



AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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11 January 2018

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held at **7.00pm** (or as soon as possible after the conclusion of a Members' training session on "General Data Protection Regulations (GDPR) Readiness Programme" on **Monday 22 January 2018** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Contact Officer for meeting arrangements: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;

Membership: Councillors: K Hewson (Chairman), P Irwin (Vice-Chairman), C Adams, M Collins, P Cooper, A Harrison, R Newcombe, R Stuchbury, D Town, A Waite and H Mordue (ex-Officio)

NOTE: The training session for Members will begin at 6.30pm

AGENDA

1. APOLOGIES

2. TEMPORARY CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

3. MINUTES (Pages 3 - 10)

To approve as a correct record the Minute of the meeting held on 27 November, 2017, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. EXTERNAL AUDIT AGR FOR GRANT CLAIMS (Pages 11 - 22)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

6. REVIEW OF AYLESBURY VALE BROADBAND (TERMS OF REFERENCE) (Pages 23 - 36)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

7. INTERNAL AUDIT PROGRESS REPORT (Pages 37 - 74)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

8. WORK PROGRAMME (Pages 75 - 76)

To consider the future work programme.

Contact Officer: Kate Mulhearn (01296) 585724

9. RISK MANAGEMENT (Pages 77 - 82)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

10. EXCLUSION OF THE PUBLIC

The following matter is for consideration by Members "In Committee". It will therefore be necessary to

RESOLVE –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act.

Item No. 11 – Risk Management Report

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the report contains information relating to the financial or business affairs of organisations (including the Authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals or transactions.

11. RISK MANAGEMENT REPORT (Pages 83 - 86)

To consider the attached confidential report.

Contact Officer: Kate Mulhearn (01296) 585724

AUDIT COMMITTEE

27 NOVEMBER 2017

PRESENT: Councillor K Hewson (Chairman); Councillors C Adams, M Collins, A Harrison, P Irwin, R Newcombe, M Rand (In place of D Town), R Stuchbury and A Waite.

APOLOGIES: Councillors H Mordue and S Lambert.

1. PERMANENT CHANGES TO MEMBERSHIP

The Committee was informed that there had been a change to the Conservative Group membership of the Committee, with Councillors M Collins and A Waite replacing Councillors C Branston and B Chapple OBE.

The Chairman thanked Councillors Branston and B Chapple for their past contributions to the Committee and welcomed the new Members.

2. ELECTION OF VICE CHAIRMAN

RESOLVED –

That Councillor Irwin be elected Vice Chairman of the Audit Committee for the remainder of the municipal year.

3. MINUTES

RESOLVED –

That the minutes of the meeting held on 25 September 2017 be approved as a correct record.

NOTE:

1. The Director with responsibility for finance gave an undertaking to provide Members with information on Delegation of financial approval authority.
2. It was agreed that work would be done to enable the Committee to better track Minutes recommendations at future meetings.

4. DECLARATION OF INTEREST

There were none.

5. EXTERNAL AUDIT UPDATE

The Committee received a verbal update from the external auditors on their work associated with the certification of grant claims for 2016/17 submitted by AVDC.

Certification work was not an audit. It involved executing prescribed tests which were designed to give reasonable assurance that claims and returns were fairly stated and in accordance with specified terms and conditions. Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2016/17 financial year. In certifying this the external auditors followed a methodology determined by the Department for Works and Pensions.

Members were informed that the work on the claim for the 2016/17 year had been completed and would be submitted to DWP by the end of November 2017 deadline. In contrast to last year's claim, it was anticipated that AVDC would receive a repayment from the DWP. A report on the work and findings would be reported to the Audit Committee in January 2018.

6. INTERNAL AUDIT PROGRESS REPORT

The Committee received a progress report on assurance work activity undertaken against the 2017/18 Assurance Plan that had been approved by the Audit Committee in July 2017.

The following matters were highlighted:-

Final Reports issued since the previous Committee Meeting

The Planning and Planning Enforcement review had been completed and contained 2 medium risk recommendations and 3 low risk recommendations. Overall, the report had been classified as Medium Risk with key findings summarised as follows:-

- There was no local formal monitoring of comments, compliments and complaints and a process needs to be created (Medium).
- Proactive planning enforcement was not taking place (Medium).
- A formal Member/Officer engagement session needed to be developed including input to the creation of the new planning system (Low).
- Improvements to the oversight of the effectiveness of the Planning Liaison Officer role are needed (Low).
- Pre application advice costs are benchmarked as reasonable but are not fully substantiated (Low)

A number of areas of good practice had also been noted in relation to the performance for processing both minor and major planning applications, providing Members' with a formal Quarterly Performance Report via the Planning Committee, and that a number of applications/cases that you been tested had all been found to have been processed in accordance with legislative requirements.

The Development Management Team had undergone structural change in the last 12 months. AVDC, like other councils across the county, was facing challenges around recruiting planning officers and therefore there were a large number of consultants supporting delivery and current vacancies for 1 Principal and 4.5 Senior officers.

New planning software was currently being developed with a move from Uniform to a Salesforce platform. This was intended to go live in 2018 and would change how staff, Members and the public interacted with the planning process.

The Commercial Property Service Charges review had also been completed, and contained 1 high risk, 1 medium risk and 2 low risk recommendations. Overall, the report had been classified as Medium Risk with key findings summarised as follows:-

- It had been found that some service charges were not levied where they should be and examples of costs being applied to service charges incorrectly had also been identified (High).

- Account codes on the ledger for each property were not sufficiently established to understand service charge costs (Medium).
- There was a lack of robust monitoring of arrangements for tenants at Council sites over certain lease rights such as car park spaces (Low).
- Some minor instances were identified where service charge costs applied were stated as “not applicable” (excluded) cost in contracts with tenants and therefore the Council had applied costs that were in breach of contracts held (Low)

A project had recently begun to create a property asset management database to integrate with the general ledger and a review of commercial property charges will be completed by end of January 2018. Once completed, this should address many of the issues highlighted in the report.

2017/18 Internal Audit Plan work in progress

Members were informed that following feedback from managers there had been a change to forthcoming planned work. The reviews of Building Control and Licensing had been deferred as these areas were currently implementing new systems. Instead, the next review work would look at areas including Housing Benefits, Council tax, business rates and payroll.

Implementation of agreed audit actions

Internal Audit monitored the implementation of actions and recommendations raised by reviews to ensure that the control weaknesses identified had been satisfactorily addressed. Actions arising from low risk audit findings were followed up by management and reviewed, but not validated by internal audit.

The overall progress and detail of those actions which were considered to be due were set out in Appendix 3 to the report. At the end of November 2017, there were 37 recommendations due of which 23 were still outstanding and had been given a revised date of implementation. New appointments to key positions and post organisational restructure changes were the main drivers leading to delays in implementation of the actions.

2017/18 Internal Audit Resource

Since the last Audit Committee meeting a contract had been awarded to BDO LLP to provide co-sourced internal audit services for the period 1 October 2017 to 31 March 2021, with an option to extend for a further two years. The Chairman welcomed Mr Greg Rubins, BDO Internal Audit Partner to the meeting.

Internal Audit Plan and progress tracker

Progress and changes against the approved 2017/18 Annual Internal Audit Plan were detailed at Appendix 2 to the Committee report.

Members sought information on internal audit work and at:-

- Appendix 3 – it was commented that Overdue Recommendations should include information on the date of the review, the original date to implement recommendations and revised implementation date(s).
- Housing Benefits Review (Appendix 3, pages 25-26) – were informed that the delays in implementing recommendations was mainly due to the organisational

re-structure. The upcoming 2017/18 internal audit of Housing Benefits would look again at issues raised in the last report and any risks to delivering the service.

- Fixed Assets (Appendix 3, page 28) – were informed that review recommendations would be discussed with the newly appointed Strategic Finance Manager so that appropriate action could be taken for the 31 March 2018 Balance Sheet.
- General Ledger (Appendix 3, pages 28-29) – it was commented that while the review had identified actions summarised by 4 separate dot points, the update only reported general progress. It would be helpful with future reporting if update information could be provided separately for each of the dot points.

Members sought further information on the Planning and Planning Enforcement review and:-

- were informed that, where possible, Planning looked to have continuity of Officers dealing with applications, although this had not always been possible during the organisational restructure.
- it was commented that the Council needed to do more to inform people and Parish Councils, and manage their expectations regarding what Planning Enforcement actions the Council could, or could not, take. For example, it was suggested that a Members' seminar could be held on Planning Enforcement.
- expressed concerns that failures to provide the expected level of service for what was a specialised service would lead to reputational damage for the Council.
- were informed that KPIs for planning complaints were currently being put in place. Members commented that KPIs should have quality measures as well as numerical measures. For example, KPIs should include information on the number of applications received, completed and carried forward from each period, and include trend analysis of performance over the longer term. This would enable the public to be better informed when a complaint / issue was raised.
- were informed that the quarterly planning reports did not always accurately highlight the huge pressures that staff were under in this area.
- it was commented that it would be helpful to provide Members with more information on the role of Parish Liaison Officers (PLOs) so they could understand best utilise them. It was also commented that it might be helpful for PLOs to attend some Local Area Forum meetings.
- were informed that it was intended for a review of the Council's complaints, comments and compliments process to be considered for inclusion in the 2018/19 Annual Internal Audit Plan.
- it was agreed that Finding 3, 'A formal Member/Officer engagement session needs to be developed including input to the creation of the new planning system' would be re-classified from 'low' to 'medium'. The overall review classification remained as "medium risk".

Action Point: to monitor the progress made in putting in place KPIs and a meaningful complaints system for Planning and Planning Enforcement.

Members sought further information on the Commercial Property Service Charges review and were informed that the Council's Property and Estates Manager (newly in post) was working to ensure the detailed findings and action plan from the review were actioned. This would include a full review of each of the Council's properties and ensuring that the accounting structure and billing processes were correct. This work was being overseen by the Finance Steering Board. It would be important for the lessons learnt from this review to be taken into account for the future.

Action Point: report back on what impacts the service charging inconsistencies had on tenants, e.g. had any tenants been lost?, financial impact on the Council?

RESOLVED –

That the progress report and action points made at the meeting be noted.

7. WORK PROGRAMME

The Committee considered the future Work Programme which took account of comments and requests made at previous Committee meetings and particular views expressed at the meeting, and the requirements of the internal and external audit processes.

RESOLVED –

That the future Work Programme as submitted to the meeting be approved.

8. RISK MANAGEMENT

The Audit Committee had a role to monitor the effectiveness of risk management and internal control across the Council. As part of discharging this role the committee was asked to review the Corporate Risk Register (CRR). The CRR provided evidence of a risk aware and risk managed organisation and reflected the risks that were on the current radar for Commercial Board. Some of the risks were not dissimilar to those faced across other local authorities.

Since the previous Audit Committee meeting in September 2017 the following risks had changed:

Risk Reference	Change	Comment
Sectors do not deliver the required savings and efficiencies identified in the Commercial AVDC programme.	Closed	The Commercial AVDC programme closed at the end of September 2017. Subsequently a sector by sector review of planned savings, achieved to date and forecast for future years had been undertaken. Structures were in place to exceed the £6m target set for the programme by 2020 – achieving £2.2m in 2017/18 and delivery of £3.8m by 2021. This included a headcount reduction from 471 to 426 (around 10%). Future savings targets would form the basis of the MTFP and annual budget setting and therefore captured in MTFP (risk #1).
The Council's approach to commercialisation and income generation does not produce the income needed.	Closed	The structure is now in place to support commercial/income generating activity and income / cost recovery targets are factored into the MTFP and annual budget process, therefore included in MTFP (risk #1)
Loss of key staff / failure to recruit / reliance on	Closed	To date, 88 people had left the Council during the course of the

agency staff has negative impact on service delivery during time of change		Commercial AVDC Programme, comprising 25 settlements, 38 voluntary redundancies, 23 compulsory redundancies and 2 resignations. This left 110 roles to fill externally (around a third of all posts in the new structure, excluding drivers and loaders). The majority of these posts had now been recruited to; however at the time of writing there were still 14 Technical Specialist vacancies, of which 8 were in Planning, and which were proving challenging to fill. This had been captured in a new specific risk (number 8).
Business Intelligence (customer insight & performance data) is not sufficiently robust to support effective decisions.	Closed	The Business Intelligence team was in place and progress had been made on reporting Connected Vision, Financial, Sector and operational dashboards. The focus was currently on management information with a "roadmap" in place to deliver more strategic business insight overtime. It was no longer considered a corporate level risk and, as such, progress was being monitored at an operational level.
1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered.	New (High)	Savings, efficiencies and income identified through the Commercial AVDC programme had been factored into sector budgets and would form the basis of the MTFP. Monitoring would be undertaken through established processes with oversight at Strategic Board and Cabinet level. Risk remains high due to ongoing austerity measures and budget pressures.
8) Fail to recruit Technical Professional Specialists (Planning, IT, Property). Reliance on use of consultants/agency and not effectively managed.	New (High)	In key specialist areas there was risk of negative impact on service delivery. Ongoing financial cost of agency staff. This replaces the general risk of loss of staff throughout the restructure programme, with mitigating actions specific to the business areas affected.
4) Fail to deliver the Property Investment Strategy	New (TBA)	Work had started to develop processes to deliver the strategy. The recruitment of Commercial Property Manager was ongoing. The assessment would be updated as the team and processes developed.
6) Waste Transformation Project fails to deliver	New (High)	This was a significant, high profile piece of work being undertaken to

commercial, customer, H&S, Environmental objectives		support efficient delivery of services and income generation into the future. There would be financial and reputation risks if project failed to deliver key objectives, whilst day to day operational activities needed to ensure H&S and Environmental compliance.
10) Health & Safety - Non-compliance with Fire and Health and Safety legislation	High → Moderate	Revised H&S Policy & Strategy was approved Sept 2017, corporate oversight board in place and staff H&S consultative committee established post restructure.
20) Failure to effectively engage with members and the community around the Council's vision and strategy	High → Moderate	A project had started around Member engagement, which would also be supported by Connected Vision. A Communications strategy was being developed.

Members challenged robustly some of the assumptions made in the CRR, both in specific and general terms.

Members requested further information and were informed:-

- (i) Risk 5 (Council owned or partly owned companies) – that in light of recent developments regarding AVB it was still believed that the overall risk rating for this risk was correct. As the situation with AVB progressed then it might be appropriate to undertake a 'lessons learnt' review in due course.
- (ii) Risk 8 (Reliance on use of consultants / agency staff) – that the Council had set up a review group to monitor ongoing compliance with the IR35 (Intermediaries legislation), particularly given the current reliance on consultants / agency staff in some areas of the Council. Active recruitment was ongoing to recruit permanent staff to all posts in the new structure so that the reliance on contractors / consultants could be minimised.
- (iii) Risk 14 (Major partnerships / Significant council contractors) – that any risk associated with the Silverstone Park Enterprise Zone Infrastructure funding, that had been approved at the October 2017 Council meeting, were covered within this risk.

Members asked that the information against risk number 14 be expanded to include specific mention to any risks associated with the 3 Enterprise Zones.

- (iv) Universal Credit – that planning was being done regarding Universal Credit, that was due to be introduced into the Vale in June 2018.

Action point: Risk 8 – to ensure that the Council was monitoring and complying with the legislation regarding IR35.

Action point: Risk 14 – update the risk to include Enterprise Zones.

Members also commented that all new ventures had a high likelihood of failure and, as such, should have an initial Inherent risk rating of High or Extreme until they were properly assessed.

RESOLVED –

That the current position of the Corporate Risk Register and identified Action Points be noted.

9. EXCLUSION OF THE PUBLIC

RESOLVED –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act.

The public interest in maintaining the exemptions outweighed the public interest in disclosing the information because the documents contained information relating to the financial or business affairs of organisations (including the authority holding that information), and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.

10. RISK MANAGEMENT REPORT

As part of the discussions at Minute 8, consideration was given to the Council's Corporate Risk Register.

Audit Committee
22 January 2018

CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016/17

1 Purpose

- 1.1 To receive a report on the external auditors' work associated with the certification of 2016/17 claims and returns submitted by AVDC.

2 Recommendations/for decision

- | | |
|-----|--|
| 2.1 | The committee is asked to note the contents of the external auditors' certification report (attached). |
|-----|--|

3 Supporting information

- 3.1 The external auditor is required to certify claims and report findings to the Audit Committee.
- 3.2 This year there was only one claim requiring certification. This was:
-Housing Benefits Subsidy Claim
- 3.3 The certification work identified a small number of classification errors which were corrected and these had no impact on the subsidy claim.

4 Options considered

- 4.1 None.

5 Reasons for Recommendation

- 5.1 This certification report is required by the Audit Commission under Section 28 of the Audit Commission Act 1998.

6 Resource implications

- 6.1 Contained within the body of the report.

Contact Officer
Background Documents

Nuala Donnelly (01296) 585164
none

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Certification of claims and returns annual report 2016-17

Aylesbury Vale District Council

8 January 2017

Ernst & Young LLP



EY

Building a better
working world

The Members of the Audit Committee
Aylesbury Vale District Council
The Gatehouse
Aylesbury
HP19 8FF

08 January 2017
Ref: HBEN01/16-17

Direct line: + 44 7966 404 269
Email: MGrindley@uk.ey.com

Dear Members

Certification of claims and returns annual report 2016-17 Aylesbury Vale District Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Aylesbury Vale District Council's 2016-17 Housing Benefits subsidy claim.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2016-17, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2016-17 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £44,887,809. We met the submission deadline. We issued a qualification letter, details of which are included in section 1. Our certification work found errors which the Council corrected. Amendments made by the Council increased the claim by £20,585 to £44,908,394, which is a marginal effect on the grant due.

With the history of the clawback in 2015-16, we note that the Council has implemented most of the recommendations from last year and has improved arrangements significantly.

Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2016-17 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are now available on the PSAA's website (www.psaa.co.uk).



We welcome the opportunity to discuss the contents of this report with you at the January 2018 Audit Committee.

We would like to thank the Council's officers, especially Housing Benefits staff, for their help. The certification process requires considerable input from them to be carried out efficiently and we are most grateful for their professionalism and assistance.

Yours faithfully

Maria Grindley
Associate Partner
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£44,887,809
Amended/Not amended	Amended – subsidy increased by £20,585 to £44,908,394
Qualification letter	Yes
Fee – 2016-17	£TBC
Fee – 2015-16	£17,411
Recommendations from 2015-16	Significant improvement needed around self-employed earnings and backdating, including training of claims assessors, to ensure errors that resulted in the clawback are not repeated.
Findings in 2016-17	See findings below.

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years' claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

These are the main issues we reported:

Cell 11 Non-HRA

Testing of the initial sample identified:

- All three cases were incorrectly classified as self-contained/short term lease accommodation when they were actually board and lodging/non self-contained properties. This misidentification of accommodation type also yielded application of the wrong LHA rate and thus, the wrong subsidy cap split between cells 14/15 and 12/13.
- One case was also underpaid by the Local Authority as a result of incorrectly assessing the rent amount. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

The results from our testing are dealt with below.

Incorrect classification of accommodation

Given the small size of the population and the errors found, we have reviewed all cell 11 cases in full. We agreed cell amendments with the client in order to correct the claim.

Due to the above amendments, we can comfortably conclude that the Non-HRA cells are fairly stated.

Cell 94 Rent Allowance

In line with DWP guidance, where errors have been identified in the prior year then, unless the authority can prove that the error type would not be replicated in the current year, we proceed immediately to 40+ testing irrespective of the outcome of our initial testing. We completed this in respect of prior year errors identified on both Rent Allowance earnings and child care costs cases. We identified the following errors:

Earnings

We identified no errors in our initial sample of cases and 2 failures in our extended 40+ testing on a sub-population of 40 Rent Allowance cases with earnings. Both of these errors resulted in an overpayment of benefits as a result of the incorrect determination of earnings. We extrapolated this error type and reported this within the qualification letter.

Child care costs

We identified no errors in our initial sample of cases and 3 failures in our extended 40+ testing on a sub-population of Rent Allowance cases with Child Care Costs. 2 of these failures resulted in an overpayment of benefits as a result of the incorrect determination of Child Care Costs. We extrapolated this error type and reported this within the qualification letter.

Rent (service charges)

Our initial testing of Rent Allowances also identified an error in respect of rental service charges. Further investigation identified that this error type was isolated to one particular area of housing. A review of claims in the relevant housing area was performed and it was found that 10 out of 14 cases had the same error. The claim was adjusted for these errors.

Cell 225 Modified Schemes

Our testing of modified schemes identified 4 errors out of a small population of 14 cases in total. The claim was adjusted for these errors.

2. 2016-17 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2016-17, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2016 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2016-17	2016-17	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	TBC*	12,450	17,411

We note that the 2015-16 actual fee includes the cost of extra work performed when evaluating the clawback by DWP. As the Council is below both thresholds this year, it is not expected to be repeat work.

* We are in the process of determining the extent of additional work and will liaise with officers in respect of any additional fee.

3. Looking forward

2017/18

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2017/18 is £17,411. This was set by PSAA and is based on final 2015/16 certification fees.

Details of individual indicative fees are available at the following web address:
<https://www.psaa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

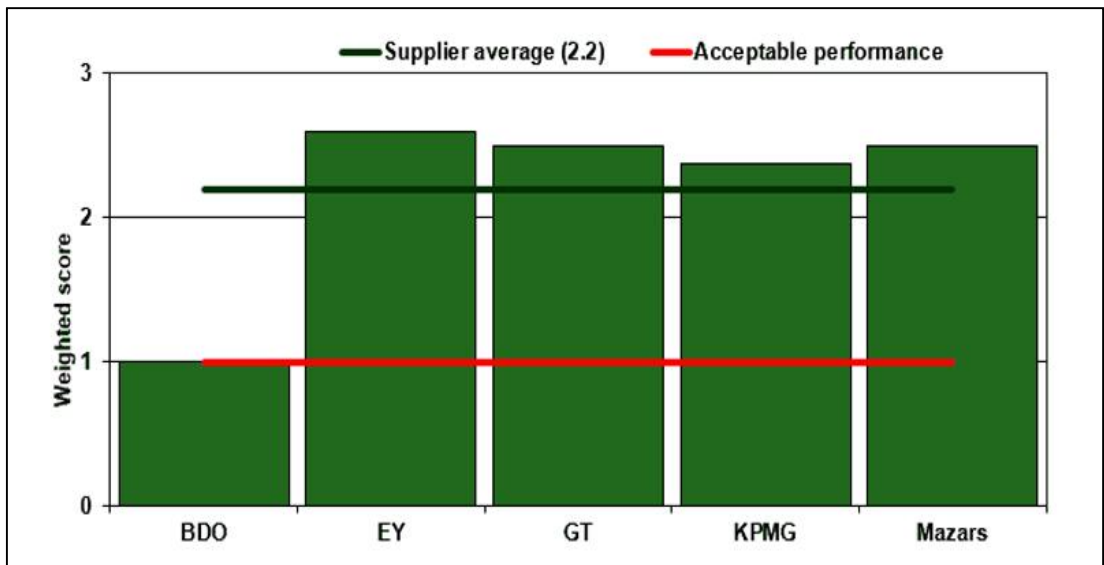
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director of Finance before seeking any such variation.

2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published around January 2018.

We would be pleased to undertake this work for you, and can provide a competitive quotation for this work.

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



As we also expect to be appointed by PSAA in December 2017 as your statutory auditor we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.

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TERMS OF REFERENCE – REVIEW OF AYLESBURY VALE BROADBAND

1 Purpose

- 1.1 To approve the terms of reference for the review of Aylesbury Vale Broadband.

2. Recommendations

- | | |
|-----|---|
| 2.1 | The committee is recommended to approve the attached terms of reference. |
| 2.2 | Receive the draft internal audit report and to consider this at a special meeting, open to all Members, in due course |

3. Supporting Information

- 3.1 The Motion agreed at full Council on 6 December 2017 tasked the Audit Committee with a detailed audit of the governance arrangements over Aylesbury Vale Broadband (AVB) culminating in the decision to sell AVB. It was agreed that the audit of AVB be undertaken by the Council's externalised internal audit team (BDO) as they have experience of the governance of company structures.
- 3.2 This report sets out the proposed scope of work for the review of AVB. The draft scope has been prepared by BDO, AVDC's Head of Internal Audit and the Chairman of the Audit Committee.
- 3.3 Also included is a briefing note setting a legal view on the principles regarding sharing of information.
- 3.4 The attached scope of work, together with the legal briefing note, were agreed by Group Leaders on 8 January 2018.

4. Reasons for Recommendations

- 4.1 To ensure that the review is carried out, in accordance with the Motion agreed at full Council on 6 December 2017.

5. Resource Implications

- 5.1 These are covered in the terms of reference document.

Contact Officer: Kate Mulhearn, Corporate Governance Manager 01296 585724
Background papers: Summary of legal position from Lead Legal and Monitoring Officer
CV for Adam Leeder (BDO) who will lead the review

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Aylesbury Vale Broadband – Internal Audit Draft Terms of Reference

Background

Aylesbury Vale District Council (AVDC) approved the establishment of Aylesbury Vale Broadband (AVB) at Full Council in April 2015. AVB is a limited liability company which is 95% owned by the Council and 5% owned by Ironic Thought. The original purpose of AVB, as set out in the business case, was to *“create a sustainable business charged with supplying, installing and operating a superfast broadband network using mixed technologies.....its primary objective is not for profit but provision of affordable superfast broadband to all”*.

In December 2014, Full Council agreed to commit £1.536 million of New Homes Bonus funding to support the roll-out of superfast broadband across the District. To date AVB is reported to have drawn down £1.250m of this funding through loan agreements. These were approved by Council in April 2015 (£200k for a pilot project in Hogshaw, North Marston and Granborough parishes), £550k (October 2015) and £500k (April 2016). Funding was by a commercial loan, with interest chargeable at 7.5% pa, the first loan repayable by 2022 and the second and third in 2023.

Good corporate governance is key to maintain the reputation of both the company and AVDC, and overall ensure that the company delivers against the reasons it was created and to its business plan. Guidance on the principles to be applied in the governance arrangements of the Council's owned (part or whole) companies is set out in the document “Guidance to creation and working with companies in which AVDC has a financial interest”. This guide was approved by Cabinet in March 2016.

Council scrutinised the investment and progress of AVB through a number of forums:

- Cabinet's sign-off of the original AVB Business Case (March 2015) and revised business plan (September 2016)
- Economy and Business Development Committee (September 2015, March 2016 and September 2016)
- Finance and Services Committee reviewed appointment and remuneration terms of AVB's Managing Director (July 2016)

An internal audit review of the Council's governance arrangements over the investment in AVB was presented to Audit Committee in March 2017 and is publically available. This report noted areas where governance arrangements should be improved and made a series of recommendations. These included but are not limited to:

- Standardisation, consistency and regularity of financial and performance reporting against the approved business plan to enable the Council to more fully assess the risk of its investment in AVB and report to Members
- Clarity on the roles and responsibilities of the Council's existing scrutiny committees in oversight of the Council's commercial ventures
- AVB's concern around the treatment of confidential information
- Greater clarity around recharging costs between the Council and AVB
- Potential for conflicts of interest amongst directors
- Formalisation of arrangements for the draw-down of funds against the Council approved loan facility

The findings were also communicated to the Directors of AVB in a letter (May 2017), along with a proposed set of actions for the consideration of AVB Directors that would support the achievement of the recommendations. A follow up internal audit review was conducted in September 2017. This noted little progress on implementation of the recommendations raised.

The revised AVB business plan was due to be presented to Cabinet for approval in September 2017, but at that time it was reported that the competitive landscape in which AVB was operating had changed. The revised business plan was deferred for the AVB Board to review future direction in light of competition in the market place.

In November 2017, the General Purpose Committee agreed to move forward with an offer for the acquisition of AVDCs interests in AVB. Additional funds were also approved to provide operational finance up to the conclusion of sale and to cover the residual liabilities of AVB in the event of a shortfall between sale price and net liabilities.

The sale of the assets of Aylesbury Vale Broadband to Gigaclear plc completed on 30 December 2017. Gigaclear is the leading provider of full fibre broadband in rural locations and the acquisition will enable Gigaclear to serve the seven villages connected through AVB, as well as expand the ultrafast fibre-to-the-premises network further across Aylesbury Vale.

Purpose

This review is being performed in accordance with the Motion passed at Full Council on 6 December 2017 and will:

- assess the governance arrangements over AVB from the development of the original proposal through to the position culminating in the decision to sell AVB and the conclusion of the sale
- comment on whether these helped the Council secure value for money and deliver the objectives approved by Full Council resulting from its investment in the company
- draw lessons from the Council's governance arrangements for AVB which could be applied to other commercial undertakings

Objectives

This review will assess the adequacy and effectiveness of the following governance arrangements over AVB from the development of the original proposal through to the position culminating in the decision to sell AVB and the conclusion of the sale.

Inception: The Council took appropriate steps to ensure AVB was a sound investment in the run-up to establishing the company

- the original, and subsequent, business cases demonstrate that the Council's investment will deliver value for money and or align with its Strategy
- risks relating to the establishment of the company and the potential for non-delivery against its business plan were fully understood, managed and reported to stakeholders
- the skills and competency of the individuals appointed as directors, initially and subsequently, representatives and business partners were appropriate and directors were aware of their responsibilities

- potential conflicts of interest were identified and managed
- appropriate external advice on the structure of the company or tax legislation was obtained

Governance: As the majority shareholder, the Council had an appropriate level of oversight over the scope and scale of AVB's activities in a way which gave the Council assurance over its investment in AVB but avoided conflicts of interest in the operations of AVB

- a Shareholder Agreement is in place setting out AVB's scope to act independently of the Council and where the Council, as majority shareholder, has a veto over AVB's actions
- the Council's Shareholder Representative was presented with sufficient information at AVB Board Meetings in order to act as a conduit between the Council and the company
- arrangements for accessing and sharing Company information with Directors, Shareholder Representative, Officers, Members and the public were clear, understood and adhered to
- roles and responsibilities were clearly set out, understood and fulfilled for:
 - o AVDC officers
 - o Council Members
 - o Company Directors
- the effectiveness of Council's scrutiny of performance of AVB, including the role of Scrutiny Committees and Cabinet
- the role of the Audit Committee in monitoring the governance and risk management of the investment in AVB
- potential conflicts of interests for all Members, whether Directors of the Company or not, were identified and managed
- procedures were in place to prevent, and if alleged investigate, instances of undue influence being exerted by officers, members, the public or any third party
- the company is operating legally, ethically, in line with the Council's responsibilities and to maintain the reputation of both the company and AVDC

Reporting: The Council received sufficient and regular reporting from AVB to allow it to take a clear view on whether AVB (and therefore the Council's investment) was being well managed, delivering on performance objectives and financial targets according to the business plan, and to ensure transparency to members and the public

- adequate information was provided to members to enable them to effectively scrutinise performance and to support robust consideration of any opportunities or risks, including financial and reputational
- the reporting arrangements for AVB were programmed into the forward plan of relevant committees

Investment: The Council's financial and non-financial input to support AVB were clearly understood and costed

- the terms and purposes of loans made to the company were agreed
- a procedure is in place and adhered to for the drawdown of funds against the loan facility in line with formal agreements

- there was a clear strategy for whether and how the Council will make a return on investment through dividends or repay loans and advances
- there was a process for pricing, monitoring and invoicing for how the company uses Council staff time and Council assets such as IT, property, and equipment

Approach

The review will be undertaken by the Council's internal audit service provider, BDO LLP. BDO have completed similar reviews on behalf of other councils and, as an external organisation, will provide an independent opinion on the Council's governance arrangements over AVB. BDO will adopt the following approach to completing this review:

- Semi-structured interviews with representatives, including but not limited to:
 - o Directors who served throughout the duration of AVB's existence
 - o the Shareholder Representative(s)
 - o the Leader of each political group
 - o Chairs of Scrutiny and Audit Committees
 - o Officers of the Council who provided key support functions to AVB, such as finance, HR, IT, estates and committee services
- Review of documentation, including but not limited to:
 - o Business cases and subsequent business plans
 - o Service level agreements between the Council and AVB (if produced)
 - o Committee terms of reference and relevant council minutes (e.g. where business case was approved or loan facilities were approved, or reports presented to committees providing an update on company progress)
 - o Loan agreements
 - o Evidence of external advice received by the Council on taxation, legal or other matters
 - o Articles of Association and Shareholder Agreement
 - o Risk registers
 - o Declarations of interest
 - o Committee terms of reference
 - o Company procedures and policies (particularly those pertaining to managing conflicts of interest)
 - o Skills audits of Directors; training and support materials provided to Directors
 - o AVB Board minutes and other relevant company performance and financial information, subject to the exclusions below.

Timescales and budget

This review will commence no later than one calendar month from the sale of AVB. The review will report no more than three months after commencement.

It is anticipated the review will take between 15-18 days to complete at an agreed rate of £1,000 per day. This is in addition to the annual Internal Audit budget.

Reporting

The output of this review will be a report to the Council's Audit Committee. The report will be published in full and be publicly available.

Exclusions

This review will be limited to the Council's relationship with AVB. It will not consider the Council's relationship with other companies the Council owns or part-owns. However, it will identify lessons learned that can be applied to other companies.

In order to maintain the boundaries between the Council (as a shareholder) and AVB, this review will not cover the day-to-day operations, decision making and internal processes of AVB. This review will focus on AVDC's governance arrangements over its investment in AVB.

As AVB is a majority council owned company it is clear that prima facie all members of the Council have a "need to know" the financial position of AVB on the basis that public money is being used. However, any information considered confidential and commercially sensitive to AVB (either by its Directors or its Board) is not disclosable. The list of confidential and commercially sensitive information, whilst not exhaustive, will include any Non-Disclosure Agreements; Asset Purchase Agreement and documents still deemed to be confidential to AVB by the Company's directors.

In addition, where this review pertains to the Council's legal obligations, including, but not limited to State Aid compliance and data protection regulations, this review does not constitute legal advice but checks whether the Council has followed an appropriate process before taking a decision.

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Briefing note: Legal view on various points of principle regarding sharing of information

COUNCILLORS RIGHTS OF ACCESS TO INFORMATION

Background:

At common law a member has *prima facie* a right to inspect documents which are addressed to the council of which he/she is a member. This right exists because members are under a duty to keep themselves informed of council business which relates to their role as elected representatives and which they have “a need to know”. If their motive for seeing documents is indirect, improper or ulterior this may be raised as a bar to their entitlement. Councillors are therefore not entitled to a “roving commission” through council documents. The importance of this qualification is apparent with the realisation that council business is conducted through committees of the council. If a councillor is a member of a committee then he/she has a right to inspect documents relating to the business of that committee. If not a member of the specific committee, the councillor has to show cause as to why sight of them is necessary to perform his or her duty (R v Southwold Corp, Ex p. Wrightson (1907); R v Hampstead BC, Ex p. Woodward (1917); R v Barones Borough Council, Ex p. Conlan (1938); R v Clerk to Lancashire Police Committee, Ex p. Hook (1980); R v Birmingham City DC Ex p. O (1983) – In the Birmingham City case the council allowed access to a councillor the documents of the Social Services Committee of which she was not a member and related to a proposed adoption. The conclusion of the Court was that she did “need to know” even though not a member of the committee.

Application of Common Law

The position is that the “need to know” is a simple and straightforward test. Clearly all members on a basic understanding have a “need to know” the financial position of AVB Ltd on the basis that public money has been put into the project. I would not consider such a desire to be an “improper or ulterior” motive.

The above though requires to be balanced against the fact that AVB Ltd is a separate legal entity – albeit wholly owned (95%) by the council. AVB Ltd is entitled to consider certain information as being commercially sensitive and not share that information with the Shareholder (Council).

The issue then is what information is the Shareholder entitled to and what about information shared with the Shareholder Representative and officer directors by the company.

ROLE AND RESPONSIBILITY OF SHAREHOLDER REPRESENTATIVE

There is no description of the Shareholder Representative’s role or responsibilities and there is nothing in law that states what they should be other than the usual common law position of a fiduciary duty.

DUTIES OF DIRECTORS

The Companies Act 2006 replaces the existing duties found in common law rules and equitable principles. There are seven general cumulative obligations:

1. Duty to act within the company’s powers.

i.e. “acting in accordance with the articles of association and only exercise powers specifically conferred”

2. Duty to promote success of the company.

i.e. “acting in good faith, to promote the success of the company having regard to the likely consequences of any decision; the interests of employees; the need to foster business relationships with suppliers and customers; reputation; and the need to act fairly between members of the company”

3. Duty to exercise independent judgement.

4. Duty to exercise reasonable care, skill and diligence.

5. Duty to avoid conflicts of interest.

i.e. “A director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the company.”

6. Duty not to accept benefits from third parties.

7. Duty to declare interest in proposed transaction or arrangement with the company.

The above duties are owed to the company, and only the company is able to enforce them.

The duties are not owed to individual shareholders.

WHAT CAN MEMBERS INSTRUCT OFFICERS TO DO

The respective roles of councillors and officers can be summarised as follows:

“Councillors and officers are servants of the public and they are indispensable to one another. But their responsibilities are distinct. Councillors are responsible to the electorate and officers are responsible to the Council. Their job is to give advice to councillors and to the authority, and to carry out authority’s work under the direction and control of the Council, the Cabinet and relevant committees etc..”

In a situation where an officer is also a director the situation clearly becomes difficult in that the officer has to exercise the above duties in relation to being a director and balance that with requests for information. In many instances the duty to promote the success of the company aligns with what the Council as shareholder requires and in some instances it does not –but that is the exercise of discretion on the part of the director officer.

THE ARTICLES OF ASSOCIATION FOR AVB

AVBs Articles of Association do not entitle the Council automatically to know all the Company’s business or to demand copies of all information which the company receives. However, the Council’s “Officer Director” can provide information to the Council without breaching duty to AVB (Article 20.4.2) – This does assume though that the Board is in receipt of information that is not considered confidential or commercially sensitive.

In addition, the Council and its authorised representative have the right to inspect the books and records of the Company upon reasonable notice.

THE LOAN AGREEMENTS

The Council has the right to request any information relating to the business (Clause 10.1(d)) there is however no complimentary right to access the Company’s premises to take any information and

failure to deliver the information does not constitute an event of default. Consequently , if the Company fails to provide any information when requested under the Loan Agreements , the only remedy is to seek specific performance.

THE SHAREHOLDER AGREEMENT

There is a draft Shareholders Agreement (unsigned) that requires AVB to provide information relating to its business that is reasonably requested by the Council (clause 3.1.5).

WHAT INFORMATION CAN AND CANNOT BE SHARED NOW THAT COMPANY ASSETS HAVE BEEN SOLD

All information in the hands of AVDC whether with an officer director or shareholder representative is potentially disclosable to all members on the “need to know “ basis. That does not extend to information/documents etc that the company considers to be commercially sensitive and particularly includes information contained within the Non-Disclosure Agreement the Asset Purchase Agreement and related Disclosure documents and any other Agreements considered confidential to AVB.

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ADAM LEEDER



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Current role

Adam is a Senior Consultant. He joined BDO's Public Sector Consulting practice in 2014.

Experience

Adam has a range of experience across both the private and public sectors. He specialises in supporting local authorities to explore and deliver commercial opportunities.

Adam began his career working in a policy development and engagement role for a Member of Parliament and Parliamentary Under-Secretary of State. He also holds an MSc in Public Policy and Management and taught public management at the University of London.

Adam serves as a Director of a local authority trading company.

Qualifications

- DSDM Agile - Foundation and Practitioner
- MSc - Public Policy and Management

Example projects

- Currently project managing an assurance review of two of Oxford City Council's local authority trading companies. The review is looking at business planning, reporting, service level agreements between the Council and its companies, and capacity and capability of company boards and staff.

- Produced Outline Business Cases and Options Appraisals for both the London Borough of Harrow and Northamptonshire County Council on the viability of establishing an Arms-Length Trading Company to provide agency staff both to the Council and other local authorities. His work helped one Council make significant savings on an existing contract.
- Income generation reviews: Adam recently project managed two income generation reviews for district councils in East Anglia (Brentwood BC and Maldon DC) which identified c. £800,000 of additional net income using benchmarking, service analysis and five year financial projections - including transition costs. The project included extensive stakeholder engagement;
- Project manager for whole-council income generation review for Norwich City Council which has identified c. £800,000 of potential additional net income.

Client testimonials

"Adam has demonstrated his wealth of knowledge in the income generation area. His approach has been very friendly and approachable, which helped our managers to engage in the meetings and have been very responsive and fed back information to Adam to take the ideas forward." **Ka Ng, Director of Resources, Maldon District Council**

"Adam has authority on his subject matter and an engaging style which encourages participation. He is also very patient and understands the day-to-day workload pressures on local government officers and that is invaluable when getting buy-in for the review internally." **Leona Murraygreen, Business Development Manager, Brentwood Borough Council**

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INTERNAL AUDIT PROGRESS REPORT – JANUARY 2018

1 Purpose

- 1.1 To receive the Internal Audit Progress Report of activity undertaken since March 2017.

2 Recommendations

- 2.1 The committee is recommended to note the progress report including progress on implementing audit actions.

3 Supporting Information

- 3.1 This report provides an update on the progress made against the 2017/18 Internal Audit Plan and includes information on:
- Internal audit reviews completed and in progress
 - Implementation of agreed audit actions (Appendix 4)
- 3.2 The Committee requested that all internal audit reports are presented in full. These are included in Appendix 3.

4. Reasons for Recommendations

- 4.1 Ensuring a proper and effective flow of information to Audit Committee Members enables them to perform their role effectively and is an essential element of the corporate governance arrangements at the Council.

5. Resource Implications

- 5.1 There are no resource implications to report.

Contact Officer:
Kate Mulhearn, Corporate Governance Manager 01296 585724

Background papers: none



Internal Audit Progress Report

January 2018





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1. Activity and progress

The 2017/18 internal audit plan was approved by the Audit Committee in July 2017. A summary of the plan is included in Appendix 2. We monitor progress against the plan during the year and advise the Audit Committee of any changes.

Final reports issued since the previous Committee meeting

<i>Name of review</i>	<i>Risk rating*</i>	<i>Date of final report</i>	<i>No of recommendations made*</i>			
						
			Critical	High	Medium	Low
Council Tax and Business Rates	Medium	10 Jan 18	-	1	-	4

See Appendix 1 for the basis for classifying internal audit findings and reports.

The full reports are attached in Appendix 3 and summarised below:

Council Tax and Business Rates

We reviewed the design of controls and their effectiveness with regards to the billing and collection of council tax and business rates revenue, including the application of discounts, debt recovery and key reconciliations.

On the whole our testing demonstrated that the Council is recording properties correctly in the system, billing accurately, applying discounts and exemptions according to policy, and following up on non-payment. However, there is still a level of risk due to inadequacies in the design and effectiveness of some key controls. The report is classified as Medium risk resulting from one high and four low risk findings summarised as follows:

- Council tax reconciliations between the Northgate revenue system and the Tech One finance system have not been performed since May 2017 and business rates reconciliations have not been performed since July 2017. There is also no regular reconciliation performed between the debt recovery system (Ash) and Tech One. (High)
- There is an estimated £1.5m in irrecoverable council tax debt which is fully provided, but has not been written off, despite previous audit recommendations to review and action. (Low)
- No monthly collection monitoring reports were produced and circulated to senior management between April and October 2017. Reports are now being produced but further work is required to embed the reporting and review processes. (Low)

- Our sample identified one council tax account where a customer had been placed on a closed period council tax reduction scheme in error, when she should have been on an open ended one, resulting in incorrect billing. There are no checks in the Northgate system to prevent other similar errors occurring. (Low)
- The Council is not monitoring temporarily banded properties and properties yet to be valued so that they can inform the VOA when the expected 90 day period expires. (Low)

Whilst we recognise that the restructure over the past year has left the teams with many new staff inexperienced in the Northgate and Finance systems, there are fundamental processes and procedures that are not currently being adhered to which the Council must address.

2017/18 internal audit plan work in progress

As at the date of preparing this report the following reviews are in progress:

<i>Name of review</i>	<i>Update on progress</i>
Building Control	Audit scope being developed, review scheduled Feb 18
Taxi Licensing	Audit scope being developed, review scheduled Feb 18
Housing Benefits	Field work complete, report being prepared

2. Implementation of agreed audit actions

We monitor the implementation of actions and recommendations raised by internal audit reviews to ensure that the control weaknesses identified have been satisfactorily addressed. Actions arising from low risk audit findings are followed up by management and reviewed, but not validated, by internal audit.

A detailed listing of all internal audit actions, together with status update is included in Appendix 4. A full review of these was undertaken in January 2018 by the Finance Steering Group. This included updates on progress and consideration of target completion dates and ownership following restructure and team changes.

At the end of December 2017, a total of 116 discrete audit actions had been identified from reviews occurring during 2015, 2016 and 2017, of which 42 have been completed to date. Of the 74 remaining audit actions, 18 have arisen from “High” risk audit issues, 22 from “Medium” and 34 relate to “Low” risk audit findings.

The Finance Steering Group will maintain ongoing review of completion of actions but only the status and progress against audit actions which have passed their due date will be reported in detail to Audit Committee.

Appendix 1: Internal audit opinion and classification definitions

Individual reviews - Basis of classifications

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification		Points
●	Critical risk	40 points and over
●	High risk	16– 39 points
●	Medium risk	7– 15 points
●	Low risk	6 points or less

Individual findings are considered against a number of criteria and given a risk rating based on the following:

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact [quantify if possible = materiality]; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact [quantify if possible]; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact [quantify if possible]; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance; or • Minor monetary or financial statement impact [quantify if possible]; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2: Internal audit plan and progress tracker

The 2017/18 Annual Internal Audit Plan was approved by members of the Audit Committee in July 2017. Progress and changes are reported below.

Review	Description	Status/Comment	Overall Risk Rating
General Ledger	Assurance over control design and operating effectiveness of key financial processes.	Feb/Mar	
Debtors		Feb/Mar	
Creditors		Feb/Mar	
Payroll		Feb/Mar	
ITGC for TechOne	Review T1 application controls to ensure the data is complete, accurate and valid.		
Budget Management	Deferred for consideration in 2018/19, with focus on completion of previous audit actions during current year.		-
Governance & Risk Management	Review of compliance with CIPFA framework.		
Housing Benefits		In progress	
Council Tax & Business Rates		Complete	Medium
Planning & Planning Enforcement	Processes for applications/appeals, data validation and enforcement.	Complete	Medium
Building Control	Include fire safety checks.	Feb 2018	
Licensing	Focus on taxi licensing and safeguarding controls.	Feb 2018	
Commercial AVDC Programme Assurance	Focus on structures and processes to monitor and report savings & income commitments.	Complete	Advisory
Aylesbury Vale Estates	Assess governance arrangements for the Council's wholly or partly owned companies.	Defer to 2018/19 post AVB (Jan18) review	
Vale Commerce		No longer relevant	
Aylesbury Vale Broadband (follow up)		Complete	Advisory
Follow up audit actions	Validation that agreed internal audit actions have been implemented.	Ongoing	
Disabled Facilities Grant	Grant compliance requirements	Complete	N/A

Appendix 3: Internal audit reports

The Committee requested to see all internal audit reports in full. Those completed since the last meeting are attached below.

1. Council Tax & Business Rates

Appendix 4: Summary of internal audit actions

In-Progress and Completed internal audit actions are set out in the tables below.

A full review of internal audit actions was undertaken in January 2018 by the Finance Steering Group. This included updates on progress and consideration of target completion dates and ownership following restructure and team changes.

At the end of December 2017, a total of 116 discrete audit actions had been identified from reviews occurring during 2015, 2016 and 2017, of which 42 have been completed to date. Of the 74 remaining audit actions, 18 have arisen from “High” risk audit findings, 22 from “Medium” and 34 relate to “Low” risk audit issues.



Internal Audit Report 2017/18

Council Tax and Business Rates

January 2018



Contents

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Distribution List

For action	Hazel Hutt, Group Manager Noora Hassan, Principle Revenues & Benefits Officer Emily Fymruk, Customer Relationship Team Manager Gary Wright, Rating and Recovery Manager Debbie White, Customer Relationship Business Advisor Amanda Williams, Finance and Payroll Manager
For information	Jeff Membery, Assistant Director - Customer Fulfilment Andrew Small, Director Audit Committee

1. Executive summary

Report classification*	Total number of findings				
	Critical	High	Medium	Low	
Medium Risk (14 points)	Control design	-	-	-	4
	Operating effectiveness	-	1	-	-
	Total	-	1	-	4

*We only report by exception, which means that we only raise a finding / recommendation when we identify a potential weakness in the design or operating effectiveness of control that could put the objectives of the service at risk. The definition of finding ratings is set out in Appendix 1.

Summary of findings

This report is classified as Medium risk. We identified one high and four low risk findings.

During our review we tested a sample of ten council tax and ten business rates accounts and, on the whole, these demonstrated that the Council is recording properties correctly in the system, billing accurately, applying discounts and exemptions according to policy, and following up on non-payment effectively.

However, there is still a level of risk due to inadequacies in the design and effectiveness of some key controls. There has been a lack of reconciliation between the revenue and finance system and no escalation process to alert senior management when this key process is not operating effectively. Improvements are also needed in the monitoring of council tax and business rates performance by senior management via regular reporting.

Whilst we recognise that the restructure over the past year has left the teams with many new staff inexperienced in the Northgate and Finance systems, there are fundamental processes and procedures that are not currently being adhered to which the Council must address.

Summary of findings

- Council tax reconciliations between the Northgate revenue system and the Tech One finance system have not been performed since May 2017 and business rates reconciliations have not been performed since July 2017. There is also no regular reconciliation performed between the debt recovery system (Ash) and Tech One. (Finding 1 – High)
- There is an estimated £1.5m in irrecoverable council tax debt which is fully provided, but has not been written off, despite previous audit recommendations to review and action. (Finding 2 – Low)
- No monthly collection monitoring reports were produced and circulated to senior management between April and October 2017 (Finding 3 – Low)
- Our sample identified one council tax account where a customer had been placed on a closed period council tax reduction scheme in error, when she should have been on an open ended one, resulting in incorrect billing. There are no checks in the Northgate system to prevent other similar errors occurring (Finding 4 – Low)
- The Council is not monitoring temporarily banded properties and properties yet to be valued so that they can inform the VOA when the expected 90 day period expires (Finding 5 – Low).

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Good practice noted

- The Council accurately identifies and records properties in the Northgate system based on VOA valuations and properties are accurately banded.
- Through our sample of 10 council tax transactions we gained substantial assurance that council tax bills are calculated according to the correct banding of properties and where necessary the bills are time-apportioned correctly. Discounts and exemptions are largely applied correctly, with the sole exception being the one account detailed in Finding 4.
- Through our sample of 10 business rates transactions we gained substantial assurance that the rateable value of businesses and the multipliers used to calculate bills are correct. Discounts and exemptions are correctly applied. There were no exceptions in our testing.
- Our sample testing revealed that the recovery process for both council tax and business rates work effectively in practice. Billing is timely. Reminders and final notices are sent to customers on a timely basis when required. Reminders are escalated to final notices and once customers receive a summons the staff effectively monitor and progress the recovery process, evidenced in the Ash system.
- The Council has progressed two of the recommendations made during the previous audit, having now produced a draft Corporate Debt Policy, and is actively monitoring diary dates in the Northgate system to ensure that information and evidence around discounts are followed up by officers.

Management comments

We agree with the findings and actions set out in this report.

Training will be given to staff in the Transactional Finance Team by the end of February 2018 to avoid the current single point of failure that the reconciliations are only able to be performed by one person. The seven month reconciliation of council tax and the five month reconciliation of business rates will be completed by the 28th February 2018.

A new process will be introduced to enable the team to track empty and new properties and be able to monitor the 90 day VOA deadline and to follow up if this timeline lapses. The process will proactively target new homeowners to commence temporary banding to reduce risk of accumulating a Council Tax debt.

2. Background and Scope

Background

In 2016/17 the Council collected council tax of £111.37m and business rates of £52m. The revenue system, Northgate, is used to record and monitor council tax and business rates customer accounts.

The purpose of this audit is to assess and review the design of controls and their effectiveness with regards to the billing and collection of council tax and business rates revenue, including controls around the application of discounts, debt recovery and reconciliations to the finance system (Tech One).

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Scope

The scope covered the key risks set out in the Terms of Reference (see Appendix 2). Our testing included:

- A sample of 10 council tax transactions to check that: properties were correctly banded per the VOA valuation; billing was accurate and time-apportioned where necessary; exemptions and discounts were correctly and accurately applied; payments are accurate and timely and correspondence to customers who missed payments was timely and robust.
- A sample of 10 business rates transactions to check that: properties were recorded in the system with the correct rateable values; that the correct multiplier had been used in the calculation of the billing; that any discounts were applied correctly and accurately
- Review of the Council Tax Reduction Scheme Policy

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Reconciliations between the revenues system, finance system and debt recovery system are not performed regularly and there is no escalation process – Operating Effectiveness

Finding

The reconciliation of council tax and business rates in the revenue system (Northgate) and the financial system (Tech One) is a key control that ensures the integrity of the general ledger and customer accounts.

We obtained the monthly reconciliations performed this financial year between Northgate and Tech One. These comprised of only:

- Council tax - April and May 2017
- Business rates - April, May, June and July 2017

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In May 2016 we reported that monthly reconciliations had not been performed consistently during the financial year 2015/16. In the 2016/17 financial year there was some improvement and monthly reconciliations had been performed, albeit late for some months. This year the issue has arisen again and monthly reconciliations are not being performed on a regular basis.

Where the reconciliations are performed by the Senior Finance and Reconciliations Officer, they are not reviewed or signed off by any other staff. There is no escalation process to alert senior management when the reconciliations are not performed and during our review it became apparent that management were unaware that the reconciliations were not being performed.

There is also no reconciliation performed between the debt recovery system (Ash) and Tech One.

The Transaction Finance Team now has a new manager and it is recognised that a lack of capacity within the team has contributed to this issue during the current year. An additional team member has been identified to provide resilience and they will receive training early in 2018.

There is a critical need to embed robust controls and resilience in the process to ensure this issue is satisfactorily addressed.

Risks / Implications

Lack of accuracy and completeness of the financial information relating to council tax and business rates revenues and liabilities.
Information held on customer balances for council tax and business rates may be inaccurate.
The lack of regular reconciliation throughout the year creates significant resource burden at year end.

Finding rating

Action Plan

High
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- a) Clear backlog of council tax and business rates reconciliations to 31 December 2017
- b) Monthly reconciliations to take place between Northgate and Tech One. These must be reviewed and signed off by senior management. Implement an escalation process to alert Strategic Finance Manger when the reconciliations are not performed.
- c) Proceed with the training of the identified staff member and expand this training to other team members.
- d) Agree a frequency of reconciliation (no more than 6 months apart) between Ash and Tech One and perform the reconciliations accordingly. These must be reviewed and signed off by senior management.

Responsible person / title

- a, b, c) Amanda Williams, Finance and Payroll Manager
- d) Gary Wright, Rating and Recovery Manager

Target date

- a) 31 January 2018
- b,c,d) 28 February 2018

2. Debt write offs – Control Design

Finding		
<p>There is an estimated £1.5m in irrecoverable council tax debt which is fully provided, but has not been written off, despite previous audit recommendations to review and action. It is understood that this debt has been held on the system to allow for instances when a resident becomes traceable and/or makes adhoc payments. But, there has been no standardised approach or guidance on the treatment of this debt.</p> <p>Progress has been made on producing a Corporate Debt Policy which formalises the Council’s approach to debt recovery and write-offs, listing a number of circumstances in which balances may be written off. This policy is due to be finalised early in 2018. Once in place, the balance should be reviewed and written off appropriately.</p>		
Risks / Implications		
<p>Money owed to the Council may not be recovered leading to financial loss for the Council.</p>		
Finding rating	Action Plan	
55 Low	Review Council Tax and Business rates arrears and write off appropriately, in line with the approved Corporate Debt Policy (2018).	<i>Responsible person / title</i>
		Gary Wright, Rating and Recovery Manager
		<i>Target date</i>
		31 March 2018

3. Reporting of council tax and business rate activity – Control Design

<i>Finding</i>		
<p>Council tax and business rates activity should be monitored and reported to senior management and Members. This enables sufficient scrutiny which supports decision making.</p> <p>We found that monthly collection monitoring reports for council tax and business rates that detail the balances outstanding and the percentages collected against a monthly profiled target had not been produced between April and October 2017.</p> <p>In November 2017, the Rating and Recovery Manager produced a new report which in addition to collection rates also incorporates a recommendation in our previous audit report around reporting prior year arrears. This will be reviewed by the Assistant Director, Customer Fulfilment. Further work is needed to ensure detailed performance measures are monitored at the operational level and key indicators are regularly reported to senior management for oversight and Members for scrutiny (in consultation with Strategic Finance Manager around wider financial performance reporting).</p>		
<i>Risks / Implications</i>		
Collection and recovery targets may not be achieved resulting in revenue loss.		
<i>Finding rating</i>	<i>Action Plan</i>	
Low	Embed the process to produce monthly performance reports including collections and recovery performance for current and prior year arrears, ensure these are reviewed by senior management and key metrics are captured for Members.	
	<i>Responsible person / title</i>	
	Gary Wright – Rating and Recovery Manager & Hazel Hutt – Group Manager	
<i>Target date</i>		
28 February 2018		

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4. No checks on closed period and open period council tax reductions in Northgate – Control Design

Finding		
<p>During our sample testing of ten council tax cases we found one where the customer’s council tax reduction had been set on a closed period basis in Northgate and had therefore ended after the 26 week rolling review date. It should have been set up on an open period basis and therefore the bills post the end of the closed period did not reflect the reduction to which the customer was entitled. In this instance, the customer had deflated on payments and had been issued with reminders, so there was no net effect on the customer. There is however, a lack of process to identify when this error occurs.</p>		
Risks / Implications		
<p>Incorrect reductions may be given to customers; this could result in appeals or loss of revenue.</p>		
Finding rating	Action Plan	
<p>Page 57</p>	<p>Set up a check in the Northgate system than will allow all closed period and open ended settings on customer accounts to be verified on a quarterly basis. This could be done by printing a list from the system and checking it to the details and evidence in the customer accounts.</p>	<i>Responsible person / title</i>
		<p>Jaq Stevens – Systems Admin</p>
		<i>Target date</i>
		<p>31 March 2018</p>

5. There is no monitoring of properties with provisional or no bandings – Control Design

<i>Finding</i>		
<p>The council has 126 properties with provisional bandings and 231 with no bandings. In the last 2 years internal audit reports, recommendation was made to actively monitor properties with a temporary or no valuation, and to formally notify the VOA if when properties are not banded within a reasonable timeframe. The council has not made any progress in this regard.</p>		
<i>Risks / Implications</i>		
<p>Revenue from un-banded properties may not be collected, or billed inaccurately for properties with provisional bandings.</p>		
<i>Pending rating</i>	<i>Action Plan</i>	<i>Responsible person / title</i>
<p>Page 58 Low</p>	<p>A list of all provisional properties should be maintained and monitored. If the property has not been valued by the VOA after three months the VOA should be informed. A list of properties with no valuation should be kept and the VOA should be informed of these properties after a period of three months.</p>	<p>Lynda Tomlins – Assistant Team Manager - Customer Relationship</p>
		<i>Target date</i>
		<p>28 February 2018</p>

Appendix 1. Finding ratings and basis of classification

Report classifications

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

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Overall report classification		Points
●	Critical risk	40 points and over
●	High risk	16– 39 points
●	Medium risk	7– 15 points
●	Low risk	6 points or less

Individual finding ratings

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact [quantify if possible = materiality]; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact [quantify if possible]; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact [quantify if possible]; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation’s operational performance; or • Minor monetary or financial statement impact [quantify if possible]; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2. Terms of Reference

The key risks agreed in the Terms of Reference are set out below. Each finding in the report is linked to a key risk from the Terms of Reference.

Sub-process	Risks	Objectives
Billing and Valuation	Inaccurate billing and valuations of properties	<ul style="list-style-type: none"> Properties are identified and recorded on Council databases accurately. This information should reconcile to the Valuation Office Direction
Account Coding	Inaccurate banding of properties	<ul style="list-style-type: none"> Property bands are correct and agree to the property type/value expected System and procedures allow correct identification and recording of bill payer
Billing	Inaccurate and untimely billing	<ul style="list-style-type: none"> All bills raised agree to the banding for the property and is correctly adjusted if necessary
Discounts	Inaccurate application of discounts	<ul style="list-style-type: none"> Approved policies for discounts are in place and any discounts agree to the approved policies Appropriate evidence is obtained before applying discounts. Periodic/proactive follow is undertaken to ensure discounts are still valid
Reconciliations	Inaccurate/incomplete financial data	<ul style="list-style-type: none"> Reconciliations between the Revenues system (Northgate) and the Financials system (Tech1) are performed and reviewed on a regular basis to ensure data is accurate and complete
Income Collection	Ineffective action against non-tax payers	<ul style="list-style-type: none"> Recovery procedures are in place to maximise income collection through effective and prompt action Ensure arrangements with customers made are in line with expected procedures/policy Write-off procedures are in place and operating effectively
Governance	Insufficient Reporting of council tax and business rate activity	<ul style="list-style-type: none"> Monitor and report activity to the right management and Committee with sufficient information for scrutiny to support decision making
Follow up of prior year agreed actions		<ul style="list-style-type: none"> Prior year internal audit agreed actions have been implemented

Appendix 3. Follow-up of Previous Recommendations

#	Finding (risk)	Agreed Action	Target Date	Action Taken	Complete
1	Evidence and follow up of discounts (Medium)	a) Ensure that appropriate evidence is obtained before applying discounts. Procedures should include guidance on what type of evidence to obtain, sample checks and the need for follow up when circumstances are expected to change.	July 2017	a) The Council Tax Reduction Policy states the types of evidence required	Yes
		b) Northgate has a feature that enables an event date to be set. This should be utilised to prompt the Council Tax team to follow-up on accounts to ensure that discounts are still applicable.		b) Systems Admin produces regular reports on diary date follow ups which is circulated so that officers and their manager can monitor any follow-up dates	
2	Reporting does not capture prior year arrears	a) Prior year arrears need to be reported and tracked by status in the monthly report with appropriate action taken when all avenues for debt recovery have been exhausted. b) Write off procedures should be produced and approved for future use.	July 2017	a) The Ratings and Recovery Manager has produced a new style report as of November 2017 which details prior year arrears. This now needs to be embedded into ongoing monitoring processes. b) A draft Corporate Debt Policy has been produced and is expected to be finalised early in 2018.	In progress a) See 3 b) See 2
3	No active monitoring of Valuation Office properties in temporary or no valuation status	A process should be developed to enable both council tax and business rates teams to actively monitor the properties that have a “temporary” or “no valuation” status. Any properties that are not valued in the usual timeframe should be formally notified to the VOA.	July 2017	This has not been addressed.	No See 5

In-progress Actions (Jan 18)

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
Accounts Payable	Rec 2 a)	The current year-end Purchase Order and commitment review process should occur on at least a quarterly basis.	30/06/2017	28/02/2018		Business Support & Enablement	(3) Low	IN PROGRESS	2017	Amanda Williams	UPDATE - This action has been picked up as part of the financial process review.
Accounts Payable	Rec 2 b)	Multi year contract expenditure should be appropriately recorded and phased over the life of the contract to enable future financial commitments to be assessed.	30/06/2017	28/02/2018		Business Support & Enablement	(3) Low	IN PROGRESS	2017	Amanda Williams	UPDATE 20/12/18 Need to link in with Contracts team and procure to pay process
Accounts Payable	Rec 3 a)	Expand the key performance indicators and assess the performance of these monthly. This will be considered as part of the "In-phase" business intelligence project.	31/07/2017	28/02/2018		Business Support & Enablement	(3) Low	IN PROGRESS	2017	Amanda Williams	UPDATE 2011/12/18 Marie MG + AW leading on this. Work has started to identify KPIs and understand system and reporting functionality.
Accounts Payable	Rec 3 b)	The performance should be reported to the Strategic Finance Manager to ensure they have oversight of trends and performance. The Income Manager should continue to take action on poor performing indicators.	31/07/2017	28/02/2018		Business Support & Enablement	(3) Low	IN PROGRESS	2017	Amanda Williams	UPDATE 20/12/18 Linked to 3a.
Accounts Receivable	1a	For all income streams, develop reports and KPIs, including aged debt reports, to effectively monitor and manage debt at the corporate and budget holder level.	30/09/2017	28/02/2018		Business Support & Enablement	(1) High	In Progress	2017	Marie Morgan Geary	UPDATE 20/12/17 - ON TARGET Reports and KPI's being developed. Aged debt report completed Training for budget holders to be developed and rolled out New completion dates agreed
Accounts Receivable	1b	Identify good practice (external networks eg HB Overpayments) and benchmark debt management	30/09/2017	28/02/2018		Business Support & Enablement	(1) High	In Progress	2017	Gary Wright	UPDATE 20/12/17 - ON TARGET Rating & Recovery Manager is linked in with HB networks Benchmarking in progress
Accounts Receivable	2	Complete work to correct T1/Northgate interface for Housing Benefit Overpayment debt. Review, reconcile and clear mismatched payments and credits to each HB customer account. Establish ongoing control processes to check and maintain accuracy of the interface going forward, avoiding manual input where possible.	30/09/2017	31/03/2018		Business Support & Enablement	(1) High	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - N'gate & T1 system fix has been commissioned. Controls established and training complete to address ongoing issues. Work on reconciling backlog is progressing
Accounts Receivable	3a	Develop corporate policy for debt management and recovery and write off.	30/09/2017	31/03/2018		Business Support & Enablement	(1) High	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - Draft debt policy circulated Jan18. This will also include "payment policy". Finance Steering Group will review end Jan18.
Accounts Receivable	3b	Debt management procedure notes are required for all income streams, including raising invoices, chasing payment, writing off, timeframes, escalation and recovery mechanisms	30/09/2017	31/12/2018		Business Support & Enablement	(1) High	In Progress	2017	Gary Wright & Amanda Williams	UPDATE 20/12/17 Linked to Debt Strategy, workflow etc. Debt Strategy due to board in early Jan.
Accounts Receivable	4	Commercial Waste should be invoiced monthly in advance rather than quarterly in arrears. This is to be integrated into the wider "Waste Transformation" programme.	30/09/2017	01/04/2018		Business Support & Enablement	(1) High	In Progress	2017	Isabel Edgar-Briancon	UPDATE 20/12/17 - ON TARGET Waste programme work stream being led by H.Allmand Linked to Pay policy (NDonnelly) Plan to move all customers to pay monthly by 1st April 2018
Accounts Receivable	6	Attach confirmation emails showing the approval of credit notes to T1 to ensure there is a complete audit trail.	30/09/2017	31/03/2018		Business Support & Enablement	(3) Low	Not Started	2017	Amanda Williams	UPDATE 9/1/18. Action to be reviewed with financial process project. Need to define valid reasons for credit note vs write off and include KPIs on credit notes. Define process for credit notes in the in Debt Policy.
Budget Monitoring	Rec 1	<ul style="list-style-type: none"> In the Quarterly Digest, each portfolio area should be expanded to include an overall summary of the financial position in that area. As part of the ongoing Business Intelligence project, plans should be developed to move towards integrated reporting, for example: <ul style="list-style-type: none"> The extension of non-financial information to support the Quarterly Digest The incorporation of corporate key performance indicators The incorporation of corporate / portfolio risks. Quarterly Digest must be issued within 6 weeks of the quarter ending and promptly be issued to Members for scrutiny. Ideally Members scrutiny occurs within 8 weeks of the quarter ending. 	31/07/2017	30/11/2017	30/06/2018	Commercial & Business Strategy	(2) Medium	In Progress	2017	Nuala Donnelly	UPDATE 9/1/18 - on 5 Feb discussion paper will be presented at Finance & Services Scrutiny Committee outlining proposals and inviting member input on future finance reporting requirements. Winder project to review Financial reporting requirements across the organisation underway with a move towards full monthly management accounts. Through the Business Intelligence function, a high level corporate dashboard has been produced and Sector level dashboard is being piloted in Customer Fulfilment, which is planned to be in place by the end of December. Work is in progress to develop reporting against "Connected Vision" and this will sit alongside the MTFP from 1 April 2018.
Budget Monitoring	Rec 2 d)	Every quarter Finance should consider any budget management practices identified from their discussions with Senior Managers. Finance should capture both good and poor practices and select a method to disseminate this information.	31/07/2017	28/02/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Nuala Donnelly	As part of review of financial reporting processes a regular meeting with Fin Director and Strategic Finance Manager will report back on emerging financial issues, training needs etc.

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
Budget Monitoring	Rec 3 a)	• The Tech1 system can be configured to allow each budget area to set individual thresholds for their RAG system. Finance should amend the budget monitoring RAG thresholds ahead of the financial year to ensure more appropriate variance trigger levels are set, in line with the financial risk appetite. These should only be varied by agreement of both Finance and the budget holder	31/03/2017	28/02/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - as part of financial reporting project this will be reviewed to ensure issues are escalated appropriately and timely. Tech1 will then be updated as needed.
Budget Monitoring	Rec 3 b)	• The budget monitoring report should be amended to display the prior year(s) outturn position.	31/03/2017	28/02/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - as part of financial reporting project this will be reviewed
Budget Monitoring	Re 4 a)	• The roll out of E-learning should be completed. Non completion should be followed up and appropriately linked to performance management. Targets should be set of 100% compliance for both 'introduction to Finance' and 'Finance for Mangers'.	30/06/2017	28/02/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Nuala Donnelly	UDPATE 9/1/18 - Strategic Finance Manager is reviewing finance training needs and will develop appropriate training plan.
Budget Monitoring	Rec 4 b)	• The Finance Team should establish an annual process whereby they survey Senior Managers to request their feedback on the budget monitoring process and the adequacy of support/training they receive. Subsequently an action plan should be devised with appropriate steps taken to complete these.	30/06/2017	28/02/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Nuala Donnelly	UDPATE 9/1/18 - Strategic Finance Manager is reviewing finance training needs and will develop appropriate training plan.
Commercial Property and Service Charges	Rec 1 a)	A full review of all service charges is required. Service charges relating to current/future tenants premises must be justified and proportions set and agreed. These must be agreed by an independent surveyors report for larger sites	31/01/2018			Commercial Property	(1) High	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 1 b)	Where proportions are agreed, the Council needs to retain the methodology as to how it was determined and this should be reviewed annually	31/01/2018			Commercial Property	(1) High	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 1 c)	Service charges which may be identified as being passed inappropriately need to be reviewed and assessed to determine how any potential past over charging and future adjustments are communicated to tenants and dealt with.	31/01/2018			Commercial Property	(1) High	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 1 d)	Determine whether an 'admin fee' should be applied. If so, this should be a fixed fee (not %) and an analysis of how the fixed fee has been calculated should be documented i.e. a breakdown of direct costs or evidence for how proportions of staff time are clearly linked to administration activities.	31/01/2018			Commercial Property	(1) High	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 2	There needs to be a separate ledger code created for each property where service charges are applied. There should be sub-codes beneath this which sets out each type of service charge for each property	28/02/2018			Commercial Property	(2) Medium	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 3 a)	Identify all rights contained in the lease, such as car parking spaces to tenants, and record centrally	31/01/2018			Commercial Property	(3) Low	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 3 b)	These should then be reviewed on an at least annual basis to assess if allocations are reasonable	31/01/2018			Commercial Property	(3) Low	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 3 c)	Establish a monitoring system for these services to ensure that allocated spaces provided are correct or escalate any levels which are exceeded to the Assistant Director for review	31/01/2018			Commercial Property	(3) Low	Not Started	2017	Teresa Lane	
Commercial Property and Service Charges	Rec 4	Before the end of every financial year, a review of transactions allocated should be undertaken against the allowable/non-allowable costs in each lease. Any changes should then be reflected in any final charges for the year	31/03/2018			Commercial Property	(3) Low	Not Started	2017	Teresa Lane	
Contract Management	Rec 3 d)	Undertake a self-assessment of Commercial Property contract management arrangements at least annually to ensure that the current capacity, processes and controls are sufficient to hold providers to account – see appendix 3.	31/03/2018			Commercial Property	(2) Medium	Not Started	2017	Paul Marston-Weston	

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
Council Tax and Business Rates	Rec 1 a)	Ensure that appropriate evidence is obtained before applying discounts, Procedures should include guidance on what type of evidence to obtain, sample checks and the need for follow up when circumstances are expected to change.	31/07/2017	28/02/2018		Customer Fulfilment	(2) Medium	In Progress	2017	Emily Fymruk	Application forms for all our discounts and exemptions have been put on our website, customers are directed to use these and the appropriate evidence is requested. A timetable for review of the various discounts and exemptions, the Single Persons Discount is flagged up by the NFI data expect the match to take place very soon. This will be followed up and status reported as part of the 2017/18 internal audit review.
Council Tax and Business Rates	Rec 1 b)	Northgate has a feature that enables an event date to be set. This should be utilised to prompt the Council Tax team to follow up on accounts to ensure that discounts are still applicable.	31/07/2017	28/02/2018		Customer Fulfilment	(2) Medium	In Progress	2017	Emily Fymruk	
Council Tax and Business Rates	Rec 2 a)	Prior year arrears need to be reported and tracked by status in the monthly report with appropriate action taken when all avenues for debt recovery have been exhausted.	31/07/2017	28/02/2018		Business Support & Enablement	(3) Low	In Progress	2017	Gary Wright	Gill Nord has restarted collection stats on a monthly basis and this includes a breakdown on arrears for each year. We have been given approval to write off old debtors and a format has been agreed. At the moment we do not have the resources to go through all the old debts but it is planned once we are fully staffed. This will be followed up and status reported as part of the 2017/18 internal audit review.
Council Tax and Business Rates	Rec 2 b)	Write off procedures should be produced and approved for future use.	31/07/2017	28/02/2018		Business Support & Enablement	(3) Low	In Progress	2017	Gary Wright	As part of the "Debt Project", a policy is being drafted (due end Dec) which will include write off procedures for CT and Business Rates debts. This will be followed up and status reported as part of the 2017/18 internal audit review.
Disabled Facilities Grant	Rec 1 a)	The Council strengthen their MoU to state that quarterly on-site visits will be made to VAHT where at least 7% of Disabled Facility Grant cases will be checked back to source evidence and documented on the Council systems	01/12/2017			Customer Fulfilment	(2) Medium	Not Started	2017	Lindsey Vallis	
Disabled Facilities Grant	Rec 1 b)	The Council to pursue case 17/00112/VAHT to obtain evidence of the OT referral	31/12/2017			Customer Fulfilment	(2) Medium	Not Started	2017	Lindsey Vallis	
Fixed Assets	Rec 1	Finance Manager should contact the IT Manager and Fleet Manager in February each year to request: <ul style="list-style-type: none"> A comprehensive listing of all capital assets they hold The location of the assets The unique identifier of the asset The current cost estimate of the asset The useful economic life of the asset <p>The Finance Manager should ensure the details are received by 31 March each year. Any necessary updates to LogoTech along with the relevant accounting changes should be made.</p> <p>Ongoing, regular reconciliation should be undertaken to ensure that system errors are identified and corrected. Management should determine the frequency but of there is significant movements, this could be quarterly.</p>	30/04/2017	31/03/2018		Commercial & Business Strategy	(2) Medium	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - ON TARGET SFM has engaged with property & IT to prepare for year end process.
Fixed Assets	Rec 2	When the fixed asset register is updated annually in April the following steps should be taken: <ul style="list-style-type: none"> Sample checks should be conducted to verify the correct calculation of depreciation in line with the Council's Accounting Policy A review of the draft fixed asset register should be performed by the Finance Manager to identify any anomalies such as those identified as part of this review and these should then be investigated and corrected The above tasks should be recorded on a template to identify that one member of the Finance Team conducted the sample checks and another member of the Finance Team (i.e. the Finance Manager) reviewed these checks. The template should be signed and dated by the two separate members of the Finance Team. 	30/04/2017	31/03/2018		Commercial & Business Strategy	(2) Medium	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - ON TARGET for year end process.

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
Fixed Assets	Rec 3	Responsibility for updating the fixed asset register should be assigned to another member staff in the Finance Team, and the Finance Manager should be supervising and monitoring the activities undertaken. This will be addressed as part of the finance review and Commercial AVDC restructure.	30/06/2017	31/03/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	
Fixed Assets	Rec 4	For year end 2016/17, the Finance Manager should contact the system provider and raise all system errors so that they can be fixed i.e. the concerns regarding Summary Report, how to generate reports in excel documents or other findings as part of this report which changes in system functionality could support. It is anticipated that the system will be replaced during 2017/18 and concerns raised here will be addressed as part of the replacement system implementation.	31/01/2017	31/03/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Nuala Donnelly	UPDATE 9/1/18 - ON TARGET system has not been replaced. Existing system providers Logotech, are providing training to ensure in place for year end.
Fixed Assets	Rec 5	Commercial Property should provide input into the assets to be revalued by the external valuer each year. External valuer reports should be addressed to the Section 151 Officer and authorisation of the conclusions in the report should be made either by email or counter signing the external valuer's report.	31/05/2017	31/03/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	
Fixed Assets	Rec 6	As part of the implementation of the new asset register, a cleansing process will be undertaken to remove assets no longer in use. For those maintained on the register, a process will be developed to ensure evidence is held to verify the cost of assets and this will be easy to locate.	30/09/2017	31/03/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	
General Ledger	Rec 1 a)	For all systems that interface with Tech1, the process needs to be mapped and document whether a reconciliation is required & frequency. Issue a standard reconciliation document to each area where a reconciliation is required (see appendix 3).	31/05/2017	31/10/2017	31/03/2018	Commercial & Business Strategy	(2) Medium	In Progress	2017	Nuala Donnelly	UPDATE 9/1/18 - Systems & reconciliations have been documented along with ownership and required frequency. Process now needs to be embedded with oversight of SFM
General Ledger	Rec 1 b)	Establish a central record setting out expected frequency for each reconciliation and a record of when all reconciliations took place - this will provide Strategic Finance with oversight and monitoring control. This should also note the balance of any unreconciled items along with an explanation.	31/05/2017	31/10/2017	31/03/2018	Commercial & Business Strategy	(2) Medium	In Progress	2017	Nuala Donnelly	UPDATE 9/1/18 - Systems & reconciliations have been documented along with ownership and required frequency. Process now needs to be embedded with oversight of SFM
General Ledger	Rec 2	iWorld reconciliations a) Reconciliations must occur on a monthly basis b) Reconciliations not occurring on a monthly basis and significant unreconciled balances must be escalated to the Strategic Finance Manager.	31/05/2017	31/10/2017	31/03/2018	Commercial & Business Strategy	(2) Medium	In Progress	2017	Nuala Donnelly	Historic Business rates, Council tax, Penalty charge notices have been reconciled. Significant progress has been made on reconciling HB overpayment but this is continuing (Having identified issues with the T1/Northgate interface). This is reported in the more recent report on "Accounts Receivable". This will be followed up and status reported as part of the 2017/18 internal audit review.
General Ledger	Rec 3 b)	T1 suppliers who require access to the system must request permission from the system administrator and their account must be locked immediately after use. The access should only be granted for a specific time limit i.e. 12 hours.	30/04/2017	31/12/2017		Commercial & Business Strategy	(2) Medium	Not Started	2017	Nuala Donnelly	
General Ledger	Rec 3 c)	Tech1 User Access A review of users access rights should be undertaken for all Tech1 users on conclusion of the Council's restructure and thereafter at least annually.	31/07/2017	31/12/2017	TBA	Commercial & Business Strategy	(2) Medium	In Progress	2017	Nuala Donnelly	Review of user access rights is ongoing, reflecting changes arising from the Council's restructure process.

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
General Ledger	Rec 4	Finance should run the following reports and document a quarterly review as follows: <ul style="list-style-type: none"> • Journals – A report listing all journals in the quarter should be run. The Finance Team should determine the criteria for filtering the report to identify those journal types/values most at risk and then document their assessment over whether the identified journals are reasonable • Chart of Accounts – A report listing all changes to the chart of accounts in the quarter should be run. The Finance Team should review all changes and confirm if they are reasonable • Last User Login – A report listing all users in order of last login date should be run every quarter. Those with last logins greater than nine months should be reviewed as to whether their access is still reasonable. All of the above quarterly reviews should be documented to show review by the Finance Team and the process should be approved by the Strategic Finance Manager or Director of Finance.	30/06/2017	28/02/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	Update 9/1/18 - this will be addressed as part of review of month end procedures.
General Ledger	Rec 5 a)	<ul style="list-style-type: none"> • Suspense account positions must be reported to the Finance Team in the first week of each month. This must set out the movement in suspense account values from the prior period and explain reasons for significant balances which remain outstanding • Upon receipt the Finance Team has responsibility to take appropriate action to ensure suspense account balances are cleared timely 	30/04/2017	28/02/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	Update 9/1/18 - this will be addressed as part of review of month end procedures.
General Ledger	Rec 5 b)	<ul style="list-style-type: none"> • The procedures for suspense accounts should be documented and approved by Finance, including the daily/weekly process, monthly reporting and escalation procedures to bring long or large balances to the Director of Finance. 	30/04/2017	28/02/2018		Commercial & Business Strategy	(3) Low	IN PROGRESS	2017	Marie Morgan Geary	UPDATE 9/1/18 - this is included as part of finance process project.
Housing Benefit	Rec 1 b)	A periodic review of training needs should be performed with an action plan set out to implement the training required on a one-off and on-going basis, this includes: <ul style="list-style-type: none"> o A clear programme of training for new starters o One-off training courses delivered internally or procured from external parties o Approach to regular periodic review of team training needs, drawing on results of quality assessments. 	30/06/2017	28/02/2018		Customer Fulfilment	(1) High	In Progress	2017	Hazel Hutt	UPDATE - wider training needs and action plan is ongoing.
Housing Benefit	Rec 3 b)	Performance reporting: Quarterly a meeting to review targets and performance should take place involving the Group Manager, Assistant Director for Customer Fulfilment and with escalation to the Director of Finance as needed. The purpose of this group should be agreed and outcomes of the meeting should be minuted	31/05/2017	28/02/2018		Customer Fulfilment	(1) High	In Progress	2017	Hazel Hutt	Some KPs are reviewed but further work needed to standardised and address all priority risk areas. Once reporting has been standardised, it will be issued to Directors and discussed at the quarterly meetings. This will be followed up and status reported as part of the 2017/18 internal audit review.
Housing Benefit	Rec 4 b)	To promptly implement the Information at Work software onto Northgate. If delays continue beyond the revised implementation date, the risks need to be assessed and alternative solutions considered.	31/05/2017	28/02/2018		Customer Fulfilment	(2) Medium	IN PROGRESS	2017	Hazel Hutt	Information at Work software was due to be implemented in November 2017 however this has been delayed until January 2018. It has taken greater time to set up users as requirements are for data training and checks to be undertaken before access is given.
Housing Benefit	Rec 5 b)	A data matching exercise between iClipse and Northgate must take place at least monthly.	31/03/2017	28/02/2018		Customer Fulfilment	(2) Medium	Not Started	2017	Hazel Hutt	This will be followed up and status reported as part of the 2017/18 internal audit review.
Payroll	Rec 2 a)	HR to update the Travel and Subsistence policy to represent the new procedures for retaining receipts	31/03/2017	28/02/2018		Business Support & Enablement	(3) Low	IN PROGRESS	2017	Ella Palmer	Evidence of this has not yet been seen.
Payroll	Rec 3 c)	Consideration should be given to the automation of the starter/leaver process on the Service Desk Portal.	28/02/2017	28/02/2018		Business Support & Enablement	(3) Low	In Progress	2017	Amanda Williams / Simon Voris	UPDATE 20/12/17 - ON TARGET Process map developed and IT Service Desk fix in progress. Limitations of back office systems reduces ability to automate, however workflow will be improved and owned by IT.
Payroll	Rec 4	To formally adopt a Corporate 'Pay Rate Structure' for Casual Workers. Managers should not set their own hourly rates outside of this structure.	31/03/2017	31/03/2018		Business Support & Enablement	(3) Low	Not Started	2017	GILL LAY	This has not been formally adopted. Delays due to a wider piece looking to approve Council Policies and due to organisational change over prior year. UPDATE 20/12/18 Linked to HR Policy review

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
Safeguarding	Rec 1 a)	The Council should improve its training compliance rate to at least 75% by September 2017	31/12/2017	31/03/2018		Community Fulfilment	(1) High	In Progress	2017	Will Rysdale	<p>Compliance rates as at 20/12/17.</p> <p>- 68% (without depot) - 48% all staff.</p> <p>The challenge with depot staff is that they do not have access to e-systems and therefore a package is being created to train them face-to-face. The same is for temporary staff.</p> <p>There is a known issue that the system statistics may not reflect reality and it is likely to be higher and it has significant increased from single digit compliance at the time of the audit. This being said, the expected compliance rate has not yet been met and therefore this action is still in progress.</p> <p>The compliance rate was recorded in the 'Safeguarding Action Plan' and is being monitored - see attached.</p>
Safeguarding	Rec 1 b)	The training records for each employee and their safeguarding level should be linked to their profile in the HR system. Moreover monthly reports should be generated and sent to managers to raise awareness of the compliance rate of each unit. Non-compliance with training should be noted in individuals' performance appraisal discussions.	31/12/2017	31/05/2018		Community Fulfilment	(1) High	In Progress	2017	Will Rysdale	<p>The Safeguarding Action Group in December noted the following as an action,</p> <p>"5. Review training records and evaluation for each employee and ensure their safeguarding level is linked to their profile in the HR system. Include timescales for refresher training."</p> <p>By completing this action they will have completed the Internal Audit recommendation - therefore as it has now been identified by the Group it is considered In Progress.</p>
Safeguarding	Rec 1 c)	Ensure that casual employees and Members have access to the training materials and that they complete them in a timely manner	31/12/2017	31/03/2018		Community Fulfilment	(1) High	In Progress	2017	Will Rysdale	<p>It has been agreed with the Lead Member that all Members will be given a full safeguarding training session at a forthcoming Full Council - this is expected to happen before 31/03/2018.</p>
Safeguarding	Rec 1 d)	Employees in the Level 4 Exposure list are advised to receive refresher trainings on a more frequent basis (every two years)	31/12/2017	31/05/2018		Community Fulfilment	(1) High	In Progress	2017	Will Rysdale	<p>The Safeguarding Action Group in December noted the following as an action, "The Safeguarding Action Group in December noted the following as an action,</p> <p>"6. Define the DS/DBS check criteria for a given job role and ensure it is consistently applied in the new structure. To include the date of each check and the date it needs to be re-checked."</p> <p>By completing this action they will have completed the Internal Audit recommendation - therefore as it has now been identified by the Group it is considered In Progress.</p>
Safeguarding	Rec 1 e)	Policies should be reviewed and updated to reflect the latest guidance.	31/12/2017	31/05/2018		Community Fulfilment	(1) High	In Progress	2017	Will Rysdale	
Safeguarding	Rec 2 b)	The Section 11 should be amended to reflect this report and resubmitted	31/12/2017	30/04/2018		Community Fulfilment	(1) High	Not Started	2017	Will Rysdale	<p>The previous Section 11 form was not resubmitted per the Agreed Action. It was decided to make internal changes and then report the annual Section 11 with revised control changes in 2018.</p> <p>The 2018 Section 11 is expected to be due April 2018 or earlier and therefore this has not started.</p>
Safeguarding	Rec 3 a)	Define the DS/DBS check criteria for a given job role and ensure it is consistently applied in the 'new structure'	30/09/2017	31/05/2018		Community Fulfilment	(3) Low	Not Started	2017	Will Rysdale	<p>This has been agreed as an action by the Safeguarding Group in December 2017 who confirmed that they would</p> <p>"6. Define the DS/DBS check criteria for a given job role and ensure it is consistently applied in the new structure. To include the date of each check and the date it needs to be re-checked."</p> <p>Therefore this is in progress.</p>

Review	Name	Description	Due Date	Due Date 1	Due Date 2	Sector	Risk	Status	Year End	Owner	Additional Information
Safeguarding	Rec 3 b)	The DS/DBS check records should include the date of each check and the date it needs to be re-checked.	30/09/2017	31/03/2018		Community Fulfilment	(3) Low	Not Started	2017	Will Rysdale	This has been agreed as an action by the Safeguarding Group in December 2017 who confirmed that they would "6. Define the DS/DBS check criteria for a given job role and ensure it is consistently applied in the new structure. To include the date of each check and the date it needs to be re-checked." Therefore this is in progress.
Treasury Management	Rec 4 a)	The Council should pursue arrangements Capita Asset Services regarding the provision of training to Members. If Capita Asset Services are not instructed to offer the training then the Council need to put in place alternative arrangements to ensure Members are adequately trained	28/02/2017	28/02/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	UPDATE 9/1/18 - To be considered as part of wider member development programme
Treasury Management	Rec 4 b)	An annual assessment of the training needs for Members regarding treasury activity should be made.	30/06/2017	28/02/2018		Commercial & Business Strategy	(3) Low	Not Started	2017	Nuala Donnelly	UPDATE 9/1/18 - To be considered as part of wider member development programme
Planning & Enforcement	Rec 1 a)	An internal report should be produced that as a minimum reviews the number of cases received (total/percentage) and performance against letter responses on a quarterly basis.	31/01/2018			Community Fulfilment	(2) Medium	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 1 b)	The internal process should also identify lessons learned from the types of feedback received and set actions to change processes – this should be documented.	31/01/2018			Community Fulfilment	(2) Medium	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 2 a)	Proactive planning enforcement needs to be undertaken per the Planning Enforcement Plan. Formal reporting to the Group Manager/Assistant Director on a quarterly basis is needed to assess the effectiveness with action taken thereafter	31/03/2018			Community Fulfilment	(2) Medium	Not Started	2018	Lindsey Vallis	
Planning & Enforcement	Rec 2 b)	Oversight on statistics covering, as a minimum, the number of cases/fining and lessons learned on at least a six-month basis.	31/03/2018			Community Fulfilment	(2) Medium	Not Started	2018	Lindsey Vallis	
Planning & Enforcement	Rec 3 a)	Members of the Council are invited to demo sessions of the new planning system. Attempts are made to implement feedback and findings are built into solutions for the new software	31/03/2018			Community Fulfilment	(2) Medium	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 3 b)	Twice yearly Member/Officer engagement sessions are held where concerns regarding process or systems are discussed openly with jointly agreed actions made.	31/05/2018			Community Fulfilment	(2) Medium	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 4 a)	The email traffic to the inbox needs to be monitored to assess the level of cases coming in. Ideally these would also be classified into type. Appropriate action based on the analysis should then be taken	31/01/2018			Community Fulfilment	(3) Low	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 4 b)	Send all Parish Councils a survey to assess the effectiveness of the PLO with clear actions set based on the results	31/03/2018			Community Fulfilment	(3) Low	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 5 a)	Pre application costs need to be substantiated to set out how hourly costs have been calculated and specifically setting out the recovery of any administration costs	31/03/2018			Community Fulfilment	(3) Low	Not Started	2018	Henry Allmand	
Planning & Enforcement	Rec 5 b)	Pre application costs need to also cover the use of consultants (temporary staff) specifically identifying and applying their costs	31/03/2018			Community Fulfilment	(3) Low	Not Started	2018	Henry Allmand	

Completed Actions (Jan 18)											
Review	Name	Description	Due Date	Due Date 1	Sector	Risk	Completion	Status	Year End	Owner	Additional Information
Accounts Payable	Rec 1 a)	<ul style="list-style-type: none"> Remind all credit holders of the importance of attaching receipts to purchases, with the need for a suitable explanation for any transactions not supported with a receipt. Credit card holders that continually do not attach receipts should be suspended from using their corporate credit cards for a limited time period and cards cancelled if issues continue. Remind approvers to review receipts and ensure these are in line with the procedures for the type of transaction, i.e. standard receipt for non-VAT items and VAT receipts for VAT inclusive items. Purchases where a VAT receipt is required, but not attached, should not be approved unless a justification has been included in the comment box. 	30/06/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Amanda Williams	GD - Reminders were issued in June 2017 and procedure notes updated.
Accounts Payable	Rec 1 b)	Update procedure notes to include a time-frame detailing when staff are expected to upload a receipt and assign an expenditure code. Roll out the new procedures to all credit card holders, highlighting the repercussion for appearing on the 'exception list' three times in 12 months.	30/06/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Amanda Williams	GD - Reminders were issued in June 2017 and procedure notes updated.
Accounts Receivable	5	Delegation for approving AR invoices - review the current delegation settings and determine whether this is appropriate. Provide guidelines to all T1 users on how/when/who to delegate.	30/09/2017		Business Support & Enablement	(3) Low		COMPLETED	2017	Nuala Donnelly	UPDATE 9/1/18 - this has been reviewed and a summary of delegation process was shared with AC in Dec 17.
Budget Monitoring	Rec 2 a)	The frequency of budget monitoring meetings should be assessed each year ahead of the new financial year and amended per the outcome of discussions between Finance and Senior Managers. Whilst Senior Managers have responsibility for their budgets, overall responsibility for budget management rests with Finance via the Section 151 Officer; therefore Finance should ultimately be responsible for deciding the frequency of meeting.	31/03/2017	28/02/2018	Commercial & Business Strategy	(3) Low		COMPLETED	2017	Nuala Donnelly	UPDATE 9/1/18 - Finance Business Partners have agreed meeting schedules and diarised
Budget Monitoring	Rec 2 b)	Finance should maintain a central record of when each budget monitoring meeting took place, who attended. Where meetings do not take place in-line with their expected frequency, an explanation must be recorded on the central record to justify this.	30/04/2017	28/02/2018	Commercial & Business Strategy	(3) Low		Completed	2017	Nuala Donnelly	UPDATE 9/1/18 - this has been considered as part of Finance Business Partner role and meeting planning process.
Budget Monitoring	Rec 2 c)	A central record of the actions taken post a budget monitoring meeting and the approval of the budget manager requesting these changes should be maintained. Emails are suitable to record the outcomes of discussion but they must be stored on the Councils network.	31/03/2017	28/02/2018	Commercial & Business Strategy	(3) Low		Completed	2017	Nuala Donnelly	UPDATE 9/1/18 - actioned and needs to consider risk vs resource requirement. Strategic Finance Manager has oversight of budget management process and Finance Business Partner performance. Where actions are significant they are documented.
Contract Management	Rec 1 a)	A timetable has been agreed for the 2017-18 financial year which includes the dates of contract meetings. This should be further formalised to include dates for when papers must be provided prior to this for scrutiny. Any failures to meet this should be discussed and minuted at contract performance meetings.	31/07/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	Timetable agreed and all papers now issued the week before the meeting.
Contract Management	Rec 1 b)	High level minutes and an action log after each monthly contract performance meeting must be updated and distributed to all relevant parties. The action log must include the action, responsible individual/party, date of action first being identified and expected completion date.	31/07/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	Minutes and agreed actions are issued following each meeting.
Contract Management	Rec 1 c)	A live document of the key personnel for both contracts should be drawn up and updated as soon as a change occurs and should be updated at least annually.	31/07/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	Current key contract personnel are logged and updated accordingly.
Contract Management	Rec 1 d)	The Council has already invited Everyone Active back to Overview and Scrutiny Committee for October 2017 and they accepted their offer of receiving the monthly performance report outside of Committee. Both these commitments should occur.	31/10/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	EA invited to scrutiny in October 2017, subsequently moved to November 2017 at the request of the Cabinet Member.
Contract Management	Rec 2 a)	A shared risk register should be drafted and discussed. This should receive approval from the Contract Sponsors. This should be subsequently reviewed on at least a quarterly basis	30/09/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	Draft joint risk register has been produced and currently being finalised by AVDC, EA and ATG.
Contract Management	Rec 2 b)	The Business Continuity Plan should be requested and reviewed immediately. This should then be added as part of the Annual Service Specification Requirements Checklist.	31/07/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	EA's and ATG's BCP's will be reviewed in September 2017.
Contract Management	Rec 3 a)	The monthly contractor performance packs should be reviewed and it should be determined where reported information could be supported by source reports. These reports should accompany monthly performance packs.	31/07/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	Contract performance packs have been reviewed and amended to reflect client requirements.
Contract Management	Rec 3 b)	Everyone Active must ensure that reported complaints includes emails, verbal and social media instances and this should be verified back to the Single Customer View Report.	31/07/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	EA now include all sources of complaints in their reporting and are about to introduce a new company wide system called "Single Customer View" that will improve reporting.

Review	Name	Description	Due Date	Due Date 1	Sector	Risk	Completion	Status	Year End	Owner	Additional Information
Contract Management	Rec 3 c)	The Council should ensure they have read-only access to contractor systems (or regular reports), particularly those which record customer complaints. All contractor systems should be identified and discussions held where access would be practical and beneficial.	30/09/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Paul Marston-Weston	No additional access or progress has been made on access to contractor IT systems. It is now considered this access is not necessary.
Council Tax and Business Rates	Rec 3 a)	A process should be developed to enable both council tax and business rates teams to actively monitor the properties that have a "temporary" or "no valuation" status	31/07/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Hazel Hutt	For business rates will now have a spreadsheet which monitors any case that exceeds 90 days and they are chased with the Valuation Office Agency. We confirmed that Paul Lipscomb our Council Tax Inspector has set up a similar procedure in relation to temporary bands.
Council Tax and Business Rates	Rec 3 b)	Any properties that are not valued in the usual timeframe should be formally notified to the VOA.	31/07/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Hazel Hutt	For business rates will now have a spreadsheet which monitors any case that exceeds 90 days and they are chased with the Valuation Office Agency. We confirmed that Paul Lipscomb our Council Tax Inspector has set up a similar procedure in relation to temporary bands.
General Ledger	Rec 3 a)	Supplier Access Suppliers who have full access to the system should be reviewed and restricted and their accounts must be locked by the Council's system administrator	30/04/2017		Business Support & Enablement	(2) Medium	02/12/2017	Completed	2017	Nuala Donnelly	Supplier access to Tech 1 were reviewed and removed from the system on 2nd May 2017.
General Ledger	Rec 6	Appropriate journal narrative should be recorded against every journal transaction and the Finance Team should be informed regarding what the expectations are.	30/04/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Nuala Donnelly	These instructions have been issued and improvements in process were identified as part of a sample of 5 journals. A separate recommendation has been raised which will involve a quarterly oversight of journals which would be a compensatory control in addition to this one.
Housing Benefit	Rec 1 a)	The structure of the Customer Relationship Team and the impact this has on supervision, training and team resilience needs to be reviewed as part of the restructure process, and regularly thereafter – also see Finding 3.	31/03/2017	28/02/2018	Customer Fulfilment	(1) High		COMPLETED	2017	Hazel Hutt	The whole team went through training in April 2016 and the use of temporary staff has reduced. The Team Structure review process has been completed with a new Team Structure chart in place. There is however the ongoing need to monitor capacity (resource and knowledge) to ensure processes are operating accurately and timely and adequate controls in place. The Group Manager has overall responsibility for this.
Housing Benefit	Rec 2 a)	<ul style="list-style-type: none"> • The results of quality checks undertaken must be reported to individuals on an on-going basis by at least the end of the following month which they related to, including trends being reported to the team as a whole • Action must be taken to respond to errors identified for example: <ul style="list-style-type: none"> o Further training – see Finding 1 o Individuals may need to be put onto improvement plans if errors persist. 	30/06/2017		Customer Fulfilment	(1) High	02/12/2017	Completed	2017	Hazel Hutt	This is in place and quality checks take place. These are reported back to individuals. GD attended monthly meeting in September 17 and observed quality checks.
Housing Benefit	Rec 2 b)	<ul style="list-style-type: none"> • The Council should continue to test at least 5% of all cases each month and set a target accuracy rate i.e. 95% and above. The target accuracy rate should be reported and monitored • Council should embed the review and approval (using notepad) control for cases which are greater risk until such time a new system or tool is devised. 	30/06/2017		Customer Fulfilment	(1) High	02/12/2017	Completed	2017	Hazel Hutt	Compliance checks take place and have achieved 95% with 5% cases checked each and every month. GD attended September 17 monthly meeting to observe this.
Housing Benefit	Rec 2 c)	To assess and decide whether to purchase the DWP risk verification software. If this is not purchased, the Council should document the risk of not prioritising cases effectively and undertake an alternative arrangement.	30/06/2017	28/02/2018	Customer Fulfilment	(1) High	11/12/2017	Completed	2017	Hazel Hutt	A policy on Risk Based Verification, including business case for the DWP App was prepared in August 2017 and presented to Cabinet in September 2017. The status of application of the policy and adoption of the verification app will be followed up and reported as part of the 2017/18 internal audit review.
Housing Benefit	Rec 3 a)	Performance reporting: Monthly KPI reports should be produced and reviewed by management	30/04/2017	28/02/2018	Customer Fulfilment	(1) High		COMPLETED	2017	Hazel Hutt	A monthly meeting takes place which focusses on the quality checks and subsidy return attended and led by the Group Manager
Housing Benefit	Rec 4 a)	Council should continue the recently established weekly process of the Duty Officer to follow-up benefit case reminders until such time a new approach is devised	31/05/2017	28/02/2018	Customer Fulfilment	(2) Medium		COMPLETED	2017	Hazel Hutt	UPDATE 9/11/18 - The weekly Duty Officer process is in place and implemented AppCheck software to risk assess cases on a trial basis. Processing times have also significantly reduced from 28 for new claims in the prior year to 18 days <ul style="list-style-type: none"> • There is no longer any issues with misallocated Salesforce emails
Housing Benefit	Rec 4 c)	Monthly review of misallocated Salesforce emails should take place to identify any unallocated emails.	31/05/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Hazel Hutt	This process was completed in October and misallocated emails are now minimal.

Review	Name	Description	Due Date	Due Date 1	Sector	Risk	Completion	Status	Year End	Owner	Additional Information
Housing Benefit	Rec 5 a)	The list of those who have conducted the E-learning module on data protection should be mapped to the current staff in the Customer Relationship Team. This should identify individuals who have not undertaken the training and those who have undertaken the training more than 12 months ago. Training should be completed and thereafter undertaken at least annually.	30/04/2017		Customer Fulfilment	(2) Medium	02/12/2017	Completed	2017	Hazel Hutt	The E-learning module has been created and completed. With the take on of risk based verification there was a mandatory requirement to complete data protection training and these are now up-to-date as all staff are signed up to National Fraud Initiative programme.
Housing Benefit	Rec 6	<ul style="list-style-type: none"> The Council must understand the current position on overpayments and whether sufficient resource is in place to reconcile the two systems data and then take appropriate action to improve the control environment. These issues are being addressed through the Corporate Debt Project but need to be overseen and actioned by the Housing Benefit Team. As part of Quality Checks undertaken, the Council should review whether Case Officers are flagging overpayment cases effectively and taking appropriate action. 	30/06/2017	31/03/2018	Customer Fulfilment	(2) Medium	11/12/2017	Completed	2017	Hazel Hutt	<p>The Council recognise that this is a significant project. At a meeting on 4 July 2017 to discuss this area it was clear that additional work was needed; the meeting discussed:</p> <ul style="list-style-type: none"> Filling additional posts to clear debts currently held on Tech1 Discussing how Tech1 can be better used to manage overpayment debt Discussing how the debtors module on Northgate could be implemented. <p>The action should be replaced with Action 2 Accounts Receivable. This will be followed up and status reported as part of the 2017/18 internal audit reviews.</p>
Payroll	Rec 1 a)	<p>Payroll should consider the types of reports that should be run which can aid the financial reporting/management oversight and ensure these functionalities are built into iTrent.</p> <p>Period review of changes to standing data should be performed to ensure all changes are valid and authorised.</p>	31/03/2017		Business Support & Enablement	(2) Medium	02/12/2017	Completed	2017	Amanda Williams	This report can now be produced from iTrent after making changes to scripts held on the system by the software provider.
Payroll	Rec 2 b)	The Council should remind all staff submitting expenses to include sufficient detail for the reviewer to assess whether the expense claim is appropriate or not.	31/03/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Amanda Williams	Reminders were issued with guidance being updated in August 2017.
Payroll	Rec 3 a)	Staff should be reminded that all starter and leaver forms should be completed in a timely manner. All leaver forms should be completed in full, including Payroll and Manager Checklists.	28/02/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Amanda Williams	Reminders were issued in August 2017 with the template updated. Consideration was given to using the Service Desk however, this was considered not appropriate as alternative controls via emails now compensate this.
Payroll	Rec 3 b)	HR should consider the effectiveness of the Checklist with the possibility of including tick boxes next to each requirement on the leaver checklist. See Appendix 3	28/02/2017		Business Support & Enablement	(3) Low	02/12/2017	Completed	2017	Amanda Williams	Reminders were issued in August 2017 with the template updated. Consideration was given to using the Service Desk however, this was considered not appropriate as alternative controls via emails now compensate this.
Safeguarding	Rec 2 a)	<p>The Council should re-establish its internal safeguarding meetings at least quarterly with representation from: safeguarding leads, Communities, Licensing, Housing and Human Resources as a minimum</p> <p>Based on common practice at councils with strong safeguarding controls, the Council should assign safeguarding "champions" who take part in completing the Section 11 and communicate safeguarding matters to their respective teams.</p>	31/12/2017		Community Fulfilment	(1) High	02/01/2018	Completed	2017	Will Rysdale	<p>These have been re-established since September 2017 and now place monthly with agreed minutes and action plans. The meeting also has an agreed Terms of Reference - see attached.</p> <p>The Council have also agreed to assigned Safeguarding Champions, "15. Assign safeguarding "champions" to take part in completing the Section 11 self/assessment and communicate safeguarding matters to teams."</p> <p>As this is substantially complete it is signed off as complete.</p>
Treasury Management	Rec 1 a)	Ensure the Mid-Year and Annual Strategy treasury management reports are completed and presented to Council members in a timely manner as per the Financial Regulations	30/04/2017		Business Support & Enablement	(2) Medium	02/12/2017	Completed	2017	Nuala Donnelly	The Annual Treasury Strategy was approved on 22 February 2017 and therefore was approved in a timely manner
Treasury Management	Rec 1 b)	Develop a reporting schedule for the rest of the financial year and consider including this in the 2017/18 Treasury Management Strategy (See Appendix 3)	30/04/2017		Business Support & Enablement	(2) Medium	02/12/2017	Completed	2017	Nuala Donnelly	The reporting schedule was added to page 2/3 of the 2017-17 Annual Treasury Strategy
Treasury Management	Rec 1 c)	Provide commentary in the Quarterly Digest to inform readers on the movement in funds and rates.	30/04/2017		Business Support & Enablement	(2) Medium	02/12/2017	Completed	2017	Nuala Donnelly	A full-page commentary has been added to the March 2017 Quarterly Digest covering an explanation for key variances; this is to be continued on subsequent Quarterly Digests.

Review	Name	Description	Due Date	Due Date 1	Sector	Risk	Completion Status	Year End	Owner	Additional Information
Treasury Management	Rec 2 a)	The Council should implement either through Treasury Live, or another process, a way of documenting the reasons as to why a specific counter party was selected for testing. This information then needs to be recorded on a regular basis so it can be subject to review.	28/02/2017		Business Support & Enablement	(2) Medium	02/12/2017 Completed	2017	Nuala Donnelly	Treasury Live now has functionality to allow comments to be added to each deal the Council undertakes which could be used to verify the reason certain counter parties were selected. Whilst this functionality is available, it is not being used. Through discussion with the Treasury Team it is clear that recording the reasons for selection of each provider is not effective because the narrative would each time confirm the deal struck was the best available with the broker on the given day. As the details of each option available cannot be added to Treasury Live, this explanation is understood. The Council should assure themselves through other scrutiny measures that they are content with the deals made and if any concerns arise, to re-visit this recommendation.
Treasury Management	Rec 2 b)	b) A template form needs to be established to ensure approvals are documented and that all verbal confirmations are removed from the process.	28/02/2017		Business Support & Enablement	(3) Low	02/12/2017 Completed	2017	Nuala Donnelly	A template has now been established and is in place to remove verbal approvals from the process. Completed templates are kept in Finance.
Treasury Management	Rec 3.1	The Council should formulate a Treasury Manual/Procedure document with the key processes of Treasury Live, set out key roles and responsibilities, segregation of duties and risk management considerations. This should include the procedures to be followed in the absence of the two individuals with delegated responsibility and this should be distributed to all those in the Finance Team (See Appendix 3).	28/02/2017		Business Support & Enablement	(3) Low	02/12/2017 Completed	2017	Nuala Donnelly	Treasury Live has now been implemented and training given to users. The system provides support and guidance to users and embeds segregation of duties and an audit trail for deals made. In terms of Value for Money, the system is not sophisticated enough to record all the available deal options at the time of making a deal to confirm Value for Money was achieved - it is considered (and we agree) that to record this level of detail is over-kill. The Council operates very restricted parameters of where they can invest and the effective difference between deals is around £1 to £50 and therefore the Value for Money issue is trivial.
Treasury Management	Rec 3.2 a)	For borrowing, prior to any future loans: a) Procedures to borrow funds from the Bank should be documented	28/02/2017		Business Support & Enablement	(3) Low	02/12/2017 Completed	2017	Nuala Donnelly	Treasury Live has now been implemented and training given to users. The system provides support and guidance to users and embeds segregation of duties and an audit trail for deals made. In terms of Value for Money, the system is not sophisticated enough to record all the available deal options at the time of making a deal to confirm Value for Money was achieved - it is considered (and we agree) that to record this level of detail is over-kill. The Council operates very restricted parameters of where they can invest and the effective difference between deals is around £1 to £50 and therefore the Value for Money issue is trivial.
Treasury Management	Rec 3.2 b)	For borrowing, prior to any future loans: b) A Template Form needs to be established to ensure approvals are documented and that all verbal confirmations are removed from the process	30/06/2017		Business Support & Enablement	(3) Low	02/12/2017 Completed	2017	Nuala Donnelly	Treasury Live has now been implemented and training given to users. The system provides support and guidance to users and embeds segregation of duties and an audit trail for deals made. In terms of Value for Money, the system is not sophisticated enough to record all the available deal options at the time of making a deal to confirm Value for Money was achieved - it is considered (and we agree) that to record this level of detail is over-kill. The Council operates very restricted parameters of where they can invest and the effective difference between deals is around £1 to £50 and therefore the Value for Money issue is trivial.
Treasury Management	Rec 3.2 c)	For borrowing, prior to any future loans: c) Evidence needs to be kept to document how value for money was achieved on the borrowing undertaken; this could be recorded on the Template Form	28/02/2017		Business Support & Enablement	(3) Low	02/12/2017 Completed	2017	Nuala Donnelly	Treasury Live has now been implemented and training given to users. The system provides support and guidance to users and embeds segregation of duties and an audit trail for deals made. In terms of Value for Money, the system is not sophisticated enough to record all the available deal options at the time of making a deal to confirm Value for Money was achieved - it is considered (and we agree) that to record this level of detail is over-kill. The Council operates very restricted parameters of where they can invest and the effective difference between deals is around £1 to £50 and therefore the Value for Money issue is trivial.

AUDIT COMMITTEE WORK PROGRAMME 2017-18 & 2018-19

Item	Contact Officer	25 Sep	27 Nov	22 Jan	26 Mar	26 Jun	23 July	8 Oct	28 Jan	25 Mar
		2017	2017	2018	2018	2018	2018	2018	2019	2019
Audit Committee Work Programme	Kate Mulhearn	X	X	X	X	X	X	X	X	X
Member Training / Briefing Sessions (TBC)	Kate Mulhearn	X		X	X	X	X	X	X	X
Audit Committee Annual Report	Kate Mulhearn				X			X		
Audit Committee Review of Effectiveness	Kate Mulhearn	X						X		
External Audit Plan & fee letter	Strategic Finance Manager *				X				X	
External Audit - Audit Results Report (ISA 260)	Strategic Finance Manager *	X					X			
External Audit Annual Letter	Strategic Finance Manager *	X					X			
External Audit AGR for Grant Claims	Strategic Finance Manager *			X					X	
External Audit Update / Progress Report	Strategic Finance Manager *				X	X				
Annual Internal Audit Strategy and Plan	Kate Mulhearn				X					X
Internal Audit Annual Report	Kate Mulhearn					X				
(Draft) Annual Governance Statement	Kate Mulhearn				(X)	X				
Internal Audit Progress Report & Internal Audit Review Reports	Kate Mulhearn	X	X	X	X	X	X	X	X	X
Risk Management Report	Kate Mulhearn	X	X	X	X	X	X	X	X	X
Fraud Update Report	Kate Mulhearn							X		
Reviews of Company Governance	Kate Mulhearn	X		X						
Statement of Accounts	Andrew Small					X				
Post Audit Statement of Accounts	Andrew Small	X					X			
Working Balances	Andrew Small				X					X

* Reports will be prepared and presented by External Audit Manager, Adrian Balmer (EY)

Audit Committee
22 January 2018

CORPORATE RISK REGISTER

1 Purpose

- 1.1 To brief the committee on the updated Corporate Risk Register.

2 Recommendations/for decision

- | |
|---|
| 2.1 To review the Corporate Risk Register and associated actions (Appendix 2) and identify any issues for further consideration |
|---|

3 Corporate Risk Register - Supporting information

- 3.1 The Audit Committee has a role to monitor the effectiveness of risk management and internal control across the Council. As part of discharging this role the committee is asked to review the Corporate Risk Register.
- 3.2 The Corporate Risk Register provides evidence of a risk aware and risk managed organisation. It reflects the risks that are on the current radar for Strategic Board. Some of them are not dissimilar to those faced across other local authorities.
- 3.3 The risk register is reviewed regularly by Strategic Board and reported to the Audit Committee.

4 Reasons for Recommendation

- 4.1 To allow members of the Audit Committee to review the Corporate Risk Register.

5 Resource implications

- 5.1 None

Contact Officer

Kate Mulhearn – Corporate Governance Manager
Tel: 01296 585724

Background Documents

None

Corporate Risk Register Update

The Corporate Risk Register (CRR) shows the key risks to the Council and the actions that are being taken to respond to these risks. The CRR is reviewed on a regular basis by Strategic Board following detailed review and updating by the risk owners.

Since the previous Audit Committee meeting in November 2017, two risks have reduced from High to Moderate. The changes are summarised below:

Risk Ref	Change	Comment
20) Failure to respond to new legislation on Homelessness Duty, enforceable from 1 April 2018. Inability to recruit and train staff in complex new legislation.	New (Moderate)	New legislation which increases the duty of Local Authorities to act to prevent homelessness comes into force from 1 April 2018. Key challenges are around recruiting staff in a competitive environment and providing adequate training on complex legislation.
Failure to identify and respond to current and potential changes in the legislative/regulatory environment. Inadequate horizon scanning.	Closed	No longer considered to be a corporate level risk. Risks in response to specific legislation changes have been captured elsewhere e.g. #20 - Homelessness and #12 - GDPR)
2) Organisational culture does not enable the strategy (Connected Vision, Connected Knowledge & commercial targets). Behaviour framework and Values are not embedded.	Reduced High → Moderate	New staff and ways of working are becoming BAU post restructure. Work still needed to define P&C strategy and embed behaviour framework but not now considered a “high” risk to achievement of strategy.
5) Council owned or partly owned companies (VC, AVE & AVB) fail to achieve the Council's objectives. Inadequate governance arrangements over Companies.	Reduced High → Moderate	Sale or AVB assets and wind up of VC reduce the overall risks associated with whole/partly owned companies. AVB review will identify lessons learned for future consideration with existing commercial interests (AVE) and any future ventures.

Note on impact of Brexit – Management continue to considered the risks arising following the Brexit decision. At this stage there is too much uncertainty about the specific implications on the strategic objectives and day to day operations of the Council to put anything meaningful on the CRR.

There are **20 risks** on the corporate risk register. The residual risk rating is summarised as follows:

Residual Risk Rating			
Low risk 2	Moderate risk 10	High Risk 7	Extreme risk 0
<p>15) Fraud, corruption, malpractice by internal or external threats.</p> <p>16) Equalities is not considered in decisions resulting in Judicial Review and other litigation.</p>	<p>2) Organisational culture does not enable the strategy.</p> <p>5) Council owned or partly owned companies (VC, AVE & AVB) fail to achieve the Council's objectives. Inadequate governance arrangements.</p> <p>7) Fail to manage and deliver major capital projects - Waterside North, Pembroke Road.</p> <p>9) Fail to deliver a sound Vale of Aylesbury Local Plan.</p> <p>10) Health & Safety - Non-compliance with Fire and Health and Safety legislation.</p> <p>13) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children.</p> <p>14) Failure to manage a major partnership (e.g. LEAP, Enterprise Zones) or a significant council contractor.</p> <p>17) Failure to manage and deliver the requirements of the SLA for HS2.</p> <p>19) Failure to effectively engage with members and the community around the Council's vision and strategy.</p> <p>20) Failure to respond to new legislation on Homelessness Duty, enforceable from 1 April 2018. Inability to recruit and train staff in complex new legislation.</p>	<p>1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered. Approach to commercialisation and income/profit generation does not produce the income needed.</p> <p>3) Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives.</p> <p>6) Waste Transformation Project fails to deliver commercial, customer, H&S, Environmental objectives.</p> <p>8) Fail to recruit Technical Professional Specialists (Planning, IT, Property). Reliance on use of consultants / agency and not effectively managed.</p> <p>11) Fail to plan for a major or large scale incident. Risk to safety of public & staff. Business interruption affecting the Council's resources and its ability to deliver critical services.</p> <p>12) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data</p> <p>18) Modernising Local Government agenda: i) fails to achieve an outcome that addresses community needs ii) disruption to service delivery due to resource detraction from day-job and ongoing uncertainty</p>	

Note: Risk "4) Fail to deliver the Property Investment Strategy and achieve planned return on investment" has not yet been fully assessed and rated.

Risk Matrix

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Impact	5	Catastrophic	5	10	15	20	25
	4	Major	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Negligible	1	2	3	4	5
Score			Rare	Unlikely	Possible	Likely	Very Likely
			1	2	3	4	5
			Likelihood				

	1-3	Low Risk	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals
	4 - 6	Moderate Risk	A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required.
	8 – 12	High Risk	Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate; Determine the need for improved control measures.
	15 - 25	Extreme Risk	Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required.






Risk Ratings - Impact

Score	Descriptor	Compliance	Finance	Health and safety	Internal Control	Political	Reputational	Staffing & Culture
1	Negligible	No or minimal impact or breach of guidance/ statutory duty	Small loss risk of claim remote	Minor injury; Cuts, bruises, etc.; Unlikely to result in sick leave	Control is in place with strong evidence to support	Parties work positively together with occasional differences; Members & executive work co-operatively	Rumours; Potential for public concern	Short-term low staffing level that temporarily reduces service quality (<1 day)
2	Minor	Breach of statutory legislation; Reduced performance rating from external/internal inspector	Loss of 0.1-0.25 per cent of budget; Claim less than £20k	Moderate injuries; Likely to result in 1-7 days sick leave	Control in place with tentative evidence	Parties have minor differences of opinion on key policies; Members and executive have minor issues	Local media coverage short term reduction in public confidence; Elements of public expectation not met	Low staffing level that reduces the service quality
3	Moderate	Single breach in statutory duty; Challenging external or internal recommendations or improvement notice	Loss of 0.25-0.5 per cent of budget; Claims between £20k - £150k.	Major injuries; More than 7 days sick leave – notifiable to HSE	Control in place with no evidence to support	Members begin to be ineffective in role; Members and Executive at times do not work positively together	Local media coverage – long term reduction in public confidence	Late delivery of key objective/service due to the lack of staff; Low staff morale; Poor staff attendance for mandatory/key training
4	Major	Enforcement action; Multiple breaches of statutory duty; Improvement notices; Low performance ratings	Uncertain delivery of key objectives/loss of 0.5 – 1.0 percent of budget; Claims between £150k to £1m	Death; Single fatality	Partial control in place with no evidence	Members raise questions to officers over and above that amount tolerable; Strained relationships between Executive and Members	National media coverage with key directorates performing well below reasonable public expectation	Uncertain delivery of key objective/service due to lack of staff; Unsafe staffing level or competence; Loss of key staff; Very low staff morale; No staff attending training
5	Catastrophic	Multiple breaches in statutory duty; Prosecution; Complete system changes required; Zero performance against key priorities and targets	Non delivery of key objective/loss of >1 percent of budget; Failure to meet specification/slippage; Loss of major income contract	Multiple deaths; More than one Fatality	No control in place	Internal issues within parties which prevent collaborative working; Que from members shift resources away from corporate priorities	National media coverage, public confidence eroded; Member intervention/action	Non-delivery of key objective/service due to lack of staff; Ongoing unsafe staffing levels or competence; Loss of several key staff; Staff not attending training on ongoing basis

Risk Rating – Likelihood

	Likelihood	Likelihood Descriptors	Numerical likelihood
1	Rare	May occur only in exceptional circumstances	Less than 10%
2	Unlikely	Do not expect it to happen/recur but it is possible it may do so	Less than 25%
3	Possible	Might happen or recur occasionally	Less than 50%
4	Likely	Will probably happen/recur but it is not a persisting issue	50% or more
5	Very Likely	Will undoubtedly happen/recur, possibly frequently	75% or more

Capacity to Manage

Capacity to Manage	Alert	Description
Full		Full – all reasonable steps have been taken to mitigate the risk and are operating effectively. The cost / benefit considerations on implementing additional controls have been considered and no additional actions are proposed.
Substantial		Substantial – there are sound arrangements to manage the risk with some scope for improvement. Arrangements have had a demonstrable impact in reducing either the likelihood or consequence of the risk.
Moderate		Moderate – there are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
Limited		Limited – there are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
None		None – there are a lack of clear arrangements in mitigation of the risk.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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