



City of Westminster

Committee Agenda

Title: **Audit and Performance Committee**

Meeting Date: **Thursday 9th February, 2017**

Time: **7.00 pm**

Venue: **Rooms 3 & 4 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP**

Members: **Councillors:**

Ian Rowley (Chairman)
Lindsey Hall
Judith Warner
David Boothroyd

Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Reuben Segal, Senior Committee and Governance Officer.

**Tel: 020 7641 3160 Email: rsegal@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Director of Law in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

3. MINUTES

To approve the minutes of the meetings held on 16 and 24 November 2016.

(Pages 1 - 14)

4. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015-16

Report of the City Treasurer

(Pages 15 - 18)

5. GRANT THORNTON ANNUAL AUDIT PLAN 2016-17

Report of Grant Thornton, External Auditors

(Pages 19 - 74)

6. FINANCE (PERIOD 9) AND QUARTER 3 (APRIL-DECEMBER 2016) PERFORMANCE MONITORING REPORTS (TO FOLLOW)

Reports of the City Treasurer and the Director of Policy, Performance & Communications

(TO FOLLOW)

7. MAINTAINING HIGH ETHICAL STANDARDS AT THE CITY COUNCIL

Report of the Monitoring Officer

(Pages 75 - 86)

8. INTERNAL AUDIT MONITORING REPORT 2016-17 (OCTOBER TO DECEMBER 2016)

(Pages 87 - 100)

Report of the Interim Shared Services Director for Audit, Fraud,
Risk and Insurance

9. INTERNAL AUDIT PLAN 2017-18

**(Pages 101 -
122)**

Report of the Interim Shared Services Director for Audit, Fraud,
Risk and Insurance

10. WORK PROGRAMME AND ACTION TRACKER

**(Pages 123 -
134)**

11. ANY OTHER BUSINESS

**Charlie Parker
Chief Executive
1 February 2017**

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CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Wednesday 16th November, 2016**, Rooms 10A & 10B - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Jonathan Glanz (Chairman), Lindsey Hall (Vice-Chairman), Judith Warner and David Boothroyd

Also Present: John Quinn (Bi-Borough Director of Corporate Services), Steve Mair (City Treasurer), George Lepine (ICF Team), Craig Anderson (BT Global Services), John Wills (BT Global Services), Moira Mackie (Interim Shared Services Director for Audit, Fraud, Risk and Insurance) and Reuben Segal (Committee & Governance Services)

1 MEMBERSHIP

1.1 It was noted that there were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 Councillors Glanz, Hall and Warner declared that they are BT customers.

3 MINUTES AND MATTERS ARISING

3.1 **RESOLVED:** That the minutes of the meeting held on 22 September be signed by the Chairman as a correct record of proceedings.

4 EXEMPT REPORTS UNDER THE LOCAL GOVERNMENT ACT 1972

4.1 RESOLVED:

That under Section 100(A)(4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) the press and public be excluded from the meeting for the following item of business because it involves the likely disclosure of exempt information in relation to the financial or business affairs of the Authority and/or other parties and it is considered that, in all the

circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

5 MANAGED SERVICES UPDATE

- 5.1 The Committee received a report on the Managed Services Programme that provided an update on progress with the correction plan that has been put in place with BT and the ongoing operational performance of the BT Shared Service centre (BTSSC).
- 5.2 The Committee welcomed John Wills, BT Global Services, who was due to take over responsibility for the programme on behalf of BT from Craig Anderson who was to retire in January.
- 5.3 John Quinn, Bi-borough Director of Corporate Services, summarised the key issues for the Committee's attention as set out in the report.
- 5.4 The Committee heard from Craig Anderson, BT Global Services.
- 5.5 Members discussed the issues and submitted questions to the officers present and Mr Anderson.
- 5.6 **RESOLVED:** That the report be noted.
- 5.7 **ACTIONS:** The committee would like to receive monthly progress reports in between meetings. (**Action for: John Quinn, Bi-Borough Director of Corporate Services**)

The Meeting ended at 7.28 pm

CHAIRMAN: _____

DATE _____



CITY OF WESTMINSTER

MINUTES

Audit and Performance Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Audit and Performance Committee** held on **Thursday 24th November, 2016**, Rooms 3 & 4 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Jonathan Glanz (Chairman), Lindsey Hall (Vice-Chairman) and David Boothroyd

Also Present: Steve Mair (City Treasurer), Paul Dossett (Engagement Lead, Grant Thornton), Elizabeth Jackson (Engagement Manager, Grant Thornton), Sue Howell (Customer and Complaints Manager), Jonathan Cowie (Chief Executive, CityWest Homes), Jo Bowles (Director of Shared Services at CityWest Homes), Damian Highwood (Strategic Performance Team), Ben Goward (Interim Bi-borough Director of ICT), Moira Mackie (Interim Shared Services Director for Audit, Fraud, Risk and Insurance) Neil Walker (Assistant Head of Tri-borough Insurance Service), Andy Hyatt (Tri-borough Head of Fraud) and Reuben Segal (Senior Committee and Governance Officer)

Apologies for Absence: Councillor Judith Warner

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations made.

3 MINUTES

3.1 **RESOLVED:** That the minutes of the meeting held on 14 September 2016 be agreed by the Chairman as a correct record of proceedings.

4 GRANT THORNTON ANNUAL AUDIT LETTER 2015/16

4.1 Paul Dossett, Engagement Lead, Grant Thornton, introduced the Annual Audit letter which set out the key findings from the audit of the Council's Financial Statements (Council and Pension Fund) for the year ending 31 March 2016.

- 4.2 Mr Dossett advised that the letter which had been published on the Council's website and that of the Audit regulator by the statutory deadline of 31 October 2016 contained very little in additional information to the key findings reported to the committee at its meeting in May. He advised that there were no outstanding objections to the 2015/16 accounts. He further advised that since the publication of the letter Grant Thornton had certified the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions as well as the Teachers Pensions Return meeting the end of November deadline.
- 4.3 Mr Dossett explained that the Code of Practice on Local Authority Accounting (CIPFA) requires authorities to account for Highways Network Assets (HNA) at depreciated replacement cost from 1 April 2016. The Council's finance team had undertaken a good deal of work in preparation for this. CIPFA had recently decided to postpone its introduction. It will consider whether to require this to be accounted for in 2017/18. This is expected to be known in March.
- 4.4 Members asked whether assets such as street furniture would be valued on their historic or replacement cost? Mr Dossett was referred to the fact that some street furniture may incorporate Wi-Fi and therefore could be income generating. He was asked whether such street furniture could incorporate its income generating value. Elizabeth Jackson, Engagement Manager, Grant Thornton, suggested that this may be possible if such values can be produced. She undertook to raise this issue with CIPFA as part of future discussions.
- 4.5 In response to questions relating to Value for Money risks around significant capital projects, Ms Jackson advised that as part of its audit work for 2016/17 Grant Thornton would review whether the new business case arrangements for awarding capital programme expenditure to projects are working.
- 4.6 **RESOLVED:** That the Annual Audit Letter 2015-16 be noted.

5 PROGRESS REPORT AND UPDATE ON 2016-2017 AUDIT

- 5.1 Elizabeth Jackson, Engagement Manager, Grant Thornton, introduced a report which set out the auditor's progress in delivering its responsibilities relating to the audit of the Council's Financial Statements and the Pension Fund for the financial year 2016-17. The report included key information on accounting changes and emerging issues for Local Government such as the outcome of the EU referendum.
- 5.2 The Committee was informed that a further progress report would be submitted to the next committee meeting.
- 5.3 **RESOLVED:** That the progress report be noted.

6 CORPORATE COMPLAINTS 2015/16

- 6.1 The Committee considered a report that set out the Council's Annual Complaints Review for 2015-16. The report summarised the Council's complaints performance (Complaint stages 1 and 2) and those complaints received by the Local Government Ombudsmen (LGO). The report also contained, as an appendix, a copy of the Local Government Ombudsman Annual Letter/Review for the year ending 31 March 2016 and a copy of CityWest Homes Complaint Report for 2015-16.
- 6.2 Sue Howell, Complaints and Customer Manager, summarised the key headlines from the 2015-16 review.
- 6.3 The Committee was informed that only 18% of the stage 1 complaints were escalated to stage 2 and represents an improved performance (down 6%) compared to the previous year. In 62% of the stage 2 complaints received the complainant did not cite specific fault with the stage 1 decision, and either requested a review without explaining why, or repeated the same complaint made at stage 1. The analysis of stage 2 complaints revealed that there were no serious service failings in any of the complaints received. Only 6 stage 2 complaints were Upheld (6 of 163). Overall human error was the main factor in 5 of these complaints.
- 6.4 The Committee was further informed that the findings of complaint decisions at stage 2 support a robust stage 1 process. Comprehensive stage 1 responses are being undertaken and any wrong doing put right at the first stage of the procedure. There had been learning from complaints. Measures had been implemented by Housing Benefit/Council Tax, which made up the largest volume of complaints, after analysing stage 1 complaint data. A significant majority of housing benefit complaints were due to perceived delays in the assessment process. In most cases additional outstanding information was required from the applicant before the application could be assessed. Members commented that in the past the contractor was asked to prioritise speed over accuracy which resulted in assessment errors. The committee requested details of the verification process/specification for housing benefit applications.
- 6.5 The Committee noted the explanation in the report that the highest volume of complaints relate to finance (Housing Benefit, Council tax and business rates) but that complaint volume is not in itself a good indicator when trying to determine if a service area has been delivering good services. Whether Housing Benefit is awarded or whether a homeless application is accepted are very emotive concerns and therefore increases the likelihood of complaints being generated if customers consider the Council should be doing more whether the Council is at fault or not. Members suggested that to more clearly reflect complaints relating to finance next year's annual report should set out the finance related complaints by subject.
- 6.6 The report revealed that 28% of Council Tax stage 1 complaints upheld in 2015/16 were in relation to missing or miss-allocated Council Tax payments. The committee asked about the cause of this. Ms Howell explained that some

of the problems related to functionality issues within the Agresso system. The particular problem had been corrected and the error should not re-occur.

- 6.7 With regard to Members correspondence, the committee noted that there had been a decrease in the volume of queries received over the year. Members asked whether the figure related to all enquiries received from members. Ms Howell clarified that the figure was based on the level of correspondence which is responded to on a formal basis by the Cabinet Secretariat and Member Services team on behalf of Cabinet Members or Ward councillors. At present there is no way to gather a record of all queries or complaints raised by elected members as many will be raised informally in electronic form. Members questioned whether there may be an opportunity via Office 365 to aggregate such correspondence in future. Officers undertook to take this away for investigation.
- 6.8 Ms Howell stated that with further benefit caps coming into effect this year the committee may have concerns that this may result in an increase in complaints to the Council by those affected by it. She explained that as the policy was set by government the Council would not treat letters specifically protesting about the cap as a complaint.
- 6.9 The committee then heard from Jonathan Cowie, Chief Executive, CityWest Homes, (CWH) regarding the formal complaints and local resolutions received by CWH for the year 2015/16. It also received an update on a new complaints policy that was launched in April 2016 which will be used to improve service delivery.
- 6.10 Mr Cowie informed members that following an independent review of the organisation in 2015 CWH had developed a five-year strategy and transformation plan which will modernise and simplify all aspects of service delivery. Based on the results of satisfaction surveys there were three core services where the organisation was not performing as well as desired. These were complaints, major works and antisocial behaviour.
- 6.11 With regards to complaints, Mr Cowie explained that CWH had spent the last 12 months ensuring that it captured and analysed all complaints raised by residents to increase transparency on issues and to understand the root cause of concerns. CWH would be comparing complaints data against other, similar organisations to identify levels of service excellence. In respect of complaints performance this year, while there had been an increase in the number of stage 1 complaints being raised issues were being resolved faster than previously. Additionally, the number of complaints escalated between stages 1 and 2 had reduced significantly from 29% to 10% which demonstrated the positive impact being made by the new complaints policy. He further highlighted that whilst the highest number of complaints related to repairs this only equated to 0.6% complaints per volume of transactions. Since the introduction of the new policy and approach satisfaction with complaint handling had also improved from 63% to 75%. CWH wanted to see this rise up to 85%. Mr Cowie advised that complaints performance data is reported to CWH board meetings and the City Council.

- 6.12 The Committee asked about the number of complaints being submitted to the housing ombudsman. Jo Bowles, Director of the Shared Services, CWH advised that CWH would be undertaking some benchmarking to determine how the 8 to 10 cases that have been submitted to the ombudsman compared across the sector. She further informed the Committee that approximately one third of the cases had been upheld by the ombudsman. A senior team within CWH would be looking at these cases to understand what went wrong and to learn from them to ensure that the mistakes are not repeated.
- 6.13 The Committee noted that more MP and Councillor enquiries are received than recorded centrally as many enquiries go directly to individuals and this makes it harder to track the responses. Ms Bowles explained that the housing management system used by CWH was not particularly sophisticated in compiling all of these enquiries. CWH would be looking to see whether it could access the City Council's new complaints database to better capture this information.
- 6.14 Members asked how CWH was monitoring complaints relating to the subletting of leaseholder properties through Airbnb. Mr Cowie stated that CWH was currently experiencing difficulties in capturing this information as many residents do not formally complain but raise the issues in local estate offices. It would be asking residents to formally submit their concerns in writing so that they can be captured and recorded. He was aware that there are concerns on the Churchill Estate about properties being sub-let through Airbnb. Residents are particularly concerned about security. CWH are concerned about how those renting properties are gaining access to its estates and obtaining key fobs. Officers were referred to the fact that there are provisions in CWH long leases that restrict subletting. Members had concerns that by doing so residents could invalidate the Council's insurance policies and place it at risk of irrecoverable claims in the event that damage occurs. Mr Cowie was asked to provide a note to the committee on this matter.
- 6.15 **RESOLVED:** That the information contained in the Annual Complaint Review 2015-16 be noted.
- 6.16 **ACTIONS:**
1. The committee would like details of the verification system that is used by Capita to process housing benefit and council tax applications. **(Action for: Martin Hinckley, Head of Shared Services)**
 2. CWH monitoring of Airbnb complaints - how will CWH formally capture concerns about the short term letting of CWH residential property through Airbnb? What are the insurance policy implications for the Council if leaseholders sublet their properties? **(Action for: Jonathan Cowie, Chief Executive/Jo Bowles, Director of Shared Services, CWH)**
 3. Where/to whom should councillors send queries or complaints regarding CWH? **(Action for: Jonathan Cowie/Jo Bowles)**

4. CWH Complaints Performance Reports - The Committee would like copies of reports provided to the CWH Board and Westminster City Council so that they can have an oversight of trends. **(Action for: Jonathan Cowie/Jo Bowles)**

7 FINANCE (PERIOD 6) AND QUARTER 2 (APRIL 2016-SEPTEMBER 2016) PERFORMANCE MONITORING

- 7.1 Steve Mair, City Treasurer, introduced the period 6 finance report which provided details of the forecast outturn in respect of revenue and capital and projected revenue and capital expenditure by Cabinet Member including key risks and opportunities. The report also included details in relation to the revenue and capital expenditure for the Housing Revenue Account.
- 7.2 The Committee was pleased to note that at the end of period 6, the general fund was projecting an underspend of £11.667m. This was largely attributable to higher than anticipated car parking income as a result of increased income from parking bay suspensions. In response to questions, the City Treasurer confirmed that any net surplus at the end of the financial year would be dealt with as part of the financial year accounts for 2015/16. The overspend of £1.051m within the portfolio of the Deputy Leader & Built Environment related to a lower receipt of CIL payments.
- 7.3 Members noted that there was a net underspend of £60.487m within the service area capital budgets. This was offset by £99.351m shortfall for in year capital receipts and contingencies. Overall, the effect of the two had been to see the project borrowing requirement rise by £38.864m in 2016/17. Members expressed ongoing concern over the capital budget where funds are not being spent as expected due to slippage on capital projects. The City Treasurer stated that the City Council was a large and complex business with a budget of over £800 million per annum. Therefore, it was not unusual given its complexities for slippage to occur in the capital programme. He explained that to mitigate the challenges the Council had introduced a new business case arrangement for awarding capital programme expenditure to projects. He also reminded the committee that there was an opportunity for Members to scrutinise next year's capital programme as part of the Council's budget proposals for 2017/18.
- 7.4 Damian Highwood, Strategic Performance Team, introduced the Quarter 2 performance report which presented detailed results for the period April to September 2016 against the 2016/17 Business Plans. The report provided explanations and commentary in respect of outstanding, good and poor performance including achievements of targets and details of remedial action being taken where appropriate.
- 7.5 The report included a featured analysis on employment. This is a key priority throughout City for All, with a commitment to reduce long-term unemployment, those out of work for a year or more, particularly prominent. The committee was informed that data on long-term unemployment is drawn from people actively claiming workless benefits (Jobseekers Allowance, Employment Support Allowance (ESA) and Lone Parents) from local job centres. Across

all benefits in scope the long-term unemployment count had been reduced by over 5% in the single year February 2015-February 2016. In response to questions, Mr Highwood explained that the reduction could be attributed to either claimants coming off benefits, being exempt from employment due to disability, moving out of the borough or being deceased. The committee asked how many people that had found employment in the 12 month period were in part-time vs full-time work. Mr Highwood explained that as the Council was not permitted access to this data from the Department for Work and Pensions. Officers could only provide statistics for those jobs brokered by the Council and its partners.

- 7.6 Members noted that despite the successes a significant challenge remains. Westminster's stock of long-term unemployed is now 84% ESA claimants, which is the hardest client group to obtain job outcomes.
- 7.7 In respect of the service performance within Growth, Planning & Housing, the report set out challenges for the regeneration of Ebury Bridge. Members commented on the need to keep the local community updated on the issues. Mr Highwood advised that there were plans to re-commission community engagement on any change to the current option and to reassure residents that there remains a plan for regeneration.
- 7.8 With regard to the service performance within City Management & Communities, members asked questions about the recent failure of the Ringo parking system and what assurances there were if the contractor's software fails? Ben Goward, Interim Bi-Borough Director of ICT, explained that the recent disruption was caused by the providers network crashing. He stated that the Council would expect the provider to incorporate resilience in the event that this occurred. He was due to have follow-up discussions with the contractor on the matter.
- 7.9 The Committee noted within Corporate Services that the key service performance indicators around the percentage of temporary agency contractors (TACs) employed for over 12 months was still deteriorating. The City Treasurer advised that an update on this was provided on a regular basis at Executive Management Team (EMT) meetings. The new Director of People Services was also following up the issue of the numbers of TACs in each service directorate and the circumstances for their requirement with individual directors.
- 7.10 The Committee then received an update from Ben Goward on the recent failure of legacy IT infrastructure, IT security issues and the Council's measures to mitigate these. The committee also received an update on the rollout of office 365 to members including when training and guidance would be provided. Mr Goward welcomed feedback from Members on the available Office 365 options for Councillors as well as instructions of how to set these up. He clarified that training to be provided in January would also cover legal implications.
- 7.11 In response to questions on the security attack on the Council's website in March, Mr Goward confirmed that the matter was reported to GCHQ so that it

could be investigated. However, the Council would not receive feedback on the outcome of this.

7.12 Members also asked questions about the security implications of moving to Cloud computing, in particular whether there was any issue over where such data was stored. Mr Goward advised that all organisations were moving to this form of computing. The Council had begun to migrate to this system in 2008-2009. He stated that wherever the Council procures a Cloud system it states for security reasons where such data can be located.

7.13 **RESOLVED:** That the Period 6 Finance Report and Quarter 2 Performance Business Plan Report be noted

7.14 **ACTIONS:**

1. HRA revenue forecast - provide a breakdown of the sources of 'other' income. What does this consist of? **(Action for: Steve Mair, City Treasurer)**
2. Gangs - Provide details of the latest intelligence around gang activity. What are the current interventions in place? Include a passage on work around gangs in future reports.
3. CCTV - What is the current situation with the use of CCTV so that Members can provide community safety assurance? The committee stated that feedback from residents is that they cannot understand why the City Council has reduced / lost CCTV surveillance capabilities.
4. Low Emission Neighbourhood (LEN) funding – What activities are being planned with the LEN money that has been secured? The committee expressed concern about the increase in air pollution in the City and the need to tackle this. The committee has requested an analysis of the change in air-quality in parts of the City. Particular concern was expressed about Embankment, Hyde Park and Marylebone Road.
5. Unemployment – What is the age breakdown of the remaining Long Term Unemployed by benefit type? How many people helped into work by the Westminster Employment Service (WES) are achieving part-time vs. full time work? What role (if any) could the University Technical College (UTC) have in helping unemployed people? The committee suggested this could include providing evening classes and enhanced links with employers.
6. Open Forums – Provide details of current plans for Open Forums. Members were concerned that it has been almost two years since Area Forums ceased in their areas.
7. Sexual Health / GUM services- Provide in more detail the process by which providers obtain addresses from service users so that appropriate recharges can be made.

(ACTION FOR: Damian Highwood, Strategic Performance Team)

8 INTERNAL AUDIT 2015/16 - PROGRESS REPORT (AUGUST TO OCTOBER 2016)

- 8.1 Moira Mackie, Interim Shared Services Director for Audit, Fraud, Risk and Insurance, introduced a report that contained details of the work carried out by the Council's Internal Audit service in the reporting period. It found that in the areas audited internal control systems were generally effective although one no assurance report had been issued. One follow up review completed in the period confirmed that the implementation of recommendations had been undertaken.
- 8.2 The committee noted that the one no assurance related to an audit of Children's Disability Services - Direct Payments. The audit identified a number of control weaknesses in the existing system. It was further noted that since the audit was finalised the service had confirmed that actions had been taken to address the weaknesses identified. A follow-up audit will be undertaken in January 2017 to confirm that the agreed actions have been implemented as stated by the service.
- 8.3 The committee further noted that in addition to the internal audit work completed in the period, a technical claims file review had been undertaken by the Council's insurers to provide an analysis of the Tri-Borough Claims Handling Service as measured against current best practice. The service handles Employers and Public Liability claims up to a delegated authority of £100,000 for Westminster. The committee welcomed the news that the review concluded that the service provided was effective, which is the highest opinion given in technical reviews, with the controls considered to be appropriate and to maintaining risk within acceptable parameters.
- 8.4 The Committee asked for details of the sort of claims being made up to the delegated authority level and whether there were many claims to this value. The committee also asked officers whether they believed that the value at which they were able to determine claims was set at the right level. Neil Walker, Assistant Head of the Tri-Borough Insurance Service, informed members that the City Council self-funded claims up to a value of £100,000. The types of claims that the service handled often included claims for tree root damage. The delegated authority level of £100,000 for Westminster had been in place for some time. He advised that a procurement exercise was currently underway for the award of a contract for the insurances which includes as part of the evaluation delegated authority levels for claim handling. Bidders have the option to quote for different deductible levels. At the Royal Borough of Kensington and Chelsea the delegated authority level is £250,000, in line with their deductible. He considered that there were benefits, dependent upon the evaluated merits of the bids, in the Council having increased authority in determining claims as it was Public funds.
- 8.5 **RESOLVED:** That the report be noted.

8.6 ACTIONS:

1. Provide a breakdown of the claims paid out this year by Westminster up to the delegated authority of £100,000.
2. The committee would like a note on the outcome of the procurement for a provider to handle Employers and Public Liability claims above the delegated authority level once a contractor has been chosen.

(Action for: Neil Walker, Assistant Head of the Tri-Borough Insurance Service)

9 MID YEAR COUNTER FRAUD MONITORING

- 9.1 Andy Hyatt, Tri-borough Head of Fraud, introduced a report that provided an account of fraud related activity undertaken by the Tri-Borough Corporate Antifraud Service (CAFS) from 1 April 2016 to 30 September 2016.
- 9.2 Since April 2016 CAFS identified 70 positive outcomes, including 12 prosecutions and ten recovered tenancies. Fraud identified in the same period had a notional value of over £2.2 million.
- 9.3 The Committee noted that to date, CAFS had successfully prevented 13 Right to Buys (RTB) from completing, where suspicion was raised as to the tenant's eligibility or financial status. The prevention work undertaken in respect of RTB continues to protect a valuable Council stock. In response to questions from members Mr Hyatt explained that while CAFS apply an enhanced fraud prevention process to all new RTB applications anti-fraud activity generally tended to be more reactive. He explained that the service relies on referrals. It did not previously want to publicise requests for referrals without having sufficient resource to investigate them. However, since last year there has been an increase in CAFS resources which will provide additional capacity to enhance coverage and deferrals will be encouraged. The service has previously visited each of the Council's estate managers to raise awareness of fraud and RTB fraud and provided some guidance on issues to be aware of. Members commented that CWH also has many street based properties and stressed the importance of similar awareness being applied to these properties. Mr Hyatt advised that publicity around this matter will be included in newsletters that will be circulated to CWH.
- 9.4 In respect of disabled parking investigations, the Committee noted that the introduction of a dedicated resource, body cameras and a regular Blue Badge inspection regime had proven successful with 15 offenders apprehended who had appropriate sanctions applied for misuse, including 12 successful prosecutions. Members asked what they should do in the event that they suspected the fraudulent use of disabled parking badges. Mr Hyatt advised that anyone who had concerns should contact CAFS which could undertake target monitoring. He reported that following complaints by antique dealers in Church Street the service undertook some targeted monitoring of the use of blue badges in the area and subsequently prosecuted individuals who were

witnessed to be misusing blue badges. Mr Hyatt clarified that for a successful prosecution to take place an officer needs to witness the misuse.

9.5 The Committee also considered fraud related activity relating to resident parking investigations. It noted that CAFS continues to investigate the misuse of resident parking permits and to date had successfully apprehended ten offenders. Positive outcomes included fraudulently obtained permits, height restricted vans and permits issued to commercial addresses. Mr Hyatt was referred to the fact that when the committee last discussed resident parking investigations it was informed that CAFS would undertake some work to determine which addresses in the Council's database were genuinely residential properties and subject to Council tax and which were in fact businesses. Mr Hyatt advised that while some desk based enquiries had been undertaken which had enabled some of the database to be cleansed CAFS had not performed any bulk data matching. This was an exercise it still aimed to undertake. The committee asked what the Council could do to further lobby for a requirement that number identifiers are displayed on each residential address to stop fraud. Members highlighted that the absence of numbers on many properties makes it easier for resident parking and other forms of fraud to be perpetrated.

9.6 **RESOLVED:** That the report be noted.

10 AUDIT ARRANGEMENTS BEYOND 2018-2019

10.1 Steve Mair, City Treasurer, introduced a briefing on the options for appointing an external auditor to the Council for the 2018-19 financial year onwards.

10.2 The Council's current external auditors, Grant Thornton UK LLP, are currently working under a contract originally let by the Audit Commission. This was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.

10.3 Regulations made under the Local Audit and Accountability Act 2014 allow authorities options for appointing an external auditor from 2018/19 onwards. They can opt-in for their external auditor to be appointed by an "appointing person", as defined in the Regulations. Alternatively, they can establish an auditor panel and conduct their own procurement exercise solely or in partnership with other authorities.

10.4 The report outlined the options in more detail, along with an analysis of the benefits and risks to the Council with the intention of opting into a procurement being run by the PSAA under the "appointing persons" regime.

10.5 The Committee noted that the function of appointing a local auditor to audit the Council's accounts would be the responsibility of the full Council.

10.6 **RESOLVED:** That the report be noted.

11 WORK PROGRAMME 2016/17

11.1 **RESOLVED:**

1. That the work programme including the items for the next meeting on 9 February be noted.
2. That the responses to actions be noted.

11.2 **ACTION:** Add an item to the work programme on DHP delegated decisions.
(Action for: Reuben Segal, Committee & Governance Services)

The Meeting ended at 9.40 pm

CHAIRMAN: _____

DATE _____



City of Westminster

Audit and Performance Committee Report

Decision Maker:	Audit and Performance Committee
Date:	9 February 2017
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2015/16
Financial Summary:	There are no direct financial implications arising from the report.
Report of:	Head of Revenues & Benefits

1. Executive Summary

- 1.1 External Audit annually reviews the grants that the City Council claims through a grants certification audit. The Council's external auditors (currently Grant Thornton) require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 1.2 The Grant Thornton report in relation to the financial year 2015/16 is shown at Appendix A.
- 1.3 There are no recommendations that Grant Thornton wish to raise for Members consideration.

2. Recommendation

- 2.1 That the Grant Thornton report is noted.

3. Grant Thornton Annual Review

- 3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by central government.
- 3.2 Grant Thornton, as the Council's external auditor, annually review the grants the City Council claims through a grants certification audit. Grant Thornton require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 3.3 There was only one claim / return audited by Grant Thornton in relation to the 2015/16 financial year:
- Housing Benefit subsidy (£225M)
- 3.4 Grant Thornton has made no recommendations in this year's report (Appendix A). This will be the fourth successive year that there have been no recommendations.
- 3.5 There was only one minor issue identified by the audit. There was one manual error identified that resulted in a £6 overpayment on one benefit claim. The claim has subsequently been corrected.

4 Financial Implications

- 4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.
- 4.2 Grant Thornton did not adjust the Council's claim.
- 4.3 The overall fee for certification of the Council's claim is the same as the indicative fee estimate. (See Appendix A).

5. Legal Implications

- 5.1 There are no direct legal implications arising from this report.

If you have any queries about this report please contact: Martin Hinckley on 0207 641 2611 or at mhinckley@westminster.gov.uk

Steve Mair
City Treasurer
Westminster City Council
Westminster City Hall
64 Victoria Street
LONDON
SW1E 6QP

17 January 2017

Dear Duncan

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Certification work for Westminster City Council for year ended 31 March 2016

We are required to certify certain claims and returns submitted by Westminster City Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2016.

We have certified one claim for the financial year 2015/16 relating to expenditure of £225 million. Further details of the claims certified are set out in Appendix A.

There were no significant issues arising from our certification work which we wish to highlight for your attention. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The scale fee set by PSAA for the Council for 2015/16 is £22,410.

Yours sincerely

Paul Dossett

Paul Dossett
For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£225,565,844	No	N/A	Yes	See below

Housing benefits subsidy claim (BEN01)

Audit testing was undertaken in line with the guidance. This requires us to carry out sample testing of 20 cases across the three types of benefit paid by the Council. The detailed testing covers all transactions for each case in the sample to confirm that benefit has been awarded in accordance with regulations and correctly recorded for subsidy purposes.

Our initial testing of 60 cases identified 1 error. The error was as a result of individual error in interpretation of the information supplied by the claimant. This resulted in an overpayment for the period. No errors identified were as a result of system failure.

The DWP requires additional testing for every error identified within the initial population testing. The extended sample should only cover the specific error identified and not all transactions. Testing of the initial sample of 60 cases identified one error in headline cell 094 Rent Allowances, where the Authority had incorrectly applied the claimants earned income in the benefit entitlement calculation. As a result the benefit had been overpaid by £6.

As a result, an additional random sample of 40 cases was selected for testing from the sub-population of cases where the claimants were in receipt of earned income within the rent allowance total expenditure. Testing of the additional 40 cases did not identify any issues where the Authority had incorrectly included the claimants earned income in the benefit entitlement calculation.

The error in the claim has been corrected in their Housing Benefit system in 2016/17.

The Audit Plan for Westminster City Council

Year ended 31 March 2017

9 February 2017

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Westminster City Council
Westminster City Hall
64 Victoria Street
LONDON, SW1E 6QP

9 February 2017

Dear Members of the Audit and Performance Committee

Audit Plan for Westminster City Council for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Westminster City Council, the Audit and Performance Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

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 planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. 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.

We look forward to working with you during the course of the audit.

Yours sincerely

Paul Dossett

Partner

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Chartered Accountants

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Understanding your business and key developments

Developments

Highways network asset (HNA)

On the 14 November, 2016 CIPFA/LASAAC announced a deferral of measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements for 2016/17. This deferral is due to delays in obtaining updated central rates for valuations.

CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18. It currently anticipates that the 2017/18 Code will be on the same basis as planned for 2016/17, i.e. not requiring restatement of preceding year information.

The Council has undertaken a lot of work before the CIPFA announcement and is well placed to implement the change when the Code requires it.

Integration with health sector

Wider transfers of responsibility for public health to local government, and more specifically Better Care Fund (BCF) plans and the associated pooled budgets have been operational during the year.

The Council is working with its health sector partners to agree a funding plan for the area.

Key challenges

Autumn Statement

The Chancellor detailed plans in the Autumn Statement to increase funding for Housing and Infrastructure, and further extend devolved powers to Local Authorities. No plans were announced to increase funding for adult social care but Council's have been allowed subsequently to raise a 3 % precept in 2017/18 for adult social care.

Capital projects

The Council has a large capital programme and has to manage these projects alongside other strategic priorities. The changing government focus on cities around the country means that a key project for the Council, the West End Partnership, is subject to Treasury approval as the Government considers how it balances investment across England.

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year. Westminster City Council is already achieving this timeline and are the clear leaders in this area.

De-cluttering of the Accounts

During the 2016/17 year the Council has been working towards producing a slim-line set of accounts, aiming to significantly reduce the number of pages in order to make them more accessible to the everyday user, while still ensuring compliance with the 2016/17 Code.

Our response

- We will discuss with you your progress in implementing the HNA requirements, highlighting any areas of good practice or concern which we have identified.
- We aim to complete all our substantive audit work of your financial statements by 5 May 2017 for reporting to the Audit & Performance Committee on 9 May 2017. As in 2015/16, we will be unable to sign the audit opinion until 15 July 2017.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will review the Council's progress in managing its responsibilities for public health and how it is working with partners, as part of our work in reaching our VFM conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.
- We will work closely with you to de-clutter your accounts while still ensuring compliance with the 2016/17 Code.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £18,925k (being 1.85% of gross revenue expenditure). In the previous year, we determined materiality to be £15,344k (being 1.50% of gross revenue expenditure). The reason for the lower materiality in the previous year was the implementation of the new financial ledger system under the Managed Services programme. As progress has been made in the operation of the ledger since the previous year, we have raised our materiality threshold for 2016/17. Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £946k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have not identified any items which require a separate materiality level.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Westminster City Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Westminster City Council, mean that all forms of fraud are seen as unacceptable. This framework extends to the managed service provider. <p>Therefore do not consider this to be a significant risk for Westminster City Council.</p>
<p>Management over-ride of controls</p>	<p>Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management in the prior year and discussions about the proposed treatment in 2016/17 • Review of journal entry process within the managed services environment <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Selection of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
<p>Managed Services Partnership (MSP)</p>	<p>The tri-borough councils implemented a new financial ledger through a managed services partnership with BT from 1 April 2015. There have been a number of difficulties with the implementation which give rise to a significant risk of completeness of the balances in the financial statements. The Council is proactively managing the service problems and is in regular contact with BT, including finance officers visiting the BT office on a monthly basis. Significant improvements have been made since the previous year but there remains a risk to the audit opinion.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have updated our understanding of the Council's relationship with the managed service provider during the 2016/17 year We have performed a review of the control environment around the posting of journals on the ledger and how these operate across the tri-borough <p>Further work planned:</p> <ul style="list-style-type: none"> We will keep up-to-date with the latest service provision arrangements to ensure that the Council has sufficient information to prepare the financial statements in line with the planned closedown and audit timetable of April and May 2017 We will carry out substantive testing of all items in the financial statements that are greater than the tolerable error level set out on page 5 to ensure the balances are accurate
<p>Appeals Provision for National Non-Domestic Rates (Business Rates)</p>	<p>Westminster City Council's provision for business rates appeals is the largest in the country and is a highly material balance in the financial statements. The provision is based on significant judgements made by management and uses a complex estimation technique to prepare the provision.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have kept up-to-date with how the appeals process is affecting Westminster City Council and any planned changes in the methodology used to calculate the provision. <p>Further work planned:</p> <ul style="list-style-type: none"> Review of management's processes and assumptions for the calculation of the estimate Testing of the calculation and agreement to supporting documentation Review of the disclosures made by the Council in its financial statements

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Identification and walkthrough of controls. We have not identified any issues from the walkthrough test <p>Further work planned:</p> <ul style="list-style-type: none"> • Substantive sampling of payments throughout the year and year end creditors and testing for unrecorded liabilities
Employee remuneration	Employee remuneration accruals are understated	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Identification and walkthrough of controls. We have not identified any issues from the walkthrough test <p>Further work planned:</p> <ul style="list-style-type: none"> • Substantive sampling of payroll system to payslips and contractual records and reconciling the total pay per the payroll system to the general ledger
Valuation of property, plant and equipment	Property, plant and equipment activity not valid	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Identification and walkthrough of controls. We have not identified any issues from the walkthrough test <p>Further work planned:</p> <ul style="list-style-type: none"> • Sample testing of housing rents income and test the year end reconciliation between the housing rents account and the general ledger

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Other risks identified (continued)

Other risks	Description of risk	Audit procedures
<p>Changes to the presentation of local authority financial statements</p>	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> We have documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements. We have reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. <p>Further work planned:</p> <ul style="list-style-type: none"> We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. We will test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

Other risks identified (continued)

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Heritage assets
- Assets held for sale
- Cash and cash equivalents
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Schools balances and transactions
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Housing Revenue Account and associated notes
- Collection Fund and associated notes

Value for Money

Background

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 National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The 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.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of sound governance Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing and utilising assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We shall carry out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we will consider:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies, including Ofsted
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified one significant risk as a result of our initial risk assessment which we are required to communicate to you. The risk and work we propose to address the risk is set out overleaf.

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Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements which we will give in line with the agreed timetable.

Value for money (continued)

We set out below the significant risk we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Significant capital projects The capital programme includes a number of key projects and investments, which are significant both in scale and financial terms. The Council recognised in 2015/16 that there was a weakness in arrangements and introduced a new business case process for all major schemes.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the project management and risk assurance framework established by the Council in respect of the more significant projects, to establish how the Council is identifying, managing and monitoring these risks. We will review any business cases that are near completion or approved by members by the end of the financial year.</p>

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
 - We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
 - We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
 - We consider our other duties under the Act and the Code, as and when required, including:
 - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Council, copied to the Secretary of State
- We certify completion of our audit.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

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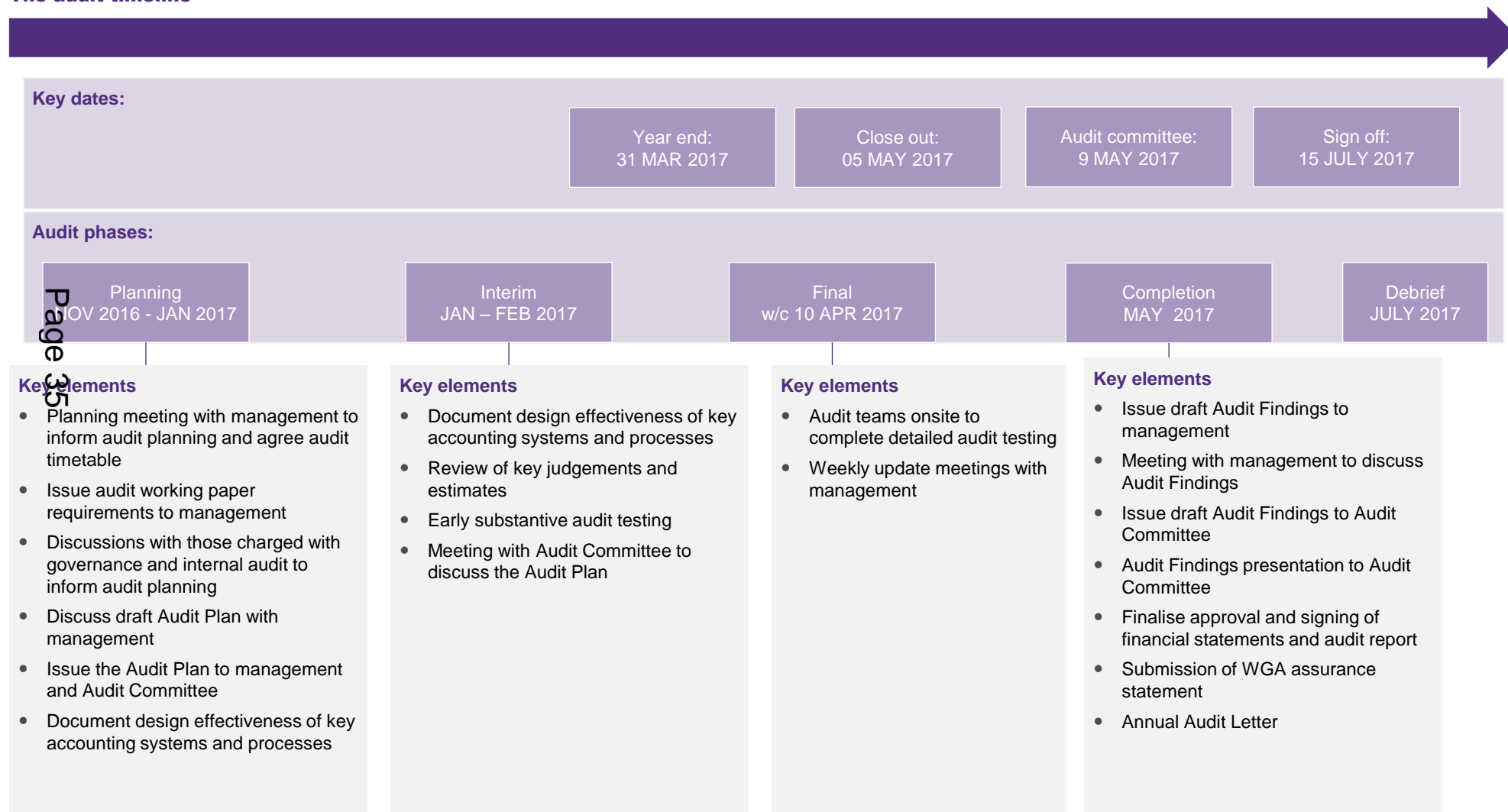
Results of interim audit work (continued)

	Work performed	Conclusion
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first seven months of the financial year, by extracting material entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	<p>Our work has not identified any weaknesses which in the Council's journal control environment. We will continue our detailed testing of journal transactions during the February and April audit visits.</p>

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The audit cycle

The audit timeline



Audit Fees

Fees

	£
Council audit	185,719
Grant Certification	25,386
Total audit fees (excluding VAT)	211,105

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Westminster City Council. The following audit related and non-audit services were identified for the Council for 2016/17:

Fees for other services

Service	Fees £	Planned outputs
Audit related		
Teachers pension return	3,500	Certification Report
Non-audit related		
CFO insights	9,500	Data analytics online tool

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the CCG's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

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The Audit Plan for City of Westminster Pension Fund

Year ended 31 March 2017

9 February 2017

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9 February 2017

Dear Members of the Audit and Performance Committee

Audit Plan for City of Westminster Pension Fund for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of City of Westminster Pension Fund, the Audit and Performance Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Fund and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to give an opinion on the Fund's financial statements.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

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 planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit. 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.

We look forward to working with you during the course of the audit.

Yours sincerely

Elizabeth Jackson

Associate Director

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

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Understanding your business and key developments

Developments

Investment Regulations

The new investment regulations came into force on 1 November 2016 and require administering authorities to publish new Investment Strategy Statements by 1st April 2017. The statement must be in accordance with guidance issued by the Secretary of State and include a variety of information. This will include the authority's assessment of the suitability of particular investments and types of investments, the authority's approach to risk, including the ways in which risks are to be measured and managed and the authority's approach to pooling investments, including the use of collective investment vehicles and shared services. These regulations also provide the Secretary of State with the power to intervene in the investment function of a fund if he/she is satisfied that the authority is failing to act in accordance with the regulations.

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Triennial actuarial valuation of the fund

The results of the triennial review have now been reported. Members will need to consider the outcome of this review and the impact this will have on the fund in future investment decisions.

Key challenges

Pooling Governance

Arrangements for pooling of investments continue to develop, with DCLG expecting administering authorities to be transferring liquid assets from April 2018. The structure and governance of these arrangements will need to be implemented before this date. These arrangements are likely to have a significant impact on how the investments are managed, who makes decisions and how investment activities are actioned and monitored. Although much of this operational responsibility will move to the investment pool operator, it is key that administering authorities (through Pension Committees and Pension Boards) continue to operate strong governance arrangements, particularly during the transition phase where funds are likely to have a mix of investment management arrangements.

Pooling of investments

We will continue to discuss with officers their plans for asset pooling in the London CIV and the implications that this will have on both the investment policy and governance arrangements of the fund.

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

The main change to the Code for Pension Funds is the extension of the fair value disclosures required under the Code from 2016/17.

The greatest impact is expected to be for those Funds holding directly owned property and/or shares and Level 3 investments. These are reflected in CIPFA's pension fund example accounts alongside further changes including an analysis of Investment Management expenses in line with CIPFA's Local Government Pension Scheme Management Costs guidance, a realignment of investment classifications, and an additional disclosure note covering remuneration of key management personnel which has been included in related party transactions.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year. The Council has been achieving this deadline in for a number of years and is the leader in preparing early accounts.

Our response

- We will discuss with you your progress in implementing the requirements of the new investment regulations, highlighting any areas of good practice or concern which we have identified.
- We will discuss your progress in implementing revised governance structures, and share our experiences gained nationally.
- We aim to complete all our substantive audit work of your financial statements by 5 May 2017 and will report to the Audit & Performance Committee on 9 May 2017. We will sign the audit opinion on 15 July as in the prior year which is the earliest date possible.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the changes in the 2016/17 Code.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Fund. In line with previous years, we have calculated financial statements materiality based on a proportion of net assets for the Fund. For purposes of planning the audit we have determined overall materiality to be £9,597,000 (being 0.9% of net assets at 31 March 2016). In the previous year, we determined materiality to be £9,891,000 (being 0.9% of net assets). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £479,000.

ISA 450 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have not identified any specific areas where separate materiality levels are appropriate:

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Westminster City Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for the Pension Fund.</p>
Management over-ride of controls	<p>Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions

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"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
<p>Managed Services Partnership (MSP)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 47</p>	<p>The tri-borough councils implemented a new financial ledger through a managed services partnership with BT from 1 April 2015. There have been a number of difficulties with the implementation which give rise to a significant risk of completeness of the balances in the financial statements. The Council is proactively managing the service problems and is in regular contact with BT, including finance officers visiting the BT office on a monthly basis. Significant improvements have been made since the previous year but there remains a risk to the audit opinion.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • We have updated our understanding of the Council's relationship with the managed service provider during the 2016/17 year • We have performed a review of the control environment around the posting of journals on the ledger and how these operate across the tri-borough <p>Further work planned:</p> <ul style="list-style-type: none"> • We will keep up-to-date with the latest service provision arrangements to ensure that the Council has sufficient information to prepare the financial statements in line with the planned closedown and audit timetable of April and May 2017 • We will carry out substantive testing of all items in the financial statements that are greater than the tolerable error level set out on page 5 to ensure the balances are accurate

Other risks identified (continued)

Reasonably possible risks	Description of risk	Audit procedures
Investment values – Level 2 investments	Valuation is incorrect (Valuation net)	<p>Further work planned:</p> <ul style="list-style-type: none"> • Where we are able to apply full triangulation, we will review the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for variances. • Test a sample of level 2 investments to independent information from custodian/manager on units and on unit prices.
Contributions	Recorded contributions not correct (Occurrence)	<p>Further work planned:</p> <ul style="list-style-type: none"> • Test a sample of contributions to source data to gain assurance over their accuracy and occurrence. • Rationalise contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained.
Benefits payable	Benefits improperly computed/claims liability understated (Completeness, accuracy and occurrence)	<p>Further work planned:</p> <ul style="list-style-type: none"> • Controls testing over, completeness, accuracy and occurrence of benefit payments. • Test a sample of individual pensions in payment by reference to member files. • We will rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained.

Other risks identified (continued)

Reasonably possible risks	Description of risk	Audit procedures
Member Data	Member data not correct (Rights and Obligations)	<p>Further work planned:</p> <ul style="list-style-type: none"> • Controls testing over annual/monthly reconciliations and verifications with individual members. • Sample testing of changes to member data made during the year to source documentation.

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Other risks identified (continued)

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

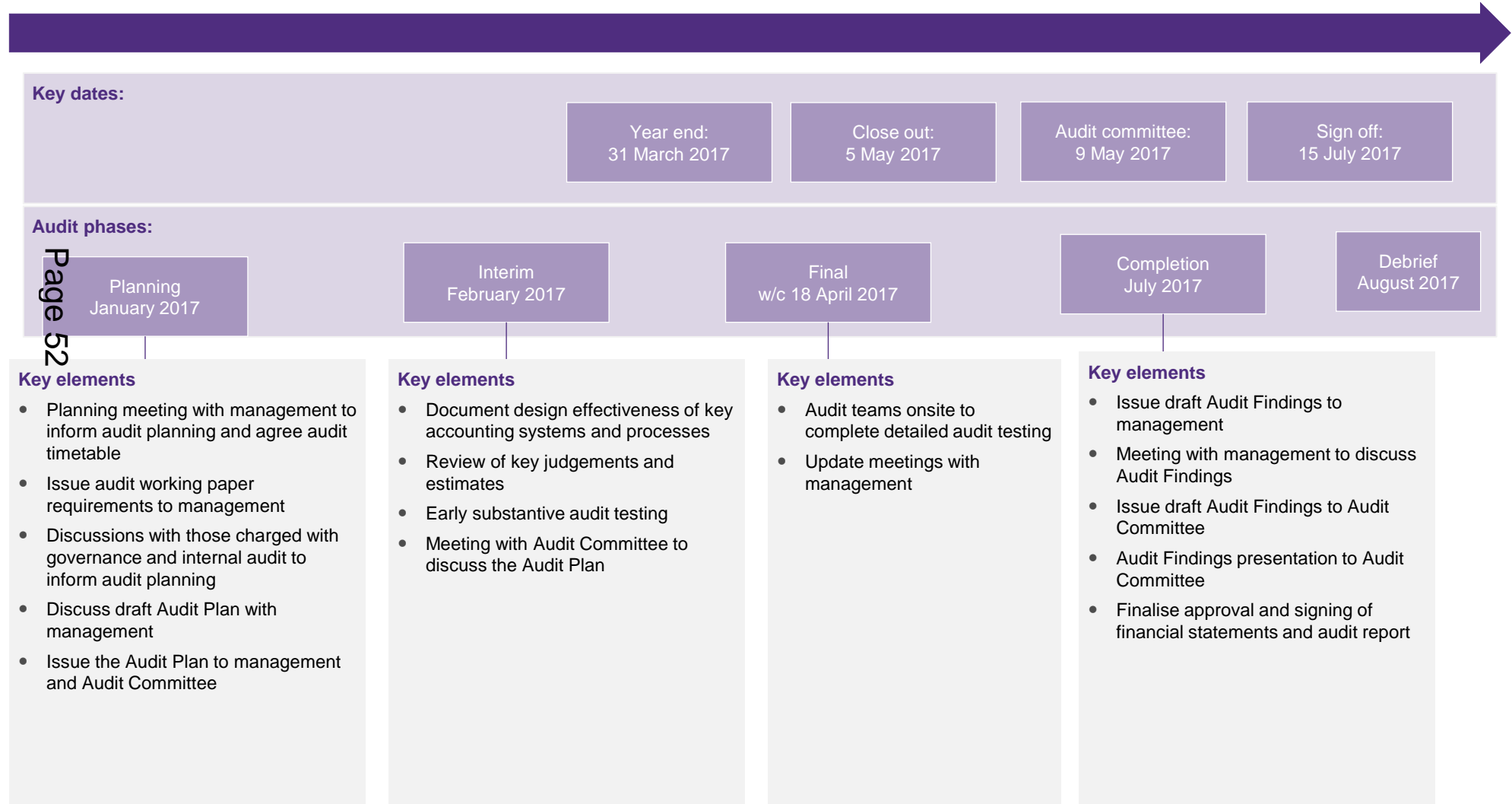
Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Current assets
- Actuarial Valuation and Actuarial Present Value of Promised Retirement Benefits
- Financial Instruments

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The audit cycle

The audit timeline



Audit Fees

Fees

	£
Pension fund audit	21,000
Total audit fees (excluding VAT)	21,000

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Fund and its activities, have not changed significantly
- The Fund will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Fees for other services

Fees for other services are detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the pension fund. There are no audit related and non-audit services were identified for the Fund for 2016/17.

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

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We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Fund.

Respective responsibilities

As an auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

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The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓



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Audit and Performance Committee
Westminster City Council
Progress Report and Update
Year ended 31 March 2017

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9 February 2017

Paul Dossett

Partner

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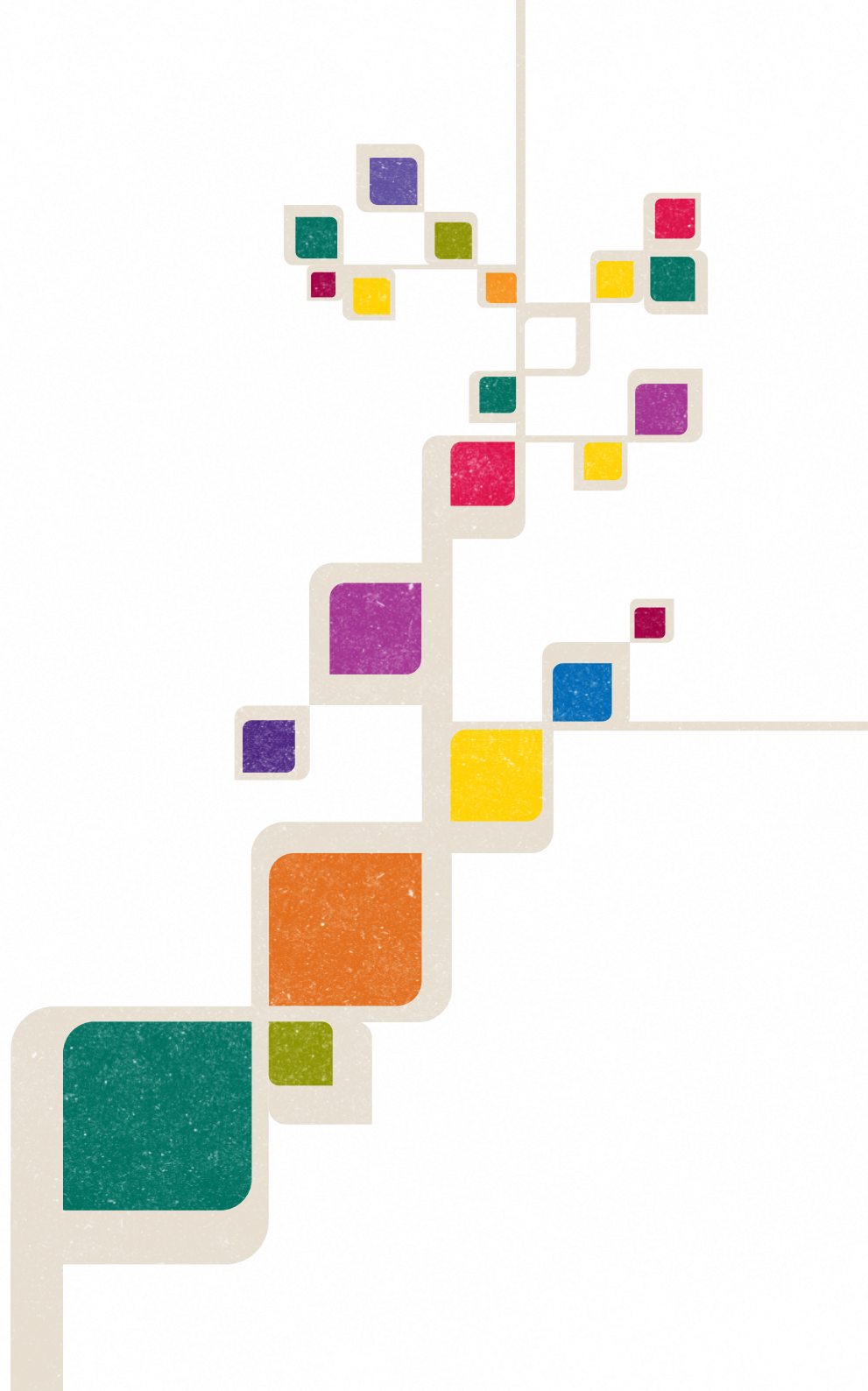
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Elizabeth Jackson

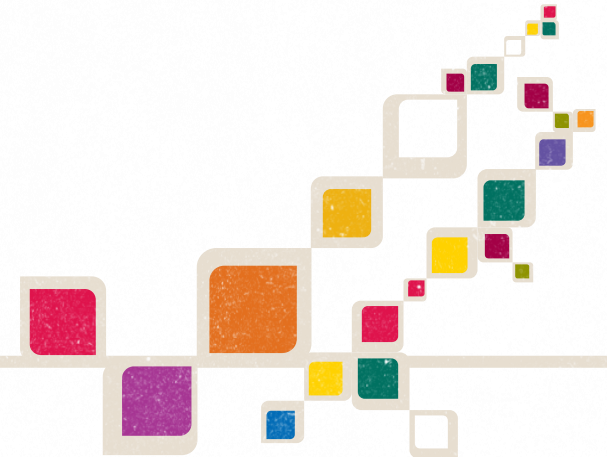
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Introduction

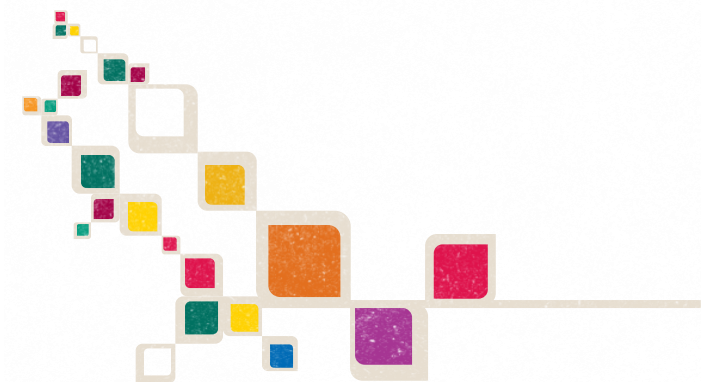
This paper provides the Audit and Performance Committee with a report on progress in delivering our responsibilities as your external auditors.

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

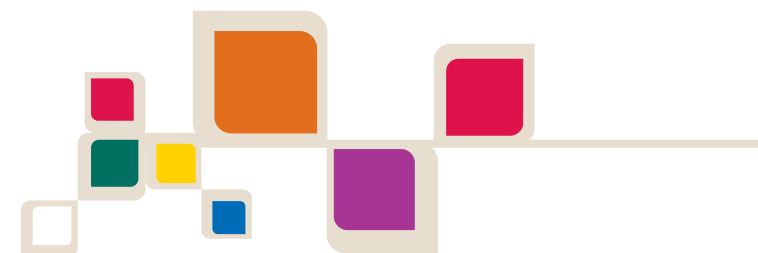
- CFO Insights – reviewing council's 2015/16 spend (December 2016); <http://www.grantthornton.co.uk/en/insights/cfo-insights-reviewing-councils-201516-spend/>
- Fraud risk, 'adequate procedures', and local authorities (December 2016); <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- New laws to prevent fraud may affect the public sector (November 2016); <http://www.grantthornton.co.uk/en/insights/new-laws-to-prevent-fraud-may-affect-the-public-sector/>
- Brexit: local government = transitioning successfully (December 2016); <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

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.

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.



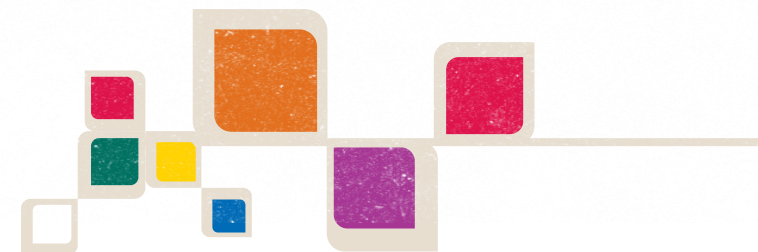
Progress at January 2017



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2016/17 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2016/17 by the end of April 2016.</p>	April 2016	Yes	The 2016/17 fee letter was issued in April 2016.
<p>Accounts Audit Plan</p> <p>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 2016/17 financial statements.</p>	February 2017	Not yet due	Our Audit Plan will be presented to the February 2017 committee. The Plan is based on our monthly liaison meetings with the finance team and our findings from the initial planning and risk assessment audit visits.
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	<p>Initial planning: October 2016</p> <p>Risk assessment: November 2016</p> <p>Early substantive testing: January and February 2017</p>	<p>Yes</p> <p>Yes</p> <p>Not yet due</p>	<p>We have planned regular audit visits throughout the financial year to ensure that we carry out as much early testing as possible before the accounts audit visit in April 2017.</p> <p>We completed the control environment assessment and walk through testing of the key financial systems. We also tested journals for months 1 to 7. Our audit did not identify any weaknesses or issues to be reported to you.</p> <p>We are currently doing an early testing audit visit to substantively test journals (months 8-9), other income, operating expenditure and payroll (for months 1-9).</p>
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	11 April to 5 May 2017	Not yet due	<p>The Council's ambitious early closedown timetable will be delivered again in 2016/17.</p> <p>We plan to start the accounts audit on 11 April with the majority of audit work completed by 28 April. The Audit Findings Report will be presented to the committee on 9 May.</p>

Progress at January 2017



2016/17 work	Planned Date	Complete?	Comments
<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>Initial planning: November 2016</p>	<p>Not yet due</p>	<p>We will set out the results of our risk assessment and the proposed focus of our work in the Audit Plan.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.</p>
	<p>Detailed assessment: April 2017</p>	<p>Not yet due</p>	<p>We will include our conclusion as part of our report on your financial statements.</p>
<p>Other areas of work</p> <p>We continue to meet with officers on a monthly basis. We will invite members of the finance team to our closedown workshops in March 2017.</p>			

Technical Matters

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Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the local authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- changes to reporting by pension funds in relation to the format and fair value disclosure requirements to reflect changes to the Pensions SORP
- other amendments and clarifications to reflect changes in the accounting standards.

Delivering Good Governance

In April, CIPFA and SOLACE published 'Delivering Good Governance in Local Government: Framework (2016)' and this applies to annual governance statements prepared for the 2016/17 financial year.

The key focus of the framework is on sustainability – economic, social and environmental – and the need to focus on the longer term and the impact actions may have on future generations.

Local authorities should be:

- reviewing existing governance arrangements against the principles set out in the Framework
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures.

Sector issues and developments

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National Audit Office reports

Below is a selection of reports issued during 2016 which may be of interest to Audit Committee members. Please see the website for all reports issued by the NAO.



Overview: Local government

This Overview looks at the local government landscape during the last financial year and summarises both matters of likely interest to Parliament as well as our work with local authorities. The NAO prepares statutory guidance on how local auditors should meet their responsibilities.

Sector(s): [Local services](#)

Performance Improvement area(s): [Departmental Overviews](#), [Local service delivery](#)

Published:
9 Nov 2016

<https://www.nao.org.uk/report/overview-local-government/>



The Troubled Families programme: update

This report is a factual update to support the Committee of Public Accounts' evidence session on the government's Troubled Families programme on 19 October 2016. It is based primarily on published sources, information supplied by the Department for Communities and Local Government and previous reports published by the National Audit Office.

Sector(s): [Community and society](#), [Local services](#)

Published:
18 Oct 2016

<https://www.nao.org.uk/report/the-troubled-families-programme-update/>

Local Government Association

Below is a selection of reports issued recently which may be of interest to audit committee members. These are available on the website:

<http://www.local.gov.uk/publications>



Provisional LG Finance Settlement for 2017/18

12 January 2017

The LGA has published its responses to the DCLG consultation on proposals for the local government finance settlement for 2017 to 2018 and for the approach to future local government finance settlements.

<http://www.local.gov.uk/documents/10180/8150261/Local+Government+Finance+Settlement+1718+LGA+response.pdf/dd8d32e1-ec9f-4314-8121-7aae2195f89f>



A councillor's workbook on neighbourhood and community engagement

11 January 2017

Neighbourhood and community engagement has a rightful place as one of the key processes involved in planning and decision making. As such, it should not be viewed as an additional task, but as a core part of the business



Building our homes, communities and future: The LGA housing commission final report

22 December 2016

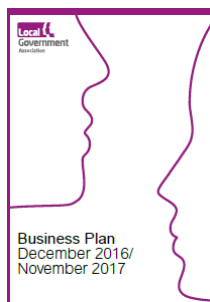
The Local Government Association (LGA) Housing Commission was established to help councils deliver their ambition for places. It has been supported by a panel of advisers and has engaged with over 100 partners; hearing from councils, developers, charities, health partners, and many others. All partners agree that there is no silver bullet, and all emphasise the pivotal role of councils in helping provide strong leadership, collaborative working, and longer-term certainty for places and the people that live there.

Local Government Association

Below is a selection of reports issued recently which may be of interest to audit committee members. These are available on the LGA website:

<http://www.local.gov.uk/publications>

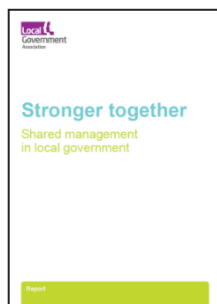
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Business Plan December 2016/November 2017

30 December 2016

Britain's exit from the EU means that we are reshaping the way our country is run. Our vision is one of a rejuvenated local democracy, where power from Westminster and from the EU is significantly devolved to local level and citizens feel they have a meaningful vote and real reason to participate in civic life and their communities.



Stronger together: shared management in local government

29 November 2016

Around 45 councils across England share a chief executive and senior management team in about 20 different partnerships. Most also share at least some services. These councils have already delivered savings of at least £60 million through greater efficiencies and the other benefits of collaboration, with more savings planned



Adult social care funding: 2016 state of the nation report

2 November 2016

Adult social care is an absolutely vital public service that supports some of our most vulnerable people and promotes the wellbeing and independence of many more

Grant Thornton updates

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Apprentice Levy-Are you prepared?

Grant Thornton update

What is the levy?

The UK has been struggling on productivity, now estimated to be 20% behind the G7 average. Developing apprenticeships is set to play a key part in tackling this and bridging the skills gap.

Announced by government in July 2015, the levy is to encourage employers to offer apprenticeships in meeting their skill, workforce and training needs, developing talent internally. The levy is designed to give more control to employers, through direct access to training funds and creation of apprenticeships through the Trailblazer process.

What is the levy?

From April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to pay a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

Employers in England are also able to get 'more out than they put in', through an additional government top-up of 10% to their levy contribution.

When employers want to spend above their total levy amount, government will fund 90% of the cost for training and assessment within the funding bands.

The existing funding model will continue until the levy comes into effect May 2017. The levy will apply to employers across all sectors.

Paybill will be calculated based on total employee earnings subject to Class1 National Insurance Contributions. It will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

What will the levy mean in practice

Employer of 250 employees, each with a gross salary of £20,000:

Paybill: $250 \times £20,000 = £5,000,000$

Levy sum: $0.5\% \times = £25,000$

Allowance: $£25,000 - £15,000 = £10,000$ annual levy

How can I spend my levy funds?

The funding can only be used to fund training and assessment under approved apprenticeship schemes. It cannot be used on other costs associated with apprentices, including wages and remuneration, or training spend for the wider-team.

Through the Digital Apprenticeship Service (DAS), set up by government, employers will have access to their funding in the form of digital vouchers to spend on training.

Training can be designed to suit the needs of your organisation and the requirements of the individual in that role, in addition to specified training for that apprenticeship. Training providers must all be registered with the Skills Funding Agency (SFA).

What do I need to start thinking about now?

- How much is the levy going to cost and have we budgeted for it?
- How do we ensure compliance with the new system?
- Which parts of my current spend on training are applicable to apprenticeships?
- Are there opportunities to mitigate additional cost presented by the levy?
- How is training in my organisation structured?
- How do we develop and align to our workforce development strategy

Off-payroll working in the public sector

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the Chancellor announced that the measures that were proposed in Budget 2016 that could affect services supplied through personal service companies (PSCs) to the public sector will be implemented.

At present, the so-called IR35 rules require the worker to decide whether PAYE and NIC are due on the payments made by a PSC following an engagement with a public sector body. The onus will be moved to the payer from April 2017. This might be the public sector body itself, but is more likely to be an intermediary, or, if there is a supply chain, to the party closest to the PSC.

The public sector body (or the party closest to the PSC) will need to account for the tax and NIC and include details in their RTI submission.

The existing IR35 rules will continue outside of public sector engagements.

HMRC Digital Tool – will aid with determining whether or not the intermediary rules apply to ensure of “*consistency, certainty and simplicity*”

When the proposals were originally made, the public sector was defined as those bodies that are subject to the Freedom of Information rules. It is not known at present whether this will be the final definition. Establishing what bodies are caught is likely to be difficult however the public sector is defined.

A further change will be that the 5% tax free allowance that is given to PSCs will be removed for those providing services to the public sector.

Impact

- Increased costs
- Responsibility moved to the engager
- Increased risks for the engager
- Consider current arrangements in place

Areas / risks to consider

- Interim and / or temporary staff engaged through an intermediary or PSC
- Where using agencies ensure they're UK based and operating PAYE
- Update on-boarding / procurement systems, processes and controls
- Additional take on checks and staff training / communications
- Review of existing PSC contractor population before April 2017
- Consider moving long term engagements onto payroll
-

Salary Sacrifice Arrangements-Autumn Statement

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the proposals from earlier this year to limit the tax and NIC advantages from salary sacrifice arrangements in conjunction with benefits will be implemented from April 2017.

Although we await the details, it appears that there is a partial concession to calls made by Grant Thornton UK and others to exempt the provision of cars from the new rules (to protect the car industry). Therefore, the changes will apply to all benefits other than pensions (including advice), childcare, Cycle to Work schemes and ultra-low emission cars.

Arrangements in place before April 2017 for cars, accommodation and school fees will be protected until April 2021, with others being protected until April 2018.

These changes will be implemented from April 2017.

As you can see, there is a limited opportunity to continue with salary sacrifice arrangements and a need also to consider the choice between keeping such arrangements in place – which may still be beneficial – or withdrawing from them

What should you be thinking about?

- Review the benefits you offer - particularly if you have a flex renewal coming up
- Consider your overall Reward and Benefit strategy
- Consider your Employee communications



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City of Westminster

Audit and Performance Committee Report

Date:	9 February 2017
Classification:	General Release
Title:	Maintaining High Ethical Standards at the City Council
Wards Affected:	All
Financial Summary:	N/A
Report of:	Tasnim Shawkat, Director of Law and Monitoring Officer.
Author:	Reuben Segal Senior Committee and Governance Officer Email: rsegal@westminster.gov.uk

1. Executive Summary

- 1.1 This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's following term of reference:

"To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority and in this context to receive a report annually from the Director of Law".

The Director of Law also serves as the Council's Monitoring Officer which is a statutory appointment under the provisions of Section 5 of the Local Government and Housing Act 1989. One of the roles of the Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

- 1.2 'Ethical governance' lies at the very heart of the way in which an organisation is run, how its business is transacted and how its decisions are taken.
- 1.3 At the City Council we recognise that ethical governance is not simply a matter for the 'decision-makers at the top' but is applicable to all those who work for or in conjunction with the organisation – our elected Members, our staff and our contractors are all expected to adhere to the highest standards of conduct and

behaviours. In this context the report will detail how we maintain ethical governance in each case.

The areas covered in this year's report are the following:

- Tri-Borough Internal Audit Service;
- Ethical governance complaints monitoring
- Ethical governance at Member-level;
- Ethical governance in relation to staff and service areas
- Ethical governance in relation to the Council's contractors and procurement.

2. Recommendations

- 2.1 That the annual report and actions taken to maintain high standards of ethical governance throughout the authority be noted;
- 2.2 That the Committee suggest any areas of ethical governance which have not been addressed in this report, for inclusion in the next annual report;

3. Tri-Borough Internal Audit Service

- 3.1 In December 2013 the proposal to create a Tri-borough Fraud and Audit Service was formally ratified. A key aim of the service is to review policies and procedures across all three Councils to identify best practice in respect of corporate governance and promote a culture of zero tolerance in respect of fraud, corruption and mismanagement. Fraud awareness training has been provided within Tri-borough to service areas at greater risk, and a new quarterly newsletter entitled *Fraud in Brief*, was launched in November 2016 to inform staff of emerging fraud risks, encourage fraud reporting and to maintain awareness.

How Ethical Governance Complaints are dealt with

- 3.2 The Council's Anti-Fraud and Corruption Strategy sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately.
- 3.3 The Officers' Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have. Further guidance is also provided in the Council's Whistleblowing at Work policy and the Fraud Response Plan.
- 3.4 Support from members of the public is also important in combating fraud and corruption, and facilities are provided to enable them to report their concerns, including an electronic "Report a Fraud" facility on the internet and a more traditional Fraud Hotline. The majority of referrals via these channels provide

information regarding unlawful subletting, the abuse of residents' or disabled parking badges and possible fraud in respect of welfare benefits (which are redirected to the Department for Work and Pensions).

- 3.5 The Council's Fraud Response Plan provides guidance on the action to be taken when a fraud or corruption complaint is received, and details action to be taken to ensure the Council can;
- Minimise and recover losses
 - Establish and secure evidence necessary for criminal and disciplinary action
 - Take disciplinary action against those involved
 - Review the reasons for the incident and ensure that actions are implemented to strengthen procedures and prevent recurrence.
- 3.6 Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation including the Fraud Act 2006.

4. Ethical Governance Complaint Monitoring

- 4.1 As part of the arrangements in place for maintaining high ethical standards throughout the Authority, in March 2007 the Standards Committee endorsed a definition of what constitutes an ethical governance complaint so that Departments can identify and refer any ethical governance complaints to the appropriate persons, and consistently record such complaints.

The definition of an ethical governance complaint as endorsed by the Standards Committee is as follows:

"An alleged breach of the high standards of ethical conduct set out in the codes of conduct for officers and Members"

- 4.3 As the Tri-Borough Internal Audit Service investigate allegations of fraud, bribery and corruption, it is not appropriate for such ethical governance complaint issues to be investigated under the Council's normal complaints procedure. However, if such a complaint is raised under the complaints procedure, the complainant will be advised that the matter will be referred to the Fraud Investigation Team to take the appropriate action.
- 4.4 The Corporate Complaints Team is a distinct service to that of the Fraud Investigation Team and is based within the Chief Executive's Department. The team has overall responsibility for the management and development of the Corporate Complaints procedure and for the compilation of the Annual Complaints Review. The Annual Complaints Review, which went to Audit and Performance Committee on 24 November 2016, did not report on any complaints

which meet the definition of an ethical governance complaint as none were reported to the Complaints Team in the financial year 2015/2016.

- 4.5 As part of monitoring ethical governance complaints service areas are reminded on a quarterly basis what constitutes an ethical governance complaint, and they are also asked if any ethical governance complaints have been dealt with under the Council's complaint procedure. It is not unusual for Departments to report that no ethical governance complaints have entered the complaints procedure and as already explained it is a matter of general practice that allegations of this nature are usually referred to Internal Audit for investigation as appropriate.

5. Ethical governance at Member-level

- 5.1 As a mark of the importance with which the Council regards ethical governance it was agreed to retain a separate Standards Committee even though the statutory requirement to do so has been removed. The Standards Committee meets three times per annum and in the last year has reviewed the code of conduct. As a consequence of this review the council adopted a new (simplified) Code of Conduct in July 2016. The Monitoring Officer has offered training on the new Code to all elected and co-opted members. To date approximately half of the elected members have attended and further training sessions are being arranged.
- 5.2 As part of its review of training carried out during the course of the year the Standards Committee have also requested training on the Data Protection Act, this is due to take place in summer 2017.
- 5.3 The Council and the Cabinet have the power to appoint Members to serve on outside bodies in a variety of capacities. To assist Members to better understand their responsibilities in carrying out this role and to understand any potential conflicts of interest, the Council's Constitution is in the process of being updated to provide guidance on this matter.
- 5.4 The Monitoring Officer has considered 5 complaints about Member conduct, in each case she determined that there was no case to answer. The complaints were submitted by different members of the public and therefore do not indicate a pattern of vexatious behaviour. Two of the complaints were service related which members do not have responsibility for. The Monitoring Officer also considered one case against a member of the Queen's Park Parish Council the details of which are outside the scope of this report.

6. Ethical Governance in relation to staff and service areas

- 6.1 The public is entitled to expect the highest standards of conduct from all Westminster City Council employees.

6.2 The law, the Council's constitution, code of governance, terms and conditions of employment, policies and procedures all bear on the way council employees carry out their duties. The main provisions are summarised in the council's code of conduct for employees. The employee guide to the Code of Conduct details source documents such as HR Policies where more comprehensive information can be found.

6.3 Breaches of the Code may result in action under the Council's disciplinary code. The Code is published on the council's intranet and forms part of corporate induction for all new starters

Human Resources

Details of Staff Disciplinary Cases and Whistleblowing issues

6.4 Details of Staff Disciplinary Cases and Whistleblowing issues throughout the authority, excluding schools, categorised by issue, are set out below. Details of all cases are monitored by HR who review these and flag up any issues arising. The level of disciplinary cases is regarded as normal in an organisation the size of the City Council and has slightly decreased from the previous financial year.

An overall three year trend:

	2013 - 2014		2014- 2015		2015-2016		Trend
	Closed	Open	Closed	Open	Closed	Open	
Disciplinary	15	7	20	4	13	4	Decrease
Staff employed	2128		2083		1861		

- The council concluded 13 disciplinary cases in total in the 2015/2016 financial year (this excludes schools)
- There were 4 cases opened in 2015/2016 financial year which remained open going into the new financial year, none of these cases remain open as of today.
- The outcome of those disciplinary matters closed in 2015/16 were:

<u>Outcome</u>	Departments							<u>Total</u>
	No Case to answer	Not Blameworthy	Formal Oral Warning	Formal Written Warning	Final Written Warning	Dismissal	Other	
<u>Closed Cases</u>	5	0	0	2	3	2	1	13

- Only one of these was of an ethical governance nature and related to a failure to disclose a police caution received during employment with the Council. This compares to three cases in 2014-15 which related to a case of falsification of documentation and two related cases of fraud.
- Given the small number of cases there is no evidence that there are systemic weaknesses or particular problems of unethical conduct in the Council or in any particular department.

There was 1 whistleblowing matter raised via the HR department and this was partially upheld.

Staff Declarations of Interest and Receipt of Gifts and Hospitality

- 6.5 The council requires all employees to disclose any interests which may conflict with their public duty by completing a Declarations of Interests Form. The form is accessible from the Council's intranet, The Wire. The council also requires all employees in specified designated¹ posts to complete a Declarations of Interests Form on taking up the post and on any change in personal circumstances. Employees are further prompted to disclose whether they have any such interests when completing their annual performance appraisal form.
- 6.6 EMT members or their nominated officer will use the information on Declaration of Interests Forms to compile and maintain a register of pecuniary and personal interests for their area of responsibility. Each EMT member will review their register and consider whether any steps need to be taken to avoid conflict when relevant employees complete and resubmit forms. The register is not available for public inspection and there is no statutory requirement to make them available. However, subject to any exemptions which may apply, information contained within the register will be disclosed in accordance with the Freedom of Information Act 2001.
- 6.7 Every endeavour is made to keep the registers up to date but the onus is on employees to ensure that their registration details are accurate and up to date. Information will be maintained and held on the register during the employees' employment and for six years thereafter. In addition to completion of the declaration of interests form, employees must also declare any interests at

¹ **Designated Posts**

- all posts at Band 5 or above level or their non-Reward equivalent
- any post referred to on a Directorate / Unit Scheme of Delegation for contract purposes; and
- any other post as determined by the EMT member or their nominated officer where the post holder has a significant involvement in contract matters or other work which requires a high level of transparent probity.

meetings as appropriate. Failure to disclose such interests may lead to disciplinary action under the council's policies.

Staff Receipt of Gifts and Hospitality

- 6.8 The council also provides managers and employees with guidance as to when they can legitimately receive or give gifts and hospitality during the course of their duties. Without exception all gifts and hospitality given and received, whether accepted or declined, must be entered in the designated corporate register immediately after the offer is made. Given that the council is a public body it is essential that all such items are recorded in an easily accessible and efficient way. To this end, an online Gifts and Hospitality Register has been implemented and been used since 19 December 2006. The corporate Gifts and Hospitality register is maintained and reviewed by the designated monitoring officer on a regular basis. This is currently the Audit Manager.

7. Ethical Governance guidance and safeguards in relation to the Council's contractors and procurement

- 7.1 The Council's Procurement Code sets the mandatory rules on behalf of Westminster City Council which must be followed during the conduct of all procurement and contracting activity. The Code ensures that each area of strategic and commercial procurement is rigorously governed to ensure good procurement business practices, whilst minimising risks and adverse implications to the Council's reputation or non-compliance to legal requirements. The Code is underpinned by the fundamental principle that *"the highest standards of probity and ethical governance are maintained and adhered to at all times"*. In addition, section 2.8 (Codes of Conduct) of the Procurement Code makes specific reference to the Bribery Act 2010 and the Council's Code of Conduct.

- 7.2 The Code is reviewed periodically and since April 2014 it has been refreshed a number of times, as detailed below:

- Version 1.9 Issued 11 April 2014
- Version 1.10 Issued 21 July 2014
- Version 1.11 Issued 5 November 2014
- Version 1.12 Issued 29 January 2015
- Version 1.13 Issued 3 November 2015

Version 2.0 has just been finalised and is currently awaiting formal cabinet member approval, this will be published by the end of January 2017.

- 7.3 A Communications Plan is held by the Operations team, which is used to ensure that all appropriate officers are informed of changes to the Code. There are links to the Code on the internal and external websites.

Procurement Assurance Board and Commissioning and Contracts Board

- 7.4 The City Council and Shared Borough Services have a formal review process which must be followed by all officers, and which demands a formal 'go/no go' decision to be taken at two key stages:

Gate 1: Examines the proposed sourcing strategy

Gate 2: Examines the proposed contract award

The members of the Procurement Assurance Board will provide a formal recommendation as to whether the proposed procurement strategy or contract award should proceed.

From the 1st January 2017, a new Procurement Assurance Model has been implemented to simplify the process.

- 7.5 The Procurement Assurance Board is the forum which will advise, agree, recommend and act as a critical friend for procurement activity for:

7.5.1 Tri-Borough procurements consisting of The London Borough of Hammersmith and Fulham (H&F), The Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC) with a combined value (whole life) greater than £300,000; or where the contract associated with Westminster City Council is greater than £100,000.

7.5.2 Bi-Borough procurements consisting of The Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC) with a combined value (whole life) greater than £200,000; or where the contract associated with Westminster City Council is greater than £100,000.

7.5.3 Single Borough procurements consisting of City Council (WCC), City West Homes (CWH) and Westminster Adult Education Services (WAES) procurements, where the total contract value exceeds £100k.

At Westminster City Council and CityWest Homes, Peer Reviews are to be led by Officers for Operational spend (£10k to £100k). A Peer Review ensures that officers are not acting alone when making recommendations about contract awards, and it ensures that due process has been followed.

- 7.6 Adult Social Care and Children's Services procurements (including Tri-Borough, Bi-Borough and Single Borough) are overseen by the Commissioning and Contracts Board (CoCo) within each Services and therefore not in scope for the Procurement Assurance Board, however, ASC and Children's have adopted the Westminster (now Shared Services) Category Management Toolkit and as such the same rigour is expected to be applied.

- 7.7 All participants in a procurement exercise are expected to declare whether they have a personal interest in any proposed contract or in any company or other organisation bidding for a proposed contract by completing a 'Conflict of Interest and Confidentiality Declaration' form.

capitalEsourcing

- 7.8 In the past, Members have raised concerns about the Council's vulnerability in respect of staff being largely unmonitored in their dealings with external contractors. The launch of a new electronic sourcing solution called 'capitalEsourcing' across Tri-Borough since January 2014 has increased transparency and monitoring around procurement activities. The capitalEsourcing solution contains a module on contract performance which enables the Tri-Borough Councils to apply standard high level performance measures for all contracts and more detailed relationship management data for strategic suppliers and key contracts. This means that all tendering and requests for quotes are carried out online. Advertising, evaluations and contract awards are conducted using the system and contract awards are automatically moved into the contracts management module. This solution provides far greater visibility of our procurement activities, gives a robust audit trail, management information and enables a far more efficient process. Workflows ensure that approvals are obtained at the appropriate stages of the procurement process.

Category Management

- 7.10 The Category Management function is designed to support major categories of expenditure and Category Management has been adopted as an approach by Procurement Services team to address key spends. The Category Management Toolkit provides a commercially focused practical reference that will guide procurement professionals (and all others involved in the procurement process) through a rigorous process to effectively manage the organisations spend.
- 7.11 The Category Management team undertake regular training, including:
- Legal Aspects & Contract Development (Back to basics) – This one day workshop covers a range of legal aspects relating to commercial contracts – mandatory for all procurement staff
 - Embedding Category Management – This 2 day workshop covers all aspects of Category Management, from category management principles and guidelines to practical insights into the best use of the techniques incorporated in the Westminster City Council Category Management Toolkit.

Contracts Management

7.12 A Contract Management Framework has been developed for use on all third party Supplier contracts with a total value of £25,000 and above. The Framework consists of two sections:

i. **Section 1** gives an overview of how it should be applied. It also introduces the three stages of contract management (Define, Mobilise and Deliver).

ii. **Section 2** is a more detailed guide to the three stages (Define, Mobilise and Deliver) and the key activities that Contract Managers are required to perform. All of the activities have been grouped into 6 themes as follows:

- 1 Specification
- 2 Governance and Organisation
- 3 Performance Management
- 4 Commercial
- 5 Risk Management
- 6 Legal

iii. The Contract Management Framework is available on the Wire, with a link included on the “**How Do I?**” page.

A two day workshop called, “Managing Successful Contracts (the Contract Management Framework)” covers all aspects of Contract Management. It provides delegates with an understanding of robust contract management principles and a practical insight into the “Managing Successful Contracts Framework”. The workshop has been designed to build awareness of the contract management process by exploring the lifecycle stages and their associated activities.

Some of the key characteristics of a Contract Manager are outlined in the Contract Management Framework, one of which is “Strong business ethics”. The CMF also states that the level of experience required will depend on the nature of the contract but, clearly, a high risk strategically important contract will require an experienced Contract Manager with more developed skills.

Procurement Services team training

Fraud Awareness training is available in-house. The last training session held for the team included:

- How to identify procurement fraud
- What are the procurement fraud red flags
- How to identify possible corruption
- Reducing the threat of procurement fraud
- Examples of what procurement fraud looks like
- Ethics of procurement

An online version of this training is currently under development and it is anticipated that all of Procurement Services will have completed the online training by the end of this financial year.

8. Conclusion

- 8.1 This report provides the Committee with an overview of the arrangements in place across the Council to maintain high standards of ethical governance and highlights the work which has been undertaken in this respect during the 2015/2016 municipal year. As detailed in this report, action has been taken to ensure the Council is fully compliant with legislation relating to ethical governance and to ensure Officers' and Members' responsibilities in this context are communicated accordingly. Appropriate systems are in place to facilitate the reporting of ethical governance complaints and defined mechanisms and procedures exist to ensure any such complaints are dealt with in the correct way.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:
Reuben Segal, Senior Committee and Governance Officer
Chief Executives
Email: rsegal@westminster.gov.uk**

BACKGROUND PAPERS:

- Anti-Fraud, Bribery and Corruption Strategy
- Member's Code of Conduct
- Arrangements for Dealing with Complaints alleging a Breach of the Members' Code of Conduct
- Monitoring Officer Protocol
- Localism Act 2011

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City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	9 February 2017
Classification:	For General Release
Title:	Internal Audit 2016/17 – Progress Report (October to December 2016)
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
Report author:	Moira Mackie, Senior Manager; email: moira.mackie@rbkc.gov.uk Tel: 020 7854 5922

1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service in the reporting period found that, in the areas audited, internal control systems were generally effective and no limited or no assurance audits were issued.
- 1.2 The follow up review completed in the period confirmed that the implementation of recommendations has been effective.
- 1.3 The Appendices to this report provide the following information:
 - **Appendix 1** Audit reports finalised in the year to date, showing the assurance opinion and RAG status;
 - **Appendix 2** - Additional information on the audited areas;
 - **Appendix 3** - Performance Indicators.

2. Recommendation

That the Committee consider and comment on the results of the internal audit work carried out during the period.

3. Background, including Policy Context

With effect from 1 April 2015, the Council's internal audit service has been provided by the Tri-borough Internal Audit Team which is managed by the Tri-borough Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in house audit team or by the external contractor to the service. Reports on the outcomes of audit work are presented each month to the Council's Section 151 Officer and to Members of the Audit & Performance Committee. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

4. Internal Audit Opinion

4.1 As the provider of the internal audit service to Westminster City Council, the Tri-borough Director for Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

4.2 The results of the audit reviews undertaken in the reporting period concluded that generally systems operating throughout the Council are satisfactory with all nine audits finalised in the period, received satisfactory assurance.

5. Audit Outcomes (October to December 2016)

5.1 Since the last report to Members nine audits have been completed, none of which did identified any key areas of concern:

Audit	Assurance	RAG
ASC – Departmental Governance*	Satisfactory	Green
ASC – Quality Assurance & Compliance*	Satisfactory	Green
CHS – Departmental Performance Management*	Satisfactory	Green
CHS – Children & Families Act Implementation*	Satisfactory	Green
CHS – Unaccompanied Asylum Seeking Children*	Satisfactory	Green
CHS – Hallfield Primary School	Satisfactory	Green
GPH – Property Database*	Satisfactory	Green

Audit	Assurance	RAG
CMC – Parking Income*	Satisfactory	Green
CS – Highways Infrastructure Accounting	n/a	n/a

*Further information on these audits is contained in Appendix 2.

5.2 Implementation of Audit Recommendations

Two follow-up reviews were undertaken in the period (October to December 2016):

Audit	No of Recs Made	No of Recs Implemented	No of Recs In Progress	No of Recs not yet actioned
City Management – IT Audit – Parking System	6	6	0	0
CS - Insurance	4	4	0	0
Total	10	10	0	0

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

Moira Mackie on 020 7854 5922,

Email: moira.mackie@rbkc.gov.uk

BACKGROUND PAPERS

Internal Audit Reports;
Monthly monitoring reports.

Audits Completed Year to Date - 2016/17

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Adult Social Care	Tri-b – Transition, Young People to Adults (Cfwd from 2015/16)	Green	SATISFACTORY	0	5	1	Sep-16
Adult Social Care	Tri-b – Walkthrough (referrals) (Cfwd from 2015/16)	Green	SATISFACTORY	0	2	2	Sep-16
Adult Social Care	Tri-b – Continuing Healthcare Funding (Cfwd from 2015/16)	Green	SATISFACTORY	0	6	0	Nov-16
Adult Social Care	Tri-b – Departmental Governance (Cfwd from 2015/16)	Green	SATISFACTORY	0	2	2	Feb-17
Adult Social Care	Tri-b – Quality Assurance & Compliance	Green	SATISFACTORY	1	5	0	Feb-17
Children's Services	Tri-b – Schools Health & Safety (cfwd from 2015/16)	Amber	LIMITED	4	3	1	Sep-16
Children's Services	Tri-b – Departmental Performance Management (Cfwd from 2015/16)	Green	SATISFACTORY	0	3	2	Feb-17
Children's Services	Tri-b - Procurement of Residential Placements	Green	SATISFACTORY	3	0	5	Nov-16
Children's Services	Disabled Services Direct Payments	Red	NO	8	5	0	Nov-16
Children's Services	Tri-b – Children & Families Act Implementation	Green	SATISFACTORY	0	2	6	Feb-17
Children's Services	Tri-b – Unaccompanied Asylum Seeking Children	Green	SATISFACTORY	0	5	0	Feb-17
Corporate Services	Tri-b – Legal Services, Governance (cfwd from 2015/16)	Green	SUBSTANTIAL	0	0	1	Sep-16
Corporate Services	Tri-b – Managed Services Interfaces (Cfwd from 2015/16)	Green	SATISFACTORY	0	4	1	Sep-16
Corporate Services	Governance Review (Cfwd from 2015/16)	Green	SATISFACTORY	0	1	3	Sep-16

Audits Completed Year to Date - 2016/17

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
Corporate Services	Procurement - Governance	Green	SATISFACTORY	0	3	0	Sep-16
Corporate Services	Tri-b – Internet Monitoring/ Use of Social Media (cfwd from 2015/16)	Amber	LIMITED	1	3	0	Sep-16
City Treasurer & City Management	Highways Infrastructure Accounting	n/a	N/A	0	3	0	Feb-17
Growth, Property & Housing	Property Investment Portfolio (cfwd from 2015/16)	Green	SATISFACTORY	0	2	1	Sep-16
Growth, Property & Housing	Tavistock Co-op (TMO)	Amber	LIMITED	5	15	3	Sep-16
Growth, Property & Housing	Torridon Co-op (TMO)	Amber	LIMITED	6	12	0	Sep-16
Growth, Property & Housing	Right to Buy	Green	SATISFACTORY	1	4	3	Nov-16
Growth, Property & Housing	Property Database Techforge	Green	SATISFACTORY	0	5	2	Feb-17
Public Health	Tri-b – Substance Misuse Contract Management (cfwd from 2015/16)	Green	SATISFACTORY	0	2	1	Sep-16
Public Health	Tri-b – Sexual Health Contract Management (cfwd from 2015/16)	Green	SATISFACTORY	0	1	3	Sep-16
Public Health	Tri-b – School Nurse Contract Management (Cfwd 2015/16)	Amber	LIMITED	1	5	1	Sep-16
Public Health	Tri-b – Contract Management (Cardiovascular Disease)	Green	SATISFACTORY	2	3	1	Nov-16
City Management & Communities	Parking – People & Resources Contract Management	Green	SATISFACTORY	0	3	2	Sep-16
City Management & Communities	Waste Collection, Recycling & Street Cleansing Contract Management	Green	SUBSTANTIAL	0	1	1	Sep-16

Audits Completed Year to Date - 2016/17

Plan Area	Auditable Area	RAG Status	Assurance level given	No of Priority 1 Recs	No of Priority 2 Recs	No of Priority 3 Recs	Reported to Committee
City Management & Communities	Commercial Waste	Green	SATISFACTORY	2	1	1	Sep-16
City Management & Communities	Parking Income	Green	SATISFACTORY	0	2	0	Feb-17
Schools	Barrow Hill Primary School	Green	SUBSTANTIAL	0	2	1	Sep-16
Schools	St Luke's Primary School	Green	SATISFACTORY	0	3	5	Sep-16
Schools	Christchurch Bentinck Primary School	Green	SUBSTANTIAL	0	2	2	Nov-16
Schools	Essendine Primary School	Green	SATISFACTORY	0	3	6	Nov-16
Schools	Hampden Gurney Primary School	Green	SATISFACTORY	0	5	4	Nov-16
Schools	St Augustine's Primary School	Green	SATISFACTORY	1	2	3	Nov-16
Schools	St Augustine's High School	Green	SATISFACTORY	0	5	4	Nov-16
Schools	Hallfield Primary School	Green	SATISFACTORY	0	3	3	Feb-17

Additional Information on Audits (Main report – Paragraph 5.1)

Adult Social Care:

1. Tri-b – Departmental Governance

The shared Adult Social Care (ASC) service for the three boroughs is committed to enabling more people to stay independent for longer enjoying as much choice and control over their care as they wish. The social care mandates of each borough set out the local priorities and approach for each borough. Whilst there are some different local emphasises the overall outcomes across all three boroughs are similar.

Adult Social Care continues to go through an extended period of large scale change, due in part to significant external changes in the NHS. The Adult Social Care leadership team has set out an ambitious portfolio of change programmes concentrating on aligning the three boroughs' ASC services in order to provide better customer experience, value for money and compliance with the Care Act. Further integration with health is considered key to the effective future delivery of social care services with the ambition to offer integrated community health and social care services. This is expected to bring significant benefits to residents and ensure that the right services are offered, at the right time, delivering the best outcomes for people, while achieving greater value for money.

The audit identified that governance arrangements in ASC were generally satisfactory with four recommendations made to improve weaknesses identified including:

- Updating the hierarchy map of the governance structure to include the Performance Board and Quality Assurance Board (QAB).
- The terms of reference for the QAB formed in February 2015 state that the Board aims to meet five times per year. The initial meeting was held in February 2015, but no subsequent meetings had been held;
- The Performance Board meet on a monthly basis. The Performance Board discuss key performance issues affecting ASC and review performance data as a measure of ensuring a high level of ongoing performance. Minutes are not taken at Performance Board meetings with areas of importance are informally noted and provided to attendees although no evidence of agreed actions was provided.

2. Tri-b – Quality Assurance & Compliance

There is increasing scrutiny on the quality of social care provided by public sector organisations as a result of recent examples of poor quality service delivery. Adding to this, the recent restructure of the adult social care departments within the tri-borough has led to a greater need for improved arrangements for quality assurance in adult social care across the boroughs. Quality in adult social care for the three boroughs has been defined through the use of guidance from Think Local Act Personal, a customer led national organisation. This has been defined as putting the customer at the centre of the process by providing:

- A positive care experience by meeting personal aspirations;
- An effective service which focusses on choice and control; and
- Safe services.

The Head of Quality Assurance and Lead Professional has been tasked with the responsibility of implementing effective quality assurance within adult social care across the three boroughs.

The audit identified a few areas for improvement which are summarised below:

- A draft Quality Assurance Framework for the tri borough has been produced, which documents the Council's definition of quality and how this is to be measured. However, this has yet to be finalised and approved by the Adult Leadership Team (ALT) and has therefore not been communicated to staff;

- Procedures for staff are documented in the Standard Operating Procedures and roles are broadly defined in staff Job Descriptions; however, it was confirmed that the roles and responsibilities for each role within the service have not been formally documented to help to ensure that quality is delivered by all staff;
- The tri borough definition of quality focusses on putting the customer at the centre of the process; however, a review of the satisfaction survey identified that this is generic and does not provide detailed information on what specific areas of the service provision customers believe are required to be improved in order to increase the quality of service;
- Conclusions are drawn from individual pieces of quality assurance work and are reported to the Quality Assurance Board (QAB) for review. However, an annual quality assurance statement is not produced;
- The team is currently reviewing the core training programme to incorporate mandatory training for new starters and mandatory refresher training. Furthermore, the team are currently creating a training matrix which maps out training modules that should be completed for various staff roles. A link will then be created between the two to decide which modules are mandatory and which are not for each of the roles. Once this has been completed, managers need to monitor staff compliance as this is not a functionality that the system currently allows;
- The quality of partnerships and contracts is not reported to the Quality Assurance Board for review and therefore the Board currently does not have oversight of this. Although, the quality of partnerships and contracts is monitored elsewhere through a variety of mechanisms; due to the significant amount of activity being outsourced, it is recommended that a standing agenda item should be added to the QAB to have oversight of this.

Children's Services:

3. Tri-b – Departmental Performance Management

The majority of Family Services continue to be delivered locally in each borough. This includes services for targeted early help, looked after children, children with disabilities, child protection and safeguarding of individual children. Fostering and Adoption and the Youth Offending Service operate on a three borough basis to share expertise and costs. The Local Safeguarding Children Board operates across all three boroughs to help ensure the co-ordination and effectiveness of all safeguarding and child protection work across the authorities.

The Children's Commissioning directorate is responsible for the design, commissioning, procurement and monitoring of services required to meet the identified needs of children, young people and families in all three boroughs. Teams include Early Intervention, Specialist Intervention, Business Development and Policy. A joint working arrangement with the Clinical Commissioning Groups ensures the Joint Health Commissioning team, based at Marylebone Road, can coordinate services with key health partners.

The audit noted the following areas of weaknesses, which have been accepted by management, are being addressed:

- A Tri-borough Children's Services Business Plan had not been finalised because the work of the department was increasingly informed and driven by the separate priorities and deliverables set by the three individual local authorities. There was also no ongoing requirement to produce a Children and Young People's Plan. However, the service agreed to produce high level departmental objectives for agreement by the Senior Leadership Team to provide a clearer strategic context to inform performance management and other strategies;
- Annual Complaints Reports are prepared for Children's Social Care for each Borough. The most recent annual reports available at the time of the audit were for 2014/15 and were still in draft. As a result of significant staffing changes and instability in the service over the last 6 months, the annual complaints report is late for the year 2015/16. These staffing issues have now been addressed and the report has been drafted and approved by SLT and is scheduled to begin political approval processes this autumn (2016/17);

- A standard appraisal and personal development plan form is used across the three councils. This form includes a section that provides staff with the opportunity to declare financial and non-financial interests that may impact on their role. However, in four out of the 20 cases sampled, no evidence was available that staff had declared financial and non-financial interests. The different reasons for this were:
 - Section for declaring interests had not been completed on the appraisal form and
 - No appraisal form was prepared meaning a declaration was not made.

All line managers have been reminded of their responsibilities in relation to annual appraisals and personal development plans and these are in progress for 2016/17. Reminder to be sent to all staff of need to complete the “declaring interests” section of the appraisal form. To be tied in to reminders regarding mid-year reviews

4. **Tri-b – Children & Families Act Implementation**

The Children and Families Act 2014 (the Act) covers adoption and contact, family justice, children and young people with Special Educational Needs (SEN), child care and child welfare. Parts 1 to 3 cover the work of children’s services, with particularly wide-reaching reforms to the existing SEN legislation set out in Part 3. This audit reviewed the arrangements in place for ensuring that the requirements of the Act were effectively implemented.

The ‘Children and Families Act Executive Board’, chaired by the Executive Director for Children Services was created and originally met monthly to ensure that the Programme and associated Projects remained on track and were adequately and appropriately resourced. These meetings were subsequently called quarterly although reports continue to be completed monthly. The Executive Board was tasked with providing a working framework and setting out a forward plan that ensured adoption of the Act by all three councils in a timely and controlled manner. A Programme Manager has been engaged to implement part three of the Act with a number of Project Managers responsible for ensuring that the various components necessary to successfully implement the Act are being included within the stated deadlines. The programme is known as the Core Programme and has four main tranches each containing several separate projects.

The programme for implementing the changes required to comply with the Children and Families Act was considered to be managed well with two medium and six priority recommendations made to improve controls, including:

- Improvements to the process for recording changes to individual projects; and
- Ensuring that the Joint Strategic Needs Assessment document is completed within an agreed timescale with appropriate processes in place to accommodate inspections from the Care Quality Commission and/or Ofsted.

The recommendations have been accepted and are being implemented by management.

5. **Tri-b – Unaccompanied Asylum Seeking Children (UASC)**

The Royal Borough of Kensington and Chelsea (RBKC), London Borough of Hammersmith and Fulham (LBHF) and City of Westminster (WCC) work closely in the delivery of a number of “shared services” including Children Services. Family and Children Services manage the support for the UASC cohort and, although within Children Services, these are specifically excluded from the shared services arrangements and remain sovereign council based services.

The number UASC in the UK is rising annually. Each of the three boroughs are part of the Pan London rota scheme administered by the Home Office whereby UASC are allocated on rotation to London Boroughs when a child presents themselves to or are identified by the authorities within an individual Borough rather than at the normal entry points to the UK. Those children presenting but not fitting the appropriate criteria however are passed to the Immigration Authority based in Croydon for national distribution. During the audit

the Government implemented a National Dispersal Scheme for UASC's. Those Local Authorities who are over the threshold of 0.07% of UASC's compared with the borough's child population, will no longer need to accept UASC from the Pan London rota scheme. This is to align the national and London protocols for the dispersal of UASCs. WCC currently stands at 0.09% therefore is not required to accept any additional referrals at this time.

Under the Equality Act 2010 UASC should be treated and assessed in the same way as a British child who have been taken into care. UASC are not eligible for any Government funded Benefits however, councils can make an application to the Home Office for funding in respect of their costs of supporting UASC at the daily rate of £95 for Under 16 and £71 for 16/17's although these rates are subject to certain conditions. Care Leavers, those over 18 years old, are supported at a rate of £150 per week. In order to qualify for Home Office funding for Care Leavers, a Council must have supported more than 25 full time equivalent (FTE) eligible Care Leavers in a given financial year.

WCC currently support 30 UASC and 47 Care Leavers. The majority of the UASC and Care Leavers are placed in semi-independent accommodation. In 2015/2016 Westminster spent approximately £740,000 on UASC with £690,000 offset by Home Office funding. Approximately £430,000 was spent on Care Leavers with no funding received from Home Office as they had not supported more than 25 FTE eligible Care Leavers in the financial year.

Recommendations were made to address the following weaknesses which have been accepted by management:

- The WCC handbook 'Preparation for Leaving Care', which includes a section relating to UASC and Care Leavers, needs to be updated. The service is aware of this and is currently reviewing all procedures to ensure that they are standardised and current;
- The WCC procedures require single assessments to be completed for all referrals. Age Assessments should also be completed within 15 working days of the young person being supported by the service to ensure any provision a child requires is appropriate to their age and assessed needs. Audit testing identified some cases where the assessments did not appear to have been completed in accordance with the specified timescales. Although there were valid reasons for some of these exceptions, the reasons for not achieving the deadline or varying the provision had not been fully documented and evidenced;
- As part of the LAC process the service is required to undertake a number of assessments and reviews. Each UASC and Care Leaver must have;
 - A Care Plan
 - LAC Reviews (up to 18)
 - A Personal Education Plan (PEP) if in education and
 - A Pathway Plan just before they turn 16.

All plans / reviews must be undertaken a certain amount of times per year, within a set timescale and be signed off by the Independent Reviewing Officer (IRO) or Management within the service. Audit testing identified some cases where not all of the expected documentation or evidence of reviews was available. The service is undertaking a quality review of all case files to ensure that all data held is complete and accurate.

- As part of the registration process it is imperative that the UASC and Care Leavers are registered on the Children's Services case management system (FWi) correctly. This will allow the allocated worker to provide support and assistance to meet the child's needs as well as allow the service to monitor and provide analysis of its cohorts. Should the status change the allocated worker must ensure the relevant service areas are aware and FWi is updated. Audit testing identified a number of cases where no immigration status had been recorded and some where the legal status was entered however there were variations in wording for the same status. At present the Legal status options are limited on FWi but the service is looking at options to improve this;
- Age and Human Rights interviews and assessments need to be undertaken in line with Home Office requirements and as such can be complex with the interviewer requiring an appropriate level of knowledge and experience before undertaking assessments. There is no statutory obligation for staff to undertake accredited training when completing an Age assessment although they must be a qualified Social Worker who are adequately trained and experienced in assessing a child's age.

Audit testing identified that some staff had not been trained on Age or Human Rights Assessments and others had not undertaken training since 2013. Due to the infrequency that an assessment may take place, staff may lack the necessary experience and knowledge to undertake these assessments. The service is planning a programme of training in relation to Age & Human Rights Assessments across the three councils and expect to have access to an Advanced Age Assessment training which is being established by the London Asylum Seekers Consortium (LASC).

Growth, Planning & Housing:

6. Property Database - Techforge

Corporate Property is responsible for the provision of an integrated property asset management service to meet the future needs of the Council. The operational portfolio consists of approximately 400 properties and the investment portfolio consists of approximately 380 assets, and there are also substations, wayleaves and parks. A system called Techforge has been implemented to act as the Council's centralised property asset data management system, to assist in the management of the Council's property portfolio and to enable the council to meet the requirements set out in the Local Government Transparency Code 2015.

Corporate Property has undertaken a lot of work to collate and refine the information held by the Corporate Finance team, the managing agent of the investment portfolio and Corporate Property records in order to produce a definitive and accurate record of the Council's properties for input into Techforge. The cleansing of this data resulted in delays to the implementation of Techforge which went live and became operational in December 2015.

Recommendations were made to improve controls which have been accepted by management and are summarised below:

- As part of the data cleansing operation, Corporate Property have liaised with Corporate Finance, and the data held on Techforge and that held by Corporate Finance on their system (RAM) is generally considered to be aligned. Regular meetings are held with Corporate Finance to maintain alignment of data, and for each new property obtained the Property Information Manager will assign this a new Techforge code and will notify this to Corporate Finance in order to update their system (RAM). It was noted that there may be some anomalies in respect of the operational property portfolio, and additional work is required to agree Corporate Finance records of these properties to those of Corporate Property. In addition, the data held by the managing agent of the investment portfolio has been cleansed but further work was required to ensure that the naming of properties can be agreed by both parties. It was acknowledged that there may be historic differences in this area and there was a need to ensure that the data held by Corporate Property, the managing agent and Corporate Finance was consistent and correct;
- There are currently no interfaces in place between Techforge and Agresso, the managing agent's records, or the facilities management system, although there is a link between Techforge and the Geographic Information System (GIS), which is maintained by IT. Although interfaces were considered at the time of tendering for the various lots under the Managed Services contract, there were concerns about the accuracy of property records at the time and these were not progressed. An interface with Agresso was originally considered so that monthly costs on each building could be obtained. Further work would need to be undertaken to define the current business need for this information and how an interface between Agresso and Techforge could work now that both systems are operational, and it was suggested that this be reviewed in 6 months;
- It was noted that the former Project Manager for the implementation of Techforge still had unrestricted administrator rights which needed to be removed and, if necessary reallocated to the Head of Operational Property;
- There is a reporting module on Techforge however the functionality does not currently meet the requirements of Corporate Property. This gap in expectations is being addressed with the developers of Techforge by the Head of Operational Property;

- Techforge is hosted service and is accessed by the Council over a citrix server. The Technology Forge has documented IT disaster recovery plans for hosted solutions in place, which have been made available to the Council although clarification questions raised by the Project Manager do not appear to have been addressed by Techforge.

City Management & Communities:

7. Parking Income

A new system was implemented which went live in November 2014 as part of the four-year service contract for parking services. The Council awarded NSL two separate four-year contracts covering the provision of parking staff and parking technology. Under the People and Resources contract, NSL provide approximately 200 marshals who issue penalty charge notices, maintain traffic flow within Westminster streets and assist drivers in locating vacant parking spaces. Under the Business Processing and Technology contract, NSL provide back office processing and administration services relating to PCNs, parking payment systems and the Councils parking system Si-Dem. NSL previously provided the on street traffic enforcement officers but under the new contract it took over from Serco to deliver the back office processing and administration contract. As part of the contract, a number of sub-contractors including RingGo, Spur and IBM provide specific services including payment by phone.

The audit reviewed the processes in place for accounting for parking income and two medium priority recommendations were made to address the following control weaknesses:

- From the testing it was noted that in some cases the on-street notes facility on Si-dem was not complete which meant a complete audit trail of decisions and/or actions taken with respect to voiding on street PCNs and cancelling PCNs before issue was not clear. The Marshals will be reminded of this requirement and an “audit” will be set up where a sample of voided/PCNs are investigated each month by Council Officers to ensure that the policy is being adhered to. Any failings will be highlighted to NSL and managed through contract default mechanisms if necessary;
- On a weekly basis reports on unallocated income in Agresso are sent by the Finance Department to the Commercial Officer, Parking who then reviews the unallocated items to identify parking related items for allocation to the relevant revenue code in Agresso. The Finance Auditor at NSL will also review this report to identify unallocated parking income. The majority of unallocated parking income relates to suspensions, BACS income and some PCN income. The Commercial Officer, Parking advised that initially BT had improved on identifying for themselves where parking income should be allocated, this had however, now deteriorated and provided examples where BT have been told several times how to allocate specific types of income. The Parking team have raised this with the Finance Department and it was recommended that a formal process be put in place by the Commercial Officer and all escalations sent to the Head of Parking Service

The recommendations have been accepted by management.

City Treasurer & City Management:

8. Highways Infrastructure Accounting

The Council has a legal duty to prepare its financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting (the Code). It was announced that for the 2016/17 financial year, the Code requires the Council to measure highways infrastructure assets at Depreciated Replacement Cost (DRC) compared to the current requirement for measuring these assets at Depreciated Historic Cost (DHC). The Code also requires the Council to establish a separate asset class, the highways network asset. Whilst the amendment to the code represented a change in accounting policy from 1 April 2016*, CIPFA agreed that there was no requirement to restate the preceding year information (including opening balances for 1 April 2015), or to restate the opening balance as 1 April 2016. The change will instead be accounted for as an adjustment to opening balances as at 1 April 2016. The responsibility for preparing for and implementing the accounting changes rests with two departments – Highways and Finance.

The Council's highways assets are managed by the Highways department. Traffic Management assets (for example, traffic lights and cameras) are managed by Transport for London and therefore the Council is not responsible for these assets and does not need to include these within the valuation. At the time of this audit, good progress had been made by the Council to ensure that they would be in a position to comply with the requirements of the CIPFA Code of Practice, however three high and two medium priority recommendations were made which needed to be addressed for the Council to be fully compliant for the 2016/17 financial year. As a result, a limited assurance opinion was given to this audit when the final report was issued in October.

*Just after the audit report was issued (October) CIPFA advised that it had decided to postpone the full implementation of the move to measuring the Highways Network Asset at Depreciated Replacement Cost (DRC) in local authority financial statements. CIPFA recognised the commitment and work of local authorities in preparing for implementation and they had a strong level of confidence in the amount of work local authorities have done on improving highways inventory data. However, they noted that the key, final part of implementation is the provision of central Gross Replacement Cost (GRC) rates. The current rates were originally developed at the start of the project and are now over five years old. For the last eighteen months CIPFA has been working with the relevant stakeholders, including the Department for Transport, to ensure that the review of the central rates for the measurement of the Highways Network Asset would be ready for the 2016/17 implementation date. However, it had become clear that they would not be ready in time for the 2016/17 financial statements. As a result, CIPFA took the decision to defer implementation for the 2016/17 financial year and will review this position at its meeting in March 2017 with a view to implementation in 2017/18. The delay in implementing the CIPFA code diminished the urgency of the implementation of the recommendations made in the audit. As such, the audit is no longer considered to be a limited assurance review although the recommendations will be followed up to ensure that good progress is being made for implementation when required.

Performance Indicators 2016/17

Internal audit performance is summarised below against a range of performance indicators:

Performance Indicators	Target	Actual	Comments
Delivery			
Percentage of audit plan completed YTD (Month 9) Full year target = 90%	77%	70%	Slightly under target but on course to achieve overall target.
Percentage of draft reports issued within 10 working days of fieldwork being completed	90%	90%	
Percentage of audits finalised within 10 days of a satisfactory response	95%	100%	
Percentage of jobs with positive feedback from client satisfaction surveys	90%	100%	22 received YTD, average score of 4.1 (positive score).
Percentage of High & Medium priority recommendations implemented or in progress	95%	97%	75 out of 78 recommendations reviewed



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	9 February 2017
Classification:	For General Release
Title:	Internal Audit Plan 2017/18
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
Report author:	Moira Mackie, Senior Manager; email: moira.mackie@rbkc.gov.uk Tel: 020 7854 5922

1. Executive Summary

- 1.1 The Internal Audit Plan has been reviewed to reflect the changes in the Council's structure and to ensure that our audit work addresses key risks during a period of change and general financial constraints. The Audit Plan includes sufficient audit coverage to enable us to provide an overall opinion on the Council's control framework and is sufficiently flexible to allow for additional reviews to be added in areas where support and/or advice may be required.
- 1.2 The draft Audit Plan for 2017/18 is contained in Appendix 1 to this report.

2. Recommendation

That the Committee review the internal audit plan for 2017/18 as set out in Appendix 1 and consider:

- Does the plan cover the organisation's key risks as they are recognised by the Members of the Audit & Performance Committee?
- Does the plan reflect the areas that the Members of the Audit & Performance Committee believe should be covered as priority?
- Are the Members of the Audit & Performance Committee satisfied that sufficient assurances are being received to monitor the organisation's risk

profile effectively, including any emerging issues / key risks not included in our annual plan?

3. Background, including Policy Context

3.1 The Council's internal audit is provided by the Tri-borough Internal Audit Service which is managed by the Royal Borough of Kensington & Chelsea (RBKC). Internal Audit is required to provide the S151 Officer, the Executive Management Team and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the audit work undertaken each year. The work carried out by the Council's Internal Audit Service, in the financial year 2015/16 found that, in the areas audited, internal control systems were generally effective with good progress made to improve controls in the areas where weaknesses were identified.

A description of each level of assurance is shown below:

Assurance Level	Details
Substantial assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no significant errors or weaknesses were found.
Satisfactory assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

3.1 The draft Internal Audit Plan for 2017/18 is attached as Appendix 1 to this report and this shows the individual audits that are planned across the Council's services for the coming financial year. The Audit Plan has been prepared following discussions with Senior Managers at the Council. Balancing audit resources across the Council's activities takes into account change, priorities and risk with cyclical reviews planned in operational areas across a three-year period,

where possible. Areas of high risk have been identified and included in the plan as well as cyclical reviews in areas of lower financial risk (eg schools).

- 3.2 It should be noted that this Plan is an early draft and will be subject to some amendment before the final plan is published in March 2017. In addition, it is recognised that changes in priorities arise during the course of a year and the Audit Plan will be reviewed on a regular basis to reflect these changes.
- 3.3 With the implementation of Managed Services in April 2015, there have been significant changes to processes particularly around the Council's HR and financial systems. The Audit Plan for 2016/17 included time to review some key controls with the new managed services environment and because the systems are still evolving, audit resources will continue to focus in these areas in 2017/18
- 3.4 Some of the planned audits will be undertaken on a Tri-borough basis, with the majority of these being within Adult Social Care, Public Health and Children's Services areas.
- 3.5 The Internal Audit Plan, once finalised, will include sufficient audit coverage to enable an opinion to be reached on the Council's control framework as well as including a contingency allowance for additional reviews in areas where support and/or advice may be required, as agreed with the Council's Section 151 Officer.
- 3.6 The Audit & Performance Committee Members are reminded that internal audit is only one source of assurance and through the delivery of our plan, we will not, and do not, seek to cover all risks and processes at the Council. We will however, seek to work closely with other assurance providers, such as External Audit, to ensure that duplication is minimised and a suitable breadth of assurance obtained.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

Moira Mackie on 020 7854 5922 Email: moira.mackie@rbkc.gov.uk

BACKGROUND PAPERS

Internal Audit Planning Files

Business Plans and Strategic Risk Registers

Audit & Performance Committee – 9 February 2017

Audit Coverage	Westminster Council Estimated Planned Audit Days	
	2017/18	2016/17
Adult Social Care* (Estimated 300 total audit days for service area)	100	120
Public Health* (Estimated 90 total audit days for service area)	30	80
Children's Services* (Estimated 400 total audit days for service area)	160	220
Corporate Services*	450	420
City Treasurer*	130	130
Policy, Performance and Communications	55	25
Growth, Planning Housing*	140	140
City Management & Communities*	150	110
Contingency	90	60
Management (overheads)	120	120
Audit Days	1,425	1,425

*These areas include Shared Services audits. The days for shared service audits are apportioned across the three councils.

Key for Type in following pages:

Tri Shared Service, WCC, RBKC & LBHF
 BHK Bi-borough LBHF & RBKC
 BWK Bi-borough WCC & RBKC
 SWC Sovereign WCC
 SHF Sovereign LBHF
 SKC Sovereign RBKC

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Adult Social Care:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
ASC - Finance	Financial management and budgetary control	2016/17	Tri	Budget Monitoring and variance analysis, Alterations and Virements, Management Reporting	Q1	High
ASC - All	Systems walkthrough	2015/16	Tri	End to end testing of a range of applications for services received by the council in 2017/18 year.	TBA	Medium
ASC - All	Supporting People: Housing related support contracts	n/a	Tri	Contract governance, contract service delivery terms, regular monitoring against terms and conditions, regularity and effectiveness of contractor meetings, periodic review of contractor performance, application of penalty clauses/performance rewards.	TBA	High
ASC - All	Direct payments	2014/15	Tri	Policies, procedures & guidance, eligibility & needs assessments, capacity to manage Direct Payments, contractual agreements, payment process, amendments, spend monitoring, management information. (If three separate systems, additional days will be required).	TBA	High
ASC - All	Customer care/complaints management	n/a	Tri	Policies and procedures; complaints reporting and recording, complaints investigation and resolution, customer feedback, reporting and analysis, management information and performance management	TBA	High
ASC - All	Occupational therapy, including OT equipment (may be combined with reablement depending on overlap of processes)	2014/15	Tri	Identification of service need, planning of resources, allocation of cases to OTs, assessment of needs and approval, periodic review of needs, Contractual Arrangements, Ordering, Payments, Performance and Financial Management	TBA	Medium
ASC - All	Reablement (see also occupational therapy)	2013/14	Tri	Policies & procedures, referrals & assessment, development & delivery of reablement programmes, review, onward referral, management information, budget management.	TBA	High
ASC - All	Client affairs including appointeeships and receiverships, deputyships/ protection of property, receiverships/funerals	2015/16	Tri	Set up of Appointeeships/ Deputyships, income & expenditure management, cessation of Appointeeships/ Deputyships, recording & safeguarding of items, statutory returns & referrals. (May need more days if systems are not aligned across the three councils).	TBA	High

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
ASC - All	Care assessments (including financial management)	2014/15	Tri	Policies and procedures, referrals and assessments, support planning, financial assessments, reviews, financial management, management information. - adults with learning difficulties would be included, wider coverage would be discussed at the time of scoping the audit.	TBA	High
ASC - All	Residential Placements	n/a	Tri	Policies and Procedures, Identification of needs and placement, Scrutiny and Approval of Placement, Review, Financial Management, Management Information	TBA	High
ASC - All	Safeguarding adults	2013/14	Tri	Policies and Procedures, Awareness and Training, Referrals and Evaluation, Investigation and Protection Planning, Protection Plan Review, Closing the Safeguarding Process, Performance Management and Management Information	TBA	High
ASC - All	3B hospital discharge project	n/a	Tri	Depending on project progress either a project management audit looking at project governance, planning, delivery of project aims, reporting etc. Alternatively an audit of the new process either as a draft process or a live system.	TBA	High
ASC -	Self-neglect and hoarding	n/a	Tri	Consider the work of the panel, involvement of the key agencies on the panel (include Community social work, mental health services, the London Fire Brigade, Environmental Health, Housing and supporting people commissioners), case referral, consideration, action plans, delivery of results	TBA	Medium
ASC - All	Emergency Duty Team	n/a		Governance structure, accessibility and awareness of service, resourcing and responding to contacts, timely and effective actioning of contacts, monitoring and reporting on performance.	TBA	High
ASC - Mental Health	Mental Health day services	2014/15	Tri	Liz Bruce requested. Scope to be confirmed - may include day centre(s)	TBA	Medium
ASC - All	Framework upgrade Adults	n/a	Tri	Review of the Adult Services case management system upgrade of Framework to Mosaic	3	High
Contingency:						

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
ASC - All	Procurement: tendering (place holder)	n/a	Tri	Identification of contract need, approval to procure, procurement governance arrangements, tendering and procurement in line with standing orders and council policy.	n/a	Medium
ASC - All	Organisational Change	n/a	Tri	Effectiveness of controls and governance following organisational change. Audit review would be undertaken where required and may be in place of a planned audit if appropriate.	n/a	Medium

WCC Total Audit Days 100

Public Health:

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
PH - All	Procurement governance (part 1)	2015/16	Tri	Adequacy audit in Q1 to review the developing processes - Structure and organisation, policy and procedures, strategy and planning, service delivery, performance monitoring and reporting	1	High
PH - All	Procurement governance (part 2)	2015/16	Tri	Effectiveness audit in Q4 to compliance with controls - Structure and organisation, policy and procedures, strategy and planning, service delivery, performance monitoring and reporting	4	High
PH - All	Commissioning Planning and delivery: Preventions	n/a	Tri	The likely audit approach will be to audit the centre on policy, strategy, monitoring etc and then select commissioning lines (proposals from PH management team meeting were preventions and behaviour change). The audit should pick up on translating strategy and priorities into delivery of outcomes so looking at focus on outcomes delivery, look at process to evidence delivery, design of delivery, monitoring of outcomes etc.	TBA	High

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
PH - All	Commissioning Planning and delivery: Behavioural change	n/a	Tri	This relates to adult healthy living, some of the contracts for this area have been audited in 16/17 year. Would like the audit to cover the outcomes framework for behavioural change, allocation of funds, monitoring delivery (of outcomes). See also above.	TBA	High
PH - All	Health Intelligence and Joint Strategic Needs Assessment delivery	2015/16	Tri	Strategy and plans; priorities, objectives and expected outcomes; delivery monitoring and reporting; review and challenge, outcomes reporting and feed into future plans.	2	High
PH - All	Clinical Governance	n/a	Tri	Coverage may include looking at arrangements for ensuring that services provided have a robust governance structure with a set programme of clinical audits based upon a comprehensive risk assessment process that is followed. That the services also participate in national audits and surveys, and all audits result in reports with action plans put in place and subject to re-audit where recommendations are made. Also that regular reports on performance are made.	4	Medium
PH - All	Prioritisation Framework	n/a	Tri	Objectives and expected outcomes, strategy and plans; resources allocation; monitoring of performance and delivery, reporting and challenge including review of plans and resourcing.	4	Medium
Contingency:						
PH - All	Market management/ development		Tri	Stimulating and developing the market eg through stakeholder and market development events. Not considered a priority for this year	n/a	n/a
PH - All	Contract tendering: Selection of contracts		Tri	Would prefer that audit focus on the two commissioning planning and delivery audits proposed in the main plan.	n/a	n/a
PH - All	Council funding for public health outcomes		Tri	Proposed to drop this because this is being covered in the Commissioning Planning and delivery audits (The Social Determinants Team: Providing funding to wider council services to achieve public health outcomes)	n/a	n/a

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
PH – All	Council services redesign and commissioning for public health outcomes		Tri	Proposed to consider this for 18/19 as they form part of the Financial Integration programme that is under way. (The Social Determinants Team: Advising on strategy/policy development, commissioning plans and service redesign in order to embed action on improving health and well-being into all Council services e.g. work and worklessness, housing, parks and leisure, and environmental health)	n/a	n/a
PH – All	Public Health Integration Funding		Tri	Proposed to consider this for 18/19 as they form part of the Financial Integration programme that is under way. (Confirm that the funding is still in place. If it is then review its objectives, allocation of funds and measuring delivery against objectives.)	n/a	n/a
WCC Total Audit Days					30	

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Children's Services:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
CHS	Leaving Care (c/fwd 2015/16)	2012/13 (Sat)	Tri	Review of the arrangements for preparing children for the transition out of council care & the ongoing overview & management of individual cases. The review will consider a sample of cases from across the three councils & will review the clarity and timeliness of the decision making & planning processes as well as financial controls around support & accommodation costs & payments.	2	High
CHS	Fostering & Adoption	2015/16 (Ltd)	Tri	Review arrangements for paying allowances, fees & reimbursements to foster carers, agencies & adopting parents.	1	Medium
CHS	Child Care and the Age 2/3 offer	n/a	Tri	Review the arrangement for implementing and operating the Age 2/3 Child Care offer (need to co-ordinate with the Early Help review – below).	4	High
CHS - All	Contract Management Arrangements	2014/15 (Sat)	Tri	Review the recently introduced revisions to the Team's Contract Management arrangements sampled from a selection of significant contracts.	3	High

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
CHS - All	Contract Procurements	2015/16 (Sat)	Tri	Review compliance with legislation & local procurement codes for the procurement of a sample of significant contracts.	3	High
CHS - All	Supplier Resilience	n/a	Tri	The service requires a consistent and coordinated approach to supplier resilience with the impact of supplier/provider failure accurately assessed, and effective continuity and recovery plans proportionate to the risks involved in place (for both the Council and the supplier)	2	High
CHS - IT	IT - Framework upgrade Children's	n/a	Tri	Review of the Children's case management system upgrade of Framework to Mosaic for WCC / H&F only (RBKC use KCICS)	4	High
CHS	Safeguarding Structures & Governance Arrangements	2013/14 (Sat)	Tri	Review the safeguarding arrangements & support structures for compliance with legislative requirements including the work of the MASH, the Safeguarding Board & quality assurance function.	3	High
CHS	Early Help	2014/15 (Sat)	Tri	Originally a sovereign RBKC audit (WCC & LBHF new arrangements from Nov 2016). SLT would like an audit of all three at the same time so to allow for new arrangements to become embedded, audit moved to Q4. See also Child Care and the Age 2/3 offer above.	4	Medium
WCC Schools - Sovereign Audits						
CHS - WCC Schools	Dorothy Gardner - Nursery School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	Mary Patterson - Nursery School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	Tachbrook - Nursery School	2014/15	SWC	School audit programme (Agresso)	TBC	Low
CHS - WCC Schools	Portman Early Childhood Centre	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	Our Lady of Dolours - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	Queen's Park - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	Robinsfield - Primary School	2014/15	SWC	School audit programme (Agresso)	TBC	Low
CHS - WCC Schools	St Barnabas - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
CHS - WCC Schools	St Clement Danes - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	St Joseph's - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	St Mary's Bryanston Square - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	St Mary Magdalene's - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	St Mary of the Angels - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	St Matthew's - Primary School	2014/15	SWC	School audit programme (FMS)	TBC	Low
CHS - WCC Schools	St Peter's Chippenham Mews - Primary School	2014/15	SWC	School audit programme (Agresso)	TBC	Low
CHS - WCC Schools	St Saviour's - Primary School	2014/15	SWC	School audit programme (Agresso)	TBC	Low
CHS - WCC Schools	Westminster Cathedral - Primary School	2014/15	SWC	School audit programme (Agresso)	TBC	Low
CHS - WCC Schools	QEII - Special School	2014/15	SWC	School audit programme (FMS) - do with College Park due to federated relationship	TBC	Low
CHS - WCC Schools	College Park - Special School	2014/15	SWC	School audit programme (FMS) - do with QEII due to federated relationship	TBC	Low
Contingency:						
CHS - All	Organisational Change	n/a	Tri	Effectiveness of controls and governance following organisational change. Audit review would be undertaken where required and may be in place of a planned audit if appropriate.	n/a	Medium
					WCC Total Audit Days 160	

Audit & Performance Committee – 9 February 2017

Corporate Services:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
ICT Related:						
Shared ICT – RBKC & WCC	IT Service Governance	n/a	BWK	Revised management structure and governance arrangements review completed in 2016/17	2	High
Shared ICT – RBKC & WCC	Contract Monitoring Arrangements	n/a	BWK	Review of how ICT service contracts are monitored and managed across shared services.	3	Medium
Shared ICT – RBKC & WCC	Cyber Security Compliance	2015/16	BWK	Review approach to Cyber Security, compliance with best practice including Government Cyber Security Essentials initiatives and follow-up recommendations from previous audit in 2015/16.	3	High
Shared ICT – RBKC & WCC	Data Management Governance	n/a	BWK	Data Management Governance	2	High
Shared ICT – RBKC & WCC	GCSx Compliance	n/a	BWK	Review arrangements for compliance with Government Connect Secure Extranet (GCSX) requirements and accreditation to Public Sector Network.	3	High
Shared ICT – RBKC & WCC	Network Security Compliance	n/a	BWK	Review to independently assess control framework and security controls applied to the ICT network to mitigate against the key security based risks.	4	High
Shared ICT – RBKC & WCC	Telecommunications Service Contract	2014/15	BWK	Review of new service contract for telecommunications across shared services.	4	Medium
Shared ICT – RBKC & WCC	ICT Procurement of Services (Non IT)	n/a	BWK	Review of ICT service procurement (contract/non contract spend) and how this is managed across shared services	3	Medium
Shared ICT – RBKC & WCC	Information Management (including Freedom of Information Requests/ Data Protection & Information Security)	various	BWK	To consider each council's policy on provision of information, oversight on compliance and reporting	2	Medium
Procurement Related:						
Procurement – WCC	Procurement	2016/17	SWC	The scope will depend on any outcomes of 2016/17 audits.	2	High

Audit & Performance Committee – 9 February 2017

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Procurement – WCC	Procurement: Contractor resilience	n/a	SWC	Consider central strategic policy/ processes/ guidance to monitor health of companies, identify high priority/value contracts, develop arrangements to ensure continuity of service eg escalation plans, continuity plans, central monitoring and reporting of compliance with these arrangements etc.	1	High
HR/ Managed Services Related:						
Sovereign HR – WCC	Staff: Declaration of Interests/ Gifts & Hospitality		SWC	Review of processes to ensure that staff are aware of their responsibilities to declare interests and the receipt of gifts and hospitality. To also consider the approval, monitoring and reporting process for declarations made.	3	Medium
Sovereign HR – WCC	Learning and Development	Pre 2010	SWC	Review of the councils' learning and development process to ensure that appropriate training is available and training received is adequately recorded and linked to staff records.	3	Medium
Sovereign HR – WCC	Staff Performance	n/a	SWC	Review of the councils' systems for monitoring staff performance is effective with appropriate levels of approval, reporting and links to other HR records.	3	Medium
Sovereign HR – WCC	Occupational Health	various	SWC	Review of the councils' systems for providing an effective occupational health service with appropriate levels of approval, reporting and links to other HR records.	1	High
HR	Temporary & Agency Contractor (new contract 2017/18)	n/a	SWC	Review the adequacy of controls and monitoring of the service provided to the council for the employment of temporary and agency staff.	3	Medium
Bi-borough HR – RBKC & LBHF Sovereign HR – WCC & possibly Managed Services	Pension Administration – contract management & performance monitoring	2016/17	Tri	Review of the processes in place to ensure that the pensions administration service provided by SCC is being appropriately managed and monitored with timely action taken to resolve issues arising.	2	High
HR & Managed Services	Payroll	2016/17	Tri	Sample review of payroll processing to ensure that staff pay is accurate and appropriate adjustments (additions and deductions) are correctly accounted for.	1	High
HR & Managed Services	Absence Management	n/a	BHK SWC	To review the controls in place to ensure that staff absence is accurately recorded and managed in accordance with each council's policies and procedures.	2	High

Audit & Performance Committee – 9 February 2017

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Managed Services Only (see also City Treasurer for audits that involve Managed Services):						
Managed Services – General	Intelligent Client Function	n/a	Tri	Review the processes in place within the ICF for ensuring the Agresso system and the managed service provided by BT is effectively monitored and controlled including governance arrangements and reporting.	3	High
Managed Services (IT)	Interfaces	2015/16	Tri	Review a selection of interfaces with business critical systems to ensure that they are managed/controlled through Procserve (third party supplier)	3	High
Managed Services (IT)	MSP Agresso Application Audits	n/a	Tri	Reviews covering system administration, access controls, disaster recovery, business continuity and other key areas for the Agresso application	3	High
Legal Services Related:						
Legal Services	Demand Management	n/a	Tri	Review how the service manages demand/resources for legal services in line with the S113 agreements	3	High
Legal Services	Trading Account	n/a	Tri	Review the systems in place to ensure the service is capturing costs/billing/ accounting for income across the shared service.	2	High
Contingency:						
ICT & Finance	Academy Application System (Business Rates / HB)		SWC		n/a	n/a
Strategy & Local Services	Violence Against Women & Girls (VAWG)	n/a	Tri	Government funded service across the three councils involving 9 VO providers at a cost of £1.4m however grant funding will be significantly reduced from April 2017 requiring a significant revamp of the service so revisit position in July 2017 but likely to be 2018/19.	n/a	n/a
All	Contract Management	n/a	SWC	On-going management of the IA work for WCC	n/a	
WCC Total Audit Days					450	

Audit & Performance Committee – 9 February 2017

City Treasurer:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
City Treasurer (Managed Services Related):						
City Treasurer & Managed Services	Late Payment of Commercial Debts Regulations 2013	n/a	Tri	Review of the effectiveness of each council with complying with the requirements of Regulations including identification of any costs incurred as a result of late payment and actions taken to minimise subsequent penalties.	3	Medium
City Treasurer & Managed Services	Accounts Payable	2016/17	Tri	To review the controls in place for ensuring payments are made in accordance with the procedures and are accurately accounted for.	1	High
City Treasurer & Managed Services	Manual Payments	2016/17	SWC	To review the types of manual payment and to verify compliance with policy on manual payments	2	Medium
City Treasurer & Managed Services	Accounts Receivable	2016/17	Tri	To review the controls in place for ensuring accounts are raised in accordance with the procedures and debt is accurately accounted for and managed.	1	High
City Treasurer & Managed Services	Income Management	2016/17	Tri	To review the controls in place for ensuring accounts are raised in accordance with the procedures and debt is accurately accounted for and managed	1	High
City Treasurer & Managed Services	Debt Recovery	n/a	SWC	To review the processes in place at each council for recovery of debt including review and management of debt.	1	High
City Treasurer & Managed Services	Procurement Cards	2013/14	SWC	To review the processes in place to ensure that the use of procurement cards is effectively managed and expenditure is appropriate, correctly approved and recorded in Agresso.	1	High
City Treasurer General:						
City Treasurer & CMC	Highways Infrastructure Accounting	2016/17	SWC	Implementation delayed by CIPFA. Review progress made from 2016/17 audits prior to implementation.	3	High

Audit & Performance Committee – 9 February 2017

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
City Treasurer – WCC & Finance – RBKC	Pension Investments	2014/15	Tri	To review the processes in place to ensure that each council's pension fund is effectively managed with appropriate levels of governance and in accordance with the objectives of the fund.	3	High
City Treasurer: Revenues & Benefits Related:						
City Treasurer - Revenues & Benefits	Council Tax	2015/16 Sub	SWC	Cyclical review of processes. In 2017/18 to cover: arrangements for assessing & approving claims for disregards & discounts including data analysis to identify anomalies in existing claims. Review arrangements for recovering overdue amounts including enforcement, write back or write off actions, refunds of overpayments.	3	High
City Treasurer - Revenues & Benefits	Housing and Council Tax Benefits	2015/16 Sat	SWC	Cyclical review of processes. In 2017/18 to cover: administration of Local Support Payment scheme; application of benefit caps and arrangement for the recovery of overpaid benefits including enforcement and write off processes.	3	High
City Treasurer - Revenues & Benefits	NNDR	2014/15 Sub	SWC	Cyclical review of processes. In 2017/18 to cover: Governance, segregation of duties, policy & procedures, identification of businesses including reconciliation to other data, set up and amendment of business records.	3	High
WCC Total Audit Days					130	

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Policy, Performance & Communications:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Policy, Performance & Communications - WCC	Corporate Governance	2016/17	SWC	Review of each council's governance arrangements to demonstrate compliance with current relevant standards.	3	High
Policy, Performance & Communications - WCC	Risk Management – systems/ compliance audit of the process	2016/17	SWC	Review of each council's risk management arrangements to ensure that they improve strategic, operational and financial management and help to maintain high standards of corporate governance and leadership.	3	High
Service areas to be confirmed and agreed with each council during 2017/18	Risk Management – cyclical review in two council services	2016/17	TBC	Review of the risk management arrangements within service areas to ensure that they are effective and inform the overall risk management arrangements for each council. The service areas to be reviewed may be shared or sovereign services and this will be determined during the year and the relevant services advised.	3	High
Policy, Performance & Communications - WCC	Community Infrastructure Levy (CIL)	n/a	SWC	Review adequacy of processes for accounting for CIL and S106 income and expenditure (Separate audits for RBKC in Corporate Services & LBHF in Env Servs)	3	High
Policy, Performance & Communications - WCC	S106	n/a	SWC	Review adequacy of processes for accounting for S106 income and expenditure (Separate audits for RBKC in Corporate Services & LBHF in Env Servs)	3	Medium
ICT & Policy, Performance & Communications - WCC	Members' IT Arrangements	2014/15	SWC	Review the controls in place are adequate and provide a secure operational framework for the usage and security of Members IT systems and data.	2	High
WCC Total Audit Days					55	

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Growth, Planning & Housing:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Housing	Temporary Accommodation	2013/14	SWC	To review the systems & controls to ensure that: demand for temporary accommodation is accurately predicted to avoid an excess or lack of suitable accommodation; properties are fit for habitation & compliant with health & safety requirements; properties acquired are appropriate & at competitive rates; property owners are not receiving inappropriate or excessive incentive payments; appropriate contracts and agreements are in place with accommodation providers.	1	High
Housing/ Property/ CMC	Capital Programme	2013/14	SWC	An overview of the programme with reviews of specific capital projects (to discuss with Greg Ward) to ensure that they are managed in accordance with the Council's strategic and operational objectives. To include governance arrangements and effective controls. (NB cross over with CMC)	4	High
Property	Review of Contract for Management of Investment Portfolio	2015/16	SWC	The GVA contract for management of the investment property portfolio is due to expire in May 2017 (May 2018 if option to extend is agreed). It is recommended that the existing contract & service delivery is reviewed prior to a re-procurement of this contract. Plan for Q2.	2	High
Property	Operational Property Portfolio (new)	n/a	SWC	Following rationalisation of the portfolio, review to consider the effectiveness of operational property management and how the rationalisation is reflected in the operational property strategy. Plan for Q2.	2	High
Property	Investment Strategy – Commercial Properties	n/a	SWC	To consider the processes, controls and governance arrangements in place for the acquisition of commercial properties in accordance with the Investment Strategy that was agreed by Cabinet in December 2015. Plan for Q1.	1	High
Planning	Building Control	2014/15	SWC	Possible shared service with RBKC and Camden. Cyclical review of the controls in place to ensure that works undertaken within Westminster are compliant with Building Regulations. Plan for Q4	4	Medium
Planning	Planning (excluding enforcement appeals)	2015/16	SWC	To undertake a cyclical review of planning processes (audit in 2016/17 plan but may not be completed due to other audits added to the plan). Plan for Q2.	2	High

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Housing – Other	CityWest Residential	n/a	SWC	To review the processes, controls and governance arrangements in place for the purchase and disposal of residential property by CityWest Residential. Plan for Q1.	1	High
General	Social Value Commitments	n/a	SWC	Scope to be discussed with Greg Ward – Director of Economy. Plan Q3 provisionally.	3	High
General	Transparency	n/a	SWC	To consider appropriateness of arrangements for providing information (to be discussed with Ed Watson)	4	Medium
Contingency:						
General	Digital Platform	n/a	SWC	post 2017/18 consideration	n/a	n/a
Housing	Rough Sleepers	2014/15	SWC	To review the processes in place for reducing the number of rough sleepers within the borough in accordance with council's objectives. Not high priority – put on contingency list.	n/a	n/a
Housing	Welfare Reform	2014/15	SWC	A previous review provided assurance that the council had in place appropriate controls to deal with the challenges and risks arising as a result of the Welfare Reform Act. Plan as Contingency. Review of the effective management of the impact of welfare reform.	n/a	n/a
Housing - Other	Westminster Community Homes	n/a	SWC	No previous audit in this area – discuss potential areas for review with Barbara Brownlee following discussions at audit planning meeting. Contingency.	n/a	n/a
WCC Total Audit Days					140	

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City Management & Communities:

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Community Services	Outdoor Learning – Sayers Croft	2014/15	SWC	Cyclical compliance review of financial controls. Change of staff this year.	2	Medium
Waste & Parks	Waste Disposal	2014/15	SWC	Contract for waste disposal re-let & commenced in Sept 2016. As previously agreed, a contract management audit originally planned for the end of 2016/17 will now be undertaken in the second half of 2017/18. The audit will include: the effectiveness of the performance management framework, including reporting; the relevance of the performance indicators; the effectiveness of the remedies to address performance issues; payments are in accordance with the contract; Variations are in accordance with the Procurement Code and Financial Regulations.	3	High
Waste & Parks	Green Spaces (Parks & Opens Spaces)	2013/14	SWC	An audit on the contract management and performance was deferred from the 2016/17 due to the contracts being reviewed (coverage similar to waste disposal audit above). New contract to commence in April 2017. Audit to be planned for second half of the year.	3	Medium
Public Protection & Licensing	Licensing	2015/16	SWC	Reviewed setting of fees previously. This audit to consider the wider aspects of licensing procedures and controls and should be planned for the final quarter of 2017/18.	4	High
Public Protection & Licensing	Prevent Strategy	n/a	SWC	Review responsibilities under S26 of the Counter Terrorism and Security Act 2015. Not previously audited. Timing of the audit to be confirmed (Q2 provisionally). The audit to review: Governance arrangements; risk assessment & action planning; referral, assessment, monitoring & review; funding, financial management, expenditure controls.	2	High
Public Protection & Licensing	Organisational Health & Safety	n/a	SWC	A number of changes in this area. Suggested review in Q2-3. Review organisational arrangements including: roles & responsibilities; effective policies & procedures are in place that comply with regulations; appropriate support & training available; risk assessments are completed; reporting, management review and assurance.	2	High

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Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
Libraries & Archives	Libraries	2014/15	Tri	As advised by the service lead in 2016/17, the library provision is undergoing a review. The audit scope will depend on any service changes and will be discussed with the service lead.	2	Medium
Highways & Infrastructure	Highways Contracts	2013/14	SWC	The management & performance of highways & infrastructure contracts has not been reviewed for several years. Need to consider the financial processes in place and income collection. Need to embed processes so recommend review in second half of the year (need to speak to Kevin and Kathryn)	3	High
TBC	Code of Construction Practice	n/a	SWC	Implementation of the Code of Construction Practice.	3	High
Parking Operations	Business Processing & Technology contract	2014/15	SWC	The management and performance of this service since the contract was let has not been reviewed previously (coverage similar to waste disposal audit above).	2	High
Parking Operations	Bailiff Contract	2014/15	SWC	A cyclical review of the management and performance of this contract Service being reviewed for re-procurement (possibly with the Benefits Bailiff's Service). Current contract expires Feb 2017. Suggest a review in August 2017.	2	Medium
Parking Operations	Parking Permits	2014/15	SWC	Cyclical review of the effectiveness of the controls including new applications, renewals and cancellations (all permits not only residents parking permits).	1	Medium
General	Procurement	2016/17	SWC	Dependent on procurement activity in the service area. Plan to review in Q3 of the year.	3	Medium
Housing/ Property/ CMC	Capital Programme	2013/14	SWC	An overview of the programme with reviews of specific capital projects to ensure that they are managed in accordance with the Council's strategic and operational objectives. To include governance arrangements and effective controls. (NB cross over with GPH)	4	High
Contingency:						
Community Services	Leisure Centres	2016/17	SWC	Depending on the outcome of the 2016/17 audit, an additional audit of the leisure service may be undertaken.	n/a	n/a
Public Protection & Licensing	Mortuary	2014/15	SWC	Cyclical review of processes and controls to ensure the service complies with legislation and regulations. Due to significant works at the Coroners' court which may impact on the mortuary it is suggested that audit activity in this area is deferred.	n/a	n/a

Audit & Performance Committee – 9 February 2017

Service Area	Auditable Area	Last Audit	Type	Scope	Quarter	Priority
General	Grants	2014/15	SWC	To consider the governance and accounting arrangements for grant funding received by the service. DFG level of grant is quite low and not considered to be a high risk area. (contingency). Previously reviewed MOPAC	n/a	n/a
WCC Total Audit Days					150	

Work Programme 2016/17 Audit and Performance Committee

2 June 2016

Agenda Item	Reasons & objective for item	Lead Officer
Update on Managed Services Programme	To review plans to upgrade the Agresso operating system to resolve identified issues in order to move to “steady state”. The paper to include details regarding possible implications and risks and plans for related staff training in using the upgraded system.	John Quinn (Corporate Services)

30 June 2016

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016/17	The Committee is invited at its first meeting of the 2016/17 municipal year to agree a work programme.	Reuben Segal
Annual Contracts Review 2015/16	To review of the City Council’s contracts, including details of contracts awarded, waivers and performance.	Anthony Oliver (Procurement)
2015/16 End of year Performance Business Plan Monitoring and Period 2 (May) Report	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt	Steve Mair (Finance) Mo Rahman (Performance)

	recovery within the City Council as well as monitoring the write-off position.	
Audit Charter	To note the recently updated Audit Charter.	Moyra McGarvey (Internal Audit)

14 July 2016

Agenda Item	Reasons & objective for item	Lead Officer
Annual Statement of Accounts	To formally receive and approve the final accounts with any update arising from the public inspection period.	Steve Mair (Finance)
Update on MSP	To receive a report on meeting the target of completing core programme activities by the end of June.	John Quinn (Corporate Services)

6 September 2016

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Finance & Performance Business Plan Monitoring Report	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steven Mair (Finance) Mo Rahman (Performance)
Internal Audit Monitoring Reports	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey (Internal Audit)
Internal Audit Update on Tenant Management Organisations	To review work undertaken by the internal Audit Service with CityWest Homes in respect of TMOs and whether recommendations previously made have been implemented and are producing results.	Moir Mackie (Internal Audit Manager)

22 September 2016

Agenda Item	Reasons & objective for item	Lead Officer
Update on Managed Services Programme	To review plans to upgrade the Agresso operating system to resolve identified issues in order to move to “steady state”. The paper to include details regarding possible implications and risks and plans for related staff training in using the upgraded system.	John Quinn (Corporate Services)

24 November 2016

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Grant Thornton Annual Audit Letter 2015/16	To consider Grant Thornton's assessment of the Council's financial statements and its arrangements to secure value for money in its use of resources.	Elizabeth Olive Paul Dossett (Grant Thornton)
Progress and Update on 2016-2017 Audit	To consider an update on the 2016-2017 Audit and key information on accounting changes and emerging issues for local government	Elizabeth Olive Paul Dossett (Grant Thornton)
Corporate Complaints 2015/16	To report on the volume and details of complaints received by the Council and CityWest Homes in 2015/16.	Sue Howell (Complaints)
Finance & Performance Business Plan Monitoring Report	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steven Mair (Finance) Mo Rahman (Performance)
Internal Audit Monitoring Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey (Internal Audit)

Mid-Year Counter Fraud Monitoring Report	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)
Audit Arrangements beyond 2017-2018	To update Committee on the audit arrangement options for the Council beyond 2017-2018	Steve Mair City Treasurer

31 January 2017

Agenda Item	Reasons & objective for item	Lead Officer
Update on Managed Services Programme	To review plans to upgrade the Agresso operating system to resolve identified issues in order to move to "steady state". The paper to include details regarding possible implications and risks and plans for related staff training in using the upgraded system.	John Quinn (Corporate Services)

9 February 2017

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Grant Thornton Certification of Claims and Returns Annual Report (Audit 2015/16)	To report the findings from the certification of 2015/16 claims and the messages arising from the assessment of the Council's arrangements for preparing claims and returns and information on claims that were amended or qualified.	Elizabeth Jackson Paul Dossett (Grant Thornton)

Grant Thornton Annual Audit Plan 2016/17	To set out the audit work that Grant Thornton proposes to undertake for the audit of the financial statements and the value for money (VFM) conclusion 2016/17.	Elizabeth Jackson Paul Dossett (Grant Thornton)
Finance & Performance Business Plan Monitoring Report	To monitor the budget, contracts, risk and delivery through the quarterly performance plan monitoring report and quarterly reports on service and financial performance. The report will also include details of measures to improve payment performance and debt recovery within the City Council as well as monitoring the write-off position.	Steven Mair (Finance) Mo Rahman/Damian Highwood (Performance)
Maintaining High Ethical Standards at the City Council	To maintain an overview of the arrangements in place for maintaining high ethical standards throughout the Authority	Tasnim Shawkat (Monitoring Officer)
Internal Audit Monitoring Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moira Mackie Internal Audit
Internal Audit Plan 2017/18	To review and comment on the draft audit plan for 2017/18	Moira Mackie (Internal Audit)

ADDITIONAL ITEMS

Date to be confirmed

Housing Revenue Account	To assess the implications to the Council's HRA of the Planning & Housing Act (requirement of local authorities to sell off their top third most expensive housing as it becomes vacant; 1% social housing rent reduction.	Steve Mair (Finance) Ed Watson (Growth, Planning & Housing)
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9 May 2017

Agenda Item	Reasons & objective for item	Lead Officer
Work Programme 2016-17	The Committee is invited to review its work programme for the 2016/17 municipal year.	Reuben Segal
Draft Annual Statement of Accounts	To review the draft Annual Statement of Accounts 2016-17.	Steve Mair (Finance)
Annual Internal Audit Monitoring Report	To oversee and monitor the success of the Audit Service in planning and delivering outcomes and establishing an effective and robust internal control framework.	Moyra McGarvey (Internal Audit)
Annual Counter Fraud Monitoring Report	To oversee and monitor the success of the Counter Fraud Service	Andy Hyatt (Anti-Fraud)
Discretionary Housing Payment (DHP) Delegated Decisions	To receive an overview of DHP applications received and determined at officer level in the last 12 including information on procedures and verification processes as well as statistics on volumes and amounts awarded.	Gwynn Thomas Senior Benefits Policy Officer

COMMITTEE ACTION TRACKER
ACTIONS: 24 November 2016

ACTION	OUTCOME	LEAD OFFICER
CORPORATE COMPLAINTS REVIEW 2015-2016		
1. The committee would like details of the verification system that is used by Capita to process housing benefit and council tax applications.	The information was forwarded to Committee Members on 9 December	Martin Hinckley, Head of Shared Services
2. CWH monitoring of Airbnb complaints - how will CWH formally capture concerns about the short term letting of CWH residential property through Airbnb? What are the insurance policy implications for the Council if leaseholders sublet their properties?	The information was forwarded to Committee Members on 9 December	Jonathan Cowie, Chief Executive/Jo Bowles, Director of Shared Services, CWH
3. Where/to whom should councillors send queries or complaints regarding CWH?	The information was forwarded to Committee Members on 9 December	Jonathan Cowie/ Jo Bowles
4. CWH Complaints Performance Reports - The Committee would like copies of reports provided to the CWH Board and Westminster City Council so that they can have an oversight of trends.	This will be actioned as and when such reports are produced	Jonathan Cowie/Jo Bowles
FINANCE (PERIOD 6) AND QUARTER 2 (APRIL 2016-SEPTEMBER 2016) PERFORMANCE MONITORING		
1. HRA revenue forecast - provide a breakdown of the sources of 'other' income. What does this consist of?	The information was forwarded to Committee Members on 9 December	Steve Mair, City Treasurer
2. Gangs - Provide details of the latest intelligence around gang activity. What are the current interventions in place? Include a passage on work around gangs in future reports.	The information was forwarded to Committee Members on 9 December	Damian Highwood, Strategic Performance Team
3. CCTV - What is the current situation with the use of CCTV so that Members can provide community safety assurance? The committee stated that feedback from residents is that they cannot understand why the City Council has reduced / lost CCTV surveillance capabilities.	The information was forwarded to Committee Members on 9 December	Damian Highwood, Strategic Performance Team

ACTION	OUTCOME	LEAD OFFICER
<p>4. Low Emission Neighbourhood (LEN) funding – What activities are being planned with the LEN money that has been secured? The committee expressed concern about the increase in air pollution in the City and the need to tackle this. The committee has requested an analysis of the change in air-quality in parts of the City. Particular concern was expressed about Embankment, Hyde Park and Marylebone Road.</p>	<p>The information was forwarded to Committee Members on 9 December</p>	<p>Damian Highwood, Strategic Performance Team</p>
<p>5. Unemployment – What is the age breakdown of the remaining Long Term Unemployed by benefit type? How many people helped into work by the Westminster Employment Service (WES) are achieving part-time vs. full time work? What role (if any) could the University Technical College (UTC) have in helping unemployed people? The committee suggested this could include providing evening classes and enhanced links with employers.</p>	<p>The information was forwarded to Committee Members on 9 December. Information regarding the UTC was circulated on 13 December</p>	<p>Damian Highwood, Strategic Performance Team</p>
<p>6. Open Forums – Provide details of current plans for Open Forums. Members were concerned that it has been almost two years since Area Forums ceased in their areas.</p>	<p>The information was forwarded to Committee Members on 9 December</p>	<p>Damian Highwood, Strategic Performance Team</p>
<p>7. Sexual Health / GUM services- Provide in more detail the process by which providers obtain addresses from service users so that appropriate recharges can be made.</p>	<p>The information was forwarded to Committee Members on 9 December</p>	<p>Damian Highwood, Strategic Performance Team</p>
<p>INTERNAL AUDIT 2015/16 - PROGRESS REPORT (AUGUST TO OCTOBER 2016)</p>		
<p>1. Provide a breakdown of the claims paid out this year by Westminster up to the delegated authority of £100,000.</p>	<p>The information was forwarded to Committee Members on 9 December</p>	<p>Neil Walker, Assistant Head of the Tri-Borough Insurance Service</p>
<p>2. The committee would like a note on the outcome of the procurement for a provider to handle Employers and Public Liability claims above the delegated authority level once a contractor has been chosen.</p>	<p>This will be provided once the procurement process has been completed.</p>	<p>Neil Walker, Assistant Head of the Tri-Borough Insurance Service</p>

ACTION	OUTCOME	LEAD OFFICER
WORK PROGRAMME 2016/17		
Add an item to the work programme on DHP delegated decisions	This item has been added to the Work Programme.	.Reuben Segal, Committee & Governance Services

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