taxpayer's money primarily through prevention and detection of fraud and recovery of monies owed.

Issue to be Decided

2. The Committee is asked to note the work over the past year.

Background

3. The protection of the taxpayer's pound has never been more essential especially with the austerity measures affecting local government. By way of ensuring this protection the finance team includes officers covering enforcement, compliance and recovery.
4. The department provides the Authority with resources to deal with fraud against the public purse covering areas including tenancy fraud, revenues fraud and any other fraud that may be perpetrated whether from internal or external sources. Additionally, there are resources to ensure the recovery and compliance of council tax and business rates, since not all non-payment of these taxes will be fraud, through visiting officers and recovery officers.
5. Prevention against fraud or non-payment is always the most cost effective method to protect the public purse and officers in higher risk areas such as revenues, housing and customer service receive awareness training to assist with identifying potential fraud and working with customers to ensure payment is received.
6. Where incorrect entitlements or non-payment occurs, officers will work with customers in the majority of cases, take recovery action where necessary and refer to fraud where it is suspected a deception has occurred.

Fraud

7. The Fraud and Investigations team focuses on the provision of a resource available to promote a corporate anti-fraud stance in order to protect the taxpayer and Ashford Borough Council. The team also provides resources in order to facilitate a wider corporate stance for compliance and enforcement.
8. The team reviews anomalies reported through internal or external sources, proactive and data matching exercises. Every referral received is reviewed and assessed. Should a referral be "rejected", further action may still occur by way of ensuring that records are updated or referring the information on to a third party in order to prevent and detect crime for example.
9. Referrals that are "accepted" will mean that following initial assessment further investigation is deemed necessary. No action is only taken where it is

believed there is no risk to the Authority, for example the information is already known to the Authority.

10. At the beginning of the year 2015/16, the team was staffed by one investigations officer and a manager. In the autumn of 2015, a further investigations officer and an assistant were recruited to boost the team. This was mainly due to a successful bid for funding from Kent County Council (KCC).
11. Successful outcomes for fraud are measured by way of guilty convictions at court, cautions, financial penalties, properties recovered, housing applications declined and savings figures attributable to the investigation. This past year has seen a figure of over £350,000 attributed to the team in relation to fraud and error which takes into account the recovery of three social housing properties, applications removed from the waiting list, fraud against council tax and business rates as well as housing benefit.
12. Six successful prosecutions, all for benefit fraud, and associated publicity which further acts as a deterrent to those considering failing to tell the authority of their true circumstances.
13. October and November 2015 saw a great deal of work regarding the handover of benefit investigation work to the Department of Work and Pensions' (DWP) Single Fraud Investigation Service (SFIS). The migration was completed smoothly and an ongoing working relationship with SFIS officers remains.
14. Data matches continue to be obtained from the National Fraud Initiative (NFI) which further assists with prevention and detection of fraud as well as ensuring data remains accurate and up to date.
15. Additionally, the Kent Intelligence Network (KIN) is also due to produce data matches from summer 2016. This follows on from the joint application for funding from DCLG led by KCC signed by all of the Kent authorities committed to looking at fraud and working together cross border.
16. The year has seen the team assisting the Environmental team with enforcement around flytips, continued work with Housing regarding Tenancy fraud, and as ever with the Revenues and Benefits team with a focus on Revenues fraud and a successful prosecution for benefit fraud which resulted in national coverage.

Investigations

Benefit Fraud

17. As mentioned above, investigations for benefit fraud – housing benefit and legacy council tax benefit – were officially migrated to the SFIS on 1 December 2015. The administration and prevention of benefit fraud remain with the local authority therefore the team still provides a service to assist with ensuring fraud and error do not enter the system in the first place. The team also provide the point of contact for the authority for SFIS.

Revenues Fraud

18. There has been a more directed focus on Revenues fraud following the migration of benefit fraud. The focus being more on the Council Tax Reduction scheme, Council Tax discounts (including single person discount), and Business Rates. This has been primarily helped by the funding from Kent County Council.
19. Through data matching as part of the National Fraud Initiative (NFI), work with revenues officers found nearly £60,000 recoverable overpayments where Single Person Discounts (SPD) have been cancelled through matches following matches in February 2015 and December 2015. (This is in addition to the aforementioned £350,000).
20. An updated enforcement policy for Revenues and Benefits has also been drafted and will be forwarded to Cabinet for review and endorsement. This policy takes into account new legislation and the changes from Council Tax Benefit to Council Tax Support for example.

Tenancy Fraud

21. The fraud team continue to work with the Housing department to ensure our properties are being let correctly and to people in genuine need. Should fraud be found efforts will be made to recover the property and where necessary further action taken which could include the recovery of financial gain in, for example, a matter where the property has been sublet.
22. Investigation and advice is also available with regard to applications for social housing which has resulted in people being taken off the waiting list.

Recovery

23. The Councils Revenues and Benefits team is responsible for the collection of Council tax and Business rates. During 2015/16 in year collection levels were 98.34% for Council Tax debt and 99.49% for Business Rates, efforts to collect the outstanding debt will continue and it is expected the actual collection level will continue to rise over the next year as the recovery team work to collect the remaining balance. However sometimes it does get to a point where debt is un-economical to collect or the debtor cannot be found or is unable to pay, and ultimately the debt will then be written off and reported to Members in the quarterly reports. The Council is about to start working with a company to see whether they are able to collect any of our old outstanding debt to see whether it is possible to pursue some of the older debt that would otherwise have been written off.
24. In cases where an overpayment has been calculated for welfare benefit whether through fraud or error or there has been non-payment of council tax or business rates, officers within the recovery team work to ensure monies owed are obtained. Whilst a lot of the time communication with the customer is all that is needed to ensure payment, there are occasions when more robust measures are needed to ensure monies are received.
25. Where communication with the customer has been unsuccessful, officers are able to apply to the Magistrates court for a liability order which will enable further recovery action to be taken.

26. This could be by using the services of Enforcement Agents (previously known as bailiffs). This is applicable for both council tax and business rate debts. Over 1200 court orders have been referred to an Enforcement Agent since 1 April 2015 with a cumulative value of £1,509,043.90.
27. The team are very proactive with the setting up of attachments to either earnings or benefits when we know where the customer is employed or in receipt of certain benefits. The figures for new attachment to benefits set up over the last 4 years are:

2012/2013: 541

2013/2014: 705

2014/2015: 774

2015/2016: 892

There are just under 500 accounts where there is a current Attachment to earnings.

28. Other actions action may be taken by way of committal proceedings at a Magistrates Court which looks at whether the non-payment is through the customers inability, refusal or neglect to pay. Examples of cases of the latter two have resulted in a number of hearings where application is made for imposition of a custodial sentence. Recent cases involve a prosecution of an ex-landlord of a public house that owed £6,501.25 in unpaid business rates and another other case where the director of a print company owed £4,496.71 in council tax arrears. In both matters the Magistrates imposed a significant prison sentence but suspended it provided regular payments are made.
29. There is also an option to place a legal charge on assets such as property. In the past 2 years the caseload has considerably increased. The total amount that has been secured by a charging order to date is £223,121.66, of which over £78,000 has been paid.
30. Once a final charging order has been granted, an order for sale can be applied for. This is a court order which forces the debtor to sell the property and pay what is owed out of the proceeds. Reasonableness is normally applied in most cases whereby the charge remains until such time as the property is sold at some point in the future. However in some cases action has been commenced by applying for an Order for Sale.
31. To date, several of these cases have resulted in full payment being made to avoid possession proceedings. However, very recently two matters were heard at Canterbury County Court in respect of separate applications due to unpaid Council Tax and both cases had an Order for Sale granted. In one of these matters where the council tax debt is £11954.11 the was Order whilst granted was postponed provided the debtor pays £500 every month commencing 15 July 2016 and has also been ordered to pay the legal costs which are likely to exceed £2500. In the second case, the council tax debt is £5466.89. The Judge issued an Order for Sale giving the debtor either 28 days to pay in full including the legal costs which are likely to exceed £1900 or to forward the keys to the property to our solicitor within this timescale.

Should they fail to do either then a warrant for eviction of the property will be issued.

32. Cases are also considered for bankruptcy, again carrying out extensive research before commencing this course of action. Since 2013 10 cases have been selected as appropriate. To highlight the success of these specialised cases, last year we received full payment from one debtor that owed £16,814.55 in council tax and business rates and in another case £15,197.20 was paid to avoid our insolvency application in the County Court. What is interesting is that in both these cases both paid the day before their hearing.
33. On occasion where debts cannot be recovered, they are written off in line with the Write Off policy for the Authority.

Handling

34. Members are asked to note the report.

Conclusion

35. The report has highlighted the breadth of work undertaken by both the Fraud and Recovery team, seeking to protect the public purse and collect all monies outstanding.
36. Whilst the last year has seen the transfer of work to the SFIS the team has been active in a number of other areas and continues to be successful in identifying and prosecuting incidences of Fraud.
37. The Recovery team has been proactive in its work to collect monies outstanding, using all avenues available to collect debts. The collection levels for Business Rates and Council Tax has continued to be strong.

Portfolio Holder's Views

To be given at the meeting.

Contact: Hannah Davies, Fraud Manager
Nic Stevens, Senior Recovery Officer

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Agenda Item No: 5
Report To: Audit Committee
Date: 30 June 2016
Report Title: Annual Internal Audit Report and Opinion 2015/16
Report Author: Rich Clarke – Head of Audit Partnership



Summary:	The report gives the 2015/16 Head of Audit Opinion on the Council's internal control, governance and risk management, with supporting work completed during the year.
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Key Decision: NO

Affected Wards: All

Recommendations:

1. The Committee **notes** the Head of Audit Opinion for 2015/16 that it can place reliance on the overall adequacy of the Council's internal control, governance and risk management.
2. The Committee **notes** the work underlying the Opinion and the Head of Audit's view the service has upheld proper independence and conformance with Public Sector Internal Audit Standards.

Policy Overview: N/A

Finance: N/A

Risk Assessment NO

EIA NO

Other Matters: N/A

**Exemption
Clauses:** N/A

**Background
Papers:** Annual Internal Audit Report and Opinion 2015/16

Contacts: rich.clarke@midkent.gov.uk Tel: (01233) 330442

Report Title: Annual Internal Audit Report and Opinion 2015/16

Purpose of the Report

1. This report meets the Head of Internal Audit reporting standards as directed by the Public Sector Internal Audit Standards (PSIAS). The report includes the Head of Audit Partnership's opinion on the overall adequacy of the organisation's governance, risk management and control. The Council can use this opinion within its Annual Governance Statement for 2015/16.
2. PSIAS, in particular Standard 2450: Overall Opinions, direct the annual report must incorporate:
 - The annual audit opinion,
 - A summary of the work completed that supports the opinion, and
 - A statement on conformance with PSIAS.

Issue to be Decided

3. Audit work completed during 2015/16 satisfies the Head of Audit Partnership the Council can place assurance on controls in place during 2015/16. Also audit work provides assurance the Council's corporate governance complies in all material respects with guidance issued by CIPFA/SOLACE. Finally, audit work provides assurance the Council's risk management is effective. We ask the Audit Committee to note these opinions.
4. Please see the appendix for the full Annual Report for 2015/16 which includes a summary of all work conducted to support the opinion and confirms the independence and effectiveness of the internal audit service.

Background

5. Internal audit is a compulsory service under Regulation 5 of the Accounts and Audit Regulations 2015. The principle objective of internal audit is to:

"... undertake [audit work] to evaluation the effectiveness of [...] risk management, control and governance processes, taking into account public sector internal auditing standards and guidance."
6. The Audit Committee's Terms of Reference say it must:

"[review] The Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activity..."
7. The Council's audit service runs as a four-way partnership with Maidstone, Swale and Tunbridge Wells Borough Councils. The Audit Charter and Annual Plan agreed by this Committee in March 2015 detail the service's scope and

aims. This Committee also received an interim update on progress so far in December 2015.

8. We have completed the work set out in the plan subject to adjustments, as described following PSIAS. Work outstanding has made enough progress to satisfy the Head of Audit Partnership its conclusions will not materially affect the Opinion. We will report verbally the final conclusions of any work finished ahead of the meeting and include within the first interim update of 2016/17.

Risk Assessment

9. N/A

Equalities Impact Assessment

10. N/A

Other Options Considered

11. The role of the Audit Committee includes considering the Annual Report of internal audit as a mandated part of its purpose. We recommend no alternative course of action.

Consultation

12. We agree all findings and recommendations identified within reviews with our audit sponsor (usually the Head of Service). We also agree with management action plans to fulfil recommendations. We have discussed the report's key findings with the Head of Finance across the year and to the Council's Policy Team to help with preparing the Annual Governance Statement. We have adapted the attached report for comments received.

Implications Assessment

13. N/A

Handling

14. N/A

Conclusion

15. We completed work as set out in the plan following PSIAS that satisfies the Head of Audit Partnership the Council's internal control, governance and risk management runs effectively.

Portfolio Holder's Views

16. N/A

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MID KENT AUDIT

Annual Internal Audit Report and Opinion

2015/16

Ashford Borough Council



Introduction

1. Internal audit is an independent and objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
2. Statutory authority for Internal Audit is within the Accounts and Audit Regulations 2015, which require at Regulation 5 that:

"[the Council] 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".
3. The currently operating standards are the [Public Sector Internal Audit Standards](#) published by HM Government for effect from April 2013 across the UK public sector.
4. In addition, all internal audit services in whatever sector must also abide by the *Code of Ethics* and International Professional Practices Framework. .
5. The Head of Audit Partnership must provide an annual opinion on the overall adequacy and effectiveness of the Council's framework of control, governance and risk. This considers:
 - Internal Controls: Including financial and non-financial controls.
 - Corporate governance: Including effectiveness of measures to counter fraud, and
 - Risk Management: Principally, effectiveness of the risk management framework.

Independence

6. Mid Kent Audit is a shared service partnership involving Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils working to a collaboration agreement refreshed in July 2014. As a service, we report to the Mid Kent Services Director and the MKIP Board.
7. Within Ashford BC, the Head of Audit Partnership has direct and unrestricted access to the Chief Executive, senior management and Members, including the Chairman of the Audit Committee. This right of access is contained within and reinforced by the Audit Charter agreed by management and Audit Committee in March 2015.
8. On no occasion have Senior Officers or Members sought to inappropriately restrict the scope of audit work or change any report prepared by or for the Head of Audit Partnership.
9. We are satisfied that Internal Audit is organisationally independent and fully meets the necessary standards for independence and objectivity.

Head of Audit Partnership Annual Opinion

10. I provide this opinion statement for Ashford Borough Council (the Council) to inform its Annual Governance Statement which is published alongside the Statement of Accounts for the year ended 31 March 2016.

Scope of responsibility

11. The Council is responsible for ensuring its activities are conducted in accordance with the law and proper practices and that its resources are safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
12. In discharging this responsibility the Council must also ensure it operates a sound system of internal control which allows for effective exercise of the Council's functions and arrangements for risk management.

The purpose of the system of internal control

13. The system of internal control is designed to manage risk to an acceptable level rather than eliminate entirely the risk of failing to achieve objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and manage them efficiently, effectively and economically.
14. The Public Sector Internal Audit Standards (the 'Standards') state that the control environment includes the following elements:
 - Integrity and ethical values.
 - Management's philosophy and operating style.
 - Organisational structure.
 - Assignment of authority and responsibility.
 - Human resource policies and practices.
 - Competence of personnel.
15. In examining the control environment, I have had regard to these elements and how they support the Council's framework of governance, risk management and internal control.

Basis of assurance

16. Mid Kent Audit has conducted its work both in accordance with the Standards and good practice as represented in our internal quality assurance system, which include operating to an agreed audit manual with adequate supervision and review.
17. My opinion is limited to the work carried out by Mid Kent Audit during the year on the effectiveness of the management of those risks identified within the Council's assurance framework that are covered within the audit programme or associated sources of assurance. Where risks are identified within the Council's assurance framework that do not fall within the scope of audit's coverage or associated sources of assurance I am satisfied that an assurance framework is in place that provides reasonable assurance that these risks are being managed effectively.
18. Our work for the year to 31 March 2016 and up to the date of this opinion was completed in line with the operational plan approved by the Audit Committee in March 2015.

Internal Control

19. From the internal control work undertaken in relation to 2015/16 it is my opinion that I can provide assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2016 accords with proper practice. This assurance extends to both financial and non-financial systems of the Council insofar as they have been subject to audit review or associated sources of assurance.

Corporate Governance

20. In my opinion the corporate governance framework operating at the Council for the year ended 31 March 2016 complies in all significant respects with the guidance on corporate governance issued by the Chartered Institute of Public Finance Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in 2006 and updated in 2012.

Risk Management

21. I am satisfied that the risk management processes operating at the Council for the year ended 31 March 2016 are effective and provide reasonable assurance to officers and Members.
22. I have based these opinions on the work outlined in the detail of this report.

Internal Control

23. The system of internal control is the process for assuring achievement of the Council's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. It incorporates both financial and non-financial systems.
24. We obtain audit evidence to support the Head of Audit opinion on internal control principally through completing the reviews set out within our agreed audit plan, approved by this Committee in March 2015.

Summary of Audit Plan Work in Swale Ashford /16

25. Our plan presented in March 2015 moved away from a fixed number of audit projects and instead towards a total number of productive days per year. This has considerable advantages in providing a flexible basis to keep our plans up to date and respond appropriately to the Council's developing risks and priorities.
26. Up to the date of this report, our outturn days against each type of work separately identified in the plan is as set out below:

Type of work	Plan Days	Outturn days	Difference
Planned 2015/16 assurance projects	284	217	-67
Risk Management and Counter Fraud work	28	31	+3
Recommendation follow ups	40	39	-1
Other audit work ¹	18	48	+30
Concluding 14/15 plan projects ²	0	25	+25
Total	370	360	-10

27. There are still a few days to be accounted as the remaining 2015/16 projects reach conclusion, but up to the date of this report we have delivered 97% of the planned audit days. The variation above, and detailed in the tables to follow, also indicates the advantages to the flexibility and responsiveness of our audit planning.

¹ Includes unplanned reviews, Audit Committee training, preparation and attendance and various ad hoc assurance and advice provided to Ashford BC during 2015/16.

² Only including those projects which were not complete at the time of the 2014/15 annual report presented to Audit Committee in June 2015.

Audit Review Findings to Date

28. The table below summarises audit project findings and outturn up to the date of this report. Where there are material matters concluded between report issue and committee meeting we will provide a verbal update. We are satisfied that sufficient work has been completed, and the risk of adverse findings in the remainder sufficiently low, that we can offer our annual opinion.

	Review Type	Title	Plan Days	Actual Days	Report Issue	Assurance Rating	Notes
2014/15 Plan Projects Concluded After 2014/15 Annual Report Issued							
I	Service	Housing Maintenance	n/a	9	Jul-15	STRONG	Also reported to Members in our interim report Dec-15
II	Finance	Housing Rents	n/a	16	Aug-15	SOUND	Also reported to Members in our interim report Dec-15
Planned 2015/16 assurance projects completed							
III	Governance	Safeguarding	15	25	Dec-15	WEAK	Reported in full to Members in Dec-15. Moved to SOUND after follow-up in Jun-16
IV	Service	Parking Enforcement	12	12	Feb-16	STRONG	
V	Governance	Data Protection	15	21	Feb-16	WEAK	Reported in full to Members in Mar-16
VI	Finance	Feeder Systems	12	15	Mar-16	STRONG	
VII	Finance	Income System	15	11	Mar-16	SOUND	Scope amended from plan to focus on new payments system
VIII	Service	Training & Development	15	21	May-16	STRONG	
IX	Service	ICT Service Desk	15	15	May-16	SOUND	
X	Governance	Corporate Projects Review	10	9	Jun-16	N/A	Conducted as advisory review as ABC is changing its approach in this area
Unplanned/additional projects 2015/16							
XI	Service	Homelessness	n/a	20	Jan-16	STRONG	Brought forward from 2016/17 at request of service
	Service	Building Control	n/a	3			Planning stage

	Review Type	Title	Plan Days	Actual Days	Report Issue	Assurance Rating	Notes
Planned 2015/16 assurance projects underway							
	Finance	Procurement	12	16	Draft Report Stage. Note that budget increased post plan widen scope of the review.		
	Service	Tourism	12	20	Draft Report Stage. Note that budget increased post plan to focus on economic contribution of tourism.		
	Service	Member Training & Induction	15	14	Draft Report Stage		
	Governance	Good Governance Framework	5	6	Draft Report Stage		
Planned 2015/16 assurance projects not completed							
	Finance	General Ledger	15	0	Scope merged into work on feeder systems		
	Finance	Payroll	10	2	Deferred to 16/17 following discussion with officers (note that 14/15 work delivered positive assurance)		
	Finance	Business Rates	10	0	14/15 work completed late in year delivered strong assurance. Risk downgraded to biennial review.		
	Governance	Freedom of Information	15	2	Deferred to 17/18 following discussions with officers on potential changes to process.		
	Service	Property Management	15	0	14/15 work completed late in year delivered positive assurance. Deferred to 16/17 plan.		
	Service	Sports Development	12	1	Tourism review prioritised for 15/16 following discussion with officers.		
	Service	Street Cleansing	15	2	Deferred to 16/17 following discussion with officers and currently underway.		
	Service	Elections & Registration	15	1	Deferred to 16/17 over capacity issues with team having to process new registrations and dealing with multiple elections		
	Service	Section 106 Payments	12	0	Removed from plan to make way for Building Control.		
	Service	Conservation Management	12	0	Deferred to 16/17 plan and then removed as the area is de-prioritised by the authority.		
		Totals	284	217			

I: Housing Maintenance

29. We conclude based on our audit work that the service has **STRONG** controls to manage its responsive repairs service and mitigate risk.
30. Our work found that the procedures for order raising and payment of works are well established and properly observed by staff. The service appropriately defines and applies both pre and post inspection arrangements. Our work covering aspects of contract monitoring confirmed compliance with contractual provisions. We also note the low number of defaults issued under the contracts in place (approximately 1/1000 orders) and the high levels of customer satisfaction (97% satisfaction for 2013/14)

II: Housing Rents

31. We conclude based on our audit work that the service has **SOUND** controls for the collection and accounting of housing rents.
32. The Council has in place appropriately designed procedures and controls to accurately receive and account for income from housing rents. This includes suitable reconciliation processes which are effective in ensuring the financial integrity of the housing rents system. We found that the different strands of property type managed by the service are accurately classified within the Housing Management system.
33. Our work reflects positive results from a wide range of testing against the processes and procedures in place.

III: Safeguarding

34. We conclude based on our audit work that the Safeguarding function has **WEAK** controls to control its risks and support its objectives.
35. The audit focussed on the Council's management of the risks associated with operation of the Safeguarding function. We examined similar areas to the statutory assessment tool's 8 standards and aimed to assess the effectiveness of the arrangements for safeguarding children. Our findings are consistent with a 2014 peer assessment undertaken by the Kent Children's Safeguarding Board against the Council's statutory responsibilities under Section 11 of the Children Act 2004. Most (6 of 8) areas in that assessment were graded as "partially met" at best because of out of date policies and procedures and limited training rollout. We also note that the peer assessment differed considerably from the Council's own assessment recording all standards as 'met'.

36. The Council established a working group in response to the peer review, aimed at implementing improvements ahead of a 2016 further review. While the Council has made some progress, overall advances are limited especially considering revised processes will need to be demonstrably embedded by the time of re-assessment.
37. We also examined governance arrangements, training, recruitment aspects, and referrals. We found that the current Council policy and procedures are untested since Housing staff are routinely using external protocols rather than Council procedures. This means that, although statutory requirements are met, the Council is not itself tracking or gathering information on referrals efficiently or comprehensively.
38. Since we completed the review the Council has acted on our recommendations, as we reported separately to Members in June 2016. Given progress made we updated the assurance rating to **SOUND**.

IV: Parking Enforcement

39. We conclude based on our audit work that Parking Services has **STRONG** controls in place to manage its risks and support its objectives.
40. The Council has a comprehensive and current Parking Enforcement Policy which our testing found is followed by Enforcement Operatives, ensuring compliance with the Traffic Management Act 2004. This includes appropriate issue of Parking Control Notices, and reasonable and documented use of the grounds for discretion described in the policy where a motorist appeals a penalty. The risks associated with the day to day activities of a Civil Enforcement Officer have been considered and formally documented in a risk register. Our review identified that risk register currently focusses on health and safety aspects of the role rather than, in addition, considering wider risks to the service. The financial and operational risks that could impact on the budget have been considered as part of the Medium Term Financial Plan, and documented in a risk matrix. We are aware the Council is developing its service risk management approach more generally at present and so have included no recommendations specifically for the Parking service on risk review.
41. At request of the service, we also reviewed controls over the enforcement of overnight HGV parking to ensure that Penalty Charge Notices are issued and recovered abroad. We found that sound controls exist but the procedure for officers to take payments and the paying in of any money received require clarification.

V: Data Protection

42. We conclude based on our audit work that Data Protection has **WEAK** controls to control its risks and support its objectives. We provide the definitions of our assurance ratings at appendix II.
43. The council has documented policies and procedures, also allocated roles and responsibilities, however there are weaknesses as policies are not operated (the monitoring checks) as described and there are no deputy arrangements to provide formal cover in the Data Protection Officer's absence. The Data Protection function is currently subject to staff changes and consideration of future service delivery and resource arrangements.
44. The Data Protection Policy makes clear commitments on training provision and we found that guidance was available to staff, however training and awareness arrangements are less well established. There is no mandatory post induction refresher requirement, no formal records to evidence training for key staff (such as the Data Protection Officer) and only 58 staff evidenced as having completed the E Learning package.
45. Compliance with Data Protection requirements is not monitored by the council (the review processes noted in policy and job descriptions) as provided for in key documents. Interviews with various services identified some services with better understanding and application of data protection requirements (such as the Monitoring Centre and Fraud Investigations). We found that the Council's Members Allowance IT Scheme required recipients to register, however only 5/23 were registered. We found that there were no central logs to record statistics and facilitate reporting (Subject Access Requests and Breach Notifications or near misses).
46. Staff advised that no breaches had been reported to the Information Commissioner. Arising from the absence of an incident / referral log it was not possible to assess the number or nature of any internal referrals made. In addition, the access capability to records is limited to the Data Protection Officer as material is held in E records (personal email and e filing) rather than generic E records to enable authorised deputy access.
47. Since finalising this review the Council has been working to implement recommendations. However, most are yet to fall due and so have not yet been followed up by audit. We will provide an update report to Members in September 2016.

VI: Feeder Systems

48. We conclude based on our audit work that **STRONG** controls exist within the system interfaces feeding into the General Ledger (eFinancials).
49. The review specifically examined information originating from the following feeder systems:
 - AIM Sundry (cash management)

- Housing Benefits (including refunds)
- Council Tax (including refunds)
- Business Rates (including refunds)
- Housing Repairs
- Payroll

50. Our work identified that the Council has in place well-designed controls to ensure the validity and accuracy of financial information as it transfers between its financial systems and into its General Ledger. Our testing confirmed those controls operate in practice and serve to control related risks.

VII: Income System

51. We conclude based on our audit work that there are **SOUND** controls in place over the Council's new income system to manage the associated risks and to support individual service areas and the Council in the delivery of its objectives.

52. Our work found that the Council undertook comprehensive testing of the system and provided adequate training to all key staff. Although, inevitably, there were some teething problems on implementation the Council, building on its substantial preparatory work, has been able to achieve prompt resolution.

53. The next stage building on this strong initial implementation is to embed the system within the Council's processes. This will mean translating emerging good practice and standards into procedure notes and firming up mechanisms to obtain and respond to staff and customer feedback.

VIII: Training & Development

54. We conclude based on our audit work that there are **STRONG** controls in place to deliver staff training and development to support the Council in achieving its objectives.

55. We found sound and comprehensive processes in place, efficiently identifying both corporate and personal training needs. The service also makes effective use of information gathered to develop the annual Corporate Training Programme.

56. The service has processes to ensure effective delivery of its programme through a mix of internal and external trainers as well as other resources such as e-learning. The service has sound controls over its expenditure to ensure training is delivered within the allocated budget.

IX: ICT Service Desk

57. We conclude based on our audit work that the Service has **SOUND** controls to control its risks and support its objectives around the operation of the Service Desk function.
58. The ICT Service Desk achieves positive user satisfaction levels and our own testing on a sample of recorded cases confirmed requests are resolved effectively and in good time.
59. The Service uses the Track-IT system to log user requests, which we concluded is a suitable and comprehensive solution. However, we found that the system is not fully utilised, potentially limiting the efficiency and effectiveness of the service. For example not all reported incidents are being logged with some requests being logged retrospectively. The monitoring capabilities of the Track IT system are also not being exploited to monitor the performance of the service, which makes firm judgements on value for money difficult to establish.
60. We also found the IT support arrangement with Ashford Leisure Trust is suitably formalised and payments under the arrangement were up to date.

X: Corporate Projects Review

61. The Council is currently reviewing and amending its project management (PM) arrangements. To reflect that transition this review does not include an assurance rating but instead provides an overview of the current PM practices to help inform development of the new arrangements.
62. We found in our work some examples of good PM principles but this is not consistent across the projects tested. Particular good practice we observed included individual project monitoring and identifying and procuring external advice.
63. We found some good examples within services of sharing lessons and good practice to improve future projects. However, we found limited evidence of sharing this knowledge across the Council and no clear mechanism by which it could be collated and distributed.
64. Each project considered outcomes and costs are considered as part of its opening agreement but without documenting those aspects in a formal Project Initiation Documentation (PID) was used. The lack of a PID has led to inconsistent approaches resulting in a poor understanding of the wider resourcing implications of undertaking a project.
65. Looking at project plans, only one of four was detailed to the level of individual tasks with specific responsibilities assigned and monitored. Similarly when considering risk assessments, only this project displayed a clear understanding of risk and how it should be scored and managed, with other projects considering risk in only broad or headline terms.

XI: Homelessness

66. We conclude based on our audit work that the service has **STRONG** controls to control its risks and support delivery of objectives.
67. The Homelessness Strategy had recently been refreshed at the time of our work and was in draft for consultation. We found the draft strategy, a requirement under the Homelessness Act 2002, to suitably identify the actions and risks to the achievement of the services objectives.
68. The Council complies with its statutory duty to provide interim and temporary accommodation with appropriate arrangements to manage allocation. Suitable controls are in place to ensure periods of accommodation are checked and confirmed prior to payment.
69. We found the operational management of the Christchurch House temporary accommodation facility to be good and our work confirmed that the arrangements in place meet the objectives of the business case.

Follow-up of Internal Audit Recommendations

70. Our approach to recommendations is that we follow up each issue as it falls due in line with the action plan agreed with management when we finalise our reporting. We report progress on implementation to Senior Management Team each quarter, including noting where we have had reason to revisit an assurance rating (typically when a service has successfully implemented key recommendations) and raising any matters of ongoing concern.
71. Our most recent round of reports covered recommendations due for implementation on or before 31 March 2016 and consequently represents the full year outturn for 2015/16. We are pleased to note those reports confirm there are no recommendations outstanding for action beyond their agreed implementation date. This includes a few instances where, after request from the service and having considered the residual risk of delay posed to the Council, we have revised implementation date.
72. In the table below project titles shown in **bold type** are those that originally received an assurance rating of **weak** (no projects were rated **poor**).

Project	Agreed Actions	Falling due on or before 31/3/16	Actions Completed	Outstanding Actions past due date	Actions Not Yet Due
Projects with actions brought forward from 2014/15 and completed during 2015/16					
Business Continuity Planning	9	9	9	0	0
Health & Safety	11	11	11	0	0
Declarations of Interest	2	2	2	0	0
VAT	16	16	16	0	0
Planning Enforcement	3	3	3	0	0
ICT Disaster Recovery	2	2	2	0	0
Waste Management	18	18	18	0	0
Car Leasing	3	3	3	0	0
Projects with actions issued during 2015/16 and completed during 2015/16					
Project Office	5	5	5	0	0
Parking Enforcement	1	1	1	0	0
Projects with actions to carry forward into 2016/17					
Cemeteries	5	4	4	0	1
Housing Rents	1	0	0	0	1
Safeguarding	23	19	19	0	4
Banking Arrangements	3	2	2	0	1
Creditors	3	2	2	0	1
Income System	2	0	0	0	2
Data Protection	9	0	0	0	9
TOTAL	116	97	97	0	19
		84%	84%	0%	16%

73. Note that the above list excludes projects where we raised no recommendations for action.
74. We note considerable progress made by managers in addressing the issues identified by our reports. With all 45 due recommendations implemented as agreed, the Council is 74% of the way to full implementation – exactly on track for delivery.
75. Of the 17 audit projects followed up, 6 originally received an assurance rating of **weak**. We have previously advised Members in our 2014/15 annual report that 4 of these (Business Continuity, VAT, ICT Disaster Recovery and Waste Management) had made sufficient progress up to July 2015 for us to revisit the assurance rating as **SOUND**.
76. We also advised Members in our separate report in June 2016 that the Council made sufficient progress in implementing recommendations arising from our review of Safeguarding that we have since also revised the assurance rating of that review to **SOUND**.
77. Consequently only one review – Data Protection – remains assessed as **weak**. The recommendations for this review start to fall due in the coming months and we have a scheduled update report due to this Committee in September 2016.

Corporate Governance

78. Corporate governance is the system of rules, practices and processes by which the Council is directed and controlled.
79. We obtain audit evidence to support the Head of Audit Opinion through completion of relevant reviews in the audit plan, as well as specific roles on key project and management groups. We also consider matters brought to our attention by Members or staff through whistleblowing and the Council's counter fraud and corruption arrangements.
80. We attend the Council's Management Team and retain various advisory roles with respect to matters such as risk management and procurement.
81. During the year we also undertook a specific review examining the Council's readiness for compliance with the revised Code of Corporate Governance published by CIPFA/SOLACE in April 2016.

Counter Fraud & Corruption

82. We consider fraud and corruption risks in all of our regular audit projects as well as undertaking distinct activities to assess and support the Council's arrangements.

Investigations

83. During 2015/16 there were no matters raised with us that required investigation.

Whistle-blowing

84. The Council's whistleblowing policy nominates internal audit as one route through which Members and officers can safely raise concerns on inappropriate or even criminal behaviour. During 2015/16 we have received no such declarations that prompted investigations.

Risk Management

85. Risk management is the process of identifying, quantifying and managing the risks that the Council faces in attempting to achieve its objectives.
86. We obtain audit evidence to support the Head of Audit Opinion through completion of our audit plan plus continuing monitoring of and contribution to the Council's risk management processes.
87. During 2016/17, with support from Mid Kent Audit, the Council undertook a significant revision of its risk management arrangement. Officers presented the revised framework to this Committee in September 2015.
88. Following production of a revised framework officers, again with audit support, held a series of workshops with senior management to identify and consider the major risks to the Council achieving its objectives. The preliminary output from this review was reported to this Committee in March 2016 and included those below as the major risk themes.
- Workforce skills and capacity,
 - Housing and infrastructure,
 - Failure of key projects,
 - Resource limitations and,
 - Partnership failure.
89. The next steps for the Council will be gathering information to create and manage an overview of risk at individual service level. Mid Kent Audit will continue to support this process, using the additional flexibility for providing second line of defence services set out in the revised 2016/17 *Audit Charter* agreed by this Committee in March 2016.
90. We will continue to report outcomes and progress to the Audit Committee through the year.

Mid Kent Audit Service Update

Team Update

91. During 2015/16 following the departure of a long-serving manager, absences for maternity leave and a pair of recruitment exercises, the audit service averaged a vacancy rate of 2.5 FTE, around 20% of establishment. However, due to a variety of factors including around 1xFTE of short term contractor support, efficiencies arising from our mid-year restructure and resilience of working in a shared service across four authorities we have been able to complete the work set out in this report which supports a definitive Head of Audit Opinion.
92. The whole management team of Mid Kent Audit convey their public thanks to the team for their hard work and dedication through 2015/16.
93. We have continued through the year to support our staff in their professional development. During 2015/16 the audit team has added the following skills and qualifications to help support our partner authorities:
 - Frankie Smith (Audit Manager, Swale & Tunbridge Wells) achieved Chartered status with the Institute of Internal Auditors (IIA) (CMIIA designation)
 - Jo Herrington (Senior Auditor) achieved the practitioners' diploma from the IIA (PIIA designation)
 - Helen Pike (Trainee Auditor) achieved the IIA's Certificate in Internal Audit and Business Risk (IACert designation)
 - Russell Heppleston (Deputy Head of Audit Partnership) achieved the International Certificate in Risk Management from the Institute of Risk Management.
 - Alison Blake (Audit Manager, Ashford & Maidstone) achieved the International Certificate in Risk Management from the IRM (CIRM designation)
 - Rich Clarke (Head of Audit Partnership) achieved the Chartered Institute of Public Finance & Accountancy (CIPFA) professional qualification as an Accredited Counter Fraud Specialist (ACFS designation)
 - Mark Goodwin (Senior Auditor) achieved CIPFA's professional qualification as an Accredited Counter Fraud Technician (ACFT designation)
94. We congratulate all in the team on these achievements during 2015/16 and anticipate further exam success in 2016/17.

Quality and Improvement

95. Under the Public Sector Internal Audit Standards we must each year assess our conformance to those standards and report the results of that assessment to Members. At least every five years that assessment must be external and independent.
96. We underwent an external independent assessment from the IIA in 2014 which confirmed our full conformance with all but 5 of the standards and partial conformance to the remainder. In 2015, following action to implement the IIA's recommendations, we were re-assessed as being in full conformance to the standards – the first English local authority audit service to be so assessed by the IIA.
97. In 2016 we have undertaken a self assessment against the Standards and confirm to Members we remain in full conformance.
98. Beyond simple conformance, as reported to Members in our interim report, we go further and comply with the requirements of the IIA's revised International Professional Practices Framework (IPPF) unveiled in July 2015 but not mandatory for local government internal audit until 2016/17. We are assisted in remaining at the leading edge of developing standards by the presence of the Head of Audit Partnership as the English Local Government representative on the Internal Audit Standards Advisory Board (IASAB), as well as roles as Chairman of Kent Audit Group and on the Executive Board of the London Audit Group.
99. During 2016/17 we hope to capitalise on this position by beginning to offer Quality Assessments against the Standards either in our own right or in partnership with a national body. Aside from the benefits of sharing good practice, we hope that this route will provide income to the authorities. We will keep Members updated on progress in this regard through our update reports.

Performance

100. Aside from the progress against our audit plan we also report against a number of specific performance measures designed to monitor the quality of service we deliver to partner authorities. The Audit Board (with Paul Naylor as Ashford's representative during the year and now Ben Lockwood) considers these measures at each of its quarterly meetings.
101. Note that all figures are for performance across the Partnership. Given how closely we work together as one team, as well as the fact we examine services shared across authorities, it is not practical to present authority by authority data.

Measure	2014/15 Outturn	2015/16 Target	2015/16 Outturn
Cost per audit day	Met target	Meet target	Met target
% projects completed within budgeted number of days	47%	60%	60%
% of chargeable days	75%	68%	63%
Full PSIAS conformance	56/56	56/56	56/56
Audit projects completed within agreed deadlines	41%	60%	76%
% draft reports within ten days of fieldwork concluding	56%	70%	68%
Satisfaction with assurance	100%	100%	100%
Final reports presented within 5 days of closing meeting	89%	90%	92%
Respondents satisfied with auditor conduct	100%	100%	100%
Recommendations implemented as agreed	95%	95%	98%
Exam success	100%	75%	100%
Respondents satisfied with auditor skill	100%	100%	100%

102. Of particular note in the figures above is the continuing improvement in completing projects within the scheduled budgeted days. This has shown steady improvement as the year progressed and our refreshed audit methodologies became more established, with a 78% outturn in quarter 4. This bodes well for meeting the stretched 2016/17 target of 75%.
103. We also note the continued strong performance in customer satisfaction. This has remained at a high level even as, with the help of the audit team's new administrative assistant, we have increased response rate more than fivefold.
104. A note too on chargeable days (which is the percentage of audit time spent directly progressing the audit plan as opposed to, for example, training, administration, personnel management and so on). This was affected during the year by the departure of one of our trainees during his probationary period meaning lost time both in the new recruitment and supporting integration of his replacement. However, as noted earlier, by using additional contractor support, resilience in the team, and efficiencies introduced in our restructure this did not impair our ability to substantially complete the audit plan.

Acknowledgements:

We would also like to thank Managers, Officers and Members for their continued support, assistance and co-operation as we complete our audit work during the year.

Appendix I: Assurance & Priority level definitions

Assurance Ratings 2015/16

Full Definition	Short Description
<p>Strong – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. There will also often be elements of good practice or value for money efficiencies which may be instructive to other authorities. Reports with this rating will have few, if any; recommendations and those will generally be priority 4.</p>	<p>Service/system is performing well</p>
<p>Sound – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.</p>	<p>Service/system is operating effectively</p>
<p>Weak – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.</p>	<p>Service/system requires support to consistently operate effectively</p>
<p>Poor – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.</p>	<p>Service/system is not operating effectively</p>

Recommendation Ratings 2015/16

Priority 1 (Critical) – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

Priority 2 (High) – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council's aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

Priority 3 (Medium) – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

Priority 4 (Low) – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

Advisory – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.

Agenda Item No: 6
Report To: Audit Committee
Date: 30 June 2016
Report Title: Audit Committee Annual Report 2015/16
Report Author: Russell Heppleston – Deputy Head of Audit Partnership



Summary:	The 2015/16 annual report of the Audit Committee in discharging the responsibilities set out in the Council's constitution.
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Key Decision: NO

Affected Wards: All

Recommendations:

1. That the Audit Committee **agree** the Audit Committee Annual Report for 2015/16.
2. That the Chairman of the Audit Committee provides the report to a meeting of the full Council to demonstrate how the Committee has discharged its duties.

Policy Overview: N/A

Financial Implications: N/A

Risk Assessment NO

Equalities Impact Assessment NO

Other Material Implications: N/A

Exemption Clauses: N/A

Background Papers: Audit Committee Annual Report 2015/16

Contacts: Russell.Heppleston@midkent.gov.uk Tel: (01233) 330442

Report Title: Audit Committee Annual Report 2015/16

Purpose of the Report

1. The report outlines how the Audit Committee has effectively discharged its duties during 2015/16. The report provides assurance to the Council that important internal control, governance and risk management issues are being monitored and addressed by the Committee.
2. The report seeks to provide additional assurance to support the Annual Governance Statement.

Issue to be Decided

3. That the Audit Committee **agree** the Audit Committee Annual Report for 2015/16 attached in Appendix A.
4. That the Chairman of the Audit Committee provides the report to a meeting of the full Council to demonstrate how the Committee has discharged its duties.

Background

5. The Audit Committee is required to monitor audit activity (internal and external), review and comment on the effectiveness of the Council's regulatory framework and review and approve the Council's annual statements of accounts and scrutinise associated strategy and policy.
6. In line with best practice the Audit Committee has produced an annual report (Appendix A). This report sets out how the Committee has discharged its duties under its terms of reference during 15/16.

Risk Assessment

7. N/A

Equalities Impact Assessment

8. N/A

Other Options Considered

9. The production of an annual report is considered by CIPFA to represent best practice. The Committee has produced a report of this nature for a number of years.
10. No other options have been considered.

Consultation

11. A draft version of the report has been shared with the 2015/16 Audit Committee Chairman for comment.
12. Presentation and format of the report has been freshened up compared previous years, but the content follows the conventions established in previous years.

Implications Assessment

13. N/A

Handling

14. N/A

Conclusion

15. The conclusion as set out in the report (appendix A) is that the Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties during 2015/16.

Portfolio Holder's Views

16. N/A

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Audit Committee

Annual Report 2015/16



Introduction by Chairman of Audit Committee

This report provides an overview of the Audit Committee's activity during the municipal year 2015/16.

I am pleased to report the continued good work of the Committee in providing an independent overview of the Council's governance. This role includes detailed consideration of the work of external and internal audit plus robust scrutiny and challenge of the Council's financial performance.

During 2015/16 the Committee met four times and was pleased to note, among the highlights, a further unqualified accounts and value for money opinion from our external auditors and a positive conclusion on the Council's control and governance from our internal auditors.

Once again during 2015/16 the Committee is grateful for the contributions of its members, as well as to those officers who support its work.



*Councillor Link
Audit Committee Chairman (2015/16)*

Introduction

Ashford Borough Council supports and understands the value and benefits of having an independent Audit Committee.

The Audit Committee is an essential check on the corporate governance framework; providing an independent and high-level overview of the internal control, governance and risk management for the Council.

The Committee monitors internal and external audit activity, reviews and comments on the effectiveness of the Council's regulatory framework and reviews and approves the Council's annual statements of accounts.

The Committee is independent from the Council's Executive and Scrutiny functions and has clear reporting lines and rights of access to discharge its responsibilities in line with its Terms of Reference (Appendix I). This includes direct access to the Council's Appointed Auditor and Head of Audit Partnership without the presence of other officers where appropriate.

The Committee is not a substitute for the Executive function in the management of internal or external audit, risk management, governance, or any other review or assurance function. It is the Committee's role to examine these functions, and to offer views and recommendations on the way the management of these functions is conducted.

Effective audit committees can bring many benefits to local authorities and these benefits are described in CIPFA's Audit Committees - Practical Guidance for Local Authorities as:

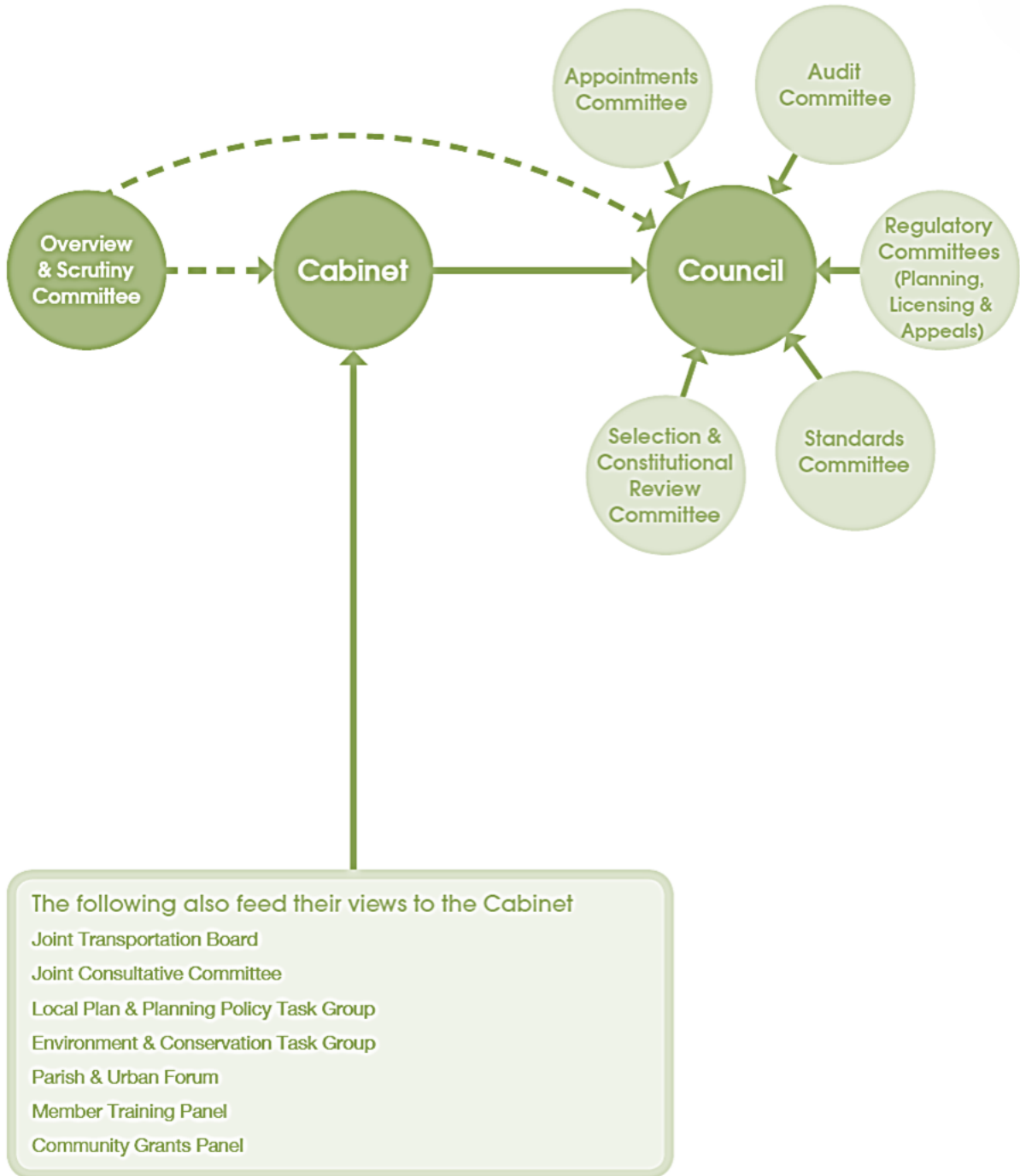
- Increased public confidence in the objectivity and fairness of Council financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and similar review processes.
- Providing additional assurance through the process of independent review and challenge.
- Increasing emphasis and awareness of internal control, governance and risk management.

Statement of Purpose

The purpose of an Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

Audit Committee Terms of Reference

Ashford Borough Council Committee Structure



Membership

The Audit Committee comprised of 8 Members:

- Cllr Link (Chairman)
- Cllr Waters (Vice Chairman)
- Cllr Buchanan
- Cllr Chilton
- Cllr Powell
- Cllr Shorter
- Cllr Smith
- Cllr White

Meetings & Attendance

The Audit Committee met four times in 2015/16:

- 30 June 2015
- 29 September 2015
- 1 December 2015
- 15 March 2016

On all occasions the Committee was well attended and able to fulfil its duties.

The Audit and Governance Committee is supported by senior officers of the Council who are regularly present at meetings, including:

- Deputy Chief Executive (Section 151)
- Head of Finance (Deputy Section 151)
- Director – Law & Governance
- Head of Audit Partnership & Deputy Head of Audit Partnership
- Policy and Performance Manager
- Counter Fraud Manager

In addition, the Council's External Auditors (Grant Thornton) attended each meeting of the Audit Committee during 2015/16.

All of the Audit Committee agenda papers and minutes are available on the Council's [website](#).

Business

During the year the Audit Committee has commented, examined and reviewed the following:

Audit Activity
• Internal Audit Annual Report
• Internal Audit Interim Report
• Internal Audit Plan
• Internal Audit Charter
• Weak and Poor Assurance Reporting
• Safeguarding – Internal Audit Findings
• Data Protection – Internal Audit Findings
• Strategic Risk Management
• Future of Local Public Audit
External Audit (Grant Thornton)
• Planned Audit Fee
• Annual Audit Letter
• External Audit Findings Report
• Certification of Grant Claims
• Progress Report
• Audit Committee Update
Finance
• Financial Statements
• Statement of Accounts
• Annual Governance Statement
• Annual Governance Statement – Progress of Remedying Exceptions
• Annual Reports on reserves and Balances
Governance
• Reporting for ABC Companies
• Fraud Annual Report
• Independent Audit Review of the Affordable Housing Programme
• Audit Committee Report Tracker and Future Meetings

Sources of Assurance

In drawing a conclusion for the year, the Audit Committee gained assurance from the following sources:

The work of Internal Audit

The Head of Audit Partnership issued an unqualified Head of Audit Opinion in 2014/15 which concluded that the Council was operating an effective sound system of internal control, governance and risk management. Throughout the year the Committee has been kept up to date with delivery of the Internal Audit plan, implementation of audit recommendations, and has been kept aware of any emerging risks.

The Internal Audit plan for 16/17 included a breakdown of internal audit assurance for the coming year, and the Committee were given the opportunity to comment on the work of internal audit prior to endorsing the plan for delivery.

Adverse audit opinions have been presented to the Committee and at request, have been provided with regular progress updates on the implementation of audit recommendations. Specifically the Committee has considered the responses to the Safeguarding and Data Protection audits.

The Committee has continued to show its support to the Internal Audit team throughout the year, and has recognised the role, responsibility and authority of the service within the Audit Charter which was updated and agreed by the Committee in March 2016.

The Committee has received regular updates on the Council's strategic risk management arrangements.

The work of External Audit (Grant Thornton)

The external auditors report back to the Audit Committee providing regular updates on their programme of work. During the year, the External Auditors presented an unqualified value for money conclusion and an unqualified opinion on the financial statements.

The Audit Committee has provided effective challenge to the External Auditors as appropriate and gained assurance from the reports and updates provided during the year.

Finance & Governance Reports

The Committee provided robust challenge prior to approving the statements of accounts and financial statements in September 2015.

The Committee specifically gains assurance from the Annual Governance Statement which is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

The statement is produced following a review of the council's governance arrangements and includes actions address any significant governance issues identified. The Committee reviewed and approved the 2014/15 Annual Governance Statement.

Conclusion

The Audit Committee, in partnership with the Council's Internal and External Auditors, and with the support of Officers has provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues.

The Audit Committee can demonstrate that it has appropriately and effectively fulfilled its duties during 2015/16.

Terms of Reference & Responsibilities

The purpose of an Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process (Minute No. 408/12/06 refers).

To consider/monitor or advise the council as appropriate upon:-

Audit Activity

1. The Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's Corporate Governance arrangements.
2. The summary of internal audit reports issued in the previous period.
3. Reports on the management and performance of the Audit Partnership Agreement.
4. Reports from the Head of Internal Audit on agreed recommendations not implemented within a reasonable timescale.
5. The External Auditor's Annual Management Letter and relevant reports.
6. Any detailed responses to the External Auditor's Annual Letter.
7. Specific reports as agreed with the External Auditor.
8. The scope and depth of external audit work and to ensure it gives value for money.
9. Liaison with the Audit Commission on the appointment of the Council's External Auditor.
10. The commissioning of work from internal and external audit.

Regulatory Framework / Risk Management

1. An overview of the council's Constitution in respect of Contract Procedure Rules and Financial Regulations.
2. The effective development and operation of financial management, risk management and those elements of corporate governance within the remit of the Audit Committee.
3. Council policies on "raising concerns at work" i.e. whistle-blowing in the context of the Anti-Fraud and Anti-Corruption Strategy and the council's complaints process.
4. To recommend the Authority's Annual Governance Statement for approval to the Executive. (Minute No. 531/5/10).
5. The council's compliance with its own and other published financial standards and controls.
6. The External Auditor's report on issues arising from the Audit of the Accounts.
7. The ability to refer matters to the Overview and Scrutiny Committee for their consideration (Minute No. 62/6/09). **Note:** The Overview and Scrutiny Committee has a similar provision to refer matters to the Audit Committee.

Delegations

To exercise the powers and duties of the council relative to:-

1. The approval of the Annual Statement of Accounts in line with the statutory requirements including those relating to the publishing deadlines. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the Audit that need to be brought to the attention of the council.

Agenda Item No: 7

Report To: **AUDIT COMMITTEE**

Date: **30 June 2016**

Report Title: **2015/2016 Annual Governance Statement**

Report Author: Nicholas Clayton, Policy and Performance Officer



Summary:

Each year the Council must produce and approve an Annual Governance Statement (AGS). AGS are designed to summarise for members residents, and external stakeholders the Council's approach to governance and show how the Council fulfils the principles for good corporate governance in the public sector. The AGS needs to draw conclusions, based on evidence throughout the past year, about the effectiveness of the Council's arrangements.

The AGS must be published alongside the Council's formal audited financial statements, though need not be agreed at the same time. The full financial statement and the auditor's findings and proposed opinion will be considered by the committee in September. It is after that when the AGS is published along with the accounts.

This year's AGS builds on previous statements, providing updated information where needed.

Our governance arrangements are well-developed and pervade all that we do in a variety of forms, but they also evolve. Their various components are subject to ongoing development, with principal developments summarised in the AGS.

In conclusion governance arrangements remain appropriate, effective and adaptive to change as circumstances dictate.

Key Decision: NO

Affected Wards: None in particular

Recommendations: **The Audit Committee is asked to consider the draft 2015/2016 Annual Governance Statement and approve this to be signed by the Leader and Chief Executive as required by regulations.**

Policy Overview: Good standards of corporate governance are essential in all

organisations. The Council's arrangements are longstanding, well-developed and continue to be effective, but adaptive to change in local circumstances. The Council updated its Local Code of Corporate Governance during 2014, building upon the best practice framework of CIPFA and SOLACE. Our governance arrangements are generally regarded as strong and more so for the direction set by the Cabinet's adopted corporate business plan and associated frameworks and policies.

Financial Implications:

None

Equalities Impact Assessment

Not applicable for this report

Other Material Implications:

None

Background Papers:

None

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2015/2016 Annual Governance Statement

Leader's introduction

This year continues our new style of Annual Governance Statement which, I am pleased to say, continues to be well received. I hope that it will lead to a greater understanding of local government and the way it works.

This Statement outlines the context of, and the relationship between, leadership and good governance.

I am pleased to say that Ashford's ambitious plans are beginning to come to fruition, with great strides being made on a new Ashford College, Commercial Quarter, an exciting development at Elwick Road and planning permission to double the size of the Designer Outlet – to name just a few. None of these exciting initiatives would be possible without robust processes and governance. By regularly reviewing and monitoring progress of our initiatives, we ensure that both private and public resources are put to best use in their delivery.

The May 2015 election not only saw an intake of new Members, but also a refreshed Cabinet team. Alongside continuing the programme of lead members providing continuity and wider inclusivity within the Council, we have produced a single practical guide - 'A Framework' - which introduces all Councillors to the fundamental structures, services and governance of the organisation. This helped Councillors to quickly settle in to their role representing Ashford Borough and the Council.

In December the Council also agreed a new Corporate Plan – an ambitious document which sets out this authority's vision for the next five years, to build upon the momentum already seen in our strategic projects to achieve even more.

It is crucial that governance does not stand still but instead evolves with our developing organisational requirements. The broad range of developments highlighted within this report demonstrate that this council maintains a strong focus on good governance to match its drive towards entrepreneurship, self-sufficiency and excellent outcomes for the Ashford borough.

Councillor Gerry Clarkson
Leader of the Council

Scope of responsibility

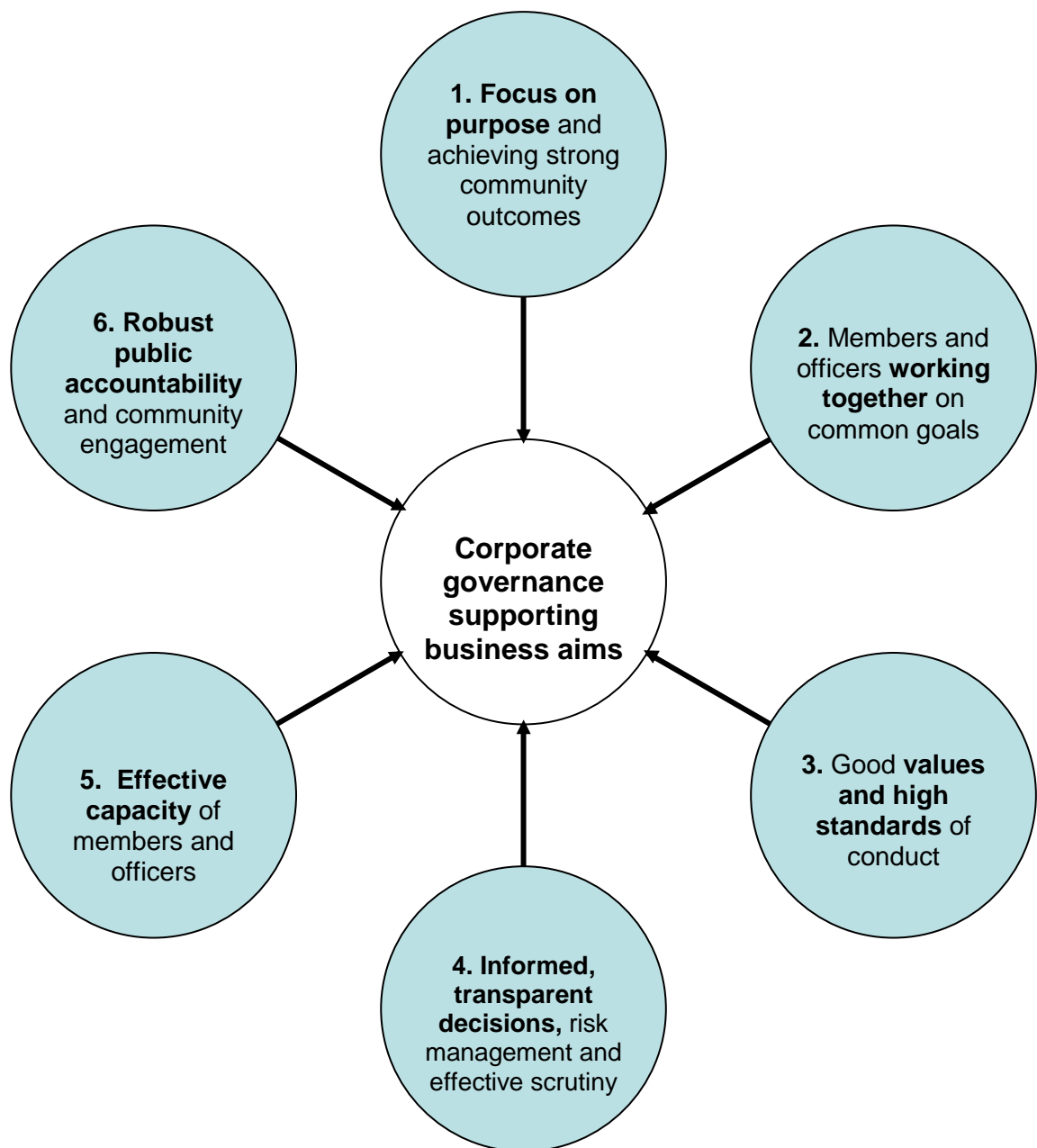
1. Ashford Borough Council is responsible for ensuring its decisions and business are conducted according to the law and proper standards. Furthermore, the Council must ensure public money is safeguarded, properly accounted for, and that all resources are applied efficiently and effectively so the Council gains best value for its residents and taxpayers.
2. Associated with this responsibility is the need for good governance. In 2014 the Council adopted an updated Local Code of Corporate Governance, which followed principles contained in national guidance and produced by CIPFA and SOLACE.
3. In summary terms this Statement explains the Council's governance arrangements, how they have directed decisions and services over the past year, and how the Council has sought assurance that its arrangements remain effective.
4. As governance arrangements must be regularly reviewed to ensure they remain fit for purpose there are changes to arrangements this Statement also reports.
5. Practical progress towards achieving the Council's priorities is made by the delivery of key projects, and an important development during 2014 was the set-up of the Ashford Strategic Delivery Board. The Board's remit is to ensure the effective and timely delivery of key projects and is a multi-agency group whose membership includes ABC and KCC Members, Ashford's MP and other key partners. Board agendas, minutes and the project programme are submitted to Cabinet and are made available on the Council's web site.

Purpose of our governance framework

6. Governance is a permanent but evolving feature of the Council's work. It is designed to ensure members' and officers' roles in decision-making on policies and other matters are fair and transparent. Further the framework helps to ensure the Council's business complies with relevant laws and regulations, and is directed by a clear focus on achieving important issues, including identifying and managing risks.
7. Governance is more than just a set of rules, and comprises:
 - The leadership and cultural values, systems and constitutional processes by which the Council's work is directed and controlled
 - The ways through which the Council engages with, leads and accounts to citizens individually and its community collectively.
8. Our governance therefore helps the Council to understand progress and make comparison with others. It serves also to reduce exposure to material risks and protect the Council when problems do occur.

9. As a public body transparency is crucial. Good governance inspires public confidence. It provides the basis for public assurance that Council decisions are taken for the right reasons, that quality of service is protected as far as is reasonable, and that public money is wisely and effectively spent. In these times of tight resources and uncertain economic conditions, risks are more obvious. Our governance helps to focus on key controls and those risks considered more critical to achieving the Council's strategic goals.

Our six core principles for good corporate governance



Principle 1 – Focus on purpose and achieving strong community outcomes

“[We] should seek to engender an ambitious attitude...associated with quality housing growth coupled with real economic activity”¹

10. For the first half of the year, the *Focus 2013/15* Corporate Business Plan provided the strategic direction for the organisation.
11. *Focus 2013/15* was reported to, and approved by, Cabinet as part of the budget report in October 2013, and took stock of the organisation's achievements to date and identified a number of refocused priorities (underpinned by strategic projects).
12. Following the May 2015 election, a new corporate plan was required. Accordingly, the Cabinet agreed a new Corporate Plan In December - *“The Five Year Corporate Plan – for Aspiration, Action and Achievement”*. This sets out what the councils aims to achieve in the following priority areas –
 - *Enterprising Ashford* – economic growth & investment
 - *Living Ashford* – quality housing and homes for all
 - *Active & Creative Ashford* – healthy choices through physical, cultural & leisure engagement
 - *Attractive Ashford* – countryside & townscape, tourism & heritage
13. This is publicly available from the Council's website and was also subject to regular scrutiny through the Overview and Scrutiny Committee.
14. For staff, various internal communications are used to promote awareness of the organisation's overarching priorities, including the on-line monthly staff magazine, *Root and Branch*, and the Chief Executive's periodic 'walk about' briefings.
15. The second of the council's revamped Annual Reports was published in July 2015, with the intention to continue to update and publish the report soon after the end of each financial year. The report further communicates the Council's aims and progress to residents and key stakeholders, summarises the Council's achievements throughout the year.
16. The Ashford Strategic Delivery Board ensures effective and timely delivery of key projects. Continued progress towards key actions is monitored by the Strategic Co-ordination Team whose membership comprises high level officers from all stakeholder organisations. Quarterly updates are reported on progress towards key actions and a traffic light system is used to highlight areas of concern.
17. In September Cabinet endorsed an Ashford Borough Council / Kent County Council Delivery Deal. This deal offers a short, clear statement of the two

¹ *“The AshFORd Model: A blueprint for integrated growth”*, p.3

councils' shared commitment to work together to deliver the council's key priorities and better quality outcomes – including the 'Big 8' projects and future service improvements.

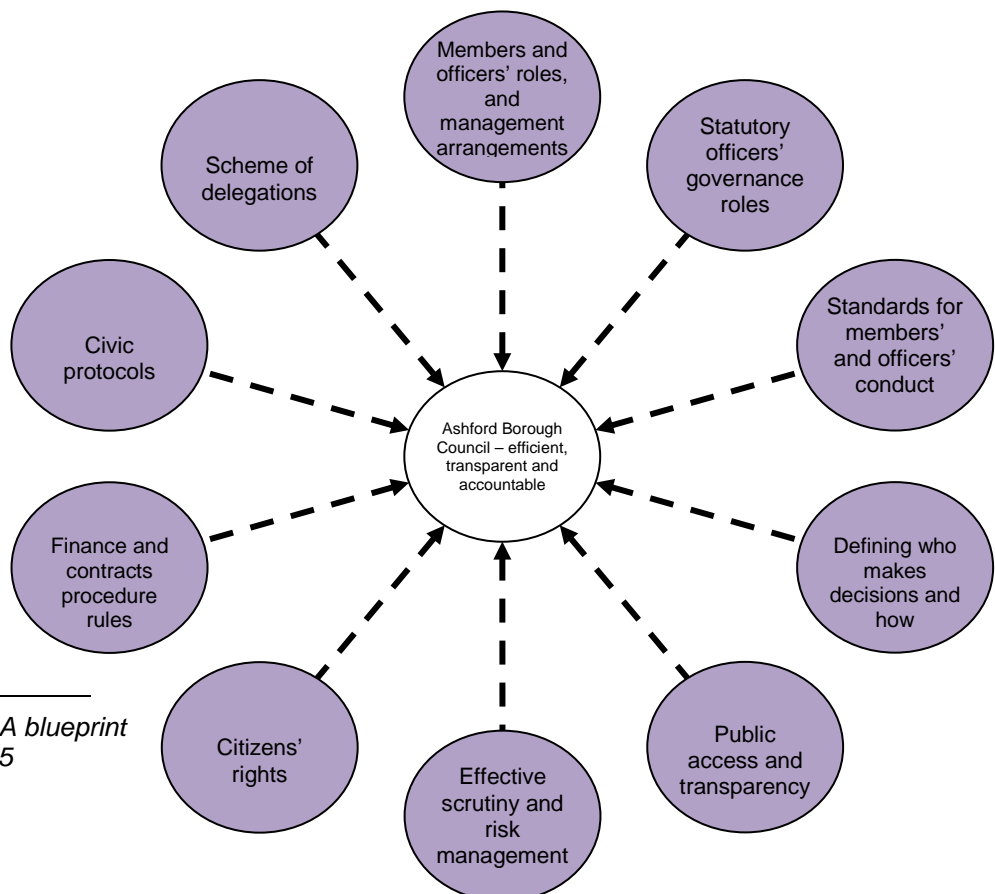
18. In November 2015 Cabinet approved a revised Housing Revenue Account business plan to 2045. This report provided an update on the financial position of the HRA and financial model forecasts for the next 30 years. The business plan continues to be robust and viable, and able to deliver its key priorities.
19. Following Full Council endorsement of the new corporate plan, the Council's senior leadership agreed that a refreshed, regularly updated, visual and interactive online performance system would help senior managers, members and (in time) the general public get an up-to-date picture of strategic performance. As part of the Council's wider governance arrangements, such performance information is used to reflect on the organisation's approach and check outcomes against corporate plan initiatives
20. Accordingly, over the last six months the Policy and Performance team have worked with a leading open data and visualisation company to design a *Performance Dashboard*, held workshops with performance leads within services to see what information the Council collects and what should or could be collected; gathered contextual data from KCC and other partners; and kept senior managers apprised of developments.
21. The Performance Dashboard uses data and insights from across the authority to monitor progress against the goals set out in the new Corporate Plan. Whilst this approach is naturally an evolving one, the aim is for the Performance Dashboard to inform the work of both officers and members, providing an ongoing tool which facilitates insight and understanding across the organisation on the state of progress against our goals.
22. Whilst the contents, targets and presentation of the Dashboard are currently being finalised, it will begin to be incorporated into the council's quarterly performance monitoring regime from the Quarter 1 2016/17 reporting cycle.
23. In January 2016 the council recruited to a new post of Programme Manager. This role will support key projects and programmes across the authority, providing a range of support including project management, monitoring, understanding of project risk and ad hoc advice to those colleagues leading on individual projects.
24. Since being in post the Programme Manager has been working in conjunction with the Management Team to construct the programme of projects that focus on targeting our available financial resources and capacity to deliver the council's aspirations as set out in the Corporate Plan. A new project management toolkit is in place to ensure a consistent approach is taken across the organisation.

Principle 2 – Members and officers working together on common goals

“Ashford Borough Council has a pro-growth culture, which is driven from the very top – with a vision shared by politicians and officers alike.”²

25. As a statutory body the Council’s structures for decision-making, its rules and its processes are influenced by legislation and associated regulatory needs. A fundamental part of our governance, therefore, is our Constitution. An important aim of the Constitution is to reinforce the principle of members and officers working together, and in partnership with others, to achieve common goals.
26. The Constitution is a legal requirement and sets out how the Council runs, how it should make decisions and the guidance it should follow to ensure these are efficient, transparent and accountable to local people. Some of these processes are needed by law, while others were chosen by the Council.
27. It has several chapters, which set out the basic rules governing the Council’s business. More detailed procedures and codes of practice are set out in accompanying rules and protocols.
28. Parts of the Constitution are periodically reviewed by a committee to ensure the Council’s arrangements remain relevant. Thus changes are made as necessary to ensure our arrangements support effective performance of our responsibilities to residents and taxpayers, whilst fully supporting effective achievement of the Council’s aims.

The Constitution’s principal features



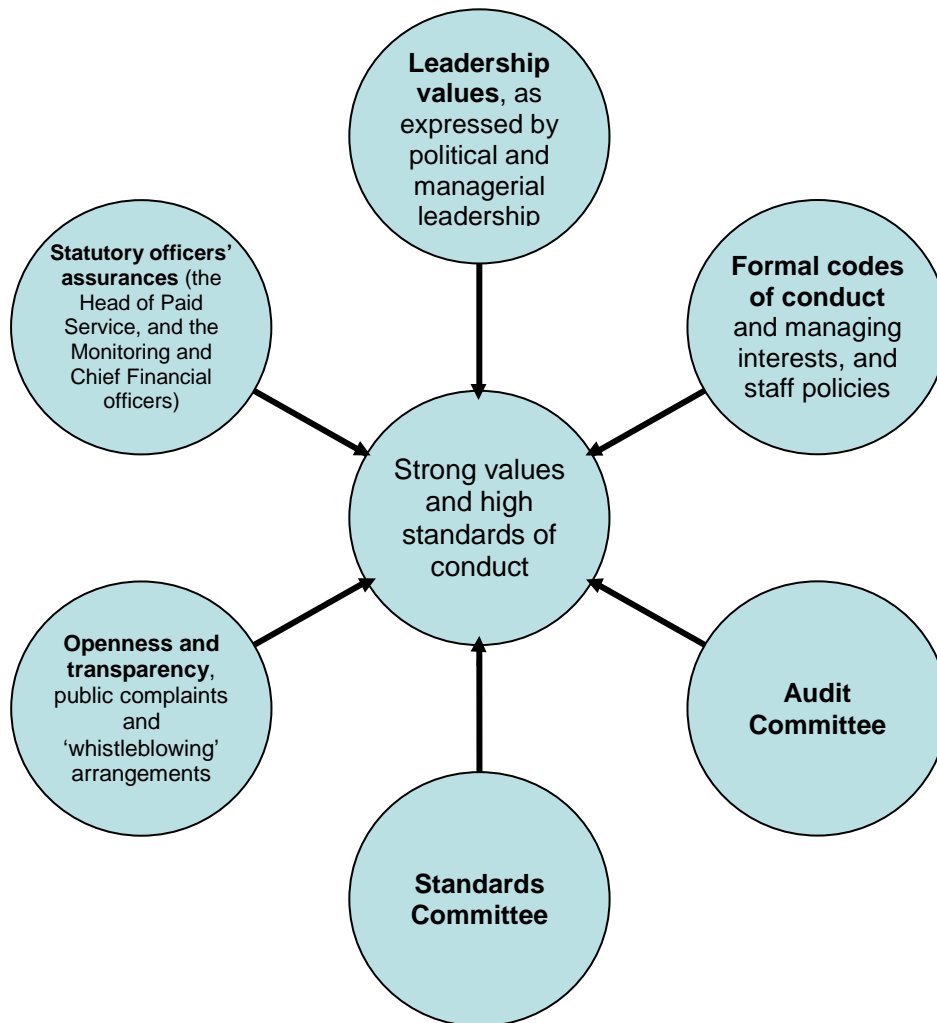
² *“The AshFORD Model: A blueprint for integrated growth”, p.5*

29. The most effective way to deliver efficient and cost effective services is for officers and members to work together with our partners to agree and achieve a common goal. A number of working groups comprising officers and members have met during the year to steer and monitor progress of high profile projects and service delivery. All working groups have clear objectives which are set out in a terms of reference.
30. The Trading Enterprise Board (A sub-committee of Cabinet) and the Ashford Strategic Delivery Board are good examples of the Council's intention for members and officers to work collaboratively to deliver strategic priorities.
31. A new Cabinet reporting process, introduced in 2014 to underpin the principle above, continues to provide greater involvement for Portfolio Holders and discussion with officers in the production of cabinet reports.

Principle 3 – Good values and high standards of conduct

“Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership.”³

32. Aside from the Constitution, the Council promotes strong values and expectations of high standards in a variety of ways. The Code of Conduct for members is subject to on-going review and declarations of pecuniary interest for all members have been made available on the Council’s website. Aside from these the Council enforces the management of its expectations through various channels. The principal components are set out in the following diagram.



³ *The principles of public life*, in “What to expect as an Ashford Borough Council Councillor”, A Framework – Document for elected members, p.9

33. By example, recent changes in national policy, most notably the introduction of the Care Act 2014 prompted a review of the council's existing safeguarding policy. Accordingly, in March the Cabinet endorsed a revised corporate Safeguarding Policy.
34. The policy has been brought up to date to align with changes in national policy, best practice from around the county and across the council, local working arrangements with the relevant statutory partners and following a recent internal audit of the council's safeguarding arrangements.
35. The purpose of this policy - and its associated procedures - is to protect and promote the welfare of children, young people and adults at risk using or receiving services provided or commissioned by Ashford Borough Council.
36. To respond to the particular challenge of introducing new councillors quickly and effectively into the governance framework, the Council produced 'A Framework – Documents for elected members' to coincide with the May 2015 elections. This document provided an introduction, and comprehensive overview, of how the Council operates - to help new members assimilate quickly into their role as councillors – helping them to understand the standards required of them (whilst serving as a useful guide to others). This was followed by a period of intensive Member induction.
37. In October 2015 Cabinet endorsed a new approach which aims to strengthen quality monitoring of new development in order to drive up standards of new homes built and the outside environment around them.
38. In June the council's Management Team received the fifth yearly report detailing the complaints received by the organisation, covering the 2015 calendar year. This analysis was broken down by both the three stages of the complaints process, and by the service areas responsible. Overall, the last year has seen a 13% decrease in the total number of complaints received, compared to 2014 – and fewer complainants felt it necessary to escalate complaints to Stage 2 or the Ombudsman.
39. In June 2016 the Audit Committee will receive an updated Local Code of Corporate Governance, based upon the recently-refreshed CIPFA/SOLACE Delivering Good Governance in Local Government Framework. This new Local Code positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures, and provides the overarching structure for future Annual Governance Statements.

Principle 4 – informed and transparent decisions, risk management, and effective scrutiny

“with our pragmatic approach to risk, we are now taking advantage of borrowing to attract house building, commercial growth and inward investment.”⁴

40. The Full Council is the ultimate place for decision-making, particularly on new policy and the annual budget, but many other decisions by law are for the Cabinet to take. Our arrangements are all covered by the Constitution.
41. In May 2015 the Selection and Constitutional Review Committee agreed a proposal to reduce the membership of the Overview and Scrutiny Committee from 16 Members to 12 Members. It is hoped that this change will enable the Committee to operate more akin to the Government Select Committee arrangements when undertaking their scrutiny role.
42. All member decisions across the formal and democratic decision-making process are published under statutory requirements. There is a presumption that information and decisions are taken in public, but occasionally (under access to information regulations) some information is regarded as ‘exempt’ and not published. However, the Council aims as far as is possible to keep this type of information and decision to the minimum.
43. The Council has continued its commitment to transparency and meeting relevant legislative requirements. Wherever possible, information is made readily available to the public through the ‘transparency’ section of the Council’s website. The Council is responding to incorporate fully the requirements of the Transparency Code 2015, further increasing the breadth and depth of information provided to the public on the services provided by the authority.
44. Our approach to risk management at the strategic level is solid, with a focus on exploring ways of making it more effective. In the light of the council’s adoption of a new corporate plan, and ongoing work to develop its supporting delivery plan, the council’s overarching risk management framework was revised over the last year. In September the Audit Committee approved this new approach to how the council identifies and manages risk, and received a revised set of thematic strategic risks in March.
45. Programme and Service risks are also currently being revised, and remain routinely considered by the management team (with the highest of these risks also included in the Strategic Risk Register to members).
46. A revised procurement strategy is now in place and a corporate procurement role is now embedded. To complement this, new Contract

⁴ “The AshFORd Model: A blueprint for integrated growth”, p.3

Procedure Rules and procurement guidance were adopted in early September which seek to encourage more local interest in procurement.

47. The developing role of Trading Companies and alternative business arrangements requires robust governance structures to match. In December the Audit Committee received a report setting out the governance arrangements that have been put in place for the council's companies, outlining the relationships and structures that have been put in place to manage the council's interfaces with its companies. The report discussed the appointment of external auditors for the companies and the mechanics of the loan agreement that has been established with the property company.
48. In September 2015 the Audit Committee agreed to a new regime for weak and poor assurance reporting relating to the work of its internal auditors. Members had made clear their wish to gain earlier engagement with audit reports that conclude an area has only 'weak' or 'poor' controls. These new arrangements aim to allow Members a timely understanding of the key issues raised, and proposals to address weaknesses to give assurance that significant matters identified by audit are appropriately addressed by the council's management.

Principle 5 – effective capacity of members and officers

“It is important we have skilled officers and members...in disciplines across the Council.”⁵

49. The Council is committed to identifying and fulfilling the learning and development needs of members and officers. As community leaders, it is vital that our councillors are supported to be as effective as possible. Members’ training needs are considered through a Member Training Panel. These needs are recognised as an important issue to develop and the issue is recognised as one of our strategic risks. Focusing on this is particularly important given the changes in external influences (the results of economic factors and government policies) and the breadth and complexity of some issues facing the Council and its members. A number of training and briefing sessions have been delivered during the year and these are detailed in a report to Cabinet each year by the Member Training Panel.
50. Following the May 2015 election there has been a re-organisation of Portfolio Holder responsibilities and duties to more closely align them to the organisational structure of the Council, clarifying their remit whilst strengthening the organisational understanding of their role in relation to good governance. Lead Members also continue to provide continuity and wider inclusivity alongside each Portfolio.
51. As the council embraces new ways of working and online service delivery, it is important that not only staff but members have the appropriate tools to fulfil their functions within the governance framework. That is why in July the Cabinet approved a revised package of IT provision for Members, aimed at improving the consistency of the scheme as well as increasing the accessibility of IT.
52. The new scheme is designed to address a number of issues that have arisen, namely that –
 - a. Any IT provision should enable members to work from home, at council premises or elsewhere, with few limitations
 - b. Any solution should provide full interoperability with standard Microsoft office applications
 - c. Access to Ashford Borough Council email, calendars and intranet based applications should be provided, where appropriate and where allowed without violating information security
53. This year has also seen the continuation of forward planning sessions for Cabinet members. Facilitated by senior managers, these sessions keep members informed and updated on current strategic issues in order to develop their capacity and effectiveness in informing the strategic direction

⁵ *“The AshFORd Model: A blueprint for integrated growth”, p.5*

of the authority. Regular written Leader's briefings on relevant strategic issues and topics of interest given to all members aim to inform them about important and interesting matters happening in the Borough. These briefings have been widened to include distribution to key external stakeholders, including Parish Council and Urban Forum representatives.

54. For staff the past year has again seen a particular focus on leadership and management development, as part of our ongoing workforce development programme. We are as a Council committed to good standards of staff development, and our supporting policies and processes have helped maintain high standards of professionalism in our staff.
55. In October 2015, as part of the Corporate Plan suite of reports, Members approved the direction of travel for the long-term management structure of the council that acknowledged, and planned for, a series of senior management changes. The strategy built on the successful approach to succession planning that has been adopted across the council in recent years. The structure was designed to support members in achieving the corporate plan objectives, building on the progress made in the past 5 years.
56. Subsequently, and in light of the resignation of the Chief Executive, The decision was taken that the Corporate Director (Operations) be seconded into the Interim Chief Executive/Head of Paid Service role for the period of up to two years, retaining responsibility for the services currently allocated in the structure plus Property and Projects. This post holder was identified because of her already largely externally facing role and her ability to make that step without compromising existing service delivery.
57. An Electoral Review of Ashford commenced in January 2016 with the aim of reviewing electoral arrangements for the whole Borough. The review includes looking at the total number of members to be elected to the Council (Council size), the number and boundaries of electoral wards, the number of councillors for each ward, and the names of each ward.
58. The initial stage of an Electoral Review aimed to identify and confirm the preferred Council size. This is the number of elected councillors who will serve on the Borough Council, and the council's submission to the Boundary Commission was approved by Full Council in April 2016.

Principle 6 – robust public accountability and community engagement

“Engagement with our residents and businesses must be genuine, really listening to the hopes – and the fears – of our public .”⁶

59. Consultation and engagement with residents and communities on a number of issues and projects continues in a number of ways, including:
- The Local Plan to 2030 - An extensive ‘Plan it’ consultation exercise to inform the emerging local plan. Subsequently, a range of local events were arranged to exhibit the proposed sites that had been put forward for inclusion in the draft Plan through the ‘call for sites’ process. This provided local residents with a chance to comment on individual site options at an early stage and to inform officers of the local context. Further events were held in several locations to discuss remaining ‘shortlisted’ site options once the initial sieve of site submissions had taken place. A considerable range of consultation has also taken place in the context of the evidence base that supports the Local Plan in both the completed studies and those still emerging. This has involved local organisations, professional bodies, statutory consultees, infrastructure providers, developer interests as well as residents and parish / local councils where appropriate.
 - Chilmington Green development – since the planning application was approved, and subject to the necessary s106 agreement, ongoing community engagement is being conducted on the proposals and will extend through the lifetime of the project.
 - Repton Community Development – extensive consultation and stakeholder engagement in order to inform the external ‘feel’, materials and artwork associated with the community facility. This included a consultation to name the new building.
 - Quarterly parish forums, of which urban community forums are full members.
 - Recycling materials – engagement with residents in early 2016 as part of the Kent-wide “Recycle Now” awareness campaign, launched by the Kent Resource Partnership. This sought to build upon Ashford’s improved recycling figures with a targeted campaign focussing on metal and plastic items.
60. The Annual Report introduced in 2014 provides a user friendly and easy to read document which ensures residents, partners and stakeholders are informed of achievements made by the Council and its key partners during the year, progress against the Councils key priorities and the projects underpinning them. A financial summary is also included.
61. As noted above, the Council’s transparency arrangements have also been strengthened – in line with new government requirements.

⁶ *“The AshFORd Model: A blueprint for integrated growth”, p.5*

Is the framework effective?

How we receive assurances

62. Each year the Council has responsibility for conducting a review of the effectiveness of its governance framework, including the system of internal control. The principal components on which the review relies are summarised in the diagram below, with inputs occurring over the course of the year. Comments about each component are set out below.



Members/The Leader	During the course of the year the Cabinet, the Selection and Constitutional Review Committee and other committees at various times made appropriate decisions to evolve our governance arrangements.
Management	Management team has particularly maintained an organisational focus on implementing the business plan and budget, and both have proceeded well and effectively. This has been achieved whilst ensuring effective capacity, adjusted where necessary. Staff policies have been reviewed and adjusted to ensure they remain fit for purpose, and a very effective senior leadership programme has been implemented.

<p>External Audit</p>	<p>A positive assurance to the Council was received through the auditor's 2014-2015 Annual Audit Letter presented in December 2015.</p> <p>The letter gave an unqualified opinion on the accounts, an unqualified opinion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources and an unqualified opinion on the Council's Whole of Government Accounts submission</p>
<p>Internal Audit</p>	<p>A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. Internal Audit is also a requirement of the Accounts & Audit Regulations which ask that audit's work leads to an opinion on the overall effectiveness of the governance framework, including arrangements for risk management and internal control.</p> <p>Our internal audit service, provided through the Mid Kent partnership was assessed in April 2015 by the Institute of Internal Auditors as being fully confirming with Public Sector Internal Audit Standards. Mid Kent Audit is the first audit team in the country to be so assessed by the Institute. The service continues to fully conform with Standards as stated in its Annual Report.</p> <p>The Head of Audit Partnership provided his 2015/16 interim report to the Audit Committee in December 2015, with a full report received in June 2016. The report includes an audit opinion concluding that the system of internal control at the Council for the year ended 31 March 2015 accords with proper practice. This assurance extends to both the financial and non-financial systems of the Council insofar as they have been subject to audit review.</p> <p>Regarding the Council's governance arrangements and risk management, the Head of Audit Partnership's opinion concludes that the corporate governance framework complies in all significant respects with the best practice guidance on corporate governance issued by CIPFA/SOLACE.</p>
<p>Overview and Scrutiny Committee</p>	<p>The Committee carried out a full programme of review work. Its work, summarised in the committee's Annual Report to the Full Council, notes that since June 2015 items considered by the main O&S Committee have included: -</p> <ul style="list-style-type: none"> • ABC Business Plan quarterly performance report • Sickness absence figures and information for 2015/16

	<ul style="list-style-type: none"> • Annual Report of the Housing Framework 2013-2018 • Quality Bus Partnership • Public Services (Social Value) Act 2012 • Emergency Planning Response to Oak Tree Road Gas Explosion and lessons learned in response • International House – Report on Full Years Trading • Disabled Adaptions to Council Homes • Review of Changes Made to the Mayoralty following the O&S Review in 2010 • Presentations from Southern Water and Southeast Water • Medium Term Financial Plan • Flood Prevention on ABC Land • Community Safety Partnership update • The Council's draft 2016/17 budget
Audit Committee	<p>The Committee completed a full programme during 2015/16, the details of which are contained within the Audit Committee Annual Report. This included reports on:</p> <ul style="list-style-type: none"> • Outcome of Independent Audit Review of the Council's Affordable Housing Programme (June 2015) • Strategic Risk Management (September 2015) • Safeguarding (December 2015) • Reporting for ABC Companies (December 2015) • Data Protection (March 2016)
Statutory Officers	<p>Both the Monitoring Officer (Head of Legal and Democratic Services) and the Chief Financial Officer – Section 151 Officer (Deputy Chief Executive) report they consider their respective statutory responsibilities for providing assurance are well-supported by appropriate capacity and organisational arrangements. In particular, the Council is satisfied that its arrangements for the Chief Financial Officer (CFO) allow the role to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2010 Statement on the role of the CFO in local government.</p>

Areas of significant governance for review

63. Following on from the above, the following areas of review are highlighted:

- a) Embedding the council's new *Performance Dashboard* into the quarterly performance monitoring regime.
- b) Completion of work to revise the council's strategic risk management procedures.

Conclusion

64. This full Statement has taken account of the CIPFA/SOLACE 'proper practice' statutory guidance (Delivering Good Governance in Local Government) and has set out a summary of the Council's governance framework and directly addressed the issue of its effectiveness. Generally these arrangements work well for the Council and allow it to uphold good standards of accountability and effectiveness.

Cllr Gerry Clarkson
Leader of the Council

Tracey Kerly
Chief Executive

Agenda Item No: 8
Report To: **Audit Committee**



Date: **30/06/2016**

Report Title: **Local Code of Corporate Governance, *Delivering Good Governance in Local Government 2016***

Portfolio Holder: Portfolio Holder for Resource Management and Control, Neil Shorter

Report Author: Policy and Performance Officer, Nicholas Clayton

Summary:

In April CIPFA/SOLACE published an updated '*Delivering Good Governance in Local Government*' framework 2016 which sets the standard for local authority governance.

Accordingly, it is good practice for the Council to adopt its own compliant local Code of Corporate Governance, based upon the national framework. This local Code will apply to Annual Governance Statements prepared for the financial year 2016/17 onwards.

This report summarises the new CIPFA/SOLACE Code, presenting the framework in the context of Ashford Borough Council's governance arrangements.

Key Decision: NO

Affected Wards: ALL

Recommendations: **The Audit Committee is asked to –**

- 1. Agree a new Local Code of Corporate Governance, based on the *Delivering Good Governance in Local Government Framework 2016***

Policy Overview: The revised '*Delivering Good Governance in Local Government*'¹ framework produced by CIPFA and SOLACE, and published in April 2016, sets the standard for local authority governance.

This Local Code has been prepared in accordance with the CIPFA/SOLACE framework

¹ <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Implications:

N/A

Risk Assessment

N/A although good governance includes the provision for consideration of risk management issues

Equalities Impact Assessment

N/A although good governance includes the provision for consideration of equalities issues

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Local Code of Corporate Governance

*Delivering Good Governance in Local
Government, 2016*

Ashford Borough Council

Introduction

1. The Corporate Governance framework comprises the systems, processes, culture and values under which a Council manages and controls its activities.
2. Ashford Borough Council must ensure that, as an accountable public body, it meets the highest standards and that governance arrangements are not only sound but are seen to be sound.
3. The main principle underpinning this Local Code is that it positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and form an intrinsic element of the Council's Corporate Plan, adopted in December 2015, for *Aspiration, Action and Achievement*.
4. Local authorities must recognise the need to focus on the long term. Accordingly, the Council's focus on adopting a proactive, commercial and entrepreneurial approach to achieving self-sufficiency matches a wider focus on sustainability and the interdependent links between governance and public financial management.
5. This Framework applies to annual governance statements prepared for the financial year **2016/17** onwards.

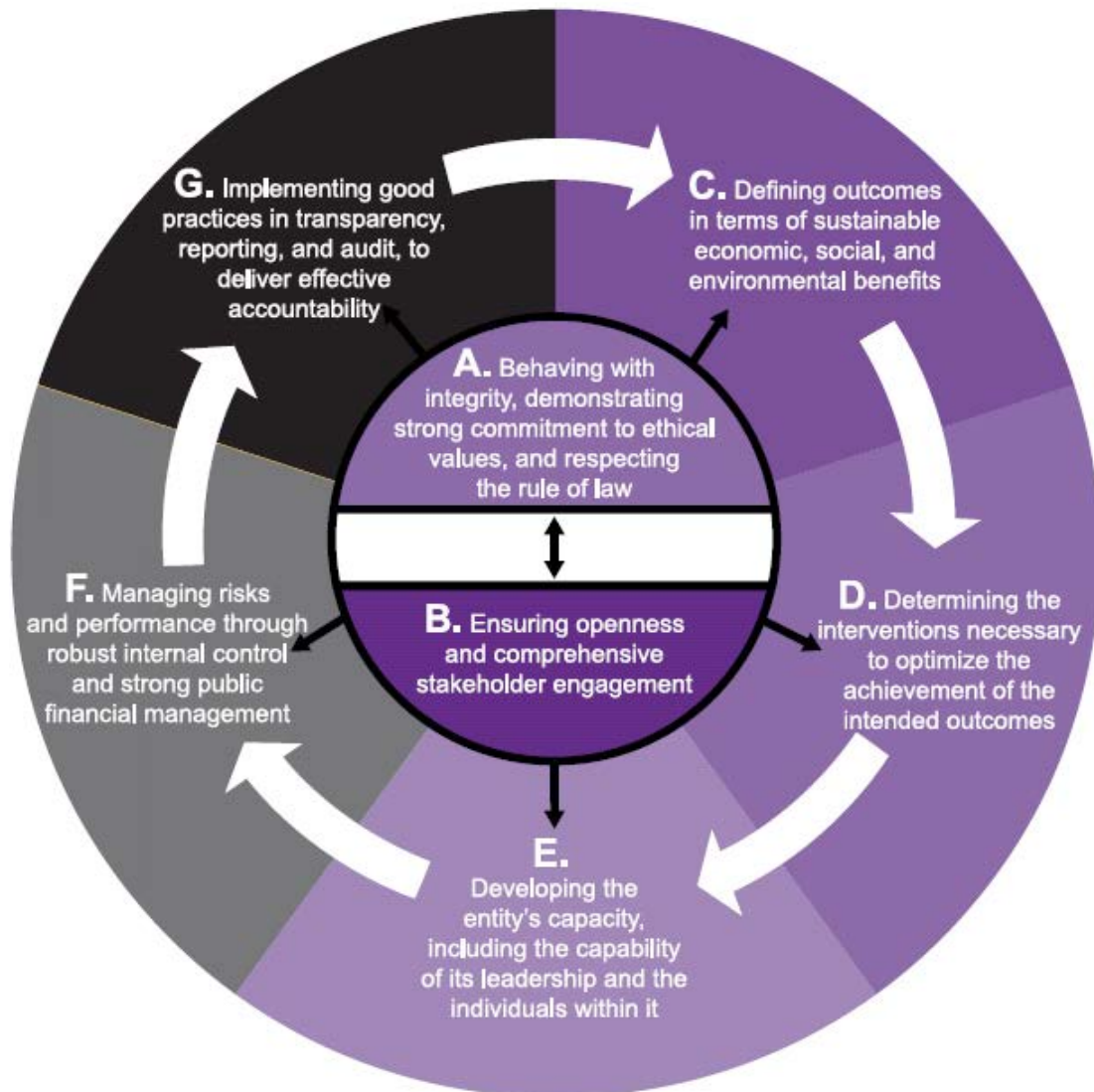
What is Governance?

6. Governance comprises those arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.
7. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.
8. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders².

² Source : The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)

The Core Principles and Sub-Principle of Good Governance

9. The diagram below, taken from the *International Framework: Good Governance in the Public Sector*, illustrates the various principles of good public sector governance, and how they relate to each other.



10. Principles A and B permeate implementation of principles C to G. The diagram makes it clear that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.
11. The following pages take each of these principles in turn, and sets out those component sub-principles, behaviours and actions, that demonstrate Ashford Borough Council's good governance in practice.

A. Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

12. Ashford Borough Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship.
13. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.
14. It is essential that, as a whole, the Council can demonstrate the appropriateness of all its actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Behaviours and Actions In Practice

Behaving with Integrity

- Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council
- Ensuring members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood.
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Demonstrating strong commitment to ethical values

- Seeking to establish, monitor and maintain the Council's ethical standards and performance

- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with ethical standards expected by the Council

Respecting the rule of law

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

B. Ensuring openness and comprehensive stakeholder engagement

15. Ashford Borough Council is run for the public good. The Council should therefore ensure openness in its activities.
16. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders³.

Behaviours and Actions In Practice

Openness

- Ensuring an open culture through demonstrating, documenting and communicating the Council's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action

Engaging comprehensively with institutional stakeholders

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on:

³ institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

- trust
 - a shared commitment to change
 - a culture that promotes and accepts challenge among partners
- and that the added value of partnership working is explicit

Engaging with individual citizens and service users effectively

- Establishing a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes
- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the impact of decisions on future generations of tax payers and service users

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

17. The long-term nature and impact of many of the Ashford Borough Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable.
18. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.
19. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Behaviours and Actions In Practice

Defining Outcomes

- Having a clear vision, which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the Council's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available

Sustainable economic, social and environmental benefits

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints

- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

20. Ashford Borough Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved.
21. The Council needs robust decision-making mechanisms to ensure that its defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations.
22. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Behaviours and Actions In Practice

Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

Planning interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances

- Establishing appropriate performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

Optimising achievement of intended outcomes

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

23. Ashford Borough Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes.
24. The Council must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the Council as a whole.
25. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members.
26. The Council's leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of Ashford's communities.

Behaviours and Actions In Practice

Developing the entity's capacity

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Developing the capability of the entity's leadership and other individuals

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles
- Developing the capabilities of members and senior management to achieve effective leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
 - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
 - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
 - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs
- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

F. Managing risks and performance through robust internal control and strong public financial management

27. Ashford Borough Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.
28. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.
29. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.
30. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.
31. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Behaviours and Actions In Practice

Managing Risk

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

Managing Performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review

- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)

Robust internal controls

- Aligning the risk management strategy and policies on internal control with achieving objectives
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:
 - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
 - that its recommendations are listened to and acted upon

Managing data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Strong public financial management

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

32. Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner.

33. Both external and internal audit contribute to effective accountability.

Behaviours and Actions In Practice

Implementing good practice in transparency

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

Implementing good practices in reporting

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

Assurance and effective accountability

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

Annual Review and Reporting

The Annual Governance Statement

34. Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in this Framework.
35. The annual governance statement provides a meaningful communication, reviewing the governance that has taken place over the last year and the role of the Council's governance structures. It should be focused on outcomes and value for money.
36. The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
37. The annual governance statement includes:
 - a. an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control)
 - b. reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment
 - c. an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework
 - d. an agreed action plan showing actions taken, or proposed, to deal with significant governance issues
 - e. reference to how issues raised in the previous year's annual governance statement have been resolved
 - f. a conclusion, including a commitment to monitoring implementation as part of the next annual review
38. Local authorities are required to include the annual governance statement with their statement of accounts.

Key elements of Ashford Borough Council's governance

- Codes of conduct which define standards of behaviour for members and staff
- Policies dealing with whistleblowing and conflicts of interest
- Ensuring compliance with relevant laws and regulations, internal policies and procedures
- A commitment to openness and acting in the public interest
- Clear channels of communication with residents and stakeholders, ensuring accountability and encouraging open consultation
- Developing and communicating a strategic vision for the borough, and setting out the courses of action for the Council, its partnerships and collaborations
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements and the robustness of data quality
- Measuring the performance of services and related projects
- Defining and documenting the roles and responsibilities of members and management
- Ensuring that financial management arrangements conform with appropriate governance requirements
- Ensuring effective arrangements are in place to discharge the monitoring officer and head of paid service functions
- Provide induction and training to meet the development needs of members and officers
- Identifying and managing risks, performance and demonstrating clear accountability
- Ensuring effective counter fraud and anti-corruption arrangements
- Ensuring an effective scrutiny function is in place
- Undertaking the core functions of an audit committee, supported by assurance arrangements and Internal Audit
- Ensuring that the Council provides timely support, information and responses to external auditors, and properly considers audit finding and recommendations
- Incorporating good governance arrangements in respect of partnerships

Agenda Item No: 9

Report To: **Audit Committee**

Date: **30 June 2016**

Report Title: **2015/16 Financial Statements – Letters of Assurance to the External Auditor**

Report Author: Ben Lockwood

Portfolio Holder Cllr Shorter - Portfolio Holder for Finance & Budget, Resource Management and Procurement

Summary: Each year in support of the external audit of the council's financial statements, it is necessary to provide two assurance letters to the auditors. These are important statements on which the auditors rely for their opinion work. The two completed letters are attached.

- One is from the chairman on behalf of the committee.
- The second is from the Head of Finance on behalf of management.

They cover similar points to assurance letters in the past, and have already been shared in draft with our auditor's. They cover assurances relating to such matters as disclosures of material facts affecting the statements, fraud, contingent liabilities and legal issues affecting the statements

Key Decision: No

Affected Wards: N/A

Recommendations: **The Committee is asked to:**

- i. **Endorse the Chairman's and Management's 2015/16 assurance letters**

Policy Overview: N/A

Financial Implications: N/A

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Cllr C Waters

Ask For: Cllr Waters
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Date: 30 June 2016

Dear Elizabeth

Ashford Borough Council Financial Statements for the year ended 31 March 2016 – Understanding how the Audit Committee gains Assurance from Management

I refer to your letter of 11 March 2016 to the former chairman of the Audit Committee, Councillor John Link, in which you ask for responses to a number of assurance questions for the purposes of your audit of the 2015-2016 financial statements. I am replying as the new chairman of the committee, previously having been the Vice Chairman; Councillor Link continues to serve as a member of the committee.

This letter and the accompanying management assurance letter from the Head of Finance are to be reported to the Audit Committee on 30 June when the committee will be asked to formally approve this letter of assurance.

You raised five questions in your letter which I will now address. On questions 1 and 3, I am satisfied the management response presents a good and accurate summary of assurance on:

- **Financial Statements**

The committee receives reports from the external auditors on the financial statements, reviewing the action plans included to address any weaknesses identified in the audit.

The committee has received training on the financial statements to enable members of the committee to have a robust examination of the statements.

- **Internal Controls**

The committee has regular updates from the internal audit team on its work to assess the adequacy of controls, they seek to cover the organisations control environment over a 4 year period

Over the last year we have put in place new measures to ensure that the

relevant head of service attend the next committee to explain the reasons for a weak audit assessment and outline the action plan to address the issue.

- Managing fraud risk
The committee receives reports on the work of the Internal Audit team covering systems and controls at risk of fraud and from the fraud team itself.
- Business practice and ethics,
This is covered within the Annual Governance Statement and the reports that the committee receives updating it of progress of remedying exceptions throughout the year.
and
- Our compliance with laws and regulations

The committee has received various reports on these issues throughout last year. As you are aware our approach to risk management was reviewed recently and the committee considered a progress report of that review in September 2015 and is due to receive a report on the work undertaken by the Corporate Enforcement Support and Investigations Team on 30 June.

On question 2, neither I nor the previous chairman have any knowledge of actual, suspected nor alleged frauds, besides the updates to the committee of the work by our fraud investigation team which has a principal focus on fraud in areas such as council tax, housing benefit and housing tenancies.

On question 4, there are no other issues I am aware of beyond the disclosure included in the management assurance letter, concerning settlement of legal proceedings brought by Personal Local Search Companies, and a disclosure made in the draft financial statements concerning protective claims by the council regarding VAT on off street parking income. The latter are longstanding legal claims that are being pursued by a number of councils and are subject to appeal by HM Revenues and Customs.

On question 5, the Committee last considered the 'going concern' principle in June when it received a presentation covering the statements of account more generally as part of the preparatory work for the financial statements and this issue is covered by the management response. The Committee supports the going concern principle based on the council's statutory position, its legal and financial arrangements, and its current and longer term financial prospects as reported at various times each year to members of the council.

Yours Sincerely

Councillor Christopher Waters
Chairman of the Audit Committee

Paul Naylor
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11 March 2016

Dear Paul,

Audit of Ashford Borough Council financial statements for the year end 31 March 2016

To comply with International Auditing Standards, we need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation. We are also required to make inquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud. International Auditing Standards also place certain obligations on auditors to document management's view on some key areas affecting the financial statements

To assist us in meeting these requirements, I would be grateful if you would consider and formally respond to the matters set out in the attached schedule. In completing this task, you may wish to take into account the views of other directors where you think appropriate. The schedule relates to operational issues as well as the financial statements.

In addition to our request to management, we also will need to gain an understanding of how the Audit Committee maintains oversight of the above processes. I have also enclosed a copy of the letter that I intend to send to the Chair of the Audit Committee, for your information.

In preparing your responses, it would assist me greatly if you could include a summary of evidence that you have relied on to inform your responses, and the sources of assurance that you have that the relevant management controls have operated effectively through the financial year to date and will operate up to the date the accounts are approved.

We would be grateful if you could provide a response by 31 May 2016. You may find it useful to co-ordinate both the Audit Committee and management responses to our letters in time for discussion at that the June Audit Committee meeting.

Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Elizabeth Olive
Engagement Lead
For Grant Thornton UK LLP

Responses from Management:

Auditor question	Response
<p>What do you regard as the key events or issues that will have a significant impact on the financial statements for 2015/16?</p>	<p>In May 2015 the Council completed the purchase of the long leasehold of Unit 1 Park Mall and is in advanced stages of purchasing a long leasehold interest in the Park Mall shopping centre.</p> <p>The introduction of IFRS13 will have an impact on the valuation of the Councils assets and valuers have been instructed accordingly</p> <p>NNDR – un-submitted appeals, there is a requirement to consider un-submitted appeals as part of the appeals provision. An appropriate methodology will need to be developed to assess the level of appeals as yet un-submitted.</p> <p>NNDR Pooling – This is the first year that the Council will have to account as part of the Kent Business Rates pool.</p>
<p>Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>Yes – a report detailing the findings of the review was presented the Audit Committee in March 2016.</p>
<p>Are you aware of any changes to the Councils regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>None</p>
<p>How would you assess the quality of the Council's internal control processes?</p>	<p>I am comfortable with the internal control environment; the Council has a stable control environment with many processes embedded for a number of years.</p> <p>The Council's internal audit function reviews the council's internal control environment. The findings have shown that there is a robust system of internal controls in operation. Where an audit report identifies an issue these are highlighted to both members and management team and action is taken. Evidence of this can be seen with the response to both the safeguarding and data protection audits which have seen action plans put in place and tracked.</p>

Auditor question	Response
How would you assess the process for reviewing the effectiveness of internal control?	The Council receives regular reports from the internal audit partnership managers on the progress that is being made on the planned audits. Progress is in line with the plan and consequently the process for reviewing the effectiveness of internal control is considered to be strong.
How does the Council's risk management processes link to financial reporting?	<p>The Council has been working closely with the internal audit team and audit committee to put together a new corporate risk register, most recently this has been reported to the March committee.</p> <p>Further to this the Council's financial reporting considers the risk register when considering estimation techniques/approaches and when formulating a view on contingent assets and liabilities.</p>
How would you assess the Council's arrangements for identifying and responding to the risk of fraud?	<p>Risk management is an inherent part of the work of members, the management team, service managers, and line managers. We have an established risk management process, recently reviewed, that focuses on strategic and service risks and instils a good discipline and culture that is risk aware. These processes link to financial reporting in various ways. Strategic financial risks – the overall financial position, and financial risk associated with key strategic projects – are handled through various reporting processes, including the financial planning processes (this also includes the formal scrutiny stage), and the preparation of business plans and reports to members that take forward our key projects, and the risk register itself (reported to and owned by the Audit Committee). For major projects a governance framework exists (the Ashford Strategic Delivery Board) that monitors and discusses progress, including key financial issues and risks and the management of these.</p> <p>The Council is working with KCC on the development of the Kent Intelligence Network and a data matching tool as a means of identifying potential fraud.</p>

Auditor question	Response
	The statutory financial statements are informed by all of these various processes and where necessary disclosures are made.
What has been the outcome of these arrangements so far this year?	Our arrangements are strong, both in terms of the capacity we have and in policy and procedural terms.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>The areas at most risk of fraud are considered to be:</p> <ul style="list-style-type: none"> • Benefits – the council administers Housing Benefit with over 10,000 claimants. The responsibility for the investigation and prosecution of benefits fraud transferred to the Single Fraud and Investigation Team in December 2015. • Council Tax Discounts – The counter fraud team now routinely scrutinise single person discounts claims using a third party service, building on large scale periodic reviews in the past. With council tax yield being important to the borough council and the other major preceptors there is a joint agreement in place that supports this focus. • Housing Tenancy with approximately 5,000 properties and there is a risk of tenancy fraud. This is an area of routine activity for the counter fraud team, with investigation work resulting in some positive outcomes for the HRA that helps to manage this risk.
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	I am aware of no whistle blowing complaints.
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>The Councils strategic risk register is routinely reported to the Audit committee.</p> <p>Risks on major projects are routinely reviewed by the Ashford Strategic Delivery Board as part of the regular reporting process.</p> <p>Committee reports have sections for risk assessments to allow individual project risks to be reported through to members.</p>
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	<p>We use a number of means including:</p> <ul style="list-style-type: none"> • induction for new employees, • staff publication “Root and Branch” • Web based training – most recently FOI, Safeguarding, data protection and trips

Auditor question	Response
	<p>and slips.</p> <ul style="list-style-type: none"> • the availability through the intranet of expected standards and internal policies (including emphasis on staff conduct). • The Chief Executive’s personal ‘walkabouts’ to services to brief on important issues and progress against important plans, • Leadership and management development programmes, • and our regular staff appraisal processes.
<p>What are your policies and procedures for identifying, assessing and accounting for litigation and claims?</p>	<p>As part of the closing process we write to the Monitoring Officer to identify what litigation the Council has engaged in and to open a discussion about accounting for these cases.</p>
<p>Is there any use of financial instruments, including derivatives?</p>	<p>The Council uses pooled investment funds such as:</p> <ul style="list-style-type: none"> • money market funds • property fund, • corporate bonds • and most recently invested in equities based funds. <p>The Council has made loans to its companies and a number of community groups.</p> <p>The Council has a PFI contract that has a lease embedded into it and is accounted for accordingly.</p>
<p>Are you aware of any significant transaction outside the normal course of business?</p>	<p>The council has been continuing its refurbishment of Farrow Court with a cost of £3.9m.</p> <p>The Council also completed the acquisition of Park Mall (£825k) and the Wilkinson’s retail unit (£3.6m) in the town Centre.</p>
<p>Are you aware of any changes in circumstances that would lead to impairment of non-current assets?</p>	<p>A Gas explosion in Council Properties at Oak Tree Road resulted in the loss of 8 council Properties.</p>
<p>Are you aware of any guarantee contracts?</p>	<p>Yes – the Council has given a financial guarantee to Ashford Leisure trust for pensions costs and termination costs, the details of which are disclosed as a contingent liability.</p>
<p>Are you aware of allegations of fraud, errors, or other irregularities during the period?</p>	<p>On benefit fraud we have arrangements that allow residents and others to inform</p>

Auditor question	Response
	<p>the council anonymously should they have any information that needs to be investigated; these arrangements are used and information is followed up.</p> <p>Occasionally allegations of a general nature relating to benefit fraud are made at public council meetings, when a reminder is given that information will be followed up confidentially if specific information is provided.</p>
<p>Are you aware of any instances of non-compliance with laws or regulations or is the Council on notice of any such possible instances of non-compliance?</p>	<p>No</p>
<p>Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?</p>	<p>The Council has settled proceedings brought by a group of Property Search Companies for refunds of fees. Further similar proceedings may be taken by other companies.</p>
<p>Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?</p>	<p>Note 4 of the Financial statement details of these items, in summary the main areas are:</p> <ul style="list-style-type: none"> • Pensions – the accounts include an estimate on the pensions liabilities • NNDR appeals – an estimate has been made to provide for liabilities relating to NNDR appeals. <p>The accounting treatment of the PFI scheme is based upon a financial model that includes a number of estimates on future costs.</p>
<p>Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?</p>	<p>Pensions – Estimates have been provided by the council’s actuaries who have to conform to professional standards when producing those numbers.</p> <p>NNDR Appeals – these are made on the data provided by the Valuation Office and data provided by Analyse Local. These views are then tested against national trends.</p> <p>Asset valuations – the council’s valuer has to conform to professional standards when forming a view on the value of the council’s assets.</p>
<p>Are you aware of the existence of loss contingencies and/or un-asserted claims</p>	<p>No</p>

Auditor question	Response
that may affect the financial statements?	
Are you aware of any reports having been made by the Trust under the Bribery Act during the last year?	No
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	The council has completed a number of Forward planning sessions to discuss the financial strategy of the Authority in the medium term.
Although the public sector interpretation of IAS1 means that unless Local Government services are being transferred out of the public sector then the financial services should be prepared on a going concern basis, management is still required to consider whether there are any material uncertainties that cast doubt on the Council's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	<p>The Council has been conducting a number of financial planning exercises with members to identify ways to address the funding challenge in the next 5 years. The strategy to address this was reported to members in October and work has continued to develop new income streams for the council and complete more detailed resource planning models.</p> <p>All services and cabinet members have been included in this process and consequently it is expected that this will capture service specific issues.</p> <p>Finally the finance and policy teams monitor government announcements for anything that will impact upon the council's business plan.</p>
Can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Winckworth Sherwood – Procurement</p> <p>Thomson Snell & Passmore LLP – Elwick Rd Stanford and Green – debt recovery</p> <p>Kingsfords LLP – Conveyancing</p> <p>Robinson Escott Planning Llp – Planning enforcement</p> <p>Becket Chambers – Licencing</p>
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Council has a process that requires the completion of a proforma for all purchases of external advice. These are contained in the exchequer department and will be available for audit to inspect.
Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No

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Friday, 11 March 2016

Dear Councillor Link,

Ashford Borough Council Financial Statements for the year end 31 March 2016: Obtain an understanding how the Audit Committee gains assurance from management

To comply with International Auditing Standards, each year we need to refresh our understanding of how the Audit Committee gains assurance over management processes and arrangements.

I would be grateful, therefore, if you could write to me with your responses to the following questions.

- 1 How does the Audit Committee oversee management's processes in relation to:
 - carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error
 - identifying and responding to the risk of breaches of internal control
 - identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist)
 - communicating to employees its views on appropriate business practice and ethical behavior (for example by updating, communicating and monitoring against the codes of conduct)?
- 2 Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.
- 3 How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with?
- 4 Are you aware of any actual or potential litigation or claims that would affect the financial statements?
- 5 How has the Audit Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

I would be grateful if you could respond by 16 June 2016.

Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Elizabeth Olive
Engagement Lead
For Grant Thornton UK LLP

Agenda Item No: 10
Report To: Audit Committee
Date: 30 June 2016
Report Title: Annual Staff Appraisal Process
Report Author: Michelle Pecci- Head of HR, Communications & Technology
Portfolio Holder: Cllr Knowles- Information, Technology & Communication



Summary:

The Audit Committee requested that officers bring forward a report that showed how performance was managed through the annual appraisal process.

This report shows the journey we have been through since 2015 when introducing a new appraisal system as well as our next steps in making sure there is a good quality of appraisal for managers and staff.

Key Decision: No

Affected Wards: None

Recommendations: **The Audit Committee be asked to note:-**

- i) the progress made since the introduction of the iTrent performance management module in 2015**
- ii) the planned next steps that will review the qualitative elements of the appraisal process**

Policy Overview: The council does not have a performance related pay or bonus scheme in place so the appraisal process at ABC is about intrinsic rewards such as recognising a job well done, providing an opportunity to discuss personal aspirations and how we can grow individuals through learning and other development; as well as providing a record of how the year has gone, documenting issues and problems as a record for the future. All staff are required to undertake an appraisal.

Financial Implications:

Risk Assessment NO

Equalities Impact Assessment NO

Other Material Implications:

Exemption Clauses:

Background Papers:

Contacts: Michelle.pecci@ashford.gov.uk – Tel: (01233) 330602

Report Title: Annual Staff Appraisal Process

Purpose of the Report

1. The Audit Committee requested that officers bring forward a report that showed how performance was managed through the annual appraisal process.
2. The council has always conducted appraisals and these have been based on an assessment of behaviours and the delivery of objectives. There is no performance related pay, or bonus scheme in operation at ABC so the 'motivator' behind conducting these reviews is about intrinsic reward: recognition of a job well done, discussion about personal aspirations and how we can grow individuals as well as having an official record of how the year has gone documenting issues and problems as a record for the future.

Background

3. Between 2011 and 2014 the council used an electronic appraisal system called iReview. This system allowed managers to rate their staff against a set of 80 competency statements, provided an opportunity to identify L&D needs based on how the individual rated in the competency statements, rating an individual on a performance grid as well as recording a set of objectives for the coming year.
4. As time progressed the stability of the iReview system diminished with some of the functionality becoming temperamental. The system was hosted externally and the provider was unable to amend or develop the system without ABC incurring considerable costs (in addition to the annual licence fee). As a consequence of these problems the system began to lose its credibility amongst users and different work-arounds developed across teams.
5. In parallel to this the council's focus and corporate strategy shifted, we moved away from a more traditional approach to being a Council where we cut costs and reacted to change. Instead we had started our journey into becoming more commercially minded, looking for opportunities to innovate and creating opportunities that help deliver corporate objectives. As a result the competency statements were becoming out of line with our corporate strategy.
6. We therefore started a significant review of how we appraise our staff in terms of both the process and the successful behaviours we expect to see. This started with a bottom-up process of reviewing our Competency Framework.

Internal staff engagement was at a high level and it was clear from workshops and surveys that staff understood our direction but it was still important that staff recognised and had ownership of the behaviours that were important to ABC if it were to deliver on the corporate plan objectives.

7. A number of focus groups were held across all levels of staff in addition to senior officer and member interviews. Following a number of sounding board iterations the new competence framework was developed (Appendix 1). The framework reduced from 80 to 24 competency statements, used plain English and was made as simple as possible.
8. Stage two of this project was to introduce an appraisal system that reviewed performance against the new competency framework and underpinned the importance of the shift in culture to all staff.
9. In 2012 the council invested in a new HR payroll system. The system, iTrent, is hosted internally and is modular which allows the user to 'bolt-on' modules as they require them. A decision was made to purchase the Performance Management module, this decision was based on a number of factors:
 - Staff would access the modules through employee self service (where they request holiday and submit expense claims etc.) this would mean one less log-in and password to remember
 - Self service was a credible system and had been well received by staff when it was originally introduced and was considered to be very intuitive
 - The module is fully configurable by staff internally so could be refined year on year depending on corporate needs
 - It had reporting functions for both HR and Managers
 - It would not require significant effort putting staff data into the system as this data is already populated in the system
 - It pulled through reporting lines from the core HR module so would not need any hierarchy to be built, and would change reporting lines as these were updated throughout the year
 - We could purchase other related modules in due course that would link to the Performance Management module (e.g. Learning Events module)
 - The annual licence fee was £1,600 delivering significant savings on the existing system but also being good value compared to other systems too.
10. We were keen not to repeat the issues we had with iReview and undertook focus group consultation about the features and process staff and managers

would like, or wouldn't like, to see in an appraisal process. Using this feedback we configured the iTrent Performance Management Module.

11. Consultation feedback told us that people liked to have a record of the whole process including the preparation stage on the electronic system; that they wanted to be able to 'sign off' ratings and objectives, and be able to amend or dispute them if necessary.
12. As part of the competency framework project it had previously been determined that the competency framework behaviours applied to all posts at all levels; but subsequent feedback on how the framework was applied told us that the long rating scale was cumbersome and "what was the difference between a 5 and a 6?". So the scale was reduced from seven potential ratings to four making it easier to have consistency across the organisation, but also making it less easy to apply a bland rating in order to avoid an awkward discussion, this was to encourage more robust approach to performance management.
13. The old iReview system had a *Performance Grid* and feedback suggested that people were not happy being 'put in a box' did not like or understand the category names and did not know how to use the grid. It was decided to review some of the names and language, and address how to use the grid during the appraisal training sessions. We did have the option of removing the grid altogether however it was felt that that value of the grid in helping to identify different career stages and the data this could provide for succession planning and capacity building hadn't been fully explored and if we removed it then replaced in a year or two with something else important ground would be lost.
14. In late January 2015 the Performance Management module of iTrent went live. During January and February we delivered compulsory appraisal training for all staff (managers having separate training) which refreshed skills, provided a reminder of the importance of an appraisal as well as highlighting that the onus is on the individual to get the best from their appraisal. At these sessions the system was demonstrated and further drop-in sessions were provided for staff both before and during the appraisal period so that if people needed general or very specific help, they could come along for support.
15. Recognising that this was a new system we also made people from the HR team available to go along and support people at their desks with system support.

Year 1 and 2 completion

16. In year 1, at the target completion date of 30 April 2015 50% of staff had completed their appraisal. There followed significant efforts for a further eight weeks by Management Team and the HR team in supporting managers and staff to get their appraisal completed, with the Chief Executive intervening in a couple of cases.
17. Whilst it was disappointing that the completion rate was low it was anticipated that the initial completion rate in year 1 would be lower than we would have liked because:
 - a) People were unfamiliar with the new system
 - b) Ongoing scepticism following the lack of credibility of the old system
 - c) Previous 'relaxed approach' to appraisals due to the old system constraints.
18. It was really important that we quickly identified and highlighted any system issues and addressed them for the 2016 appraisal in order to build corporate confidence in the system. A number of feedback and evaluation sessions were held to determine how we could make the process, and the system, as user friendly as possible.
19. The main feedback about the process was that it was felt there was a lot of 'back and forth' in the process but individuals liked the ability to review and approve the feedback and objectives before they were finalised. Therefore changes were made to consolidate elements of the stages to make the process flow more smoothly and to give the member of staff more ownership of the elements that are important to them such as learning and development and objectives.
20. Some feedback suggested the reason some appraisals were not completed in time was because of the time constraints on the manager and the perceived duplication of effort in completing the preparation stage, having the discussion then documenting the discussion after the appraisal. The system requires 'someone to go first' so some of the order was also switched around so that a record of the discussion could be made at the appraisal meeting on a lap-top if managers preferred this to save time.
21. A further revision to the performance grid was made, this was largely to make it easier for managers and staff to have discussions about personal growth and development and to also to change the presentation of the grid so that individuals could see there were overlaps between categories to reduce the perception it was a process about being 'put in a box'. The grid was renamed 'potential & performance jigsaw' (Appendix 2).

22. The great news was that there was no feedback that suggested the system did not work or there were fundamental faults that would undermine the credibility or usability of the system.
23. The revised process went live in January for the 2016 appraisal round and the completion rate at 31 March 2016 deadline was 68%. This prompted an explicit instruction from the Chief Executive to staff to complete these by 30 April otherwise poor performance procedures would be initiated.
24. On 30 April just 2.4% were outstanding (there were none after the eight-week extended deadline in the previous year). HR is currently working with managers in pursuing the appropriate course of action for those officers who have not completed their appraisals (or managers who have not completed the appraisal for their team member). Management Team feel that it is important that this is followed-up as it has been made clear that everyone is expected to have an appraisal and it is a manager's responsibility to ensure their staff comply. If there are no consequences it will completely undermine the message that appraisals are important.
25. During June/July we will carry out a further evaluation of the system and make adjustments ready for the 2017 Appraisals. It has always been the intention to move away from a largely system driven process to a discussion driven process but the first couple of years required us to reintroduce some of the discipline around appraisals as we had started to lose sight of these due to the historical system problems and local workarounds.
26. Please note, due to anticipated service pressures on Revenues & Benefits a revised timescale of March to May was agreed for the 2016 review. At the time of drafting this report all appraisals are progressing appropriately and there is nothing to suggest anything less than 100% completion will be achieved.

Outcomes/value added by appraisals and iTrent

27. The appraisal process is designed to do a number of things:
 - a. Review of the year and success in achieving the previous years objectives
 - b. Set new objectives for the forthcoming year
 - c. Review behaviours against the competency framework
 - d. Identify job related learning and development needs

- e. Using the 'potential & performance jigsaw' identify personal aspirations and development needs or reflect ongoing concerns over poor performance.

Objectives

28. The iTrent system allows a member of staff, or their manager to look at, and update the objectives and the progress that has been made against them as often as necessary so the live objectives can be printed off for 1:1 meetings, ensuring that focus is maintained key objectives.
29. The original training sessions on appraisals did cover SMART objectives and it is planned that we will review the quality of the objectives input into iTrent this year and will provide further training and support on objective setting if we have concerns over the quality of objectives.

Training

30. The 2016/17 corporate training plan which was approved by Management Team on 2 June 2016 (Appendix 3) has been developed using the training needs highlighted through the appraisals process. In previous years there has been a core corporate training programme using a proportion of the training budget and officers have then requested individual training throughout the year from the balance of the budget. This year we have made a concerted effort to analyse all the training needs from the appraisals and provide/source training to meet most of the identified needs.
31. The downside of this approach is that it does mean that the budget has limited flexibility for ad hoc needs arising throughout the year but it does underpin the importance of undertaking an appraisal and appropriately identifying training and development needs.
32. We will keep a review on non-take-up and non-attendance at training that has been specifically identified as an appraisal learning need. If it becomes apparent that there is a mismatch between training needs identified and the percentage of take-up we will take action to support managers and staff in properly determining needs at appraisal time to ensure the training budget is focussed correctly.
33. We will also review the level of adhoc/in year requests for training we have, and whether any of these are refused or whether the service funds these unplanned requests due to the full allocation of the training budget.

34. Training is one element of developing skills; another element is the ability to get involved with work that stretches individuals in a range of ways. Once the resource requirements for the corporate delivery plan are clear it is intended that we will use this as a way to identify opportunities for staff to get personal development by getting involved either with projects, or by taking opportunities that help to backfill other post-holders who are tied up with programme delivery. The appraisal process includes a *'potential & performance jigsaw'* which will help us more easily identify people who are seeking development, or capable of being developed in this way. This will help to avoid always relying on the 'same old' faces as can sometimes happen when you do not have this information.

Personal growth and performance

35. The *'potential & performance jigsaw'* also provides an opportunity for underperformance to be reflected. Policy and guidance is clear that the appraisal process is not the time to raise these issues for the first time. Having an 'under performer' category in the jigsaw, accompanied by guidance helps reinforce the need for proper performance management leading up to the annual review and thereafter. Our first question when asked for support for managers with team performance issues is "what discussions have you already had with the individual and how were these recorded in the appraisal discussions?"
36. The data from the performance grid will be analysed to inform some of the manager development sessions the HR team will deliver this year e.g. if we have a high number of people who are categorised as 'undecided' do managers have the skills, knowledge and support to be able to deal appropriately with these individuals; and on the flip side, if we have a really strong performer can the manager provide the development and stretch to retain these people and keep them motivated to continue to perform well.

Conclusions and next steps

37. The improved completion rates (at deadline) indicates that the system is starting to bed-in, interventions such as capability management processes where the appraisals have not been completed will send a strong message to the organisation about how important appraisals are to ABC. Changes to the way the training budget is allocated and managed should also help underpin the importance of undertaking the appraisals in a thorough and timely way.
38. Although the completion rate in year two has improved from year one the proportion of appraisals completed late is still disappointing. In most cases

individuals were at the final stage of the appraisal and were in the process of finalising their objectives. The message from the Chief Executive and management team was very clear about the importance of appraisals and adherence to the timescale and consequences of non-adherence. As a result we saw swift progress made after this. For the 2017 appraisals the **messages about the consequence of non-completion** will be very clear from the outset and there will also be more **positive communications about the benefits and purpose of appraisal throughout the year** so that appraisals are not seen as a 'tick box' to avoid poor performance procedures.

39. In some cases workload pressures have meant the target appraisal delivery date was not achieved. As part of an evaluation process we will **review the timing and the amount of time** given for appraisals to ensure that these are appropriate given how many corporate deadlines happen towards the end of March.
40. There will be a further **evaluation of the system** and process to ensure these are user friendly and fit for purpose.
41. It is appropriate now to look at the **quality of the discussion** to prevent the process becoming a tick box exercise and a number of approaches will be taken including comparing year on year reviews to see if people are simply replicating last year's review, random sampling and specific targeting of individuals who have consistently struggled to get appraisals completed. There are a range of options available to us if we identify there are quality problems including additional training, refresher training, internal communications and coaching support from managers or HR.
42. Linked to the quality of the discussion is also the **quality of objective setting** and how well the system is being used to keep the objectives up to date; again a range of options will be available if we consider there to be a quality problem with the objectives, these will include additional training, refresher training, internal communications and coaching support from managers or HR.
43. This year we will aim to get better use of the data we get from having a '**potential & performance jigsaw**'. We retained it when we introduced iTrent as we could see the potential for it to build capacity for delivery and to provide development and growth opportunities. If we are unable to demonstrate the impact of using the jigsaw by the end of this year we ought to be reviewing whether we continue to use it.
44. As highlighted above it will be necessary to review the impact and effectiveness of the change in making a clear relationship between the

training needs analysis and training budget allocations to ensure that crucial learning and development is not missed, but also to help individuals and managers to really think, at appraisal time, about the training they need to deliver their objectives, improve performance or grow their skills and knowledge.

Portfolio Holder's Views

45. "Appraisals are the main tool for managers to review, document and assess performance and delivery. I am comfortable with the progress made on embedding the new appraisal process and that listening to user feedback will continue to ensure the system and process is credible and fit for purpose. I am keen to ensure that the completion rate next year improves once again and feel that the next steps highlighted in the report should further help to cement the importance of appraisals into the culture of ABC, and by implication drive up performance standards." Cllr Knowles

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Our people, behaviours



ASHFORD
BOROUGH COUNCIL

A framework to set out how our aspirations are achieved through our behaviours and characteristics



Welcome

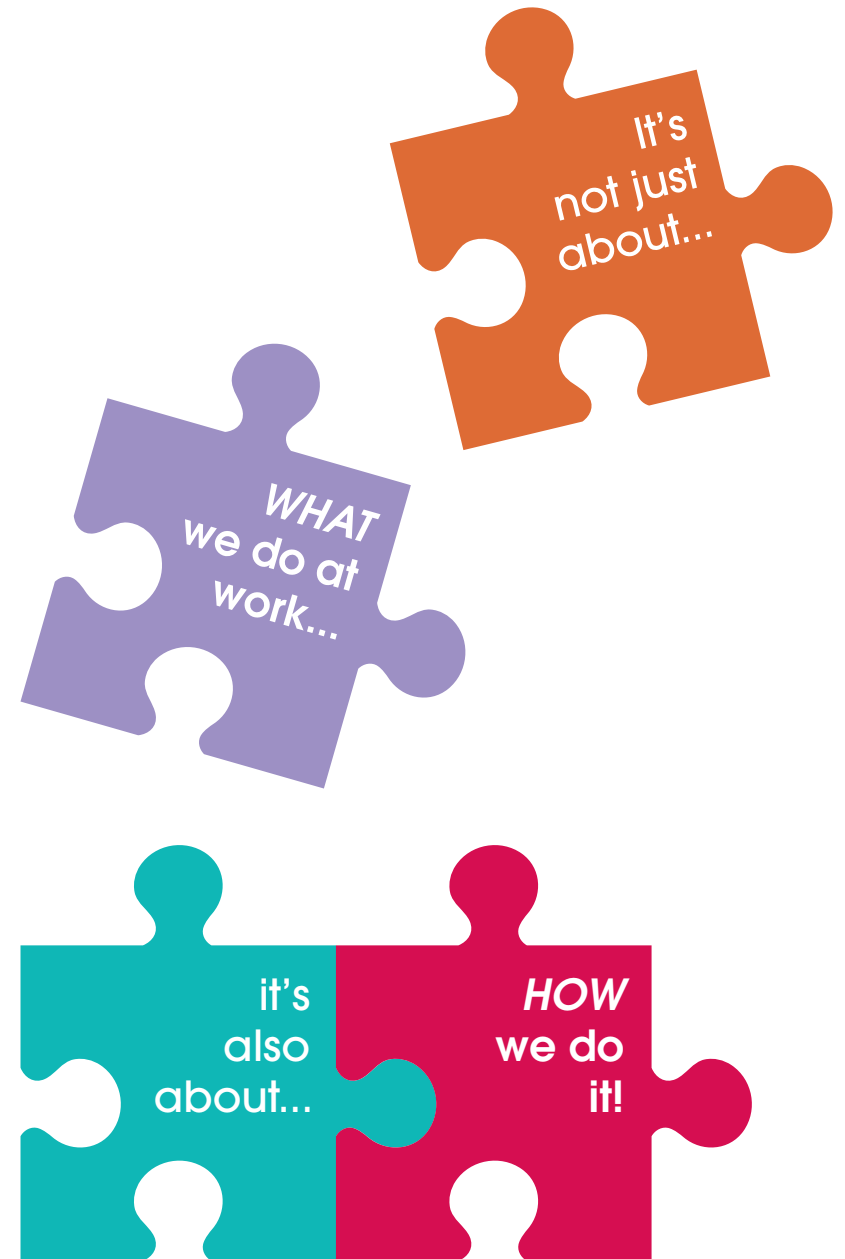
This framework sets out key behaviours (or competencies) that you as Ashford Borough Council staff should display in your day to day roles.

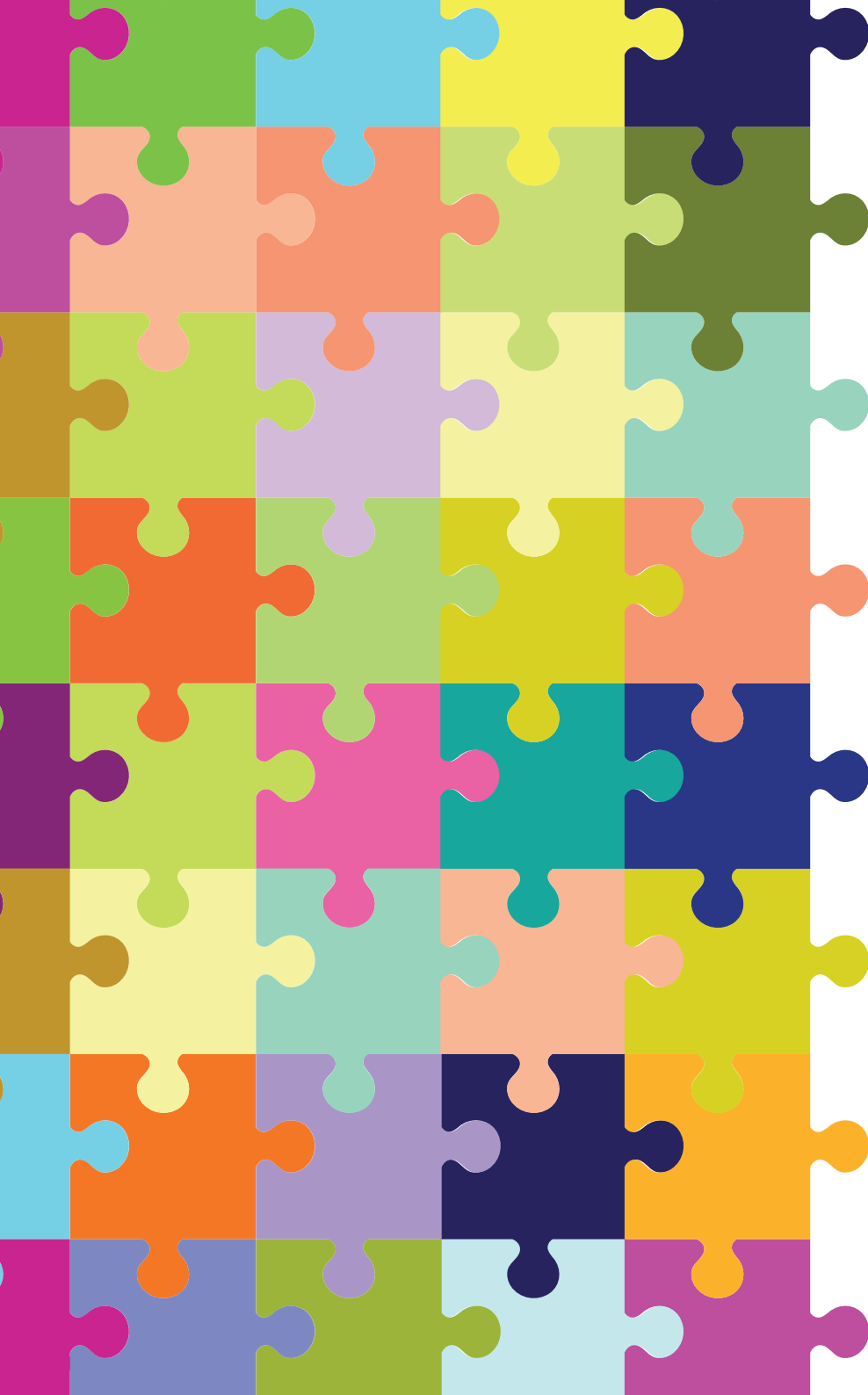
It applies to every member of staff, regardless of role or service, and was developed by considering best practice. It was then shaped by consulting with **Management Team** and key **Members**, and by holding **manager** and **staff** workshops to look at the structure and language to make it as easy to use as possible.

Page 5 displays the three sections of the framework (Aspirations, Behaviours and Characteristics) as a pyramid. The rest of the document will explain each of these parts in turn.

This will be used for:

- Recruitment and selection – interview questions will be based on these key behaviours to ensure we are bringing the right people into the organisation
- Performance management including appraisals - to keep checking that we are all displaying the right behaviours that will ensure the success of the council's aspirations
- Training and development - to help you as teams and individuals focus on developing key behaviours and characteristics





ABC pyramid

Section one: Our Aspirations

What the council is working towards

Section two: Our Behaviours

What is displayed when you are working towards the council's aspirations

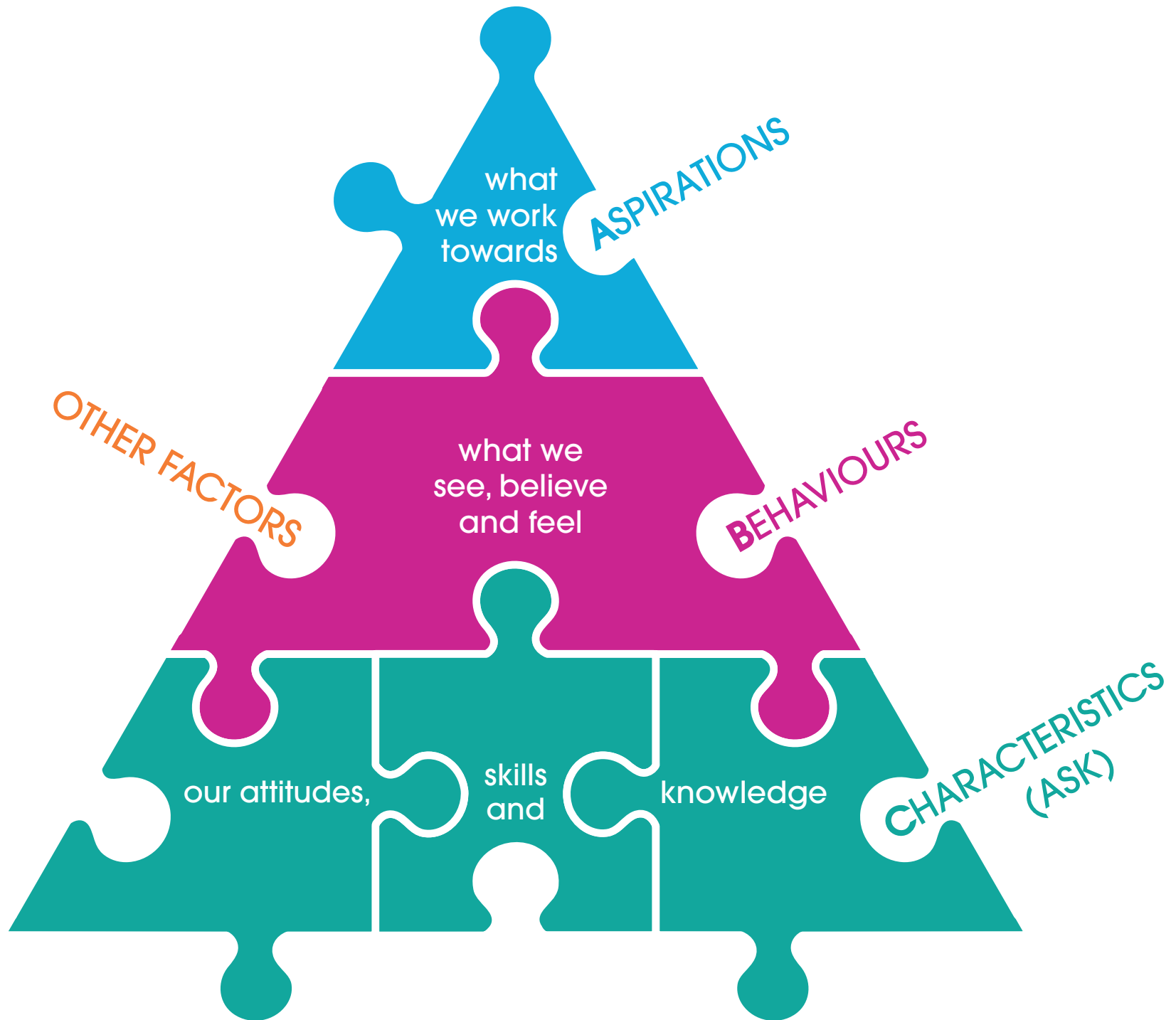
Section three: Our Characteristics

The attitudes, skills and knowledge (ASK) that underpin the behaviours and contribute to the success of the aspirations

In order to achieve the council's aspirations at the top of the pyramid, each section needs to be in place.

The success of achieving the aspirations depends on your behaviours, which in turn depends on the characteristics lying behind them being present.

Other factors, such as resources or working conditions, also have an impact on the overall pyramid.



Section one: Our Aspirations

The council's Cabinet led by the Leader of the Council has set out the aspirations for the council in the coming years, using feedback from residents and businesses.




Message from the Leader:

“ I would like to thank staff for shaping this framework into a document that they can use as a focus for achieving these aspirations.

We should remember that we are serving all residents and businesses, and that it is important to work together so that our aspirations for the borough are achieved.



The key themes of focus are:

-  Jobs/economic growth
-  Quality homes and places to live
-  Value for money services

These are expanded on the next page.

We can all identify how our role fits into achieving these aspirations - whether this is immediately obvious, or whether it is a bit more subtle.

Legend has it that when President Kennedy asked a NASA cleaner what his role was, he replied, "my job is to help put a man on the moon."

We should all keep in mind how what we do fits into the bigger picture of what the council wants to achieve.

people
serving
people



Ashford Borough Council

Jobs and Economic Growth

We are attracting and growing our business, leisure, retail and hospitality sectors. As part of this theme we are:

- Creating a vibrant town centre
- Helping nurture the entrepreneurs of tomorrow
- Using an entrepreneurial approach
- Supporting rural businesses
- Providing a 'can do' Planning and Development service
- Creating opportunity for all residents to understand welfare reform changes and proactively helping get people back to work

Quality Homes and Places to Live

We are striving to deliver the quality – not just of houses, but also of their environment and infrastructure to create the 'right' atmosphere where people want to live and enjoy life.

We support cultural, artistic and sporting events to make the borough a vibrant and welcoming place to live, work and visit. We aim to bring the community together through facilities, projects and events such as the Create music festival, activities for young people, promoting sport and active living, innovative housing development design at Chilmington Green and fantastic sports facilities at Conningbrook Park.

Value-for-Money services

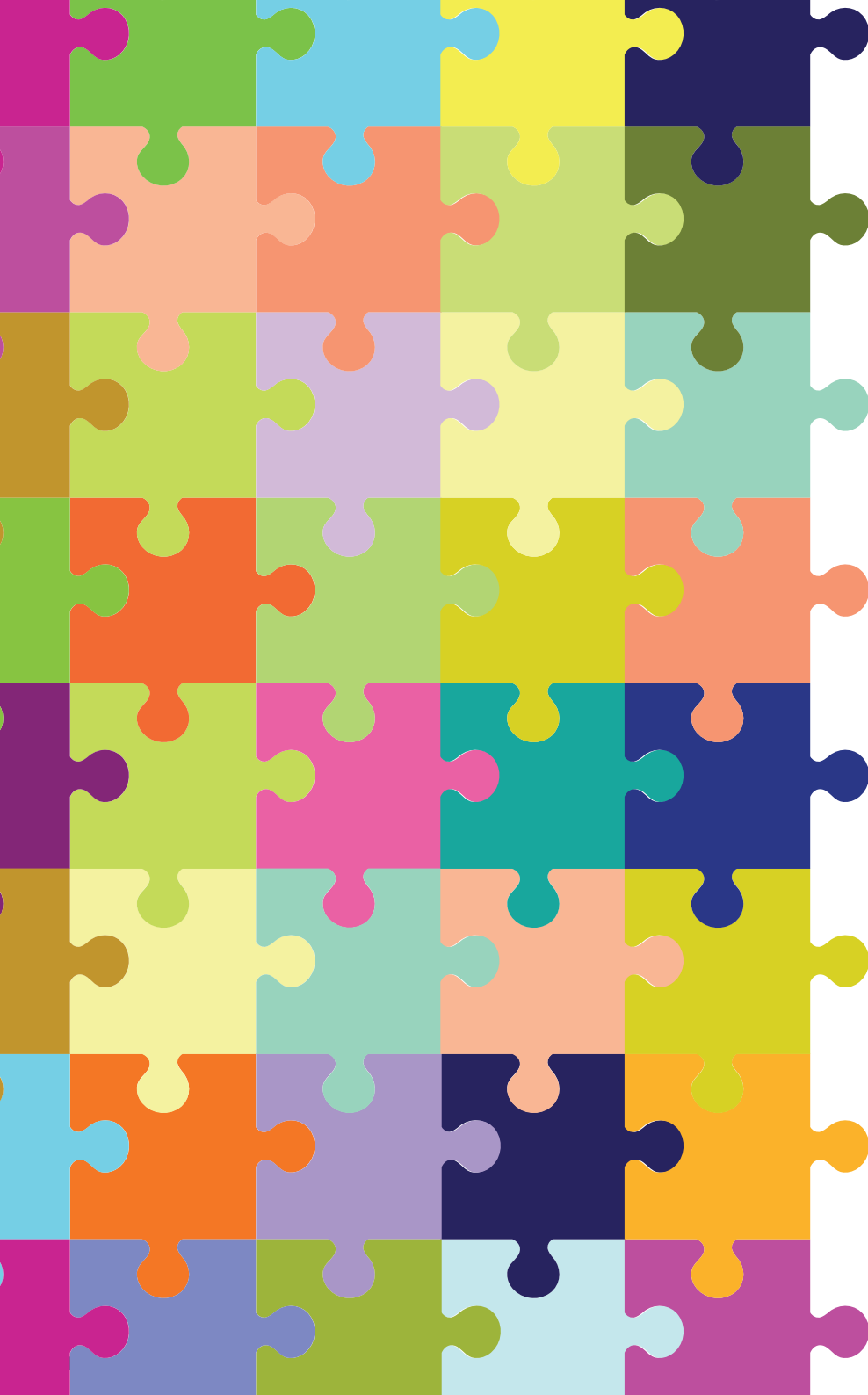
We need to concentrate on delivering effective and efficient services which are responsive to the needs of residents and businesses and provide value-for-money.

As part of this theme we are focusing on:

- Energy efficient buildings
- Keeping our council tax low
- Helping residents to help themselves via online communication
- Taking advantage of technology
- Proactive support for residents





We recognise it is important to achieve much, but keep spending to a minimum. This is why it is important that each of us manages and monitors our day-to-day role to provide value-for-money whilst maintaining good customer service and standard of work.

More detailed information on all these aspirations can be found in the Annual Report. This is filed under Strategy and Partnerships on the intranet.



Section two: Our Behaviours

Key behaviours have been grouped into four main areas:

-  How we lead by example*
-  How we manage ourselves
-  How we work with others
-  How we achieve the council's goals

These are not the only behaviours that are beneficial in the workplace, but are considered to be the main ones that will lead to the success of the council's aspirations.

They are all broad behaviours that each of us should display in our roles, regardless of where we are in the organisation.

The nature of your role may require further behaviours that relate to your specific duties – your manager will speak with you about these if this is the case.

It is important to point out that we do not expect perfection, neither do we want to change personalities. However, we do expect a professional attitude that strives to display behaviours that help us achieve our aspirations.

*The *How we lead by example group* is not just for managers. These are behaviours that each of us can display in our roles as we try to set an example for others.

Behaviour Groups





How we lead by example

(we are all required to set a good example for colleagues and customers)

COMMUNICATION	Communicate simply and clearly when writing and speaking
ACCOUNTABLE	Accept responsibility for own area of work and learn from mistakes
CONSISTENT	Be consistent when making decisions and dealing with others
OPEN	Welcome ideas and feedback and encourage openness
COOL HEAD	Remain calm and composed at times of pressure
POSITIVE	Be positive and enthusiastic, with a 'can-do' approach and be proactive, with a willingness to get involved



How we manage ourselves

(in our own roles on a day to day basis)

HONESTY AND INTEGRITY	Inspire trust by demonstrating honesty and integrity
PRIORITISATION	Manage own workload effectively to prioritise demands and meet deadlines. Use clear and realistic goals broken down into smaller objectives
SELF MOTIVATED	Be self motivated and work hard. Use own initiative and require minimal supervision
CONTINUOUS IMPROVEMENT	Challenge self to learn and encourage others to make changes to enhance performance and standards
SELF AWARE	Demonstrate self awareness by understanding own abilities and being aware of the impact of own behaviour on others
ATTENTION TO DETAIL	Complete work to the highest standard possible whilst balancing the need to deliver with good attention to detail



How we work with others

(building good relationships with colleagues, the community and partner organisations)

RESPECT	Treat others with respect and dignity at all times, ensuring that there is no discrimination regardless of background
LISTENING	Take time in conversations and meetings to listen to other people and consider their opinions
HELPFUL	Provide help willingly, and share own knowledge, time and skills to assist others
EMOTIONAL INTELLIGENCE	Understand the feelings of others and show tact and empathy
APPROACHABLE	Be approachable and pleasant to interact with
CONSTRUCTIVELY CRITICAL	Positively engage with others and keep any criticism constructive



How we achieve the council's goals

RISK AWARE NOT RISK AVERSE	Look at options before making a decision and promote acceptance of an appropriate level of risk
OPEN TO CHANGE	Be flexible and propose, accept and implement change where necessary
INNOVATIVE	Be brave and use creativity and innovation to solve problems by doing things differently
ENTREPRENEURIAL AND COMMERCIAL	Understand the direction of the council and where possible seek to replicate and develop good practice from all other sectors and apply their approach to the day to day role
COMMITTED	Display loyalty and commitment to own role, team priorities and the council as an employer. Be fully focused on delivery
KNOWLEDGE OF OWN SERVICE AREA	Be knowledgeable of own service area and have an awareness of the role of other council departments



Section three: Our Characteristics

This final section of the framework considers characteristics that lie behind successful behaviours, broken down into three areas of attitudes, skills and knowledge (ASK).

Displaying these characteristics could contribute to good behaviours, and equally the absence of them could lead to development needs.

If you find yourself struggling to identify that you, (or if you are a manager then a member of your team), displays a desired behaviour then you can ASK yourself some questions around the three areas.

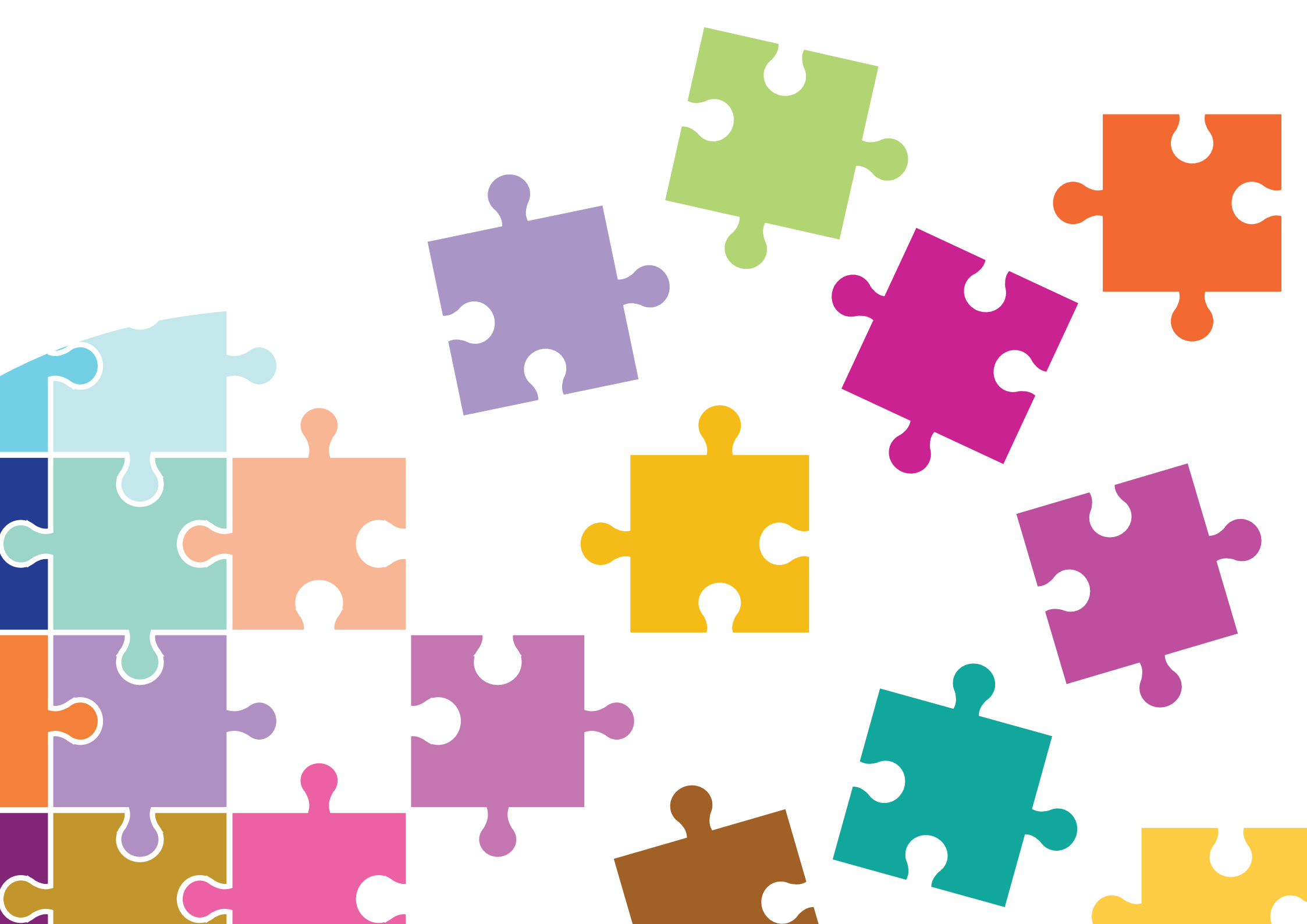
Here are some ways in which you could use the framework:

- Do I need to change an attitude to improve behaviour in a specific area?
For example: do I need to work on politeness so I am able to actively listen to others and therefore improve how I communicate?
- Does my team member have a specific skill that makes them especially strong in an area?
For example: are they really creative and good at problem solving which means they excel at innovation? Could I commend them for this at their appraisal?
- What knowledge do I need to help me deliver an even better service?
For example: am I up to date with government legislation in my area? Could I improve this by speaking to my colleagues, doing some online research or attending a training course?

This could help you prepare for a performance management discussion, or assist in identifying training and development needs. If you are a manager it could also be useful to consider in the recruitment process.

Examples of characteristics can be found within our appraisal guidance and recruitment guidelines, which should be read in conjunction with this framework.







O people, UR behaviours



If you have any further questions about how to use this document then please see either Michelle or Susanna in Personnel.



UNPROVEN

- Probably new to the role
 - High potential but hasn't had a chance to show what they are capable of yet
- Would benefit from:**
- Coaching and mentoring
 - Focus on induction information
 - Discussion about technical knowledge and skills gaps

INNOVATIVE

- Comes up with new ideas and suggestions
 - Pushes boundaries and status quo
 - Shows signs of being ready for the next step, but needs to be tested further
- Would benefit from:**
- Stretch objectives that encourage innovation
 - Additional breadth to role to challenge further

OUTSTANDING

- Performs at the top end of peer group
 - Has strong leadership skills as well as operational expertise
 - Raises expectations for self and others
 - Understands future direction of council
 - Works across the organisation
- Would benefit from:**
- New areas of work to give them stretch challenges
 - Increased exposure to higher level to continue personal development

UNDECIDED

- Good at some things but has gaps in performance or knowledge
 - May be in informal stages of performance management process to help improve delivery
- Would benefit from:**
- Clear action plans covering work and learning objectives
 - Support in focusing on key areas through 1:1s and coaching

OPERATIONALLY STRONG

- Core of the organisation
 - Meets objectives
 - Has motivation and potential to do more
- Would benefit from:**
- Stretch objectives
 - Encouragement to use potential
 - Coaching to encourage greater levels of delivery

HIGH IMPACT

- Consistently outperforms most in peer group
 - Excellent performance with leadership qualities
 - Professional/technical expert
 - Uses networks to support delivery
- Would benefit from:**
- Stretch objectives
 - Challenges from manager's workload
 - Cross service project team exposure

UNDER PERFORMER

- Gap between what is required and what is delivered
- As part of formal performance management process, will be undertaking some or all of following:**
- Coaching
 - Encouragement to achieve required standards
 - Dedicated time with manager to review progress against objectives

EFFECTIVE

- Meeting objectives and hitting standards
 - Happy at current level – is not ready, or currently considering, new responsibilities or higher level work
- Would benefit from:**
- Encouragement to continually seek to improve processes and make role more efficient

EXPERIENCED PROFESSIONAL

- High delivery levels, strong professional contribution
 - Happy at current level – is not seeking promotion
 - May be towards the end of their career
- Would benefit from:**
- Becoming a mentor/coach to others in the team
 - Objectives that encourage sharing of knowledge and skills

Potential & Performance jigsaw

Corporate Training Programme | 2016

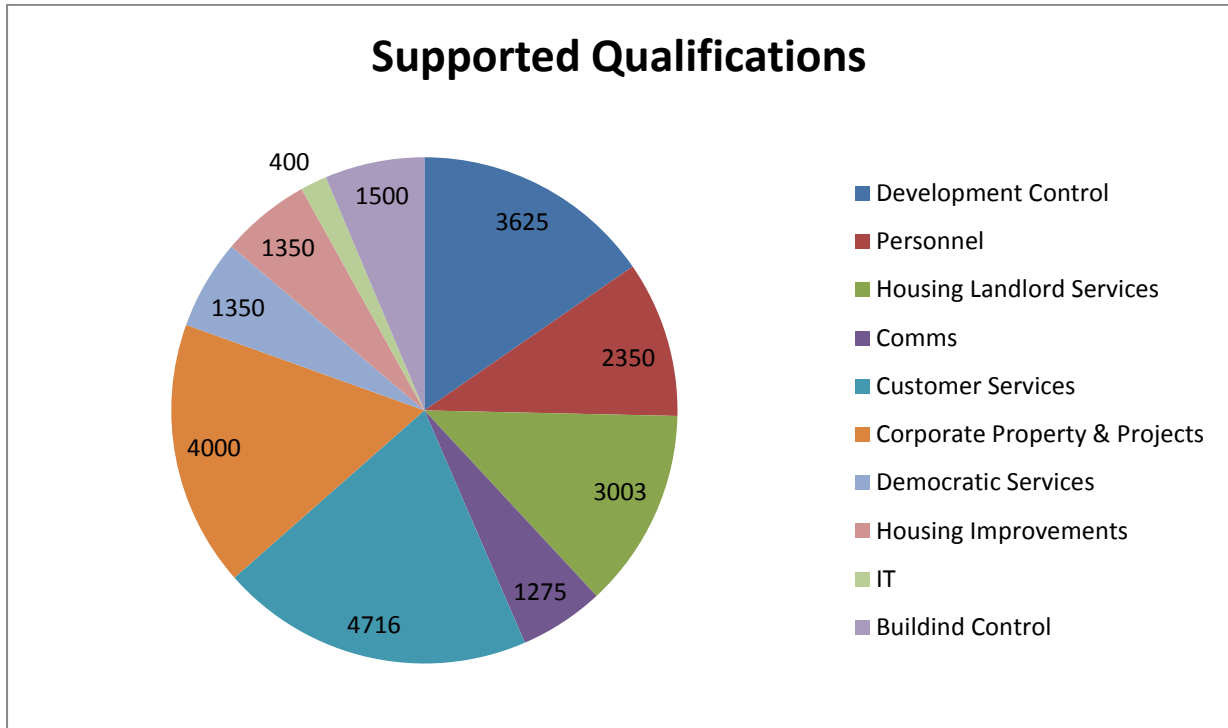
This note to Management Team details the corporate training programme for 2016-17. It has been developed using:

- Learning gaps identified by managers from annual reviews
- CPD requirements to maintain current levels of skills and qualifications
- Requests from managers
- Ongoing business as usual commitments i.e. H&S, adherence to legislation and induction
- Commitments from previous year
- Requests from annual appraisals (non learning gap – aspirational or succession)

Management and leadership training is now embedded within the council having been delivered over the last 3 years. We will seek to continue this with the continuation of a basic foundation layer of leadership skills that commenced in 2015-16, for first line managers and supervisors giving people the skills and confidence to step into managerial roles for the first time. This learning is delivered in-house with learners drawing only the development they require and without a sheep dip approach. This can, where appropriate, be supplemented with accredited learning at levels 2 and 3. This will ensure a sufficient backfill as people move through the organisation.

The Ashford Manager Programme continues with the 3rd cohort just starting. Evaluation from the 1st cohort was completed recently and highlighted some strong positive impacts around leadership, confidence and strategic thinking. This ensures that managers start to consider issues in a more strategic and corporate wide light. The programme linked to their assessment on the appraisal system and required a submission from the delegate as to why they were suitable for the further development. By linking to the assessment it ensured that meaningful assessments were conducted with SMART objectives that linked to the business plan. The delegate submission ensured that only those people who were in a position to commit to extra responsibilities for the duration of the programme were selected. The appraisal system has not previously been used to aid in talent development so by building this link it increased the profile of the appraisal. This served to ensure that team members' objectives were designed specifically to achieve the wider business plan by executing the department plan.

Qualifications. We will continue to support professional development where CPD is required in order to retain qualified status or where a team member commences on their qualification journey. 2016 sees 13 team members starting their professional training with 2 continuing their learning. This will cost circa £24,000.



Project Management training has commenced with people enthusiastically taking up new methods of work and supporting Charlotte in her role with a consistent method of work across services. This needs to continue to rollout to ensure all project leads and team members understand the methodology.

Conflict management training was highlighted during the Construction Site Safety course last year with lone workers, particularly those involved in enforcement feeling vulnerable. With the emphasis on enforcement action it is right that we support those members of our team to ensure they have the skills to remain safe in the field but also de-escalate conflict and deliver world class service. This learning will be delivered to both field workers and in-house as appropriate to their role.

Business as usual learning will continue to form a large part of the training programme.

The H&S rollout continues with the introduction of 'Topic of the Month'. This commenced in a low key format with fire safety in November but has since – since evaluating the outcomes – had a raised profile with a wider communication piece. Team members are currently completing learning in slips, trips and falls and will be looking at display screen equipment and repetitive strain injury next month. The increased visibility of the 'Topic' has increased the uptake of the learning significantly at this point in time.

All new team members will follow **the induction process**. This also allows us the opportunity to look at training programmes linked to job descriptions to ensure efficient on-boarding reducing the time new team members take to achieve competence.

We will make sure that **refreshers on legislation** are conducted where appropriate in all applicable areas. A new monitoring method has been put in place to facilitate this and ensure team members

are up to date with changes but also to refresh historic learning. This has been demonstrated to be crucial following audits where we have not been strong in this area. Line managers have been asked to support this and initial results are positive.

Where new legislation or policies are developed we need to ensure provision for all team members to be trained on their responsibilities and obligations. The focus has been on **Safeguarding** on the latter part of 2015 and this continues to be a strong theme for 2016 with initial mandatory learning at all appropriate levels being conducted with refreshers planned as applicable.

We need to be aware that the **Ground Maintenance Mobilisation** project will take significant resource this year both in personnel and financial terms.

New and innovative ways of delivering learning will continue with the use of opportunities given from stretch assignments – particularly for those team members who have completed a leadership programme, the use of secondments either to cover an absence or increase in workload or as a deliberate learning attachment and also the use of online learning through webinars (avoiding the need to leave the business and incur other costs) or free seminars etc. We have also a series of eBooks available for team members to use and access to 118 eLearning titles with others to follow.

We will continue with the successful **line manager support sessions** that have supported the understanding of HR issues. These will also be incorporated in the first line manager training previously mentioned to ensure supervisor/manager confidence in dealing with manpower issues i.e. absence management, discipline and grievance etc. This gives us the ability to monitor and follow up to ensure the learning is applied in the workplace.

IT are currently making changes to the **Corporate Complaints Tracker** and as such this will form part of this year's training plan with team members being trained in the use of the tracker. Customer services will provide details of the team members within each service that need to be updated.

Data protection will require a further targeted learning intervention following on from the audit ABC-G03. There has been provision made for this.

The **annual appraisal** offers people the opportunity to develop their skills with learning that will either support the person in their current role or prepare them for a future role. This year requests have been varied with many requests for development in areas as diverse as basic computer literacy to plumbing skills. The majority of requests however are for learning that supports their current role. Some of these requests will be handled in-house with minimal cost impact however we need to ensure budget provision to cover the remainder. We need to ensure going forward that there is clarity within the learning needs sections where managers or the team member clearly identify the learning required and where possible give an estimated cost. This year I have not always been able to identify what was being asked for so have been unable to cost and include. There is currently a shortfall in budget so not all requests will be able to be covered within this financial year, particularly as we need to allow a contingency for issues that arise that were not considered when drawing up the budget. Departments will need to prioritise where appropriate. Although these needs are not detailed here the funding will be taken from the 'balance' remaining after the named items have been accommodated. Because of the constrictions mentioned we may not be able to fund ad-hoc requests that arise through the year, therefore additional learning requests and interventions that

emerge during the year may have to be met by service budgets and management team are asked to be mindful of this constraint when considering the budget for future projects or audit action plans.

With the budget being limited we are now looking for services to fund **travel and subsistence** for external learning events from their own internal budget. This will allow us to utilise the learning budget purely for learning provision.

We reviewed our **e-learning provider** last year. We were able to provide licenses for all ABC team members and the Councillors. Although there was an increase in overall cost the cost per license halved enabling us to offer 118 courses at a cost of £14pp. This enables us to ensure that we can deliver the mandatory training required quickly and cost effectively.

We have also used this to create targeted learning in-house and there are plans to continue this in 2016-17. Creating this learning in-house enables us to significantly reduce cost from procuring externally, but also to ensure learning is fit for purpose and circumstances within Ashford. The aim is to complement existing offerings in order to offer a blended approach - taking into consideration people's individual learning styles to ensure minimal learning decay.

Last year there were many successful **learning interventions** including negotiation skills, project management and IT skills. These will continue following good initial evaluation results. These will take the form of 1-1 or 1-group sessions. There may also be the opportunity for e-learning to be used. We will also promote other e-tools such as webinars and links to resources like TED talks.

In previous years there has been an issue with **non-attendance at training events** either by cancellation or no shows on the day. This is extremely costly as we still have to pay for the place and there is no opportunity for another person to take up the seat at the learning event. Going forward this cost will be passed onto the relevant service department unless notification is received one week prior to the event unless the delegate is sick. In this case personnel need to be notified either before or on the morning of the event. This will be included in information to delegates and service heads so they are aware of this change in procedure.

Consultancy and membership fees. There are significant amounts set aside as standard payments to cover annual fees or payments for services for specific bodies. These include bank of hours payment for legal training and Central Law Training membership. Provision of annual training support for revs and bens. LoCTA renewal and Midland consultation days.

Central Training Budget	£90,000 + £7000 for safeguarding
Total Corporate Training Programme (Attached)	£40,250 (inc safeguarding)
Total Committed to Professional Training	£24,000
Total committed to annual subscriptions or consultancy	£7,600
Balance for ongoing individual training needs identified in reviews	£25,150

Management Team are asked to:

- Approve the allocation of the budget and the Corporate Training Programme
- Note the limited flexibility of the budget by us actively meeting most training identified through appraisals
- Note that unplanned training needs will need to be met by services
- Note recharges for no-shows and costs for travel and subsistence to the service

Corporate Training Plan 2016-17

Management Development

Foundation Level		
Description of content and overall aims	<p>This is aimed at first line managers and has a menu of offerings to be selected by the delegate to support their own development needs.</p> <p>Modules include:</p> <ul style="list-style-type: none"> • Personal management, inc. planning and prioritisation • Intro to EI • Goal setting • Team leading • Influencing techniques • Communication skills • Managing change • Performance management • Career development 	
Measure of success	<p>Delegates would be able to confidently deliver basic managerial skills and understand the principles of teams and how to manage them and also their own behaviours.</p> <p>The impact would be improved productivity and reduced conflict in teams.</p>	
Attendees	<p>This is aimed at those people leading teams for the first time or who have never previously received training in this area. It is also to be used by line managers to offer to their teams for either future development purposes or in order to address specific issues. The topics can be selected individually or taken as a group as part of a wider programme.</p>	
Delivery	<p>In house delivery with internal trainer. 9 individual sessions, 4 full and 5 part day. There is the opportunity to add other offerings to this list as required.</p>	
Costs	<p>Additional materials to be delivered online. Course day materials at £5 per delegate.</p>	£300
Date of delivery	Between July and December	
Training provider	Internal	

Ashford Manager Programme		
Description of content and overall aims	Aimed at people who may be getting ready for their next senior role supporting managers of the future. We developed a bespoke programme that complements the Aspiring Leader programme, aiming to make individuals make that link between management and leadership in readiness for future opportunities. The programme helps to break down barriers whilst helping delegates understand the strategic and corporate context and how it links to their role and their team. Allocation of places link to the appraisal discussion.	
Measure of success	Individuals have an improved understanding of what it means to be working at the next level, are able to contribute with a greater understanding to the direction and success of their service area.	
Attendees	A cohort was identified using the appraisal document process.	
Delivery	April – September 2016	
Costs	360° tool 6 days of delivery of 4 modules Lunch: 8 days, 9 attendees (inc trainer) @£6ph Plus tea, coffee, milk, sugar, biscuits Trainer travel expenses Venue – free – International House meeting room requested for all sessions, contingency only provided for	£10,000
Date of delivery	See schedule for full details, 3 rd cohort April 2016,	
Training provider	SOLACE	

Corporate Complaints Tracker		
Description of content and overall aims	Sessions to train team members in the new complaints tracker in order to ensure that each service has people able to use the system.	
Measure of success	Delegates able to effectively utilise the Corporate Complaint Tracker.	
Attendees	Any relevant team member as identified by the service	
Delivery	In house – internally facilitated briefings throughout the year.	
Costs		
Date of delivery	Following the rollout of the changes to the tracker.	
Training provider	In house	

Data Protection		
Description of content and overall aims	Sessions to train team members in their responsibilities under Data Protection Legislation following the audit ABC-CG03.	
Measure of success	Delegates understand their roles and responsibilities under Data Protection.	
Attendees	Any relevant team member as identified by the service	
Delivery	In house.	
Costs	Provision of £2,000 made pending outcomes of audit.	
Date of delivery	Following the rollout of the changes to the tracker.	
Training provider	In house	

Line Manager Support Sessions		
Description of content and overall aims	A series of short interactive sessions designed to promote a better understanding of personnel policies and practices at ABC. Also a series of behavioural/technical sessions to support with absence management, performance management, equality, hearings and capability disciplinary processes, restructuring and stress awareness.	
Measure of success	Delegates to report improved confidence in handling staff issues. Also improved technical competence in basic skills.	
Attendees	Any relevant team member	
Delivery	In house – internally facilitated briefings throughout the year.	
Costs	Printing and documentation.	£200
Date of delivery	Throughout the year.	
Training provider	In house	

Project Management		
Description of content and overall aims	<p>This course will give basic skills in project management over 1 day. The aim is to align all PM processes within ABC to ensure consistency and also more effective cross functional working.</p> <p>The course takes delegates through a project from its conception to its ultimate conclusion applying the learning as they go.</p>	
Measure of success	<p>Delegates will be able to:</p> <ul style="list-style-type: none"> • have a clear understanding of project management within ABC and the methods used for managing resources. 	
Attendees	<p>Team members who act as part of a project team with accountability for delivering part of or whole projects. There will be a reduced session for those acting as part of a project team.</p>	
Delivery	<p>In house delivery by an external provider 2 x 1 full day workshop. Internal ½ day sessions for project team workers.</p>	
Costs	Materials and delivery	£4,000
Date of delivery	Through 2016-17	
Training provider	Mid Kent College	

Conflict Management		
Description of content and overall aims	This course will give basic skills in conflict management over 1 day. The course takes delegates through skills and techniques to avoid situations where conflict may occur, or diffuse situations that have already escalated. There will be 2 versions – 1 for those team members working in an enforcement role as a lone worker, 1 for customer facing staff either on the telephone or in main reception.	
Measure of success	Delegates will be able to: <ul style="list-style-type: none"> • recognise potential conflict situations • be able to recognise personal triggers for conflict • use language that will diffuse a situation • remove themselves from potentially dangerous situations 	
Attendees	Team members who are lone workers in sites with potential for conflict, e.g. enforcement officers. Customer facing workers within the council offices.	
Delivery	In house delivery by an external provider 4 x full day workshop	
Costs	Materials and delivery	£5,000
Date of delivery	Through 2016-17	
Training provider	External tbc	

Corporate Induction		
Description of content and overall aims	2 half day sessions delivered every 12 weeks to new starters. <ul style="list-style-type: none"> • Part 1: Working at ABC with various officers coming in to speak. A welcome from a member of MT on a rota basis • Part 2: The political composition of ABC and how decisions are made with a welcome from a cabinet member, again on a rota basis 	
Measure of success	New starters have a better understanding of ABC's aims, objectives and decision making and organisational structures.	
Attendees	New starters	
Delivery	In house internally facilitated briefings.	
Costs	No direct costs to the training budget.	
Date of delivery	June, September, December and March 2016-17	
Training provider	Internal facilitators	

Health and Safety Training		
Description of content and overall aims	<p>This is the routine 3 year refresh of H&S training. The H&S team have overhauled the modules that starters are required to undertake making it less time intensive and more relevant.</p> <p>5 core subjects for all staff to complete:</p> <ul style="list-style-type: none"> • An Introduction to H&S at Work • Display Screen Equipment and Workstation Safety inc Repetitive Strain Injury • Fire Safety & Evacuation • Safe Manual Handling • Slips, Trips and Falls <p>There are 3 additional courses for managers/supervisors</p> <ul style="list-style-type: none"> • Managing Stress at Work • Introduction to Managing H&S • Risk Assessment for Managers <p>All these courses look at basic concepts of hazard and risk and explain both the legal and practical reasons why every person in an organisation needs to undertake these courses.</p> <p>All new starters will have this training as part of their induction package.</p>	
Measure of success	All staff will have a renewed understanding of their responsibilities under H&S law and act responsibly ensuring the H&S of themselves, colleagues and others is protected.	
Attendees	All team members in a rolling 3 year period	
Delivery	e-learning	
Costs	Cost covered under existing e-learning agreements	
Date of delivery	Ongoing	
Training provider	iShare – Learning Nexus	

Health and Safety Training		
Description of content and overall aims	Construction site safety – this is a follow on to 2015’s face to face course, this will be delivered by elearning offerings provided by Learning Nexus and also as an in-house offering to fill gaps in the LN offering.	
Measure of success	Staff who attend construction sites will have an understanding of hazards they face and control measures they can put in place to remain safe.	
Attendees	All affected team members	
Delivery	e-learning	
Costs	Cost covered under existing e-learning agreements	
Date of delivery	Ongoing	
Training provider	iShare – Learning Nexus	

Health and Safety Training		
Description of content and overall aims	Level 2 supervising safely for supervisory team members. This is a 2 day course with an end exam to detail responsibilities under the various streams of Health and Safety law.	
Measure of success	Supervisory staff will have a clear understanding of their responsibilities under H&S law.	
Attendees	Impacted team members as advised by line managers.	
Delivery	Face to Face	
Costs	Cost being covered by parking services	tbc
Date of delivery	September	
Training provider	Mandy Disney	

Ongoing mandatory learning		
Description of content and overall aims	<p>Aimed at new starters and as part of a 3 year refresher these courses provide an overview of the following topics.</p> <ul style="list-style-type: none"> • Safeguarding • PREVENT • Slips, trips and falls, • Display screen equipment • Repetitive Strain Injury • Data protection • Freedom on information • Introduction to H&S at work • Safe manual handling • Fire safety 	
Measure of success	Awareness of key safety and legislative concepts amongst all staff.	
Attendees	New starters, refreshers for existing staff every 3 years	
Delivery	e-learning	
Costs	Cost covered under existing e-learning agreements	
Date of delivery	Ongoing	
Training provider	iShare – Learning Nexus	

Safeguarding		
Description of content and overall aims	<p>Learning tailored to requirements.</p> <p>Level 1 – all staff via elearning</p> <p>Level 2 – staff identified via an audit as working with adults at risk and children – face to face</p> <p>Level 3 – staff directly supervising adults at risk or children or with specialist roles – face to face</p>	
Measure of success	All staff conversant with the legislation and policies surrounding safeguarding at their appropriate level.	
Attendees	All staff at appropriate and communicated level	
Delivery	e-learning and face to face dependant on requirement	
Costs	Cost covered under existing e-learning agreements Edify 10 days for initial delivery at £600 per day plus purchase of copyright and sweep ups.	£7,000
Date of delivery	Ongoing	
Training provider	iShare – Learning Nexus, Edify, KSCB	

E Learning		
Description of content and overall aims	The e learning system provides a range of flexible topics to staff to support their ongoing development. It is an important tool we use to promote a culture of self directed learning with individuals taking responsibility for their own development. E learning is a cost effective and flexible way of meeting training needs to maximise individual's performance.	
Measure of success	All team members regularly using the system for compliance and skills training.	
Attendees	All team members	
Delivery	On line web based	
Costs	All staff have a licence and access to all courses. This includes an additional amount to cover the forthcoming TUPE transfer of the grounds maintenance team.	£8,250
Date of delivery	Ongoing	
Training provider	iShare – Learning Nexus	

IT Skills Development		
Description of content and overall aims	Microsoft Excel and Word training using a blended learning approach provides a flexible and cost effective way of meeting our IT training requirements. Stage 1: Online IT training Stage 2: IT surgery where groups of 6 can focus on specific functions of the systems that would help them in their day to day work.	
Measure of success	Using real work problems will make it very relevant and more memorable than a longer session may be, helping to embed and transfer learning in the work place.	
Attendees	Team members as identified	
Delivery	In house using e-learning and ½ day slots where their own work can be used to facilitate learning. Delivered in a group of 6.	
Costs	Surgery costs 2 individual slots per day X £300 per day x 7 days or 14 half day sessions dependant on learner’s individual requirements. Some elearning is available dependant on base skills of the learner.	£2,100
Date of delivery	June, August, September 2015	
Training provider	Claire Yeo – IT training specialist E learning	

Staff Awards (Training)		
Description of content and overall aims	To celebrate successes and provide a platform to recognise individuals learning and development achievements.	
Measure of success	Presented to members of staff who have successfully completed a qualification course during the previous 12 months.	
Attendees		
Delivery	In house delivery	
Costs	Prize money/ Trophy £20pp	£360
Date of delivery	December 2015	
Training provider	In house	

Agenda Item No: 11
Report To: **Audit Committee**
Date: **30th June 2016**
Report Title: **Audit Committee Update Report for Ashford Borough Council**
Year ended 31 March 2016
Report Author: Cover – Ben Lockwood
Main Report - Grant Thornton



Summary:

The attached report from our external auditors is to update the committee on their progress against the audit plan. Overall progress is good and we continue to maintain the good working relationship we have with Grant Thornton.

As part of the report the Auditor has highlighted two reports that they have published the first on the use of Joint Venture companies and the second on review of the effectiveness of Audit committees. The Council has no Joint Venture Companies but may consider these as a suitable vehicle to deliver services or investment in the borough and therefore the paper has less direct reference to the Councils activities but this should be held on file should a Joint Venture be considered later. The Second Paper on the effectiveness of Audit Committees and the committee may wish to consider this paper as a separate item for future meetings.

The report also refers to a report by CIPFA about Fighting Fraud and Corruption. Members may wish to consider this in light of the report elsewhere on the agenda updating them on the progress that the Fraud Team has made over the last year.

Key Decision: N/A

Affected Wards: N/A

Recommendations: **The committee is asked to**
i. **note the report**

Policy Overview: The paper updates the committee on our External Auditors progress in delivering its responsibilities as our appointed auditor.
The report contains references to 3 reports produced by Grant Thornton that may be of reference to the committee or other committees of the Council.

**Financial
Implications:**

N/A

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Audit Committee Update Report for Ashford Borough Council

Year ended 31 March 2016

June 2016

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Neil Robertson

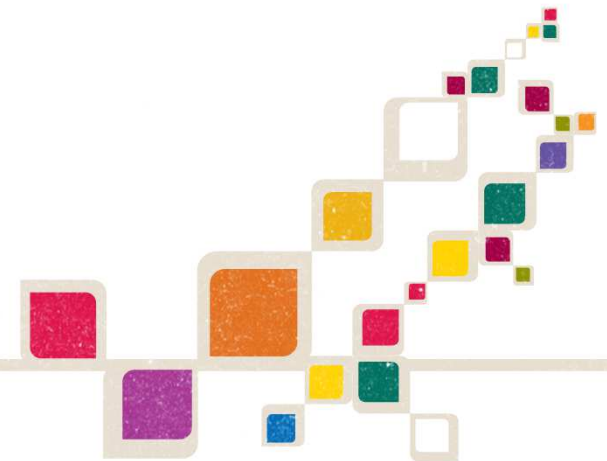
Engagement In-charge

T 020 7383 5100

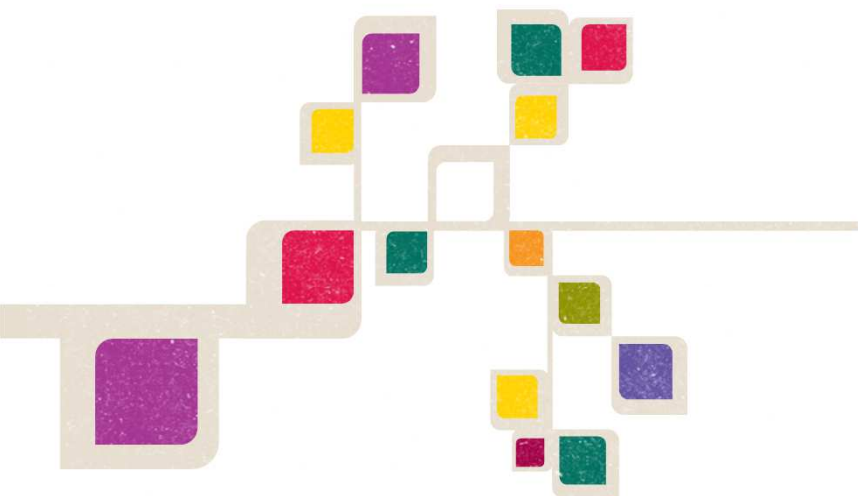
E neil.a.robertson@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



Contents



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Emerging issues and developments:	
Grant Thornton reports	7
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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company;
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ;
www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015)
www.grantthornton.co.uk/en/insights/making-devolution-work/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Elizabeth Olive

Engagement Lead

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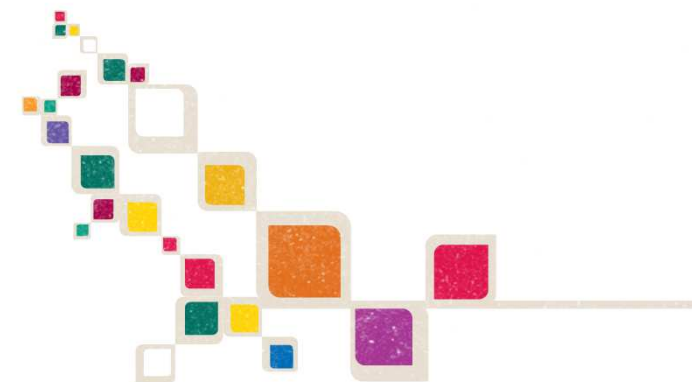


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Progress at June 2016



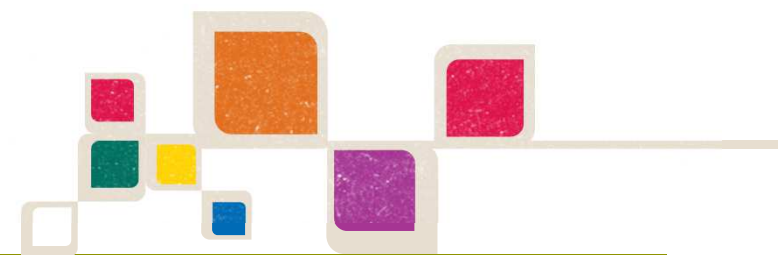
 **Progress against plan**
On track

 **Opinion and VfM conclusion**
Plan to give in July 2016, before deadline of 30 September 2016

 **Outputs delivered**
Fee letter, Progress Reports, delivered to plan

2015/16 work	Completed	Comments
<p>Fee Letter We issued the 'Planned fee letter for 2015/16 in April 2015.</p>	April 2015	<p>The Commission published the work programme and scales of fees for the audit of the 2015/16 accounts reducing scale audit fees for Councils by 25%. The fee letter confirmed the 2015/16 scale audit fees as £60,311. After the Commission's closure, the 2015/16 work programme and fees is accessible from the PSAA website psaa.co.uk. We have also recently issued the fee letter for 2016/17, with no change to the fee proposed. This is reported to this meeting of the Audit Committee.</p>
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements. We also inform you of any subsequent changes to our audit approach.</p>	March 2016	<p>This was presented to the Audit Committee in March 2016</p>
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	March 2016	<p>The finding from our interim audit were included in the audit plan, presented to the March 2016 Audit Committee.</p> <p>As part of our formal communication between auditors and the council's Audit Committee, we have sent letters to the Chair of the Audit Committee and the Director of Finance, requesting views on management's arrangements and member oversight, to prevent and detect fraud and to ensure compliance with laws and regulations. (see separate item on this June agenda)</p>

Progress at June 2016



2015/16 work	Completed	Comments
<p>Final accounts audit Including:</p> <ul style="list-style-type: none"> • Audit of the 2015-16 financial statements • proposed opinion on the Council's accounts 	<p>In progress (due July 2016)</p>	<p>We are planning to complete our audit by 31st July as part of the transition to the earlier closedown and audit cycle that is required from 2018.</p> <p>The findings from this work will be presented within our Audit Findings Report, presented to the Committee in July 2016.</p>
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties <p>We will be required to report by exception if we conclude that we are not satisfied that the Council has in place proper arrangements to secure value for money in the use of its resources for the period.</p>	<p>In progress (due July 2016)</p>	<p>We set out the results of our risk assessment and the proposed focus of our work in the audit plan presented to the March Audit Committee.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report in July 2016.</p> <p>We will include our conclusion as part of our report on your financial statements which we are planning to issue by 31 July 2016.</p>
<p>Housing Benefits 2015/16</p> <p>We are required to certify the Housing Benefit Claim in accordance with HBCOUNT approach by 30 November 2016.</p>	<p>August 2016 – November 2016.</p>	<p>Our initial fieldwork is scheduled for September 2016.</p>
<p>Other activities</p> <p>Since our last committee update, we have continued discussions to support the trading company audits and tax compliance and issued our LG financial health and governance review.</p>	<p>-</p>	<p>We would always be happy to discuss any other ways in which Grant Thornton can support the Council.</p> <p>Further details of the publications that may be of interest to the Council are set out from page 12.</p>

Better Together: Building a successful joint venture company

Grant Thornton reports

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton reports

We have published our first cross-sector review of Audit Committee effectiveness encompassing the corporate, not for profit and public sectors.

It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. The report is structured into four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

The detailed report is available here

<http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

Size: 3-5 members is an ideal size for an audit committee

Frequency: meetings should be regular and the length should adapt to content

Relevance: audit committee members should be selected based on the skills and experience they bring

Communication: papers should strike the balance between detail and length

Ability: training should be provided for audit committee members

Clarity: the role of the audit committee and its relationship with other committees, should be clearly defined

Evolution: audit committees should continually develop

The two key things that audit committee members should be asking are:

- 1** What is expected of the audit committee and does it reflect the specific nature of the industry in which the organisation sits?
- 2** Does the audit committee have clear terms of reference in place? Audit committees should set themselves targets for what they want to achieve and define how these will be measured to ensure they are operating effectively.

Fighting Fraud and Corruption Locally

CIPFA publication

Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from

<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>





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Agenda Item No: 12
Report To: **Audit Committee**
Date: **30th June 2016**
Report Title: **Fee Letter 2016/17**
Report Author: Cover – Ben Lockwood
Main Report - Grant Thornton



Summary: Attached to this cover is copy of the Audit Fee Letter 2016/17, this outlines the proposed fee from our External Auditor. The scale of these fees is set by Public Sector Audit Appointments (PSAA) and the scope of the Audit is determined by the National Audit Office (NAO).

The fee is in line with the budget and reflects the reduction that was secured when the Audit contracts were last tendered.

The Letter also includes an outline audit timetable.

Key Decision: No
Affected Wards: N/A
Recommendations: **The committee is asked to**
i. **note the report**

Policy Overview: The current audit contracts secured a significant reduction in the audit fees charged for local authority audits and with the abolition of the Audit Commission the management of these contracts has transferred to PSAA and the NAO.

Member will recall that the last committee received a report on the process for retendering the audit provision.

Financial Implications: The proposed fee is within the budgetary framework

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21 April 2016

Dear Ben

Planned audit fee for 2016/17

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2016/17, bar the adoption of new measurement requirements for the Highways Network Asset.

PSAA have proposed that 2016/17 scale audit fees are set at the same level as the scale fees applicable for 2015/16. The Council's scale fee for 2016/17 has been set by PSAA at £60,311.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

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

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns [if applicable]

The Council's indicative grant certification fee has been set by PSAA at £10,650. This fee covers the cost of certifying the housing benefit subsidy claim only and is based on final 2014/15 certification fees.

The indicative fee for certification work is based on the expectation that you provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	15,077.75
December 2016	15,077.75
March 2017	15,077.75
June 2017	15,077.75
Total	60,311

Grant Certification	
March 2017	10,650

Outline audit timetable

We will undertake our audit planning and interim audit procedures in October 2016 to March 2017. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in July 2017 and work on the whole of government accounts return in August 2017.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	October 2016 – March 2017	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June 2017	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	June 2017	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	August 2017	Review on the WGA return	This work will be completed on receipt of the return.
Annual audit letter	August 2017	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	December 2017	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2016/17 are:

	Name	Phone Number	E-mail
Engagement Lead	Elizabeth Olive	0207 728 3329	elizabeth.l.olive@uk.gt.com
Engagement Manager	Lisa Robertson	020 7728 3341	lisa.e.robertson@uk.gt.com
In Charge Auditor	Neil Robertson	020 7388 3378	neil.a.robertson@uk.gt.com

Additional work

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

Quality assurance

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

Yours sincerely

Elizabeth Olive
Engagement Lead
For Grant Thornton UK LLP

Audit Committee - Future Meetings

Date 28/07/2016			
Publish by 20/07/16			
Reports to Management Team by 14th July		Council 20/10/16	
1	Statement of Accounts 2015/16 and the External Auditor's Audit Findings Report	Gr Th (cover by PN/BL)	
2	Report Tracker & Future Meetings	DS	

Date 29/09/2016			
Publish by 21/09/16			
Reports to Management Team by 15th September		Council 20/10/16	
1	Data Protection Audit Follow Up	RC/TM	
2	Annual Governance Statement – Progress on Remediating Exceptions	PN/NC	
3	Strategic Risk Management	KH/RC	
4	Report Tracker & Future Meetings	DS	

Date 06/12/2016			
Publish by 28/11/16			
Reports to Management Team by 24th November		Council 15/12/16	
1	Annual Governance Statement – Progress on Remediating Exceptions	PN/NC	
2	Annual Audit Letter 2015/16	Gr Th (cover by PN)	
3	Internal Audit Interim Report	RC	
4	External Audit Progress Report	Gr Th	
5	Report Tracker & Future Meetings	DS	

Date 21/03/2017			
Publish by 13/03/17			
Reports to Management Team by 9th March		Council 20/04/17	
1	Certification of Grant Claims – Annual Report	Gr Th (cover by ABC)	
2	Presentation of Financial Statements	MS	
3	Strategic Risk Management	KH/RC	
4	Annual Governance Statement – Progress on Remedying Exceptions	PN/NC	
5	Internal Audit Charter 2017/18	RC	
6	Internal Audit Plan	RC	
7	External Audit Progress Report	Gr Th	
8	Report Tracker for Future Meetings	DS	

Date 15/06/2017			
Publish by 07/06/17			
Reports to Management Team by 25th May		Council 20/07/17	
1	An Early Look at the Statement of Accounts for 2016/17?	MS	
2	Report Tracker for Future Meetings	DS	

Date 29/06/2017			
Publish by 21/06/17			
Reports to Management Team by 15th June		Council 20/07/17	
1	Corporate Enforcement Support & Investigations Team Annual Report 2016/17	PN/HD	
2	Internal Audit Annual Report 2016/17	RC	
3	Annual Report of the Audit Committee 2016/17	RC	
4	Approval of Annual Governance Statement 2016/17	PN/NC	
5	2016/17 Financial Statements – Letters of Assurance to External Auditors	PN	
6	External Audit Progress Report	Gr Th	
7	The External Audit Work Plan for Ashford Borough Council and Scale of Fees 2017/18	Gr Th (cover by ABC)	
8	Report Tracker for Future Meetings	DS	

22/6/2016