



AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

Please ask for: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;
Switchboard: 01296 585858
Text Relay Prefix your telephone number with 18001

14 March 2019

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held at **6.30 pm** on **Monday 25 March 2019** in **The Olympic Room - Aylesbury Vale District Council**, when your attendance is requested.

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

Membership: Councillors: R Newcombe (Chairman), A Waite (Vice-Chairman), C Adams, M Collins, N Glover, A Harrison, S Raven, R Stuchbury, D Town and H Mordue (ex-Officio)

AGENDA

1. APOLOGIES

2. TEMPORARY CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

3. MINUTES (Pages 3 - 12)

To approve as a correct record the Minute of the meeting held on 28 January, 2019, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. EXTERNAL AUDIT UPDATE

To report verbally on the progress of external audit work.

Contact Officer: Nuala Donnelly (01296) 585164

6. INTERNAL AUDIT PROGRESS REPORT (Pages 13 - 74)

To consider the attached report and appendices.

Contact Officer: Kate Mulhearn (01296) 585724

7. CORPORATE RISK REPORT (Pages 75 - 84)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

8. REVIEW OF GENERAL FUND BALANCES 2019-20 (Pages 85 - 88)

To consider the attached report.

Contact Officer: Andrew Small (01296) 585507

9. WORK PROGRAMME (Pages 89 - 92)

To consider the future work programme.

Contact Officer: Kate Mulhearn (01296) 585724

AUDIT COMMITTEE

28 JANUARY 2019

PRESENT: Councillor R Newcombe (Chairman); Councillors C Adams, N Glover, G Powell (in place of A Waite), D Town and H Mordue (ex-Officio).

APOLOGIES: Councillors M Collins, A Harrison, S Raven, R Stuchbury and A Waite.

1. EXTERNAL AUDITORS

The Chairman welcomed Andrew Brittain and Susan Gill from Ernst and Young to their first meeting of the Audit Committee.

2. MINUTES

Members commented on the Minutes as follows:-

- Minute 2 (paragraph 4, dot point 4) – that the reason for the difference in the Pension Liability Valuation had been primarily down to a timing issue. AVDC had to estimate a Pension Liability Valuation in year based on the best available information at that time. However, by the time the external auditors considered the financial statements for 2017/18 an actual value for the Pension Liability had been calculated by the actuary, which differed to the estimated value.
- Minute 5 (first sentence) – that the Council meeting on the Aylesbury Vale Broadband Review had been held on 28 June 2018, not 11 June 2018.

RESOLVED –

That, subject to the above clarification, the minutes of the meeting held on 8 October, 2018, be approved as a correct record.

3. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18

The Committee received a report from the External Auditors on their work associated with the certification of grant claims for 2017/18 submitted by AVDC.

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 had been delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2017-18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this the external auditors had followed a methodology determined by the Department for Work and Pensions and had not undertaken an audit of the claim. Instead, the work 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. Where initial testing errors in the calculation of benefit or compilation of the claim were found, the certification guidance required the auditors to complete more extensive '40+' or extended testing. Extended testing for 2017/18 had identified errors which had impacted on the claim and, as such, had issued a qualification letter in line with the guidance. The total extrapolated value of the errors identified and detailed below which had not been amended was £7,541.

The external auditors reported that they had checked and certified the housing benefits subsidy claim with a total value of £44,030,312. This had allowed them to meet the submission deadline. A qualification letter had been issued, details of which were included in section 1 of the report.

The certification work had found errors which the Council had corrected, having a marginal effect on the grant fee, and also identified some extrapolated errors, as reported in the qualification letter. The main findings in 2017-18 had related to:-

- Non-HRA rebate cases: 2 errors had been identified in the initial testing. The one impacting the claim had related to the calculation of earned income. The claim had been adjusted with an overall effect on the value by £34.
- Rent allowance cases: 4 errors had been identified in the initial testing in the areas of earned income, self-employed earning and rent. Two more failures had been identified in rent but no further failures had been found in the other areas. One error had been identified in the initial population of 20 cases which had resulted in an underpayment of benefit. However, as the issue had been reported in the 2016/17 Qualification Letter and the nature of the error was such that either an underpayment or overpayment might arise, the external auditors had tested an additional random sample of 40 cases selected from a sub population of claims containing earnings. This had identified the following errors:
 - Earned Income – 1 underpayment and 2 overpayment. These were similar to errors reported in the Qualification letter in 2015/16 and 2016/17.
 - Self Employed Earnings – 1 error in the initial random sample of 20 cases which had resulted in an overpayment of benefits. No further errors had been identified. Similar findings had been reported in the Qualification letter in 2015/16 but not in 2016/17.
 - Rent – 1 error in the initial random sample of 20 cases which had resulted in an underpayment. An additional 40 rent cases containing rent at the affected Housing Association where the initial error had occurred had been done and this had identified 2 cases where the rent amount was insufficiently supported resulting in an underpayment of benefit. As there was no eligibility to subsidy for benefit which had not been paid the 2 underpayments did not affect subsidy and had not, therefore, been classified as errors for subsidy purposes. No other errors had been found in the 40+ testing.

The Committee was informed that the indicative certification fee for 2017/18 had been £17,411, which had been set by the PSAA. From 2018/19, the Council had been 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 had been established by the DWP. Ernst and Young had been appointed to undertake this work in 2018/19.

RESOLVED –

That the external auditors report on the certification of claims and returns by AVDC for 2017/18 be noted.

4. EXTERNAL AUDIT PLAN AND FEE LETTER

The Committee received a report and External Audit Plan which summarised the proposed approach and scope of work to be undertaken by the external auditors for the 2018/19 audit in accordance with statutory requirements and to ensure it was aligned with the Committee's service expectations.

The Audit Plan had been prepared having regard to several key inputs including:-

- Strategic, operational and financial risks relevant to the financial statements.
- Developments in financial reporting and auditing standards.
- The quality of systems and processes.
- Changes in the business and regulatory environment.
- Management's views on all the above mentioned issues.

As well as the financial statement risks and value for money risks, the auditors had to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations.

The auditors had assessed the key risks which would drive the development of an effective audit and the planned audit strategy in response to those risks and had identified four significant risks to the opinion of the financial statements. These were misstatements due to fraud or error, the risk of fraud in revenue and expenditure recognition (incorrect classification of capital), property valuations (land and buildings), pension asset valuation and the impact of new accounting standards (IFRS 9: Financial Instruments and IFRS 15: Revenue from contracts with customers) and whether they had been appropriately implemented by the Council.

The Audit Plan restated, as in previous years, that management had the primary responsibility to prevent and detect fraud. The Plan detailed how the auditors planned to obtain reasonable assurance about whether the financial statements as a whole were free of material misstatements whether caused by error or fraud. Work would also be undertaken to consider whether the Council had in place 'proper arrangements' for securing financial resilience at the Council, and to secure economy, efficiency and effectiveness on its use of resources, which would include an assessment against the requirements of the CIPFA/SOLACE framework for local government. In due course this would be reported to the Committee through documents such as the Annual Governance Statement.

The risk assessment had also identified one potential significant risk as a result of the 1 November 2018 announcement by CLG that a unitary authority for Buckinghamshire will be instituted from 1 April 2020. It was possible that there might be an impact on the Council's capacity to manage its operations as well as planning a smooth transition; also on managing strategic risks and medium-term financial planning.

An update on the results of the audit work in these areas would be reported back to the Committee in October 2019.

As in previous years, the Internal Audit plans and resulting work would be reviewed. The findings of audit reports, together with any other work completed in the year, would help to inform detailed external audit work, including on issues raised that had an impact on the year-end financial statements.

The indicative fee scale for the audit work was £43,724, although it was possible that this fee could increase in due course if additional testing or work was required in addition to that already identified within the Audit Plan. The external auditors would be making use of specialists for the work on valuation of land and buildings, pensions disclosure and the Management's specialists, as detailed in the Committee report.

The fee for other non-audit services not covered by the audit work was £15,610 and related to the certification of Housing Benefits claims and returns annual report for 2018-19.

For the purposes of determining whether the financial statements were free from material error (i.e. the magnitude of an omission or mis-statement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements), the external auditors had determined that planning materiality (the amount over which it was anticipated that misstatements would influence the economic decisions of a user of the financial statements) at £2.29m based on 2% of gross expenditure.

Performance materiality, the amount the auditors used to determine the extent of their audit procedures had been set at £1.7m, and represented 75% of planning materiality. Finally, Members were informed that any uncorrected audit mis-statements greater than £114,500 would be reported to the Audit Committee.

Members requested further information and were informed:-

- (i) that Aylesbury Vale Estates was a private company, although it's accounts were incorporated with AVDC's accounts. As part of their work the external auditors could rely on the work by other auditors done on the AVE accounts, and could ask them to look at certain elements.
- (ii) that the risk of misstatements due to fraud or error and the risk of fraud in revenue and expenditure recognition were key risks and were looked at as a part of all Audit Plans.
- (iii) that, in particular, the impact of the unitary decision would be looked at as part of the value for money conclusion, looking at the Council's arrangements for taking informed decisions, deploying resources in a sustainable manner and working with partners and other third parties.
- (iv) that Appendix A to the auditor's report included information on the indicative fees for the work looking at 2018/19 financial statements and for the certification work on Housing Benefits.

RESOLVED –

That the contents of the external auditors' Audit Plan for 2019 be noted.

5. INTERNAL AUDIT PROGRESS REPORT

The Committee received a progress report on activity undertaken against the 2018/19 Assurance Plan that had been approved by the Committee in June 2018. The following matters were highlighted:-

Final Reports issued since the previous Committee Meeting

The following reviews had been completed since the last Committee meeting:-

- **Commercial Waste (High risk)** – the review had identified one high risk, 3 medium risk and 2 low risk findings. The audit had been performed during September-October 2018 and Members were informed that significant work had taken place since then to address the risks identified, as outlined in the comments from management. The current and ongoing level of risk had been

reduced, and this would be validated by internal audit through the follow-up process over the coming months.

- **Comments, Compliments and Complaints (Low Risk)** – the review had identified one medium and one low risk finding. A sample of 25 had been tested from a total of 50 comments, 60 compliments and 510 complaints received during the period April-November 2018. The medium risk related to delays in responding to Stage 1 complaints with a further delay where the complaint had escalated to Stage 2. Action had already taken place to improve the monitoring of response times and plans were in place to address other weaknesses.

The full review reports were attached as Appendix 3 to the Committee report.

2018/19 Internal Audit Plan Work in Progress

The Committee was informed that a number of reviews were in progress and would be reported to the Audit Committee in March 2019. These included:-

- Section 106 Agreements.
- Housing Benefits.
- Parking Services.
- Company Governance (Aylesbury Vale Estates).
- Connected Knowledge.

Implementation of Agreed Audit Actions

The implementation of actions and recommendations raised by internal audit reviews were monitored 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.

A detailed listing of all internal audit actions, together with a status update was included at Appendix 4. In total, 40 actions were followed up for the January 2019 Committee – that included an update on all actions due for completion by 31 December 2018. 12 out of the 40 actions (30%) had been completed, compared to a 55% completion rate reported in October 2018.

Members sought further information and were informed:-

- that good progress had been made against the most significant finding from the Commercial Waste review regarding completing site risk assessments for all commercial waste customers. It was anticipated that all assessments would be completed by the end of February 2019.
- that a trade waste meeting had been arranged including all key members of the management team involved with commercial waste, with bi-weekly meetings now being scheduled to discuss all key projects / KPIs and plans concerning commercial (trade) waste.
- that management had tightened the controls, monitoring and reporting of the Comments, Compliments and Complaints process, and these measures would lead to greater accountability.
- that internal audit would continue to monitor the implementation of actions agreed during the last audit of Accounts Payable, rather than undertake a new review.

- of Members concerns on the lack of progress with the level of safeguarding training for employees, as identified in the Safeguarding Review 2016/17.

RESOLVED –

- (1) That the progress report be noted, including the progress made in implementing the findings of the Commercial Waste review.
- (2) That, should the outstanding actions and implementation of the findings of the Safeguarding 2016/17 Review not be completed by the end of March 2019, senior Officers and the Cabinet Member be requested to attend the Audit Committee in June 2019 to provide an update on the lack of progress.

6. AYLESBURY VALE BROADBAND - REVIEW UPDATE

The Committee received a report detailing the work that the Cross Party Group had done following the review into Aylesbury Vale Broadband.

On 28 June, 2018, Council resolved that a cross party group would be formed to oversee the implementation of the 22 recommendations of the BDO LLP review into AVB. It had also been agreed that in view of concerns about various financial aspects of financial matters reported in the BDO LLP report, a detailed examination of the accounts of AVB would be carried out as a matter of urgency by AVDC's internal audit team and a report of this be delivered to the Audit Committee.

Prior to the Council meeting, the Audit Committee had resolved on 12 June, 2018 that the Council's "Guide to the Creation and Working with Companies in which AVDC has an interest" (the "Guide") should be updated to reflect the recommendations identified in the BDO report. The Committee had also asked the Democratic Manager to review the Councillors' Code of Conduct taking into account the AVB review recommendations, in particular, the section relating to the divulgence of confidential papers.

The Cross Party Group comprising Councillors Branston (Chairman), B Chapple, A Cole, S Cole, Christensen, Lambert and Cooper had met on 6 December 2018 to consider the progress made on implementation of recommendations arising from the AVB review report. This had included receiving a report of how the recommendations had been incorporated into the Guide together with a draft of the updated Guide. A copy of the updated Guide, with tracked changes highlighting where the recommendations had been incorporated, was included with the Committee report.

In particular, the Group's attention had been drawn to Recommendation 17 (Confidentiality requirements and the Code of Conduct). The new Members' Code of Conduct had been drafted taking into account the Audit Committee's request that about the divulgence of confidential papers. The Chairman of the Audit Committee had been closely involved in this process. An updated Code of Conduct had been agreed by the Standards Committee on 3 December 2018 and would now be submitted to full Council for final approval.

The Group had then considered the AVB Financial Review that had been undertaken by the Corporate Governance Manager. Members were informed that sample testing of income and expenditure incurred by AVB from inception to 31 March 2018 had been performed. Samples had been selected from the AVB Nominal Ledger. The AVB annual accounts had been prepared by external accountants (Tax Assist) on the basis of the information contained in the nominal ledger. A report was presented detailing the testing performed and the results, and which had concluded that no exception had been identified in the sample testing.

On the basis of the documentation reviewed and the financial testing performed no concerns had arisen that would indicate that the financial accounts of AVB were not an accurate record of the affairs of the company. Following consideration of all of the above information, the Group had agreed that the Guide should be updated with regard to information required in support of business cases, as discussed at the meeting. The group had also been satisfied that the 22 recommendations stemming from the BDO LLP report on the review of AVB had been actioned, as well as the requested Financial Review, and should be reported back to the Audit Committee in January 2019.

In summary, the Cross Party Group had concluded that in accordance with Council's resolution their work had been concluded and there would be no further need for the Group to meet again.

Members sought additional information and were informed that the investigation into the 'yellow pages' breaches that had been raised during the review of AVB was still ongoing and would be reported to Members in due course.

RESOLVED –

- (1) That the work of the Cross Party Group and the Officers supporting it be noted.
- (2) That the Council be recommended to approve the updated "Guide to Creation and Working with Companies in which AVDC had a Financial Interest", which is part of the Council's Constitution at Section G (Codes and Protocols).

7. CORPORATE RISK REGISTER

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 Strategic Board. Some of the risks were not dissimilar to those faced across other local authorities.

Since the last Audit Committee meeting in October 2018, the Secretary of State had announced his decision for a single unitary district council for Buckinghamshire. The CRR had been fully refreshed and updated to reflect the changing context for AVDC risks. The CRR had been reviewed by Strategic Board on 9 January 2019 and by Cabinet on 14 January 2019.

Members were informed that the unitary decision had significantly increased the overall level of risk within the Council. 2 new risks had been added and the ratings of other risks had been increased. This reflected the impact of both the level of uncertainty over the influence of the Shadow Authority and the high likelihood of the loss of key staff, on AVDC's ongoing ability to deliver its objectives and services in line with the current business model.

The background and comments against each risk was included in the report, as well as a summary in relation to residual risk ratings. There were now 23 risks on the Corporate Risk Register. The changing risk profile over time was as follows:-

	Total	Low	Moderate	High	Extreme	Not yet assessed
January 2019	23	3	8	7	4	1
October 2018	26	2	13	7	1	3
June 2018	25	2	12	9	1	1
March 2018	22	2	12	6	1	1
Direction of travel		↔	↓	↔	↑	

The extreme risks related to:-

- Unknown impact of the influence of the Shadow Authority on AVDC's ability to deliver strategic goals and priorities in line with agreed objectives and the current business model. Focus on priority projects and planned transformation could diminish with the competing demands of the unitary authority.
- Deterioration in core services delivery due to loss of key staff and the inability to recruit or retain high performing staff. Poor morale, or lack of foreseeable opportunity leads to "the best" seeking alternative employment, or not being willing to join AVDC.
- Lack of clarity and/or political engagement with partners hinders ability to engage in and influence next round of growth including consideration of CaMKOx Corridor, HS2, housing need targets. A Bucks wide plan could result in even more housing growth in the Vale geography.
- Depot transformation Programme failed to deliver commercial, customer, health and safety, and environmental objectives.

The risk relating to failing to deliver the Commercial Property Investment Strategy and achieve the planned return on investment had not yet been fully assessed and rated as the viability and priority of the investment strategy needed to be reviewed in light of the Unitary change.

Members requested information and were informed:-

- that existing controls, mitigation and proposed actions to be taken in relation to the loss of key staff was detailed in the CRR. This had been recognised as part of the budget setting process and an allowance for possible additional costs had been made for the 2019/20 financial year.
- that AVDC's senior management and Cabinet Members had held a number of information sessions with staff to keep them up-to-date on arrangements for the new unitary authority. The sessions had also allowed staff to raised their concerns.
- that, in due course, the Shadow Authority would have an Implementation Plan, Programme Directors and Management Team, which would direct the transition programme to the new Buckinghamshire Authority. An Implementation Risk Register was being developed with input from the 5 Councils. At the same time, AVDC would continue to monitor and report its own CRR and look to carry on with business as usual until the new Council was in place.
- that the Buckinghamshire authorities, apart from the County Council, shared their respective CRRs as public documents.

RESOLVED –

That the current position of the Corporate Risk Register be noted.

8. WORK PROGRAMME

The Committee considered the future Work Programme (Appendix 1) 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.

Members agreed that a formal review of the Audit Committee's Effectiveness would not be performed and therefore it should be removed from the 2018/19 and 2019/20 Work Programmes, ie between now and 1 April 2020.

Members were reminded they could request training at any time. A number of Councillors had recently attended CIPFA Audit Committee training events.

Members commented that the Audit Committee Tracker had not been included with the Work Programme and asked that it be updated and report to the next meeting.

RESOLVED –

That the future Work Programme as discussed at the meeting be approved.

This page is intentionally left blank

Audit Committee
25 March 2019

INTERNAL AUDIT PROGRESS REPORT – MARCH 2019

1 Purpose

1.1 To receive the Internal Audit Progress Report of activity undertaken since April 2018.

2 Recommendations

2.1 The committee is recommended to note the progress report.

3 Supporting Information

3.1 This report provides an update on the progress made against the 2018/19 Internal Audit Plan and includes information on:

- Internal audit reviews completed and in progress
- Changes to the 2018/19 internal audit plan
- Implementation of agreed audit actions

3.2 The Committee requested that all internal audit reports are presented in full. These are included in Appendix 4.

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

March 2019

Contents

1. Activity and progress	3
Final reports issued since the previous Committee meeting.....	3
2018/19 internal audit plan work in progress.....	6
Summary of changes to the 2018/19 internal audit plan	7
2. Implementation of agreed audit actions.....	7
Appendix 1: Internal audit opinion and classification definitions	8
Appendix 2: Internal audit plan and progress tracker	9
Appendix 3: Summary of internal audit actions	10
Appendix 4: Internal audit reports	17

1. Activity and progress

The 2018/19 internal audit plan was approved by the Audit Committee in June 2018. 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

Name of review	Risk rating*	Date of final report	No of recommendations made*			
			Critical	High	Medium	Low
Aylesbury Vale Estates	n/a	Mar 19	-	-	-	-
Housing Benefits	Medium	Mar 19	-	-	1	6
Parking Services	Medium	Mar 19	-	-	1	5

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

The full reports are attached in Appendix 4 and summarised below:

Company Governance - Aylesbury Vale Estates

Aylesbury Vale District Council and Akeman Partnership LLP established Aylesbury Vale Estates (AVE) as a Limited Liability Partnership in October 2009. Each party has a 50% ownership of AVE.

This review has evaluated the effectiveness of the Council's governance of AVE, based on the expectations set out in the "Guide to creation and working with companies in which AVDC has a financial interest" (the Guide), which was recently updated following the independent review of the Council's governance arrangements for Aylesbury Vale Broadband. The Guide is based on language pertaining to the legal structure of companies and the respective roles and responsibilities of shareholders and directors as set out in Company Law. AVE, as a Limited Liability Partnership (LLP) is slightly different. For example, it does not have 'Directors' as distinct from a 'Shareholder' as is the case for a company limited by shares.

The Guide does however, set out many expectations of 'good governance' which are applicable when considering oversight of council spend and operations. Therefore we assessed whether governance arrangements are in accordance with the spirit of the requirements in the Guide. We conclude that governance of AVE is compliant with the significant majority of expectations set out in the Guide. However the review highlighted two areas where the application of governance requirements as set out in AVE's Members' Agreement could be strengthened:

- The Council should work with AVE to clarify who is empowered to discharge certain roles (and functions assigned to those roles) set out in the AVE Members' Agreement. The Council has taken a custom and practice approach to fulfilling these functions but would benefit from clarifying which committees/people are empowered to discharge them in the event of any future dispute.
- The Council should work with AVE to update the Members' Agreement to clarify instances where the Council is required to approve sale, transfer or issuance of shares. This is currently referenced in the Members' Agreement but is worded in a way where it would only apply in certain instances (i.e. should it be required by central government).

In the areas we considered there was evidence that good governance procedures have been undertaken and in accordance with the spirit of the Guide. These are outlined in the report and include:

- Business planning
- Board composition
- Reporting to Council and scrutiny
- Conflicts of interest
- Relationship between the Council and AVE

Housing Benefits

The report is classified as medium risk (9 points). We identified one medium and six low risk findings. Since the prior year high risk report (22 points), continued improvements have been made to processes and controls. These improvements can be attributed to strength in management and a restructure of staff to ensure specialist benefits officers focus on higher risk cases, a further developed training plan and continued monthly quality checks. There is also widespread use of software to data match HMRC details for applicants and targeted projects to undertake 100% checks on identified risk areas.

There has also been improvement in oversight of housing benefit overpayment debt. Additional resource has been employed and this has "more than paid for itself" in terms of recovering old outstanding debts, however the balances outstanding still remain high. As at February 2019, £5.33m was outstanding in overpayments, with £2.34m created since 1 April 2018 (44%).

The audit highlights a number of areas where further improvement is still required.

- Procedures for debt write off need to be confirmed and communicated. For the sample selected, there was no evidence of authorisation for any of the debts written off (Medium)
- Historic "landlord" overpayment cases are yet to be cleared, with circa. 200 unreconciled cases outstanding (Low)

- The mapping exercise to clearly identify responsibilities for the various stages of the housing benefits process was yet to be completed, with actions either yet to be raised to address all issues identified or actions not being allocated to individual officers (Low)
- A record is not maintained to confirm who undertook invoice accuracy checks. Instances noted where no recovery and follow up action was taken for cases where overpayment invoices were raised (Low)
- The overpayments report generated from Northgate recorded a different value to the outstanding overpayment visible on the resident's account per Northgate and Tech1 (Low)
- A Credit Reference Check (CRA) was not found to be used in practice. The Council procedures state it should be however, it was determined the procedure note needs to be updated to confirm it is not a required practice (Low)
- Wider Use of Real Time Information (WuRTI) is not used consistently (Finding 7 – Low).

We also highlight a number of areas of good practice in the report and can confirm that prior year audit actions have been implemented.

Parking Services

This report is classified as medium risk. We identified one medium and five low risk findings.

The Parking Service operates across several teams in order to achieve the various parts of the process. Parking Operations are responsible for Enforcement Officers issuing Penalty Charge Notices (PCNs), maintenance of parking machines and collection of money via oversight of contractors; the Customer Relationship team is responsible for PCN payments, appeals and recovery.

Our findings are summarised as follows:

- There is no overall lead for parking; the process sits across two sectors, with strategy in a third. Current governance arrangements do not allow for a focused discussion of all parking risks and performance, in one forum, across the various Council teams. KPIs have not yet been developed for Parking Operations (Medium)
- Minor improvement needed in the management of the process of reviewing PCN appeals and deciding whether to accept or reject them (Low)
- Improvement needed in the setting up of Direct Debits for Permits; one instance of non-compliance was identified (Low)

- There is no consistent documentation of the acceptance of breaches of the Agreed Variance Levels between the monthly BDI Summary Reports and Parking Machine Totals (Low)
- The current Enforcement Officer's hand held Personal Device Assistants (PDA's), if lost, are not able to be made inaccessible remotely to prevent anyone else using them (Low)
- Chargebacks are not identified to allow accounts to be suspended to prevent fraud (Low)
- Current contract management arrangements are largely informal, undocumented and reactive, although they are considered to be effective to ensure services are maintained. In line with the approved Parking Strategy, the Operations Team are working with the Corporate Contracts Team to procure replacement machines and the intention is to procure a complete package across all AVDC's parking operations. It is anticipated this will be completed in the next 6 months (Advisory).

The report also highlights a number of areas of good practice.

2018/19 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>
Section 106 Agreements	BDO completing further work in order to finalise the audit report
Billing and debt management	Scoping meeting held. Review will focus on customer billing arrangements, debt management and recover across all income streams. Reporting to Audit Committee in June 2019.
General Ledger and Management Information	Scope agreed and will focus on assessing the robustness of interfaces and effectiveness of the reconciliation. Expanded to also include management information. Reporting to Audit Committee in June 2019.
Connected Knowledge	Work in progress. Reporting to Audit Committee in June 2019

Summary of changes to the 2018/19 internal audit plan

To remain relevant, the annual internal audit plan should be flexible to respond to emerging or changing risks. With budget constraints, there is also a need to ensure prioritisation is given to work which will achieve the greatest value to the organisation. The following changes have been made to the 2018/19 plan since it was approved in June 2018:

<i>Name of review</i>	<i>Comment</i>
Accounts Payable	Focus on follow up of prior year outstanding actions.
Payroll	The original plan included a post-implementation review of the new Payroll/HR system, XCD. The implementation was cancelled in November 2018. Existing processes will remain in place and as prior year audits are low risk, no longer considered an area of risk for audit. Days will be reallocated to other reviews.
Tech One	It was intended to review system integration and data transfer controls to ensure the data held in TechOne is complete and accurate. An IT project is underway to look at Council wide data transfers (Uniflow). System integration aspects will be picked up in work on reconciliations as part of GL review and audit days reallocated.
Waste & Recycling - Contracts	The original plan included review of the contracts for Street Cleansing/ Horticulture and Recycling. Street Scene services are coming in-house and the contract will conclude in January 2020. Due to changes in the recycling market, we no longer receive income but pay for waste to be taken to a MRF through a contract with CasePak. For both contracts, management procedures are in place and not considered a high risk for internal audit review. Audit days will be reallocated to allow for more in-depth reviews of Commercial Waste and Parking Services.

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 3. In total 27 actions were followed up for the March 2019 Audit Committee – this included an update on all actions due for completion by 28 February 2019. 19 out of 27 actions have been completed which equates to 70% (30% in January 2019).

Appendix 1: Internal audit opinion and classification definitions

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 2018/19 Annual Internal Audit Plan was approved by members of the Audit Committee in June 2018. A summary of progress on completion of the plan and changes is reported below.

Review	Description	Status/Comment	Overall Risk Rating
General Ledger	Assurance over control design and operating effectiveness of key financial processes.	Terms of reference agreed. Work planned April 2019	
Accounts Payable		Audit removed - focus on follow up of prior year outstanding actions	-
Payroll	Review payroll processes and controls post new system implementation	XCD implementation cancelled. Existing processes will remain in place. Prior year audits are low risk.	-
Billing, debt management and recovery	Review of processes for billing selected income streams (inc. commercial & garden waste, licensing, property), debt management and recovery	Terms of reference agreed. Work planned April 2019	
TechOne	Review system integration and data transfer controls to ensure the data held in TechOne is complete and accurate.	Discussed with Dir & Corp Finance Manager. Integration aspects will be picked up in work on reconciliations as part of GL review and audit days reallocated.	-
Contracts & Procurement	Corporate processes	Complete	Medium
Health & Safety	Corporate processes	Complete	Medium
Customer comments, compliments & complaints	Corporate CCC process & new Customer Charter	Complete	Low
Section 106 Agreements		Audit work complete and report was due to come to January audit committee – BDO delays in report finalisation - deferred to June	
Housing Benefits	Consider impact of Universal Credit	Complete	Medium
Waste & Recycling - Contracts	Original plan included review of the contracts for Street Cleansing/Horticulture and Recycling. Council recently approved the proposal to bring Street Scene services in-house, the contract will conclude in January 2020. Due to changes in the recycling market, we no longer receive income but pay for waste to be taken to a MRF through a contract with CasePak . For both contracts management procedures are in place and not considered a high risk for internal audit review.		-
Waste & Recycling – Commercial Waste	Focus on customer and commercial aspects of trade waste operations.	Complete	High
Parking services	Review of all the parking service	Complete	Medium
Connected Knowledge	Focus on benefits realisation, tracking and reporting	Work complete, report in June 19	
Company Governance	Assess governance arrangements for the Aylesbury Vale Estates	Complete	Advisory
Follow up audit actions	Validation that agreed internal audit actions have been implemented.	Ongoing	
Disabled Facilities Grant	Grant compliance requirements	Complete	No issues




Appendix 3: Summary of internal audit actions

In total 27 actions were followed up for the March 2019 Audit Committee – this included an update on all actions due for February 2019 or earlier. The previous action dates are shown along with the new revised date.

19 out of 27 actions are complete which equates to 70%. Of these, 4 High risk rated actions are complete with 1 High risk action relating to Safeguarding training outstanding.

There is clear demonstration that the actions arising from Internal Audit reviews are, on the whole, being actively progressed.

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

<i>Name of review</i>	<i>Agreed actions due</i>	<i>Outstanding</i>			<i>Completed actions</i>
		 High	 Medium	 Low	
Commercial Waste 2018/19	14	-	3	1	10 (71%) (2H, 5M, 3L)
Contracts and Procurement 2018/19	2	-	-	1	1 (50%) (1L)
Corporate Health and Safety 2018/19	6	-	-	-	6 (100%) (5M, 1L)
Safeguarding 2016/17	1	1	-	-	0 (0%)
Taxi Licensing 2017/18	2	-	-	2	0 (0%)
Housing Benefits 2017/18	2	-	-	-	2 (100%) (2H)
Total	27	1	3	4	19 (70%)

Progress update on overdue/incomplete actions

<i>Name of review</i>	<i>Action</i>	<i>Finding risk rating</i>	<i>Update</i>	<i>Revised Date</i>
Contracts and Procurement 2018/19	Appropriate training content developed in consultation with Learning and Development, including eLearning/face-to-face, as appropriate	L	e-Learning content has been prepared and online training in development; we aim to launch in March; the team are now liaising w/ HR to define if it can be mandatory. As this is still in development and not quite finalise it is classified and incomplete	28/02/19 30/04/19
Commercial Waste 2018/19	Operational and commercial teams should speak with their respective Finance Business Partners to agree financial reporting requirements and agree actions over better report formats	M	This has been raised with the Assistant Director however is still under discussion and therefore deemed incomplete. The Corporate Finance Manager is engaged to ensure action is taken.	28/02/19 31/03/19
Commercial Waste 2018/19	Develop a schedule which checks the response rate for duty of care responses and report compliance levels to the Quarterly Commercial Waste meeting	M	The team have started looking into this, and have been in touch with Bartec (supplier) to try and create an easier solution to the Duty of Care process however there have been some delays with Bartec. Extra resource has been agreed to cover the admin side of the Duty of Care process in the short term. This process will commence in April 2019	28/02/19 30/05/19
Commercial Waste 2018/19	A 100% review of customer accounts should be undertaken to ensure customer payment preferences/rates on Bartec match agreements and match what is on Tech1	L	This is still in progress	31/01/19 30/04/19
Commercial Waste 2018/19	Terms of reference should be developed and approved for each of the five governance groups listed in this finding. This needs to specify the remit of the group, expected attendance and where agenda items are escalated, if required	M	Whilst the meetings now take place and new structure operates and staff feedback is positive a formal terms of reference has not been defined for the different groups to clarify attendees, expected reports and escalation.	31/01/19 30/4/19

Taxi Licencing 2017/18	Licensing Committee Member training should be reviewed to ensure that all requirements in the Councillors Handbook are sufficiently covered	L	From review of the Committee minutes for 21 January 2019 and the agenda for 18 March 2019 we cannot see evidence that this has taken place. It needs to take place at either the 18 March 2019 meeting or the 22 May 2019 meeting as this is long overdue.	31/07/18 30/09/18 30/11/18 28/02/19 30/05/19
Taxi Licencing 2017/18	A summarised hand out of training notes should be provided to Members for future reference.	L	Per above	31/07/18 30/09/18 30/11/18 28/02/19 30/05/19
Safeguarding 2016/17	<p>The training records for each employee and their safeguarding level should be linked to their profile in the HR system.</p> <p>Employees in the Level 4 Exposure list are advised to receive refresher trainings on a more frequent basis (every two years)</p> <p>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.</p>	H	<p>It was been agreed at the 7 March 19 Safeguarding Group Mtg that safeguarding training requirements should be aligned to DBS levels – None, Basic, Standard, and Enhanced. An exercise is underway to identify the DBS level for each post - this will then inform SG training needs. At the 12 March, 80% of role profiles have been updated with DBS level and required training.</p> <p>All staff are required to do the safeguarding eLearning – currently 91% have completed this.</p> <p>For Basic, Std and Enhanced, level 2, 3, 4 safeguarding training is required. No suitable off-the-shelf training has yet been identified but we are working with the LEAP Safeguarding Champion to develop bespoke training package.</p> <p>L4 is to be completed by members of the Safeguarding Board. Two have completed the BCC course, but recognise this only focusses on children, and does not adequately include vulnerable adults. A suitable external provider to deliver this training is still to be identified (see above)</p> <p>The process to ensure regular reporting of all mandatory training is not yet in place, but this can be done on an adhoc basis. HR will progress this aspect of the action.</p>	31/12/17 31/05/18 31/08/18 31/12/18 28/02/19 30/05/19

Completed actions

<i>Name of review</i>	<i>Action</i>	<i>Finding risk rating</i>	<i>Update</i>
Contracts and Procurement 2018/19	Complete the review and approval of the CPRs and ensure they are communicated and accessible to all staff	L	This was approved in March 2019 and is now being prepared for communication out to the Council
Commercial Waste 2018/19	Assess resourcing needs to complete all site risk assessments. Determine whether this can be done in-house (capability and capacity), or whether external resource is required	H	External resource has been assessed and is judged not to be required. A tracker was reviewed and found that all site risk assessments have been completed with all renewal dates now ranging from November 2019 to 2021 and therefore current ones are up to date. This was achieved by asking drivers to conduct 5 per day on their rounds and compliance was achieved.
Commercial Waste 2018/19	A site risk assessment needs to be completed for every customer where services are being delivered. Ongoing processes to be established to ensure site risk assessments are in place before waste is collected	H	The site risk assessments have now been completed for all current customers. New processes are established and in operation.
Commercial Waste 2018/19	A schedule to be developed that provides data on when the last site risk assessment was conducted and when the next one is due	M	Complete, a new site risk assessment tracker has been implemented
Commercial Waste 2018/19	A suite of KPIs should be developed and defined covering both operational and commercial activities. These then should be reported to the Quarterly Commercial Waste meeting	M	There has been the first quarterly KPI meeting where KPIs were discussed. These span across the operational side of the Gateway but are primarily focused on business development targets. There is now a discussion on KPI's as to which are important for the depot. These will be included into the quarterly KPI's meetings for review and discussion. As these have been discussed, developed and some have been reported this is deemed complete.

Commercial Waste 2018/19	A list of all staff costs contributing to the delivering of commercial waste whether directly or in-directly (i.e. Business Development Team) should be analysed. It should then be assessed what proportion of this staff time relates to commercial waste activities	M	<p>An exercise has been completed whereby analysis of the costs of all aspects of the Trade Waste Service. This included staff, vehicles, fuel, maintenance and disposal costs. It is now known that the service is covering all costs associated with it, and now the focus is to increase the capacity until the maximum point before the services fixed costs increase.</p> <p>This analysis found that year to date profit was show as £26,767 as of January 2019.</p>
Commercial Waste 2018/19	Re-affirm via email and local meetings the expectations for information sheets and bin delivery completion notifications	M	This process has been amended now so operations have taken control of the scheduling, which means the need for information sheets is diminished – this has been communicated to staff. Also the risk of mistake is reduced.
Commercial Waste 2018/19	Any future price changes should be supported by an assessment and approved by the Quarterly Commercial Waste Meeting and if required, the Commercial Overview Board	M	There is no current planned increased to fees. This has therefore been deemed complete because the finding followed up about setting up a Terms of Reference for the quarterly meeting will pick this up to ensure it is part of their remit
Commercial Waste 2018/19	A letter be sent to every customer explaining the price plan they are on and that remaining on invoices instead of direct debit will cost £10 more per invoice	L	Completed and all on monthly billing now and the team believe all are on the correct price plans. However the Council has not implemented the invoice charge and has instead introduced a strike system for failure to pay. As they are all on monthly and this has been looked into and is a low recommendation this is deemed complete.

Commercial Waste 2018/19	A Net Promotor Score (NPS) survey should be issued to all customers	L	<p>A similar survey to the NPS has been completed and results analysed. This was done via surveymonkey issued in December 2018 sent out to 1051 existing contacts which resulted in 81 surveys completed (7.7% response rate). There was an incentive for completion as it was known that response rate would be difficult. For all questions the average was excellent and good results were 75%+.</p> <p>There was a positive response, and positive feelings towards the service and staff on the whole.</p>
Commercial Waste 2018/19	The NPS survey results should be analysed and reported to the Quarterly Commercial Waste Meeting with appropriate subsequent actions agreed	L	<p>This was reported February Quarterly Commercial Waste Meeting and discussed. It was viewed as positive with room for improvement. It led to a new KPI around bin deliveries to improve based on feedback given. Therefore action was taken and this is deemed complete.</p>
Corporate Health and Safety 2018/19	Post event debriefs and lessons identified should be documented and plans updated regularly to reflect and share learnings	M	<p>This is responsibility of each Event Manager - it has been done for Christmas event and will be reviewed at the next ESMG meeting on 18 March.</p>
Corporate Health and Safety 2018/19	Develop a robust planning framework for events, including those organised by Communities, Town Centre and for the "Chairman". This will be informed and tested during the Christmas events and finalised thereafter	M	<p>Each event has an Event Safety Plan (ESP) in place. A standard template was considered, but it was found to be more effective to ensure each event has a fit for purpose plan in place, updated for lessons learned and new risks as experience continually develops. The ESPs are stored centrally and available for reference. They should be completed in consultation with Corporate H&S and Community Safety Managers for each event - with oversight from ESMG.</p> <p>In addition, an Event Risk Assessment tool has been developed for a high level risk assessment of new events. This is not intended to be a detailed planning tool, but to aid initial decision making about whether or not an event should proceed. It is being presented to the ESMG on 18 March 2019 for approval.</p>

Corporate Health and Safety 2018/19	Review terms of reference and membership for Event Safety Management Group	M	This has been completed.
Corporate Health and Safety 2018/19	Develop a corporate calendar of all events, with clear categorisation of risk	M	This was done as it was included in the security tender.
Corporate Health and Safety 2018/19	Event Safety Management Group to identify corporate level event security needs and develop business case to meet requirements (e.g. procure and external contract, train and develop in-house). This will be reported to the Health and Safety Board	M	The procurement process for an external event security provider concluded on 13 March 2019. Contracts are being drawn up with the successful bidder and arrangements are in place to work with them for the upcoming WhizzFizz event in June, and other events thereafter.
Corporate Health and Safety 2018/19	KPIs to be further developed and reported to Health & Safety Board and Committee. Work with HR (and new system) to identify data sources to support improved reporting. Incorporate KPIs which can quantify the impact of health and safety issues	L	KPIs on accidents and near misses are reported to H&S Strategic Board and H&S Committee based on Hornbill reports. These are reviewed and updated as needed. At the time of the audit, AVDC was planning to implement a new HR system which would have better functionality to report sickness/absence and link this to H&S statistics. However, the new system implementation is no longer going ahead and it is unlikely system functionality to further develop these KPIs will be in place in the remaining lifetime of AVDC.
Housing Benefits 2017/18	When the automatic reconciliation process is established, determine frequency of reporting and investigation of any differences (at least monthly)	H	Monthly reconciliation processes are in place, but these are manual. As reflected in the March 2019 audit report (finding 2 - low), further work is needed to conclude the legacy landlord reconciling items. Whilst there is still a desire to automate the reconciliation, the decision about investing further this this needs to be considered in the wider context of business cases for system improvements.
Housing Benefits 2017/18	Identify sufficient /additional resources to enable effective recovery of housing benefit overpayments. This should include proactive measures such as "attachment to earnings" and profiling of balances to ensure those with most chance of recovery are prioritised. Target recovery rates should be agreed to justify the return on any additional financial investment in resource.	H	There is additional HBOP officer resource and DEA are now run through ASH. The team also receive a weekly report from Tech One of Overdue Invoices and broken payment arrangements. Further action on improving recovery is identified in the March 19 report (finding 4 - low)

Appendix 4: Internal audit reports

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

1. Company Governance - Aylesbury Vale Estates
2. Housing Benefits
3. Parking Services



Internal Audit Report 2018/19

Company Governance Aylesbury Vale Estates

March 2019

Contents

1. Executive summary	2
Background and summary of findings	2
Management comments	5
2. Detailed findings	6
Appendix 1. Terms of Reference	9

Distribution List

For action:	Teresa Lane (Assistant Director for Commercial Property and Regeneration and Partnership Board Member, Aylesbury Vale Estates)
For information:	Andrew Small (Director and Section 151 Officer) Audit Committee

This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

1. Executive summary

Background and summary of findings

Background

Aylesbury Vale District Council and Akeman Partnership LLP (Akeman) established Aylesbury Vale Estates (AVE) as a Limited Liability Partnership in October 2009. Each party has a 50% ownership of AVE.

The purpose of AVE is to manage, improve and develop the Council's commercial property portfolio and provide an income stream to the Council. On establishment, the Council transferred the majority of its commercial and industrial estate to AVE at market value.

A Partnership Board oversees AVE's work. The Council has three representatives on the Partnership Board. Akeman also have three representatives on the Partnership Board. A Members' Agreement governs the relationship between the partners (AVDC and Akeman), and AVE's relationship with the Council. The Members' Agreement sets requirements regarding the frequency and content of annual business plans, which in turn provides the framework and budget within which AVE manages the assets it holds. Akeman Asset Management LLP manages AVE's assets on a day-to-day basis, through a contract let by AVE.

Guidance on the principles to be applied in the governance arrangements of the Council's owned or partly owned companies is set out in the document "Guide to creation and working with companies in which AVDC has a financial interest". This "Guide" was approved by Cabinet in March 2015 and has subsequently been updated following the independent review of the Council's governance arrangements for Aylesbury Vale Broadband (AVB). The updated Guide was approved by Audit Committee in January 2019 and Full Council in March 2019.

This review has evaluated the effectiveness of the Council's governance of AVE, based on the expectations set out in the Guide. The Guide is based on language pertaining to the legal structure of companies and the respective roles and responsibilities of shareholders and directors as set out in Company Law. AVE, as a Limited Liability Partnership (LLP) is slightly different. For example, it does not have 'Directors' as distinct from a 'Shareholder' as is the case for a company limited by shares.

The Guide does however set out many expectations of "good governance" which are applicable when considering oversight of council spend and operations. Therefore this review is based on whether the spirit of the requirements in the Guide is met by AVDC and AVE (e.g. regular and good quality information available to provide sufficient scrutiny, with certain legal rights reserved by the Council to control AVE's activities) rather than whether AVE follows the Guide verbatim.

Summary of findings

AVE is compliant with the significant majority of expectations set out in the Guide. However this review highlighted two areas where governance arrangements could be strengthened:

- The Council should work with AVE to clarify who is empowered to discharge certain roles (and functions assigned to those roles) set out in the AVE Members' Agreement. The Council has taken a custom and practice approach to fulfilling these functions but would benefit from clarifying which committees/people are empowered to discharge them in the event of any future dispute.
- The Council should work with AVE to update the Members' Agreement to clarify instances where the Council is required to approve sale, transfer or issuance of shares. This is currently referenced in the Members' Agreement but is worded in a way where it would only apply in certain instances (i.e. should it be required by central government).

Good practice noted

In a number of areas considered there was evidence that good governance procedures have been undertaken and in accordance with the spirit of the Guide:

Business planning

AVE produces an annual business plan which is approved every year by the Council's Cabinet. This business plan is also subject to annual scrutiny by the Council's Economy and Business Development Scrutiny Committee.

AVE's 2017/18 business plan was checked against the requirements set out in the Guide. The business plan contained the expected elements including reporting of historic performance against Key Performance Indicators (KPIs), Key Performance Targets (KPTs) for the upcoming year, which are aligned to the objectives of AVE as set out in the Members' Agreement (e.g. enhancing the property value of the estate and maintaining and enhancing an income stream for the Council), a statement of the Council's current investment position, profit and loss for the preceding year, risks facing the business both internally and from the market, a review of performance against KPIs and KPTs set out in the previous business plan, and profit and loss forecasts for the next three years.

Board composition

AVE's Partnership Board is composed of sufficiently senior and skilled individuals – both from within the Council and through AVE's private sector partner (Akeman Asset Management). Board members are furnished with a letter of appointment, setting out the obligations and expectations of them as representatives, when they join the Board and are unremunerated. The letter of appointment issued binds representatives to uphold the Members' Agreement in its entirety, including the process in the Members' Agreement regarding managing conflicts of interest either within AVE or between AVE and the Council.

The review has confirmed that signed letters of appointment are in place for each of the Council's representatives on AVE's Partnership Board.

Reporting to Council

The Council receives regular reporting on its financial and non-financial performance from AVE. This happens twice per year. AVE's business plan is approved by Cabinet each year and is scrutinised by Economy and Business Development Scrutiny Committee. Separately Cabinet and Economy and Business Development Scrutiny Committee are given the opportunity to scrutinise AVE's performance at the end of each financial year. These meetings receive a sufficient level of financial and non-financial information to enable scrutiny. Members have opportunity to ask questions to representatives from AVE at these meetings. The content of meetings, based on review of minutes, suggests that scrutiny does occur.

Conflicts of interest

AVE has taken steps to avoid potential conflicts of interest as set out in the Guide and the Members' Agreement sets out how conflicts of interest should be managed. The Leader, Chief Executive, Monitoring Officer and Section 151 Officer are not on the Board of AVE. Whilst a Cabinet Member does sit on the AVE Partnership Board this is permissible by the Guide where it enhances the skills and competency of the Board. The Cabinet Member in question runs a construction business and therefore adds value to the Board in terms of scrutinising project costs and development programmes. The Cabinet Member in question leaves meetings prior to Cabinet votes on decisions relating to AVE.

Relationship between the Council and AVE

There is a Members' Agreement in place between AVE and the Council which codifies how the relationship between the two organisations should work in practice. This covers expectations set out in the Guide such as payment of dividends, dispute resolution, frequency of Board meetings, reporting requirements to Council and large capital outlays. The Members' Agreement adequately reflects the substance of a "Shareholder Agreement", as outlined in the Guide.

The Council does not provide AVE with any formal services. The Council does provide meeting space for AVE and a minute taker for Board meetings. There is no SLA underpinning these two services and the Council does not charge AVE for them. However, this is reasonable given that the note taker is provided by the Council at the Council's request (to ensure a clear and accurate record of Board meetings) and the meeting rooms in question are internal rooms which are not charged for in the normal course of business. There is therefore no opportunity cost for the Council.

Management comments

Thank you for the report and its findings and I welcome the endorsement of the good practice it identifies.

We will address the issues raised under 1.1 through a statement of clarification as to where these matters sit within the existing constitution.

In relation to recommendation 2.1 we will seek to agree this amendment with the Private Sector Partners, but ultimately we will be reliant upon their agreement.

2. Detailed findings

1 Roles and responsibilities

AVE has a Members' Agreement which sets out the relationship between AVE, the Council and Akeman (the private sector partner (PSP)), and the principles for governance within AVE (e.g. how the Partnership Board works).

The Members' Agreement ascribes rights and responsibilities to a number of different roles. These are defined in Schedule 1 (Definitions and Interpretations) of the Members' Agreement as follows:

- Members – *“means (subject to any such persons ceasing to be a Member in accordance with this Agreement) AVDC, the PSP and any other persons who may from time to time and for the time being be admitted as Members of AVE LLP in accordance with the terms of this Agreement”*.

This role is similar to that of a “Shareholder” as defined by the Guide.

- AVDC Representatives – *“means the representatives (or alternate representative) appointed by AVDC to the Partnership Board”*.

The Members are entitled to elect and appoint three Representatives to the Partnership Board provided that there shall always be (Clause 8.5):-

- at least two Representatives on the Partnership Board appointed by each Member;
- an equal number of Representatives appointed by each Member; and
- at least one of the AVDC Representatives appointed to the Partnership Board is an Officer of AVDC.

The AVDC Representatives are the Assistant Director for Commercial Property and Regeneration (AVDC Officer), Cllr. Warren White, and Cllr. Julie Ward.

Clause 8.12 of the Members' Agreement states that the Representatives shall have a duty of care to act in the best interests of AVE LLP.

On AVDC's website Cllr. Ward and Cllr. White are described as “shareholder representatives”, using the language of the Guide. However, on the rare occasions when the interests of AVE and the Council are in conflict, an individual cannot simultaneously act in the best interest of both (i.e. for AVE as Representative on the Partnership Board and for AVDC as a de facto Shareholder Representative).

Clause 27 of the Members' Agreement sets out the procedures in the event 'deadlock' whereby AVDC's Chief Executive (or, failing him, a senior officer of AVDC), is entitled to act

as arbiter on the Council's behalf.

The Scheme of Delegation (Schedule 6) included in the Members' Agreement sets out certain functions which require approval by 'Members' rather than just AVE's 'Partnership Board'. These are generally matters of a more significant nature. For example, Schedule 6 requires Member approval or adoption of each business plan, approval of alteration of the business outside of the business plan, disposal/acquisition of assets where not specifically mentioned in the business plan, or approval of statutory accounts. Additionally, Clause 13.2 requires twice annual Members' Meetings as distinct from meetings of the Partnership Board.

The Council does generally discharge these functions, either through a committee of the Council (e.g. Cabinet signs off AVE's annual business plan) or an individual of the Council (e.g. the Council's Section 151 Officer reviews the annual accounts as part of consolidating them with the Council's main accounts).

However, the Council should clarify specifically which committee and/or individual is empowered to discharge the roles and responsibilities of 'Member' to ensure the Council's interest is upheld for matters which exceed the Partnership Board's remit. The Partnership Board has clearly defined representatives from the Council and references to 'Members' in the Members' Agreement should be similarly clearly defined.

Recommendations

- 1.1 The Council should work with AVE to clarify which person, or what committee of the Council, fulfils the role and functions of 'Member' as set out in the Members' Agreement.
 - 1.2 The Council should update its website based on the clarifications made by Recommendation 1.1.
-

2 Sale, transfer or issuance of shares

Schedule 6 of the Members' Agreement makes provisions for who can approve the sale, transfer or issuance of shares or the formation of subsidiaries.

The Members' Agreement specifically refers to the decision relating to "Forming any subsidiary, acquiring shares in any other company (subscription or transfer) such that AVE LLP becomes a subsidiary, entering into joint ventures or partnerships". To do this, is distinguishes between Member approvals being required "*where DCLG/BIS approval is required*" and being permissible by AVE's Board where "*DCLG/DTI consent already obtained*".

When the agreement was drawn up in 2009, and a partnership between a council and a private sector partner to manage commercial property was unusual, a clause was included to provide for some ongoing central government input. However, it is unclear what the basis for consultation with central government would be now.

There are several potential issues with this wording:

- What is permissible by DCLG (Department for Communities and Local Government), BIS (Department for Business, Innovation and Skills) and DTI (Department of Trade and Industry) is not clear, particularly as BIS and DTI are government departments which no longer exist.
- The current Members Agreement, in theory, allows AVE's Partnership Board to form subsidiaries, acquire shares, or for AVE to become a subsidiary without Member approval. This is counter to the expectations set out in the Guide.

Recommendations

2.1 The Council and AVE should work together to update the provisions included in Schedule 6 of the Members' Agreement regarding sale, transfer and issuance of shares so that the Council's approval (as 'Member' in whatever guise so defined by Recommendation 1.1 of this report) is required in order for AVE to sell, transfer or issue any shares.

Appendix 1. Terms of Reference

Introduction

This review is being undertaken as part of the 2018/19 internal audit plan approved by the Audit Committee.

Background

Aylesbury Vale District Council and Akeman Partnership LLP (Akeman) established Aylesbury Vale Estates (AVE) as a Limited Liability Partnership in October 2009.

The purpose of AVE is to manage, improve and develop the Council's commercial property portfolio and provide an income stream to the Council. The Council transferred the majority of its commercial and industrial estate to AVE at market value.

A Partnership Board manages AVE. The Council has three representatives on the Partnership Board. A Members' Agreement governs AVE's relationship with the Council, setting requirements regarding the frequency and content of annual business plans, which in turn provides the framework and budget within which AVE manages the assets it holds. Akeman Asset Management LLP manages AVE's assets on a day-to-day basis.

In June 2015, the Council produced guidance on the governance requirements for wholly or partly-owned ventures – 'Guide to creation and working with companies in which AVDC has a financial interest'. This guidance was updated following internal audit's review of another commercial venture (Aylesbury Vale Broadband) and to reflect the recommendations contained in the subsequent BDO report (June 2018). The updated guidance was agreed by the Audit Committee on 28 January 2019.

Objectives and scope

This review will evaluate the effectiveness of the Council's governance of AVE, using the Council's updated "Guide to creation and working with companies" as a reference point.

Approach

We will use a combination of interviews with relevant staff and document review to form conclusions and make recommendations regarding each of the following questions:

- Does AVE produce regular business plans/annual reports providing an update on historic and forecast performance of the company?
- Do the AVE Partnership Board receive appropriate financial and performance information on AVE's operations?
- Do Council committees have an opportunity to scrutinise the performance of AVE?
- Are the meetings of AVE's Partnership Board minuted and decisions formally recorded?
- Does AVE comply with Council guidance regarding conflicts of interest?
- Is there an agreement in place between AVE and the Council setting out the rights and responsibilities of respective parties?
- Is there a scheme of delegation in place between the AVE Partnership Board and Akeman Asset Management LLP setting out the rights and responsibilities of respective parties?
- Are services provided by the Council to AVE underpinned by a contract, with invoices raised for services rendered?
- Are signed loan agreements in place between the Council and AVE to cover loans made between the two parties?

Reporting

The output of this review will be a short, advisory-style report to Management and the Audit Committee. This report will set out our key findings and recommendations.

Exclusions

This review will be limited to the Council's relationship with Aylesbury Vale Estates. It will not consider the Council's relationship with any other companies the Council owns or part-owns.

This review focuses on the Council's current governance arrangements for Aylesbury Vale Estates and does not constitute an assessment of the governance arrangements for Aylesbury Vale Estates throughout the whole life of the company.

In order to maintain the boundaries between the Council (as a shareholder) and Aylesbury Vale Estates, this review will not cover the day-to-day operations and internal processes of Aylesbury Vale Estates.

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

Key contacts – Internal Audit Team

Adam Leeder Senior Consultant, BDO

Key contacts – AVDC

Kate Mulhearn Corporate Governance Manager
Teresa Lane Assistant Director – Commercial Property
Andrew Small Director (s151 Officer)

Timetable

Planned audit days – 10
Fieldwork start - 4 February 2019
Draft report issued - 1 March 2019
Final report issued - 8 March 2018
Audit Committee report - 25 March 2019



Internal Audit Report 2018/19

Housing Benefits

March 2019

Contents

1. Executive summary	2
2. Background and Scope	4
3. Detailed findings and action plan	5
Appendix 1. Definitions and classification	12
Appendix 2. Terms of reference	13

Distribution List

For action	Hazel Hutt, Group Manager Emily Fymruk, Customer Relationship Team Manager Nuala Donnelly, Corporate Finance Manager Rosanna Iannone, Systems Accountant Gary Wright, Rating and Recovery Manager
For information	Jeff Membery, Assistant Director Andrew Small, Director (s151 Officer) Audit Committee

This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

1. Executive summary

Report classification*	Total number of findings				
	Critical	High	Medium	Low	
Medium Risk (9 points)	Control design	-	-	-	-
	Operating effectiveness	-	-	1	6
2017/18 -High risk (22 points)	Total	-	-	1	6

*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 medium and six low risk findings.

Since the prior year high risk report (22 points) continued improvements have been made to processes and controls. This is demonstrated by a significant reduction in the most recent processing times (Jan 19 was 13 days, Feb 19 was 12 days for new applications and 2 days for change of circumstances) along with the benefit subsidy audit resulting in no repayment to the Department of Work and Pensions, as was the case in the prior year. These improvements can be attributed to strength in management and a restructure of staff to ensure specialist benefits officers focus on higher risk cases, a further developed training plan and continued monthly quality checks. There is also widespread use of software to data match HMRC details for applicants and targeted projects to undertake 100% checks on identified risk areas.

There has been improvement in oversight of housing benefit overpayment debt since the prior year. Additional resource has been employed and this has “more than paid for itself” in terms of recovering old outstanding debts, however the balances outstanding still remain high. As at February 2019, £5.33m was outstanding in overpayments, with £2.34m created since 1 April 2018 (44%).

This audit highlights a number of areas where further improvement is still required.

Summary of findings

- Procedures for debt write off need to be confirmed and communicated. For the sample selected, there was no evidence of authorisation for any of the debts written off (Finding 1 – Medium)
- The historic overpayment cases are yet to be cleared, with circa. 200 unreconciled cases outstanding (Finding 2 – Low)
- The mapping exercise to clearly identify responsibilities for the various stages of the housing benefits process was yet to be completed, with actions either yet to be raised to address all issues identified or actions not being allocated to individual officers (Finding 3 – Low)
- A record is not maintained to confirm who undertook invoice accuracy checks. Instances where no recovery and follow up action was taken for cases where overpayment invoices were raised

(Finding 4 – Low)

- The overpayments report generated from Northgate recorded a different value to the outstanding overpayment visible on the resident's account per Northgate and Tech1 (Finding 5 – Low)
- A Credit Reference Check (CRA) was not found to be used in practice. The Council procedures state it should be however it was determined the procedure note needs to be updated to confirm it is not a required practice (Finding 6 – Low)
- Wider Use of Real Time Information (WuRTI) is not used consistently (Finding 7 – Low).

We also highlight a number of areas of good practice and can confirm that prior year audit actions have been implemented.

Good practice noted

- A set of KPIs are in place which cover various areas. These are based on the Customer Care Charter. Quarterly Team meetings are designed to discuss performance of these indicators.
- An application called 8x8 is used (which is the Phone System) to collect data. This data is fed into relevant performance indicators and also used to evaluate performance
- There is a dedicated Claims Officer who monitors the work done by other members of staff before sharing formal reports with the Department for Work and Pensions (DWP) on processing speeds
- Claimant information such as 'Income and Expenditure' and 'Rents' is currently being reviewed to ensure that potential overpayments can be avoided where the financial circumstances of claimants have improved
- Verification of Earnings and Pensions (VEP) and CIS are used as tools to conduct risk based assessments
- A weekly report of Northgate and Tech1 differences is shared by the Finance Systems Technical Advisor with Casework Officers for reconciliation purposes
- Proactive steps are taken to reduce the likelihood of overpayment occurring, including having early communication with claimants whose dependents are reaching 18 years of age.

Management comments

We agree with the above findings and the team has already made progress with areas where a risk was identified. The policy and procedures for Risk Based Verification and the use of Credit Reference Checks are already being reviewed and progress with the overpayment elements is ongoing. The write off policy amendments are being led by Gary Wright and the necessary training will then be provided. There is ongoing training to upskill staff and to provide resilience through cross training within Revenues, Benefits and Recovery.

2. *Background and Scope*

Background

Housing benefit is a regular council payment to support payment of rent. How much an individual receives depends on their income and circumstances. The last independently audited balance in 2016/17 confirmed AVDC paid £44,887,809 in housing benefits to the residents of the area.

In 2016/17 and again in 2017/18 high risk internal audit reports were issued, although it was noted that in 2017/18 significant improvements had been made to processes and controls including increasing the quality checks being performed each month, full team training and the monitoring of monthly subsidy forecasts to quickly identify any financial concerns and take prompt action to rectifying benefit cases.

However, there are still challenges, with the biggest concern being around housing benefit overpayments. Consistent with the national picture, levels of overpayment debt remain high. Since the audit report was issued historic reconciliation issues between the finance and benefits system have been resolved, but further work is needed to automate the matching process and establish ongoing reconciliation procedures. Resource has been increased to focus specifically on recovery of housing benefit overpayment.

The purpose of this audit is to review the design of controls and their operating effectiveness with regards to housing benefits during the period since 1 April 2018. The review will focus on overpayment recovery, processing times, reporting and overall reconciliations between the benefits system and Council general ledger system.

Scope

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

- Review of a sample of 10 housing benefit cases paid since 1 April 2018 to confirm whether supporting evidence for the eligibility of the claim was in place. This included proof of ID, National Insurance numbers, income and rent charges, along with other documentation required per the risk rating received
- Review of a sample of 10 overpayments to confirm the action taken to recover the payment and whether this was sufficient and appropriate
- Review of a sample of 10 write-offs from the Northgate system since 1 April 2018 to confirm the reason for the write-off, whether this was in line with the debt policy, and if this was authorised appropriately
- Review of a sample of 5 WuRTI, VEP and CIS cases to confirm that they were effectively used as compliance and monitoring tools
- Review of a sample of 8 cases from October 2018 to January 2019 across 'new claimants' and 'change in circumstances' to confirm that information shared with the DWP was consistent with the information on iWorld
- Review of existence, adequacy and reporting of key performance indicators.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Lack of write-off authorisation – Operating effectiveness

Finding

From the sample of 10 housing benefit debt write offs we reviewed, none had been evidenced as authorised for write-off. These were made up of:

- 1 deceased case (£9,531.03*)
- 2 individual voluntary arrangements (IVAs) (£4,628.03* and £414.06),
- 2 Debt Relief Orders (£2,013.92 and £161.54*),
- 4 Local Authority error (£4.62-£1,226.99)
- 1 uneconomical to recover (£2.26).

New procedures for debt management and write offs, including approval levels for write-offs, were developed early in 2018 but these have not yet formally been adopted pending further team changes and opportunities for process improvement. The new procedures will be finalised soon and Internal Audit will review the status and application of these in the upcoming review of "Billing and Debt Management".

At the time of the audit, discussions were ongoing between Debt Recovery and the Finance teams and there was a lack of clarity on the procedures to be followed for write-off of debt for cases relating to bankruptcy or insolvency. This has resulted in a number of cases which have been written off on Northgate, but remain on Tech1. In the sample we tested, 3 had been written off Northgate but remained on Tech1.

* written off Northgate but not Tech1

Risks / Implications

Cost of non-recovery of debt. Non compliance with policies and procedures.

Finding rating

Action Plan

Medium

- a) The Debt Management Procedures should be reviewed, agreed by Finance Steering Group and appropriately approved and communicated to ensure all teams are aware of the processes to follow – this should include processes for write-offs due to bankruptcy or insolvency
- b) Debts should only be written off in line with the agreed approval limits and evidence of authorisation should be retained/referenced.
- c) Once written-off in Northgate, it should be confirmed that corresponding entry has been written-off Tech1.

Responsible person / title

- a) Nuala Donnelly, Corporate Finance Manager
- b) Gary Wright, Ratings and Recovery Manager
- c) Amanda Williams, Transactional Finance Manager

Target date

a), b), c) 31 March 2019

2. Legacy unreconciled complex landlord overpayment cases are not concluded – Operating effectiveness

Finding

Significant improvements have been made in the past 12 months to ensure processes are in place to manage new housing benefit overpayments which occur. Each day the Overpayments Officer reviews a listing of overpayments which have been raised in Northgate debtors; this review is to check: 1) Is the debtor genuine and what recovery method is best; 2) Is it for the right amount; 3) Is the payee the correct person/organisation; and 4) Is it the right address on the invoice. This is a manual process, and whilst there is still a desire to automate, the decision about investing further in this this needs to be considered in the wider context of business cases for system improvements.

Whilst new overpayments are now being managed effectively through the manual process, historic overpayment cases, some of which date back to pre-2015 before Tech1, are not fully cleared. These “legacy” cases largely involve housing associations and are complex because one landlord will have multiple tenants and accounts set up against it. Attempts have been made to reconcile these amounts on Tech1 and Northgate over the last year and the number of cases has been significantly reduced from c. 3000 to c. 200. An exercise is now underway to identify and summarise the value of all unreconciled legacy cases by landlord and present these to the Finance Steering Group. At this stage the value of these cases is not known. The Steering Group will be asked to assess those identified and decide which cases should be pursued and which should be written off on the basis of the cost/benefit of the time needed to complete a reconciliation and likelihood of recovery versus writing off the debt.

Risks / Implications

Ineffective action to recover debt may result in reduced income

Finding rating

Action Plan

Low

A list of legacy complex cases should be prepared and presented to the Finance Steering Group in March or April 2019. Decision is needed over which cases to reconcile and pursue and which should be written off.

Responsible person / title

Hazel Hutt, Group Manager

Target date

30 April 2019

3. Mapping exercise to identify efficiencies in overpayments benefits process is not yet complete – Control effectiveness

Finding

Benefit overpayments is a complex area requiring the input of many different teams in the Council. This was recognised and to better support future ways of working a flowchart map was devised that set out the stages across the various teams. This has been developed and shared amongst those involved and subsequently an action plan has been agreed which identified efficiencies and better controls to oversee benefit arrangements.

From review of the documents we found:

- The owner/responsible individual against actions identified from this mapping exercise are not recorded on the action list
- Some actions identified are not yet determined. For example, an area for improvement is around System Admin emailing a deb304 file every day which has to be put into the general ledger manually; the concern is that this could lead to human error. The action however is currently a question as it states 'Can System Admin do this (i.e. automate process)'
- Of the 13 areas for improvement identified, three do not currently have an action assigned to them.

Risks / Implications

If the mapping exercise is not complete and actions/owners are unclear then all efficiencies may not be identified resulting in weaker practices and duplication of efforts

Finding rating

Action Plan

Low

The mapping exercise should be completed and actions/owners made clear once discussions have been completed.

Responsible person / title

Hazel Hutt, Group Manager

Target date

30 April 2019

4. Recovery action not taken – Operating effectiveness

Finding

As 31 January 2019, housing benefit overpayment on Northgate was £5,329,000, of which £4,217,000 has been invoiced from Tech1, with the balance being recovered through reductions in ongoing benefit payments. £2,340,000 new overpayment debt has been created since 1 April 2018 (44%). From a sample of 10 accounts with invoiced overpayments as at 7 February 2019, the following was found:

- In one instance an invoice and two reminders had been issued in May and June 2018 respectively, however there had been no follow up action taken since. A Recovery Officer explained that this was due to a lack of staff resources available and will be addressed through the streamlining of the process as part of the review which is currently underway. A further business case to increase housing benefit recovery officer resource has recently been approved.
- In one instance, an account was put on hold in July 2018 as the claimant was querying whether they were receiving a property element in their Universal Credit claim. As at February 2019 the recovery on this account was still on hold with no action being taken. This was then released when testing was undertaken so the overpayment could be recovered.

To ensure accuracy of invoices raised for overpayments, a manual check of every overpayment is performed by benefit officers before requesting, via Hornbill, for Finance to raise the invoice. A spreadsheet is in place which details the number of invoices checked and issued each day, with comments for any cases which are not progressed, including the case reference. This is supported by the Hornbill emails to the Finance Team. These emails are saved in the officers' local drives and the spreadsheet does not record who undertook the check, meaning it could not be confirmed who completed the invoice accuracy check.

Risks / Implications

Inaccurate payments and cost of non-recovery
If recovery action is not being undertaken, the Council may incur financial loss.

Finding rating

Action Plan

Low	a) A review of longstanding overpayment debts on Tech1 should be undertaken to identify those which are not in the process of being recovered so appropriate action can be taken.	<i>Responsible person / title</i>
	b) The invoice checks should be stored centrally (on Box) and include the Hornbill reference so there is an audit trail should the invoice later be queried.	<i>a) and b) Gary Wright, Ratings and Recovery Manager</i>
		<i>Target date</i>
		<i>31 May 2019</i>

5. Discrepancies between Northgate reports and system – Operating effectiveness

<i>Finding</i>		
<p>From a review of 10 overpayment cases, one instance was identified in which the overpayments report, generated from Northgate, recorded the value of the outstanding overpayment as £37.98 higher than the value outstanding per the client’s account on Northgate and Tech1.</p> <p>It was confirmed this was not a timing difference as no payments had been made against the account in the intervening period between the generation of the report and date of testing, and there were no payments on the account for the value of the difference. No other explanation could be provided.</p> <p>This raises the issue that the Northgate reports may be including other values for overpayments, undermining the reconciliation process between Northgate and Tech1.</p>		
<i>Risks / Implications</i>		
<p>Inaccurate / incomplete financial data to inform decision making and may result in lost income</p>		
<i>Finding rating</i>	<i>Action Plan</i>	<i>Responsible person / title</i>
Low	<p>The reason for the discrepancy between the overpayment report and the values held on Northgate and Tech1 should be investigated, including identifying whether this will have an impact on the reconciliation process.</p>	<p><i>Gary Wright, Ratings and Recovery Manager</i></p>
		<p><i>Target date</i></p>
		<p><i>31 May 2019</i></p>

6. Actions post risk assessments of new cases not applied and instances of non-compliance for documenting eligibility checks identified – Operating effectiveness

Finding

Credit Risk Assessment (CRA)/ AppCheck

In order to identify higher risk housing benefit applications the Council approved the use of a Risk Based Verification procedure, using AppCheck in October 2017. AppCheck assesses a new application received and automatically defines it as high, medium or low risk; the idea being that those classified as high risk will be subject to closer scrutiny from officers and require further checks to ensure the Council retains appropriate evidence before making a decision.

One requirement of the procedure is that if a high risk case is identified by AppCheck then a Credit Reference Check (CRA) should be carried out on the applicant. A CRA is an instant check which provides the Council with useful information to help validate the information provided by an applicant such as the bank accounts they hold, mortgages or other credit agreements, and names of others who live at the address provided.

During our review we found that the CRA check is not being applied. It was explained that the CRA has been superseded by AppCheck, however it could not be confirmed where this decision was made/documented or whether a CRA should still be implemented for those cases which are not processed through AppCheck. It should also be noted that AppCheck is an inferior assessment to CRA because it cannot provide information around bank accounts or credit agreements.

Risks / Implications

Inconsistent practices leading to unnecessary inefficiencies/duplication of efforts

Finding rating

Action Plan

Low

A decision should be documented about whether to apply CRA where high risk cases are identified. The Risk Based Verification Procedure should then be updated, including the actions to be taken if AppCheck is not used

Responsible person / title

Hazel Hutt, Group Manager

Target date

30 April 2019

7. Wider Use of Real Time Information (WuRTI) not used consistently – Operating effectiveness

Finding		
<p>The Council has access to a Department for Work and Pensions (DWP) hosted platform named WuRTI (Wider Use of Real Time Information). WuRTI allows benefits officers access to HM Revenue and Customs' employment and pension data in real time (for instance last month's pay slip or pension advice), so that claims can be processed more accurately.</p> <p>When the Council receives a new housing benefit claim, the expected practice is to access the WuRTI system to validate the claimant's earnings. This saves time as it is faster than waiting for the claimant to share this information via payslips and therefore has a significant impact on processing times. The benefits officers can take the applicant's National Insurance (NI) number and place it into the WuRTI system to validate a person's information. Expected practice is that a screenshot of the WuRTI system is held within the Council's Information at Work system to evidence that the check is conducted in 100% of cases.</p> <p>We looked at 5 benefit cases from November 2018 to January 2019 and found that for 1 of the cases a screenshot was not maintained on the Information at Work system. Hence we could not validate whether the WuRTI system was used for this applicant.</p>		
Risks / Implications		
<p>Where WuRTI is not evidenced as used consistently in all cases, the processing times could unnecessarily increase and also there could be greater exposure to future overpayments increasing the balance</p>		
Finding rating	Action Plan	
Low	a) The quality checking process should incorporate reviewing WURTI screenshots to confirm this has been completed.	<i>Responsible person / title</i>
	b) Staff should be reminded of the importance of using WuRTI via training/ internal communication.	<i>a) & b) Hazel Hutt, Group Manager</i>
		<i>Target date</i>
		<i>31 May 2019</i>

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.

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

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

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 sub-processes, risks and related control objectives included in this review are:

Sub-process	Risks	Objectives
Reporting	Ineffective reporting leading to poor decision making	<ul style="list-style-type: none"> Benefits Team meetings and Strategic Board assessment of the corporate dashboard which includes relevant benefits metrics are reported/reviewed timely, are accurate and fit-for-purpose
Eligibility	Fraudulent or invalid claims	<ul style="list-style-type: none"> Eligibility is assessed and agreed back to evidence which is recorded clearly on the system and case notes to ensure compliance with local and national guidance
Processing speed	<p>Claimants waiting for payment</p> <p>Admin delays can reduced subsidy</p>	<ul style="list-style-type: none"> Processing times for new claims and changes of circumstance are routinely monitored and reported to maximise efficiencies and action is taken as appropriate
Overpayments	Inaccurate payment. Cost of non-recovery	<ul style="list-style-type: none"> Overpayments are identified in a timely manner, monitored and appropriate action taken Evidence to support decisions where overpayments are identified are recorded and clear approval is received Processes are in place to recover overpayments, in line with legislation, and monitor arrears. Write-offs are in line with Council procedure Appropriate actions are taken to reduce overpayments in the first place and improve recovery
Risk based verification	Inefficient/ineffective risk based processes to assess cases leads to inaccuracy or additional workloads	<ul style="list-style-type: none"> Effective use of risk based verification tools such as AppCheck to identify higher risk cases to then apply sufficient scrutiny to process claims WuRTI and VEP compliance and monitoring tools are effective and operated to ensure quality checks are taking place regularly and effectively Assessment of risk based verification tools to ensure they generate efficiencies on workload and improve accuracy
Errors	Inaccurate payment, impact on subsidy claim	<ul style="list-style-type: none"> Quality checks are performed Claimant error and Local Authority Error is identified, monitored and rectified
Reconciliations	Inaccurate/incomplete financial data	<ul style="list-style-type: none"> Reconciliations between iWorld and T1 are performed and reviewed on a regular basis
Follow up of prior year agreed actions		<ul style="list-style-type: none"> External audit recommendations following the subsidy audit and have been addressed Prior year internal agreed actions have been implemented



Internal Audit Report 2018/19

Parking Services

March 2019

Contents

1. Executive summary	2
2. Background and Scope	5
3. Detailed findings and action plan	6
Appendix 1. Definitions and classification	14
Appendix 2. Terms of reference	15

Distribution List

For action	Hazel Hutt, Group Manager Rebecca Newbutt, Operations Delivery Group Manager Johnathan Hayward, Parking Services Team Leader Kerry Porter, Assistant Team Manager Customer Relationship Gary Wright, Ratings and Recovery Manager
For information	Jeff Membery, Assistant Director Teresa Lane, Assistant Director Will Rysdale, Assistant Director Andrew Small, Director & s151 Officer Audit Committee

This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

1. Executive summary

Report classification*	Total number of findings					
	Critical	High	Medium	Low	Advisory	
	Control design	-	-	1	2	-
Medium Risk (8 points)	Operating effectiveness	-	-	-	3	-
	Total	-	-	1	5	1

*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 medium and five low risk findings.

The Parking Service operates across several teams in order to achieve the various parts of the process. Parking Operations are responsible for Enforcement Officers issuing Penalty Charge Notices (PCNs), maintenance of parking machines and collection of money via oversight of contractors; the Customer Relationship team is responsible for PCN payments, appeals and recovery.

The most significant finding from this review is that the current governance structures in place do not allow for sufficient oversight of parking services across both the Operations and Customer Relationship teams in one forum, to provide a holistic view of and accountability for performance and risk, and a link to the strategy. The Operations Team have not yet developed any parking KPIs to enable performance monitoring and inform decision making. The Customer Relationship Team however, do collate and report KPIs for parking related activities in their area.

The audit also concludes that minor improvements should be made to the documentation of approving appeals, along with the documentation of breaches of agreed variance levels between the parking machine reports and those from the cash collection company.

The Council approved a Parking Strategy in October 2018. The Strategy aims to offer a greater variety of payment methods and improvement to access, security and signage. All these changes will impact future operations particularly in terms of overseeing contractors who supply and maintain car parking machines and collect money from machines. This review does not assess the Strategy itself but is mindful of changes expected as part of the Strategy which may impact recommendations made in this report.

Summary of findings

- There is no overall lead for parking; the process sits across two sectors, with strategy in a third. Current governance arrangements do not allow for a focused discussion of all parking risks and performance, in one forum, across the various Council teams. KPIs have not yet been developed for Parking Operations (Finding 1 – Medium)
- Minor improvement needed in the management of the process of reviewing PCN appeals and

deciding whether to accept or reject them (Finding 2 – Low)

- Improvement needed in the setting up of Direct Debits for Permits; one instance of non-compliance was identified (Finding 3 – Low)
- There is no consistent documentation of the acceptance of breaches of the Agreed Variance Levels between the monthly BDI Summary Reports and Parking Machine Totals (Finding 4 – Low)
- The current Enforcement Officer's hand held Personal Device Assistants (PDA's), if lost, are not able to be made inaccessible remotely to prevent anyone else using them (Finding 5 – Low)
- Chargebacks are not identified to allow accounts to be suspended to prevent fraud (Finding 6 – Low)
- Current contract management arrangements are largely informal, undocumented and reactive, although they are considered to be effective to ensure services are maintained. In line with the approved Parking Strategy, the Operations Team are working with the Corporate Contracts Team to procure replacement machines and the intention is to secure a complete package across all AVDC's parking operations. It is anticipated this will be completed in the next 6 months (Finding 7 – Advisory).

Good practice noted

- Monthly budget meetings are in place between the Operations Delivery Group Manager, Parking Services Team Leader and the Finance Business Partner to discuss in depth the financial performance of parking services. This is then summarised and an update is given in DMT meetings. The same process also occurs in the Customer Relationship team
- Each month a list of starters and leavers is sent to the Parking Services Team, who will then cancel any staff permits where necessary
- All PCNs and PCN cancellations that were tested were documented and issued in line with legislation which includes identifying the contravention and retaining picture evidence of the breach. Any fixed penalty notices tested were recorded and evidenced in terms of collection procedures. Payment compliance rates are monitored by the Customer Relationship team. We also found that appropriate action is taken to recover penalty notices
- Parking income is reconciled to the financial system
- There are clear processes and procedures in place to allow permits to be applied for and vetted. Similarly, with regards to appeals of PCNs issued
- Parking sites are subject to health and safety reviews to assess whether there are any risks to staff and customers of the site. These are documented in reports with action plans to take corrective steps
- The Council has cloud access to parking machine cash and coin balances at any given time to support their oversight on what is held in them. This allows a strong process to be in place to mitigate against misappropriation of funds and fraud; from our knowledge of other councils, it is not common to have this level of access to information in the way AVDC does.

Management comments

Rebecca Newbutt – Operational Delivery Group Manager & Hazel Hutt – Group Manager Customer Relationship

We have reviewed the audit findings and are in agreement with the content. The need for joint meetings between the sectors who manage parking is recognised and calendar invites for quarterly meetings between Customer Relationship and Operations have already been diarised, commencing at the end of March. However, it should be noted that during the last 9 months communication between the sectors has improved greatly and overall the understanding of what each area covers has become much clearer.

Action will be taken to review the Operations KPI's and the PCN appeals so that we can learn, develop and improve.

For Operations specific findings (RN):

- The finding related to the consistent documentation of the variance levels with BDI; this is a new process we are following and the contract doesn't provide us with a straight forward route to query and challenge the variances. We are working on this under the parking strategy (procurement of new contracts)
- Also as part of the strategy we will be procuring new hand held devices for the Enforcement Officers. It was mentioned within the report that the current hand-helds are unable to be made inaccessible remotely. This will not be the case with the new devices.

We will ensure that the actions identified are carried through.

2. Background and Scope

Background

AVDC operates 11 car parks in Aylesbury, varying in size and capacity, as well as car parks in Buckingham, Wendover and Winslow. Four of the Council operated car parks are multi-storey, whilst the remainder are surface level car parks. In Aylesbury Town Centre there are approximately 4,700 car parking spaces, of which around 2,200 are provided in the Council car parks. AVDC manages and enforces its car parks in accordance with the legislation set out in the Traffic Management Act 2004.

The operation and maintenance of parking related activity sits across a number of teams including Operations (Pembroke Road), Finance and Commercial Property. The Operations Team are responsible for car park services, including manning and inspection, enforcement and issuing Penalty Charge Notices (PCNs) where applicable. AVDC is also responsible for procuring equipment (payment machines, barrier controls etc.), maintenance (both fabric and machinery), cleaning, and cash collection from payment machines. The car parks are patrolled by a private security company after 9 p.m. On street parking spaces are enforced and managed by Buckinghamshire County Council.

Revenue is derived from parking income from payment machines/mobile payments (£2.7million), permits and penalty charges notices (PCNs) (£0.4m) and from service charges and rents from lease and licence arrangements at some of the car parks (£0.4m).

The Parking Strategy was approved by Council in October 2018. This strategy recognises that improvements are required to how customers can pay the infrastructure of car parks and greater consistency in the quality of car parks across the district. An operational review was undertaken to inform the strategy. This review will consider the output of the strategy and operational review, but not duplicate the work and findings; the focus will be on reviewing existing process and controls.

Scope

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

- Review of a sample of 5 permits from the period 1 April to 7 February 2019 to check whether they were set up in a timely manner according to procedures i.e. appropriate evidence was obtained where necessary and payment was taken and set up correctly
- Review of a sample of 10 PCN's (5 of which had been appealed) to check whether they were paid or the appeal was approved in line with policy
- Review of the governance structures and reporting of parking activity including key performance indicators
- Testing of all staff permits to check whether any are held by people that are not staff of the Council.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Governance is not adequately designed to discuss and report performance and risk across all Parking Services – Control design

Finding

The Council's parking service is managed across three teams:

- Operations Team (Pembroke Road) – includes the Parking Services Team Leader who oversees the Enforcement Officers. Their duties include undertaking enforcement and raising PCNs as appropriate, managing relationships with contractors who service machines, ensuring money collected from machines is done so accurately, and the physical maintenance of car parks
- Customer Relationship Team – issue permits and process appeals
- Recovery Team – chase outstanding payments for PCNs

The current meetings to provide a forum to oversee parking activities are set out in the table below.

Meeting	Remit	Key Attendees	Frequency
Parking Strategy Group	Formal discussions of the overall Parking Strategy. N.B this review excluded a review of the Strategy however it is shown here to set out the structure of meetings	Assistant Directors	As required
Operations SMT Meetings	Informal huddles to discuss key areas across various depot operations which includes parking	Operations Delivery Group Manager, Parking Services Team Leader, Operations Team Manager, Horticulture and Street cleansing supervisor, Transport Manager, Health and Safety Officer HR business partner, Business support	Weekly
Operations Parking Management Meetings	Informal discussions specifically about parking activity and operations	Operations Delivery Group Manager and Parking Services Team Leader	Weekly
DMT Meetings	Formal minuted meetings to discuss key areas across various depot operations which includes parking	These take place in both Operations and Customer Relationship Teams separately. These typically involve Assistant Directors and their direct reports	Monthly
Budget Discussion Meetings	Both the Operations and Customer Manager meet with finance business partners to review cost centre budgets relating to parking including budget v actuals and a forecast for the rest of the year	Operations and Customer Manager and their respective Financed Business Partners	Monthly

From review of agendas/minutes and discussion with staff our conclusions over parking governance are:

- There is no overall lead for parking; the process sits across two sectors, with strategy in a third. Discussion happens within these sectors about their responsibilities (as evidenced by the examples of meetings above) but there is no forum for shared accountability for performance, risk, governance, or link to strategy
- The lack of regular meetings between the Operations and Customer Relationship teams means there is limited opportunity for shared discussions, process improvement or learning across the parking services operation as a whole
- There are no Key Performance Indicators (KPI's) in place for Parking Operations and none have yet been developed that link to the new Strategy. Example KPI's could be: 'daily average space usage', 'customer satisfaction with car parks' or 'machine faults repaired within 48 hours'. The Customer Relationship Team however, do run KPI information each week. This is available at any time on the Council's Box system and issued to the Group Manager for review on a quarterly basis. This information should be assessed with others in the process collectively and expanded.

Risks / Implications

Ineffective decision making resulting in financial loss, operational risk exposure or reputational damage.

Finding rating

Action Plan

Medium	a) A quarterly meeting should be created that involves the Operations and the Team Managers from Customer Relationship. Consideration should be given as to how this links to the overall Parking Strategy with appropriate involvement from Assistant Directors.	<i>Responsible person / title</i> a to d) Rebecca Newbutt, Operations Delivery Group Manager and Hazel Hutt, Group Manager - Customer Relationship
		<i>Target date</i>
	b) Terms of reference should be developed and approved for this meeting. This needs to specify the remit of the group, expected attendance and where agenda items are escalated, if required	a to b) 30 June 2019 c) 30 September 2019 d) 31 July 2019
	c) The effectiveness of the new meeting should be assessed and reported to a future meeting with actions then taken to make improvements accordingly	
	d) A suite of KPIs for Parking Operations should be developed. The Customer relationship and Operations KPIs should also support the achievement of the Parking Strategy. These then should be reported to the Quarterly Parking Services Meeting.	

2. Improvement needed in the management of the process of reviewing PCN appeals and deciding whether to accept or reject them – Operating effectiveness

Finding

Once a PCN has been issued to an individual they have the right to appeal. Upon receipt of an appeal the Council must assess the justification given for why the PCN should be revoked along with any relevant evidence. The outcome of the appeal should then be communicated to the individual with appropriate action taken internally i.e. if it is revoked then this balance should no longer be recovered.

We reviewed a sample of 10 PCN's issued in the period 1 April 2018 to 7 February 2019 to check compliance with the above procedures. We found that one appeal should have been further questioned with the individual prior to a conclusion being made. In this case the individual's justification was that they were 'unloading goods' and this is why they parked in contravention to the particular car parks bays. This was then accepted by the Council and the appeal was revoked. We challenged this justification as it was not substantiated with evidence.

In discussion with the Customer Relationship Team they agreed that there was no evidence to show the approver of this appeal had investigated the validity of this justification which could have been achieved by requesting an invoice for the goods being unloaded or other evidence.

Risks / Implications

Fraudulent appeal claims, resulting in a loss of income for the Council.

Finding rating

Action Plan

Low

Communicate this example to staff involved in approving PCN appeals and agree expectations regarding expected levels of challenge/evidence expected for appeals.

Responsible person / title

Kerry Porter, Assistant Team Manager Customer Relationship

Target date

31 March 2019

3. Improvement needed in the setting up of Direct Debits for Permits – Operating effectiveness

Finding

If an individual is a regular user of car parks in Aylesbury they may find it makes financial sense to buy an annual car park permit. Permits are issued upon receipt of an application form and agreement to a payment plan or upfront full payment.

We tested a sample of five permits from 1 April 2018 to 7 February 2019 to check the relevant documentation was stored on the Council's Si-dem system. We also undertook a 100% data matching exercise to verify that only existing employees are registered as having a discounted staff permit. We found:

- One permit was set up for payment incorrectly. It was a long stay permit at Walton Green car park and therefore the total amount to pay was £700. The first payment was correctly taken at £58.37 then 6 direct debits were incorrectly taken at £45.83. The direct debits had been incorrectly set up by Finance. The error was found during our testing and was discussed with the Parking Team. They have since escalated and resolved this with the Credit Control team so that now the remaining 5 Direct Debits are correctly set up at £73.33 for the remainder of the year.
- We identified one error in the data matching exercise. This found that a former employee who left the Council on 6 July 2018 still had a registered permit for the Hampton House car park which should have been revoked when they left. N.B each month a list of starters and leavers is sent to the Parking Services Team, who will then cancel any staff permits where necessary.

Risks / Implications

Loss of income; invalid use of a car parking space which could otherwise be free.

Finding rating Action Plan

Low	a) Correct the error by amending the direct debit amount for upcoming payments for the one exception identified	<i>Responsible person / title</i>
	b) Undertake an at least six monthly data matching exercise to identify any instances where staff who have left the Council are still receiving discounted permits.	a) <i>Ratings and Recovery Manager, Gary Wright</i> b) <i>Kerry Porter, Assistant Team Manager Customer Relationship</i>
		<i>Target date</i>
		a) <i>31 March 2019</i> b) <i>30 June 2019</i>

4. There is no consistent documentation of the acceptance of variances that breach the Agreed Variance Levels between the monthly BDI Summary Reports and Parking Machine Totals – Operating effectiveness

Finding

BDI are a contractor the Parking Operations Team employs to empty cash and coins out of all parking machines. The Parking Services Team Leader has access to a cloud-based platform which can provide the balance of cash and coins in a machine at any given time, which can be reconciled to amounts banked. It is reasonable to expect variances between these two balances. For example, errors/faults could lead to coins being placed in a machine but not registered meaning a customer has to insert further coins – therefore the bank balance is higher than that displayed by the machine.

The Parking Services Team has a list of acceptable variance percentages for each machine. If a variance is equal to or below this percentage then no further investigation is required. However, if there is a variance above the set percentage, then the Parking Services Team Leader should liaise with BDI to understand what has happened.

During our testing we found that there were 6/45 variances that were above the agreed variance levels. All 6 of these were escalated to the Parking Services Team Leader and Operations Delivery Manager; however 3/6 (all in November 2018) had no evidence that these variances had been approved by these individuals post an investigation. We were advised that they had been discussed in person; however there is no evidence of this discussion. We did however identify that, whilst not documented, in discussions post our testing that adequate action had been taken to rectify these instances.

N.B the variances identified were less than £1000 and less than 1%. Furthermore, the variances were in the favour of the Council i.e. the contractor was banking more than was showing on the parking machines and therefore this is assessed as low risk.

Risks / Implications

Loss of income; potential fraud or misappropriation.

Finding rating

Action Plan

Low

Approval of Variances above the Agreed Variance Limit should be documented in emails that are stored so that they can be easily accessed.

Responsible person / title

Parking Services Team Leader, Johnathan Hayward and Rebecca Newbutt, Operations Delivery Group Manager

Target date

31 May 2019

5. The current Enforcement Officer's hand held devices, if lost, are not able to be made inaccessible to prevent anyone else using them – Control design

<i>Finding</i>		
<p>Enforcement Officers are provided with hand held Personal Device Assistants (PDA's) in order to issue PCN's. As part of their role they need to type in a range of personal details including car registrations which will then provide address details. This information is stored on the device and links to the Council central system (Si-dem), when a PCN is issued. These devices all have personal log-ins via passwords and to access the PCN processing element requires a further login.</p> <p>Whilst no instances of data or device loss have been reported in the past 12 months, it was identified that the current device does not allow for it to be remotely made inaccessible should it be reported as lost.</p> <p>There are early discussions about replacing the current PDA devices with Samsung S6 devices. The Samsung S6 devices would be compatible with the Council's Mobile Device Management System which allows devices to be made inaccessible by blocking the device should it be reported lost. This would help better safeguard the data held on devices and reduce the exposure of sensitive data being inappropriately accessed.</p>		
<i>Risks / Implications</i>		
<p>Personal data may be accessed by unauthorised individuals; breach in data protection rules.</p>		
<i>Finding rating</i>	<i>Action Plan</i>	
Low	<p>a) The Council has recently conducted a Council-wide review of devices and whether they are MDM supported. The current devices have not been through this process and should be added to it unless b) happens in the next 3 months</p>	<p><i>Responsible person / title</i></p> <p><i>Parking Services Team Leader, Johnathan Hayward and Rebecca Newbutt, Operations Delivery Group Manager</i></p>
	<p>b) The Council should continue to pursue the upgrade of the devices for the Enforcement Officers.</p>	<p><i>Target date</i></p> <p>a) 31 March 2019 b) 30 June 2019</p>

6. Chargebacks are not identified to allow accounts to be suspended to prevent fraud – Control design

Finding

Car park customers can make payment via Pay-by-Phone. The individual will register their car and bank card details and then select the time of their stay to make appropriate payment. When an Enforcement Officer inspects vehicles and identifies a car without a display ticket they will check the Pay-by-Phone database to see if the car parking ticket has been paid for by phone.

A potential fraud in this area is related to the 'chargeback scheme'. Certain bank/credit cards offer customers a form of payment protection which means if they don't receive the goods they bought, they may be able to dispute a particular transaction and get their money back from the bank... In car parking, this allows an individual to make a payment via Pay-by-Phone and then contact their bank to request a chargeback. The Enforcement Officer, when logging into their device would see that the individual would have paid but would have no knowledge of whether there has been a chargeback and therefore would not apply a PCN.

During the course of the audit a chargeback was received from the bank by an officer in Finance and this information was passed onto the Internal Audit Team. The value of these chargebacks was less than £500 but on this particular chargeback request the same card was used three times. The Parking Services Team has no process to deal with chargebacks or monitor them to prevent repeated chargebacks from the same individuals. The Finance Team in the Council do identify chargebacks and email these to relevant departments at which point it becomes the departments responsibility however these arrangements are currently not defined.

If chargebacks were monitored it would allow the Council to block certain vehicles or names using the Pay-by-Phone service to prevent this fraud.

Risks / Implications

PCN payments will not be received by the Council, or there will be a delay in receiving payments.

Finding rating

Action Plan

Low	A process should be developed which allows regular (at least monthly - TBC) data on chargebacks to be downloaded and reported to the central Parking Team. Appropriate action should then be taken to liaise with the Pay-by-Phone supplier to suspend accounts.	<i>Responsible person / title</i>
		<i>Parking Services Team Leader, Johnathan Hayward</i>
		<i>Target date</i>
		<i>31 May 2019</i>

7. Contracts are being reviewed and procured in line with the Parking Strategy - Advisory

Finding

To support the delivery of parking services the Parking Operations Team work with a large number of contractors, for example:

- Parkeon and Cale Briparc – These two contractors provide parking ticket machines and service/maintain them should faults occur
- BDI – This contractor collects any cash from machines and banks the income which is passed onto the Council.

During our audit we noted that current contract management arrangements are largely informal, undocumented and reactive, although they are considered, by the Team, to be effective to ensure services are maintained. For example, the Parking Services Team Leader monitors the timeliness of jobs completed by each contractor and follows up where necessary. The Team have no significant concerns with the current contractors and their performance.

In line with the approved Parking Strategy, the Operations Team are working with the Corporate Contracts Team to procure replacement machines and the intention is to secure a complete package across all AVDC's parking operations, rather than lots of small contracts for individual car parks/services. Until then, the Team are working with the Corporate Contracts Manager to renew existing contracts and ensure service delivery and value for money. We have reported this as advisory, because whilst we note that current contract management procedures could be improved, there is very low risk of issue and we support management's decision to keep existing arrangements in place until the new contract can be procured. It is anticipated this will be completed in the next 6 months.

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.

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

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

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.

Sub-process	Risks	Objectives
Policies and procedures	<ul style="list-style-type: none"> Inadequate oversight leading to operational and parking risks not being managed Lack of compliance with local parking regulations 	<ul style="list-style-type: none"> Approved policies are in place setting out the Council's approach to parking and enforcement activity Procedures and processes are documented with clearly defined roles and responsibilities (including across different teams/departments) Process maps developed and communicated to identify the various roles and responsibilities with parking to ensure effective joint working
Reporting and key performance indicators (KPIs)	<ul style="list-style-type: none"> Financial and operational activity is not captured and reported effectively KPIs are not established, monitored and/or acted upon 	<ul style="list-style-type: none"> Reporting is clear, regular and prompt. Data is relevant and discussed by key stakeholders who own actions to ensure they are complete KPIs are defined, accurate and monitored to effectively inform decision making
Permits	<ul style="list-style-type: none"> Permits are issued inappropriately Fraudulent applications/use of free parking 	<ul style="list-style-type: none"> Permits are approved in line with expected evidence and issued promptly Parking permits (including free parking for staff) are authorised and monitored
Contract management	<ul style="list-style-type: none"> Contracts for services are not in place and not managed effectively leading to poor services 	<ul style="list-style-type: none"> Contracts are identified, assigned to owners and performance is managed effectively
Enforcement	<ul style="list-style-type: none"> Missed opportunities to increase income or improve compliance AVDC car parks are not used appropriately 	<ul style="list-style-type: none"> There is a clear process to identify, report and monitor parking regulation violation Management processes are aligned to legislation set out in the Traffic Management Act 2004. FPNs are recorded, collected and reconciled Payment compliance rates are maintained to measure the effectiveness of the parking enforcement regime
Appeals	<ul style="list-style-type: none"> Appeals policies are unclear and/or unapproved resulting in un-enforceable processes Appeal processes are not documented to substantiate decisions 	<ul style="list-style-type: none"> Appeals are dealt with in line with expected policies and lessons learned are shared with relevant Council staff A process for cancelling PCNs is in place to ensure they are appropriate, approved and reasons are recoded and monitored

	made	
Financial management	<ul style="list-style-type: none"> Income is inaccurately or incompletely collected or recorded leading to a loss of income 	<ul style="list-style-type: none"> Income from car parks and PCNs is recorded and reconciled to the financial system PCNs are recovered and where payment is not made further action is taken as appropriate Clear responsibility set of budgets for income and expenditure across the various teams involved in parking
Data protection	<ul style="list-style-type: none"> Non compliance with data protection laws 	<ul style="list-style-type: none"> Data obtained for the purpose of enforcing PCNs is managed in accordance with AVDC data protection policies.
Health and Safety	<ul style="list-style-type: none"> There is a lack of clarity over responsibility for H&S checks in our car parks 	<ul style="list-style-type: none"> Processes for checking (eg fire doors), fire risk assessments, training of staff to monitoring compliance are sound and it is ensured that remedial actions reported either through checks or risk assessments are addressed

This page is intentionally left blank

Audit Committee
25 March 2019

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 and Cabinet.

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 Corporate Risk Register was fully updated in January 2019 to reflect the impact of the Secretary of State's decision to implement a single unitary authority for Buckinghamshire. The risk register was last reviewed by Strategic Board on 6 March 2019. No changes were made to the nature or magnitude of the risks, but actions were updated as required.

The table below shows the changing risk profile over time.

	Total	Low	Moderate	High	Extreme	Not yet assessed
March 2019	23	3	8	7	4	1
January 2019	23	3	8	7	4	1
October 2018	26	2	13	7	1	3
June 2018	25	2	12	9	1	1
March 2018	22	2	12	6	1	1
Direction of Travel		↔	↓	↔	↑	-

Risks associated with “No-deal Brexit”

In line with advice from MHCLG, we have for some time been monitoring the potential risks associated with Brexit. Risk #15 on the CRR reflects the overall level of risk to AVDC. In recent months, we have focused on risks associated with a “no deal Brexit”. The risks are regularly updated as more information is released from Central Government.

Attached to this report is a summary of the identified key risks that AVDC may face should the UK exit the EU on 29 March 2019 without a deal. This provides a level of assurance to the Audit Committee that, as far as possible, appropriate planning and/or contingencies are in place should the UK exit the EU without a deal.

There are **23 risks** on the corporate risk register. The residual risk rating is summarised as follows:

Residual Risk Rating			
Low risk 3	Moderate risk 8	High Risk 7	Extreme risk 4
<p>1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered.</p> <p>22) Fraud, corruption, malpractice by internal or external threats.</p> <p>23) Equalities is not considered in decisions resulting in Judicial Review and other litigation.</p>	<p>10) Fail to manage and deliver major capital projects on budget and to time - The Exchange</p> <p>12) Aylesbury Vale Estates (AVE) does not deliver capital receipts and objectives of business plan.</p> <p>13) Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.</p> <p>16) Deterioration of quality of planning service delivery, decisions and timeliness of response to applications in the face of increasing growth demand; compounded by vacancies in the planning team (although reducing), reliance on consultants and the rate of growth within the Vale</p> <p>17) Health & Safety - Non-compliance with Fire and Health and Safety legislation. Failure to provide a safe place for staff and visitors on AVDC property and/or events.</p> <p>19) Business interruption affecting the Council's resources and its ability to deliver critical services.</p> <p>20) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data</p> <p>21) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children.</p>	<p>5) Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives within AVDC lifetime. Lack of alignment to wider strategic / unitary authority objectives. New and existing systems/processes are not fully integrated.</p> <p>8) In-housing of Street and Horticulture service (Streetscene) is not completed by the end of the current contracts (January 2020), and in line with AVDC Council decision.</p> <p>9) Fail to manage and deliver major capital projects on budget and to time - Pembroke Road redevelopment</p> <p>11) Decline in retail sector reduces ongoing viability of AVDCs Town Centre assets and limits success of regeneration programme</p> <p>14) Inadequate working with stakeholders to ensure safety of residential buildings following Grenfell.</p> <p>15) Impact of BREXIT - financial (eg fuel costs), procurement, employment, regulatory, environmental, major projects//partnering arrangements</p> <p>18) Fail to plan for a major or large scale incident. Risk to safety of public & staff.</p>	<p>2) Unknown impact of the influence of the Shadow Authority on AVDCs ability to deliver strategic goals and priorities in line with agreed objectives and the current business model. Focus on priority projects and planned transformation diminishes with competing demands of unitary authority.</p> <p>3) Deterioration in core service delivery due to loss of key staff & inability to recruit or retain high performing staff. Poor morale, or lack of foreseeable opportunity leads to "the best" seeking alternative employment, or not being willing to join AVDC.</p> <p>4) Lack of clarity and/or political engagement with partners hinders ability to engage in & influence next round of growth including consideration of CaMKOx Corridor, HS2, housing need targets. A Bucks wide plan could result in even more housing in the Vale geography.</p> <p>7) Depot Transformation Programme fails to deliver commercial, customer, H&S, Environmental objectives.</p>

Notes:

The following risk has not yet been fully assessed and rated:

- 6) Fail to deliver the Commercial Property Investment strategy and achieve planned return on investment – the Strategy has not been progressed pending unitary.

Risk Matrix

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	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	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	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	Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required.

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

Risk Rating - 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
Page 79	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

Capacity to Manage

Capacity to Manage	Description
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	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	There are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
Limited	There are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
None	There is a lack of clear arrangements in mitigation of the risk.

AVDC Corporate Risk Register

Last review date: 6 March 2019

Ref	Risk Owner	Delegated Manager	Risk	Potential Consequences	Inherent Risk Rating			Capacity to Manage Risk	Existing Controls & Mitigation	Residual Risk Rating			DoT (up = increasing risk)	Proposed Actions/Comment	Completion Date	AVDC Priority
					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating				
1	Andrew Small	Strategic Board	Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered.	Failure to meet statutory obligations and business objectives; Pressure on budgets increase; Inefficient and ineffective use of resources; Poor publicity and reputation damage; Inability to meet the demands of the future and ensure continuous improvement of services.	4	5	20	Substantial	Longer term view, still maintain 4 years balanced budget, but working towards March 2020. Strategic Board monitoring the budget; regular reporting through Cabinet. Quarterly financial digest. Budget managers review cost centre reports.	1	3	3		Draft 19/20 budget and MTFP to 2023 to Cabinet in December, scrutiny in January and Full Council in Feb 2019. Balanced budget for the timeframe of AVDC.		Financially Fit
2	Andrew Grant	Strategic Board	Unknown impact of the influence of the Shadow Authority on AVDCs ability to deliver strategic goals and priorities in line with agreed objectives and the current business model. Focus on priority projects and planned transformation diminishes with competing demands of unitary authority.	Uncertainty over future direction impacts all areas of activity; inability to deliver objectives and vision of AVDC; continued improvement of customer service delivery ceases, deflection of resource and focus has adverse impact on service delivery; AVDC reputation for innovation and forward thinking is diminished.	4	4	16	Moderate	Ongoing monitoring of KPIs and metrics established to support AVDC updated "vision"	4	4	16	New	Clear process for assessing priorities - finish/continue to progress/stop		All
3	Andrew Grant	Strategic Board	Deterioration in core service delivery due to loss of key staff & inability to recruit or retain high performing staff. Poor morale, or lack of foreseeable opportunity leads to "the best" seeking alternative employment, or not being willing to join AVDC.	Loss of key staff; inability to attract staff during time of uncertainty; Deterioration of service delivery; failure to achieve strategy, lack of staff commitment, poor morale & performance; Increase in staff stress levels; financial cost of agency staff; improvement projects are delayed/cancelled.	4	5	20	Moderate	Unitary HR protocols in place - recruitment aligned across all 5 councils. Behavioural Framework used for candidate selection and case studies being refreshed and new "cloud" introduced REACH performance development becoming embedded and REACH toolkit produced. This includes building behaviours more formally into the REACH process. Employee Relations - Collaboration and healthy challenge with trade union and staff representatives and challenges addressed in partnership. New E'ee reps added to current group Wellbeing - Outplacement scheme implemented. Coaching programme in place. Connected Working programme linked with other projects to support CK and IT Strategy. Regular staff comms from Directors to engage on corporate vision and direction. Recruitment ongoing with a range of strategies - new roles updated to reflect Unitary decision. Use of contractors to cover permanent vacancies. Contractor (Agency) costs are monitored monthly.	4	4	16	New	Budget pressure to be recognised for foreseeable increase in agency costs. Regular internal comms needed. Ongoing focus on staff development. Review all sector risk registers to reflect impact of unitary and highlight key pressure points - approx 90 staff over 55yrs, 60% current employees <2yrs.		All
4	Tracey Aldworth	Will Rysdale	Lack of clarity and/or political engagement with partners hinders ability to engage in & influence next round of growth including consideration of CaMKOx Corridor, HS2, housing need targets. A Bucks wide plan could result in even more housing in the Vale geography.	Lack of engagement in planning issues impacting the Vale geography; expose district to "planning by appeal"; developer challenge; Government sanctions; lack of ability to secure strategic infrastructure; additional housing growth absorbed by Aylesbury Vale.	4	4	16	Moderate	AVDC and other Bucks DCs are part of Central Area Growth Board . Close working with other neighbouring LA's.	4	4	16		Need to start thinking about the process for preparing a Bucks wide plan for growth. Need engagement with Parishes AVDC and other Bucks DC's agreed to join Central Area growth Board but BCC is not part of this. Need focus on delivering local plans as a priority (refer risk #13). Uncertainty over influence of Shadow Authority on AVDC planning process - secure legal opinion on impact on Development Management. Clarity on comms with external partners and key stakeholders. Visibility of AVDC and "seat at the table" important to maintain.		Partners, Community & Environment
5	Andrew Grant	Maryvonne Hassall	Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives within AVDC lifetime. Lack of alignment to wider strategic / unitary authority objectives. New and existing systems/processes are not fully integrated.	Unitary - AVDC achievements and plans for digitisation of services is not pursued. Operational - New systems lack robust business processes and controls; poor integration between systems; failure to comply with GDPR and other legislative requirements exposing the Council to potential breaches; Data sharing of personal & sensitive information, cyber risk. Financial - VFM & unbudgeted costs Reputational - damage to reputation and standing as a "Digital Council", relationship with suppliers, disengage community through lack of access to digital services. Staff - capacity issues to implement changes whilst still delivering "day job" - flight risk of key people.	3	4	12	Moderate	CK Strategic Board set up to ensure alignment and oversight (Sept 17). Funding agreed for 2019/20 Programme governance arrangements, steering group, regular reporting to CAVDC Board	3	4	12		Currently half way through Phase 2 of programme. Phase 3 plans have been agreed. Focus on completing what we have started and need to consider impact of Unitary on new activities. AVDC Digital programme lead engaged with Unitary Programme Planning Group.		Customer & Innovation
6	Andrew Small	Teresa Lane	Fail to deliver the Commercial Property Investment strategy and achieve planned return on investment.	Pressure on budgets increase; Inefficient and ineffective use of resources; Poor publicity and reputation damage; Inability to meet the demands of the future and ensure continuous improvement of services.	4	4	16	Limited	Property Investment Strategy approved by Cabinet Sept 17. Board in place to oversee governance arrangements. Financial strategy does not depend on investment income. Delivery of strategy deferred to take account of consultation and subsequent revised Prudential Code. Meeting held with Montague Evans to review strategy in light of the new Code and strengthen governance arrangements. Proposed that most roles and tasks relating to delivery will be outsourced for at least the first year.			TBA		Strategy has not been progressed pending unitary.	Postponed	Financially Fit
7	Tracey Aldworth	Will Rysdale	Depot Transformation Programme fails to deliver commercial, customer, H&S, Environmental objectives.	Inability to deliver services to public; death or injury to public or staff; regulatory fines; criminal prosecution or civil litigation; reputational damage; financial cost.	3	4	12	Moderate	Programme of works to March 2019 mapped out. Dedicated programme manager. Operations H&S officer in post. Monthly Programme Board oversight; quarterly updates to Strategic Board	4	4	16		Review of EA requirements for new site, particularly wrt Fire Prevention Plans is in progress. An assessment of additional works and potential cost impact is required. Process in place to move to Competent Authority status to remove need for reliance on key individuals to ensure compliance with operating licence requirements. Also staff capacity review and wider training programme in progress. Original business plan for ATF lane to be reviewed as no more licences are being granted.	Mar-19	Customer & Innovation

Ref	Risk Owner	Delegated Manager	Risk	Potential Consequences	Inherent Risk Rating			Capacity to Manage Risk	Existing Controls & Mitigation	Residual Risk Rating			DoT (up = increasing risk)	Proposed Actions/Comment	Completion Date	AVDC Priority
					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating				
8	Tracey Aldworth	Will Rysdale	Inhousing of Street and Horticulture service (Streetscene) is not completed by the end of the current contracts (January 2020), and in line with AVDC Council decision.	Failure to deliver services, financial costs, damage to AVDC reputation.	4	4	16	Substantial	Full Council approval, Project Manager, Operations Board for oversight & governance, budget approved	3	3	9	New	Project plan developed and work has commenced. Need to ensure continued focus and relevant priority given to project given tight timescale and potential for delays.	Jan-20	Financially Fit
9	Andrew Small	Teresa Lane /Will Rysdale	Fail to manage and deliver major capital projects on budget and to time - Pembroke Road redevelopment	Costs exceed budget; inability to expand services and generate commercial income (e.g. HGV MOTs); damage relationships with future/existing tenants; Reputation damage	3	4	12	Substantial	Major Capital Projects Member group – Highlight reports, challenge from legal, finance and risk; Project teams with external contractors in place with established governance processes.	3	3	9		Delays to workshop (2020) due to discharge of 2 reserve planning matters (archaeological & contamination) with requirements for additional surveys.		Financially Fit
10	Andrew Small	Teresa Lane	Fail to manage and deliver major capital projects on budget and to time - The Exchange	Costs exceed budget; damage relationships with future/existing tenants; Reputation damage; impact on wider Town Centre Regeneration programme and ability to enhance existing assets.	3	3	9	Substantial	Major Capital Projects Member group – Highlight reports, challenge from legal, finance and risk; Project teams with external contractors in place with established governance processes.	2	3	6		3/4 of the F&B units have been let with interest in fourth. More positive outcomes of recent negotiations with potential tenants. Commercial units let on Long Lion. Financial impact (2019/20) being monitored through budget pressures		Leading & Shaping of Place
11	Andrew Small	Teresa Lane	Decline in retail sector reduces ongoing viability of AVDCs Town Centre assets and limits success of regeneration programme	Decline in town centre investment, vacant property, reduced return on investment, increasing unemployment, reduction in business rates income.	4	4	16	Moderate	Aylesbury Town Centre plan and regeneration programme; joint Officer Steering Group (AVDC, BCC, ATC) monitors progress against action plan and receives new ideas/challenges. AGT Board and Project Team is overseeing & reviewing the masterplan for the Garden Town which includes the town centre.	3	3	9	New	AVDC investment in The Exchange will deliver new public space, restaurants, businesses, helping to change the town centre offering. AGT status is enabling bids for funding to support the town centre. Bids for the new £675m High Street fund are currently being considered. AVDC&BCC mtg to discuss future strategy for Ayl Town Centre.		Leading & Shaping of Place
12	Andrew Small	Teresa Lane	Aylesbury Vale Estates (AVE) does not deliver capital receipts and objectives of business plan.	Inability to achieve expected distribution from the partnerships and grow AVDC's investments; security of loans. Satisfaction/relationship with existing customers/community deteriorates; Reputational damage to Council and Members if high profile ventures fail; negative impact of "commercial" decisions on Council's wider strategic & community objectives.	4	4	16	Moderate	Information included in Qly Digest to reflect investments & performance. AVE business plan went to Scrutiny & Cabinet Jan18. Robust challenge and stretch targets to deliver. Held Risk Workshop with AVE (Jan17) and developed risk register. Partnership Agreement in place, business plan process in place and plan subject to scrutiny and cabinet approval. AVDC representatives on AVE abreast of issues. On-going monitoring and monthly meetings taking place. Asset Managers have been directly advised of performance concerns.	2	3	6		Private sector uncertainty. Unclear about working with new authority. Internal audit review of AVE governance arrangements in early 2019	Mar-19	Financially Fit
13	Tracey Aldworth	Will Rysdale	Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.	Opportunistic planning applications; Loss of local control; Government send in own planning team; Loss of New Homes Bonus.	3	3	9	Moderate	VALP approved by Council 18 October. Project manager in place. Weekly action plans and progress monitoring. Regular engagement and communication with CLG to discuss timeframes. Early engagement of QC. Support from the Planning Officers Society; Advice from Planning Inspectorate; Working with the Bucks Planning Officers Group.	2	3	6		Examination held. Awaiting Planning Inspectors response to our comments (refer risk #4).	TBA	Leading & Shaping of Place
14	Andrew Grant	Will Rysdale	Inadequate working with stakeholders to ensure safety of residential buildings following Grenfell.	Death or injury to public; loss of public trust; damage to reputation	2	5	10	Substantial	Liaising with MHCLG, working with leaseholder and housing association	2	4	8		Friars House in Aylesbury is over 18 meters tall and is fitted with ACM cladding. We are working closely with Moreland Estate Management, the Vale of Aylesbury Housing Trust (VAHT), Bucks Fire and Rescue and MHCLG to ensure the safety of residents. New government guidance and powers issued January 2019. AVDC to take next steps accordingly.	TBA	Partners, Community & Environment
15	Andrew Small	Andy Barton	Impact of BREXIT - financial (eg fuel costs), procurement, employment, regulatory, environmental, major projects/partnering arrangements	Impacts all areas of Council activities	4	4	16	Substantial	Detail risk register and action plan, working group monitoring	3	3	9		Brexit risk register updated to reflect possibility of "no-deal"	Mar-19	Financially Fit
16	Tracey Aldworth	Jeff Membery	Deterioration of quality of planning service delivery, decisions and timeliness of response to applications in the face of increasing growth demand; compounded by vacancies in the planning team (although reducing), reliance on consultants and the rate of growth within the Vale	Damage to reputation, customer complaints/appeals, status as Planning Authority.	4	3	12	Substantial	Planning performance report to Audit Committee October 18; customer journey analysis, member case load, planning updates & communications etc.	2	3	6		2 new roles approved November 18 - ongoing focus on recruitment and retention		Leading & Shaping of Place

Ref	Risk Owner	Delegated Manager	Risk	Potential Consequences	Inherent Risk Rating			Capacity to Manage Risk	Existing Controls & Mitigation	Residual Risk Rating			DoT (up = increasing risk)	Proposed Actions/Comment	Completion Date	AVDC Priority
					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating				
17	Andrew Small	Andy Barton	Health & Safety - Non compliance with Fire and Health and Safety legislation. Failure to provide a safe place for staff and visitors on AVDC property and/or events.	Death or injury to public or staff; criminal prosecution or civil litigation; Service stopped; Loss of public trust; Action by Health and Safety Executive or Bucks Fire and rescue, e.g. fine up to £4m, corporate manslaughter charges; Insurance claims/ financial loss	2	4	8	Moderate	Revised H&S policy & strategy approved Sept 17. Fully started. Corporate H&S Manager, part-time H&S Advisor, Operations H&S Officer at Pembroke Road. Fire Risk Assessments performed for all property (Apr17) and reviewed (Dec17). Strategic Health and Safety Board monitor risk and performance. H&S Committee meets every 3 mnths. Management of contractors procedure in place and training provided. Ongoing training planned throughout 2018. New M&E service provider selected (Apr18) which will see a more uniformed and monitored approach to pre-planned maintenance and reactive work	2	3	6	→	1. Management of asbestos & legionella currently being reviewed in line with new M&S service contract. Statutory programme to be followed - ongoing. 2. Sector risk assessments and risk profiling to be reviewed 3. Action plan developed following assessment visit in April from Counter Terrorism Prevention Advisor (CTPA) about the new CSC, safety of staff and general security of the building. 4. Resource/capacity challenges - recruitment of full time H&S manager early 2019.	May-19	
18	Andrew Small	Will Rysdale	Fail to plan for a major or large scale incident (accident, natural hazard, riot or act of terrorism). Risk to safety of public & staff	Public safety. Service delivery disruption and impact on the Council's ability to deliver critical services. Reputational damage to the council.	2	4	8	Moderate	Community safety manager appointed (Apr17) with responsibility for Emergency Plan and Community Resilience. Table top exercise run Dec2018. Public Events Management steering group set up & Duty holders established. EP & BC Steering Group established to ensure coordination. Resilience workshop with Local Resilience Forum to focus on long term response planning. Thames Valley Local Resilience Plan in place, with AVDC representation at District level	2	4	8	→	Events Safety Management Framework to be agreed to ensure consistent approach and accountability. To reflect learnings from Whizzfizz, Waterside, Christmas. Crowd Safety consultancy to be arranged prior to WhizzFizz.	Mar-19	
19	Andrew Small	Andy Barton	Business interruption affecting the Council's resources and its ability to deliver critical services. Loss of IT due to failure or cyber attack.	Service delivery disruption and impact on the Council's ability to deliver critical services. Reputational damage to the council.	2	4	8	Moderate	EP & BC Steering Group established to ensure coordination. Increased use of cloud technology, less paper documents.	2	3	6	↓	All the BCPs being reviewed and updated to ensure fit for purpose.	Apr-19	
20	Andrew Small	Andy Barton	Information Governance - Non compliance with legislation, a significant data breach, inappropriate access, corruption or loss of data.	Exposure of confidential information or corruption of data; Prosecution or fine for statutory breach; Loss of public trust	3	4	12	Substantial	Data Governance Officer with responsibility for DP and info governance. IGG monitors specific risks and has its own action plan. Information Management Strategy has been revised in readiness for GDPR. Mandatory training; Investigations into data breaches. Periodic data sweep. HB Law supporting. Information Asset Registers, identified Information Asset Owners, retention schedules in place. Privacy Impact Assessments for all projects	2	3	6	↓	GDPR programme targets achieved for compliance by May2018. Post GDPR programme to complete remaining tasks, including full policy review and breach procedures. Dual factor sign in roll-out in progress, almost finished. Programme for Member email usage compliance completed.	Mar-19	
21	Andrew Grant	Will Rysdale	Safeguarding arrangements are not adequate to effectively address concerns about vulnerable adults & children who may be at risk of significant harm. Requirements of "Prevent" are not implemented and applied. Internal processes and controls are inadequate to effectively prevent dangerous individuals from gaining access to opportunities where that may place vulnerable adults and children at harm (e.g. Taxi licensing).	Failure to refer concerns to the appropriate agency for investigation; Damage to reputation; Harm to vulnerable adult or child as a result of failure to refer. Reputational damage to the council should perpetrator of terrorism be living or radicalised within the borough. A known sex offender is not prevented from having access to vulnerable adults and children.	2	4	8	Moderate	Internal AVDC safeguarding board with membership across all sectors. Mandatory training rolled out to all staff. Use self reporting template/ RAG framework (S11); Meeting with Chair of Bucks safeguarding board – questions asked about current safeguarding arrangement and recommendations made; AVDC Chairs Community Safety Partnership (Prevent). Check applications for taxi licenses with disclosure Scotland. Whistleblowing policy in place and Managing volunteers policy in place. Members training on Prevent (WRAP) (Oct17). Internal audit (May17). Member training on Safeguarding 2018.	2	3	6	→	Training needs assessment for different roles to be completed New starter mandatory induction training - IT solution to monitor & enforce completion	Mar-19	
22	Andrew Small	Andy Barton	Fraud, financial impropriety or improper business practices. Potential for fraud, corruption, malpractice or error, by internal or external threats.	Immediate financial loss; reputational harm; inquiry costs and penalties.	2	3	6	Substantial	Compliance team focus on CT liability, Housing Benefit, Tax Reduction entitlement, exemptions and discounts. New Fin Regs & Procedures update financial controls. Internal audit reviews and oversight of fraud action plan. Fraud Awareness session provided at Manager Training.	1	3	3	→			
23	Andrew Small	Andy Barton	Equalities - Decisions taken by the Council do not consider equalities resulting in Judicial Review and other litigation	Reputational risk to the authority and inability to progress with strategic objectives of the organisation; potential cost to the Council if decisions made against the authority.	2	3	6	Moderate	Equalities steering group. Equality Impact Assessments performed. Annual Equalities report to Cabinet Jan18Post restructure, AVDC profile has been reviewed and is broadly consistent.	1	2	2	→	Equalities report Jan 2019		

BREXIT Risk Register - Risks associated with "No Deal" Brexit

Last review date: 6 March 2019

Ref	Risk Owner	Delegated Manager	Risk	Potential Consequences	Inherent Risk Rating			Existing Controls	Proposed Actions/Comment	Completion Date
					Likelihood	Impact	Overall Risk Rating			
1	Andrew Small	Jill Symes	Staff & Agency workers - reliance on EU workers to deliver core services	Inability to deliver services,	3	2	6	Analysis of Non UK, EU Nationals undertaken in November, Right to Work review.	March - revised assessment of number of staff. 29 Non UK EU Nationals, majority working at Pembroke Road. Planning staff Comms in response to Govt Guidance	Mar-19
2	Andrew Small	Andy Barton / Teresa Lane	Contracts - existing contracts may become inoperable, reduced service, increased cost, construction industry fails; inability to deliver major capital projects	Financial costs, service deliver, regeneration & redevelopment plans delayed/no longer viable	2	3	6		Review of major contracts. Engage with those identified as high risk to understand contingencies. (See separate risk for Waste Ops)	Mar-19
3	Tracey Aldworth	Will Rysdale	Operations - reduced ability to collect waste and ship recycling material; fuel shortages to operate waste vehicles.	Inability to collect and ship waste materials, increased costs, waste piles up at homes & businesses/depot	2	3	6	Engaging with EA, contacted recycling contractors	Engage with BCC to put some contingency plans in place on how much recycling we could send to the EfW	Mar-19
4	Andrew Small	Andy Barton	Procurement - changes to government procurement, which is currently subject to EU law.		1	2	2	If the UK leaves the EU without a deal, the public procurement regulations will remain broadly unchanged after EU exit at 11pm on 29 March 2019.	On 13 December the Cabinet Office laid a draft Statutory Instrument before both Houses of Parliament. After the laying date, it may be viewed at the Statutory Instrument pages on GOV.UK. The SI is subject to change until it is made. Only once it is made will the contents of the new regulations be settled.	
5	Andrew Small	Nuala Donnelly	Financial/Funding - unbudgeted additional costs, credit risk, uncertainty over interest rates.	Financial cost, failure to achieve budget	3	2	6		Continue to monitor	
6	Andrew Small	Nuala Donnelly	Business rates - impact on vulnerability of businesses, increased debt/non recoverability.	Reduced revenues, impact on service delivery	3	2	6		Continue to monitor	
7	Andrew Small	Jill Symes	HR - changes to UK employment law (e.g. Working Time Regulations 1998, Agency Worker Regulations 2010)	Non Compliance with employment law	3	2	6		Continue to monitor	
8	Andrew Small	Andy Barton	Legal/Data - changes to UK Data Protection Law - impact on data flows with EU countries, and about EU nationals	Data breach	3	2	6	Review of data locations; regular update on ICO guidance	Greater risk for businesses that operate in European Economic Area (the EEA), which includes the EU; or send personal data outside the UK; or receive personal data from the EEA. AS per MHCLG Guidance, review/update the IT application register and identify the geographic location for all applications/cloud that process personal data - for any in EEA need to review supplier arrangements.	Mar-19
9	Andrew Small	Bill Ashton	Elections - European election and impact on BAU	Impact on democratic services resource	3	2	6		If extend beyond June means the UK taking part in the European parliament elections 23-26 May.	
10	Strategic Board	Will Rysdale	Civil unrest, disruption to transport network, fuel shortages, food shortages.	Staff ability to work, inability to deliver core services, increased vulnerability in population	2	4	8	Close working with LRF	Farage "Brexit Betrayal" March through Aylesbury March 23	

Ref	Risk Owner	Delegated Manager	Risk	Potential Consequences	Inherent Risk Rating			Existing Controls	Proposed Actions/Comment	Completion Date
					Likelihood	Impact	Overall Risk Rating			
11	Tracey Aldworth	Jeff Mambery	Vulnerability of residents increases - Individuals/families with small disposable incomes will be hit much harder by any shortages of food or necessary goods (and consequential price rises)	Increases in rent arrears and/or Council Tax; homelessness; greater demand for services	2	2	6		Continue to monitor	
12	Andrew Grant	Tracey Aldworth	Impact on Unitary decision - lack of parliamentary time; increased period of uncertainty		2	4	8			
13	Tracey Aldworth	Jeff Mambery	Environment Health - potential changes on EU Tariffs impact on local livestock farmers	Environmental health impact, increased demand for services	1	2	2		Continue to monitor	

REVIEW OF GENERAL FUND BALANCES 2019-20

1 Purpose

- 1.1 This report presents the risk assessment methodology applied in determining the minimum safe level of General Fund Working Balance used in budget planning and invites the Committee to consider the completeness and adequacy of the provision.

2 For decision

- | |
|---|
| 2.1 The Committee is invited to consider the risk assessment methodology and make any comments on its completeness and accuracy for use in budget planning for 2019/20. |
|---|

3 Detailed Report

- 3.1 There is a statutory requirement on all Councils to set a balanced budget each year. A balanced budget can legitimately include the use of general uncommitted balances, where the Council agrees that it is appropriate to do so.
- 3.2 The Council holds general working balances as insurance against unexpected financial events. This includes failure to generate expected income as well as financial claims against the Council
- 3.3 The level of balance maintained by Aylesbury Vale District Council is reassessed annually and the minimum recommended safe level is applied in budget setting and planning.
- 3.4 The current minimum assessed level of balances is £2.0 million which has been arrived at based upon a risk and probability assessment of potential budgetary factors during 2019/20.
- 3.5 In agreeing the 2019-20 revenue and capital budgets, a number of risk factors in relation to government grant funding, service pressures and inflation and will have already been addressed specifically.
- 3.6 This report presents the risk assessment methodology and the general risks identified in determining the minimum recommended safe level of £2.0 million used in budget planning for 2019/20.
- 3.7 The assessment has been informed by a review of the Council risk register.
- 3.8 Members of the Committee are invited to review the methodology, the risks and the mitigations identified and consider their appropriateness in context of the budgetary pressures facing the Council.
- 3.9 The potential risks arising from the Unitary decision continue to be assessed. 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 make any specific financial provision.
- 3.10 The emerging implementation plans will address risks and consider mitigating actions as work progresses over the coming months.

- 3.11 The Corporate risk register also specifically acknowledges risks associated with BREXIT and a possible a no deal situation. Whilst the level of risk remains largely unknown, plans and controls are being reviewed for areas considered to be impacted by the change.
- 3.12 Any recommendations will be passed on to the Cabinet member for Resources, who, together with the Director with the Responsibility for Finance, will consider these in managing the budget plan for 2019/20.
- 3.13 The assessment is attached to this report as Appendix A.

4 Supporting information

- 4.1 Many of the financial pressures facing the Council have been the subject of previous reports to members. They are also referred to in the Quarterly Financial Digests and in the budget planning development reports.
- 4.2 The Council also hold other useable but ear-marked reserves to support service delivery and development of Council services.

5 Resource implications

- 5.1 None.

Contact Officer
Background Documents

Nuala Donnelly (01296) 585164
Budget Planning and Medium Term Financing Planning

Corporate Risks	<u>RRR</u>	Working Balance Cover Required	Risk	Risk Factor Applied	General Reserve Provision
<i>Corporate Risks : Financially Fit</i>					
Failure to achieve the Medium Term Financial Plan	3	250,000	M	50%	£125,000
Failure to deliver Commercial Property investment and planned return	tba				
Risk re: implementation of change in relation to Street and Horticulture service	9	0	M	50%	
Failure to manage and deliver major capital projects to budget and on time: Pembroke Road	9	300,000	M	50%	£150,000
AVE does not deliver capital receipts and business plan objectives	6	200,000	L	30%	£60,000
Impact of BREXIT including finances, procurement, employment	9	500,000	M	50%	£250,000
<i>Corporate Risks : Partners, Community and Environment</i>					
Lack of clarity and engagement with partners on planning issues	16	100,000	M	50%	£50,000
Inadequate engagement with Stakeholders to ensure safety of residential buildings	8	250,000	L	30%	£75,000
<i>Corporate Risks : Customer and Innovation</i>					
Failure to deliver the CK Strategy and achieve objectives	12	250,000	L	30%	£75,000
Failure to deliver the Depot Transformation Programme in terms of H&S, customer and environmental objectives	16	200,000	M	50%	£100,000
<i>Corporate Risks : Leading and Shaping of Space</i>					
Failure to manage and deliver major capital projects to budget and on time: The Exchange	6	90,000	L	30%	£27,000
Decline in retail Sector and impact on town centre regeneration	9	200,000	L	30%	£60,000
Failure to deliver Vale of Aylesbury Plan	6	250,000	L	30%	£75,000
Risk to planning service delivery resulting from growth demand	6	300,000	M	50%	£150,000
<i>Corporate Risks : Generic</i>					
Unknown impact on the influence of the Shadow Authority on strategic delivery	16	300,000	M	50%	£150,000
Risk to Core Service delivery due to changing staff environment	16	500,000	H	75%	£375,000
Non compliance with Fire and Health and Safety legislation for staff and visitors on AVDC property and/or events	6	148,000	M	50%	£74,000
Failure to plan for a Major Incident	8	100,000	M	50%	£50,000
Business interruption affecting Service delivery	6	100,000	M	50%	£50,000
Non compliance with Information Governance	6	100,000	L	30%	£30,000
Safeguarding : ensuring adequate controls	6	100,000	M	50%	£50,000
Fraud, financial impropriety or improper business practices	3	80,000	L	30%	£24,000
Ensuring equality decisions	2		M	50%	£0
Grand Total of Reserves Held					2,000,000

This page is intentionally left blank

Audit Committee
25 March 2019

AUDIT COMMITTEE WORK PROGRAMME

1 Purpose

- 1.1 To discuss, amend and approve the future work programme for the Audit Committee.

2 Recommendations/for decision

- | | |
|-----|---|
| 2.1 | The Committee is asked to review, amend and approve the proposed work programme. Appendix 1 |
|-----|---|

3 Supporting information

- 3.1 The proposed programme has been prepared taking into account the comments and requests made at previous Audit Committee meetings and the requirements of the Internal and External Audit process.
- 3.2 The Committee is asked to consider whether they wish to add or remove any items and whether the timing of items is appropriate to their needs.
- 3.3 The Committee is also asked to consider whether there are any additional areas or topics not included in the current work programme which they would like to add.

4 Reasons for Recommendation

- 4.1 To allow members of the Audit Committee to amend and agree their work programme.

5 Resource implications

- 5.1 An allowance is always included in the Annual Internal Audit Plan to support the work of the Audit Committee. There are no additional direct resource requirements arising from this report.

Contact Officer

Kate Mulhearn – Corporate Governance Manager
Tel: 01296 585724

Background Documents

None

AUDIT COMMITTEE WORK PROGRAMME 2018-19 & 2019-20

Item	Contact Officer	26 Jun 2018	23 July 2018	8 Oct 2018	28 Jan 2019	25 Mar 2019	26 Jun 2019	29 Jul 2019	7 Oct 2019
Audit Committee Work Programme	Kate Mulhearn	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	
External Audit Plan & fee letter	Nuala Donnelly				X				
External Audit – Audit Results Report (ISA 260)	Nuala Donnelly		X					X	
External Audit Annual Letter	Nuala Donnelly		X					X	
External Audit AGR for Grant Claims	Nuala Donnelly				X				
External Audit Update / Progress Report	Nuala Donnelly	X		X			X		X
Annual Internal Audit Strategy and Plan	Kate Mulhearn	X					X		
Internal Audit Annual Report	Kate Mulhearn	(X)	X				X		
(Draft) Annual Governance Statement	Kate Mulhearn	(X)	X				(X)	X	
Internal Audit Progress & Internal Audit Review Reports	Kate Mulhearn	X	X	X	X	X	X	X	X
Risk Management Report	Kate Mulhearn	X	X	X	X	X	X	X	X
Fraud Update Report (as required)	Kate Mulhearn								
Reviews of Company Governance	Kate Mulhearn				X				
Statement of Accounts	Andrew Small	X					X		
Post Audit Statement of Accounts	Andrew Small		X					X	
Working Balances	Andrew Small					X			

* Reports will be prepared and presented by the External Audit Manager

AUDIT COMMITTEE: ACTIONS TRACKER 2017-2019

Decision			Tracking			
Meeting Date Action ID	Item and Recommendations	Contact Officer	Further Action (Yes/No)	Committee	Meeting Date	Status (√/O/X)

ACTIONS ONGOING

08/10/2018 AT 7/18	Internal Audit Progress Report 1. To ensure that a review of the Taxi Safeguarding policy was considered for inclusion in the Internal Audit Plan for 2019/20	Kate Mulhearn	Yes	Audit	25/3/2019	O
28/01/2019 AT 1/19	External Audit Plan and Fee Letter 1. Results of the audit work on the impact of the unitary decision on the Council's capacity to manage its operation during the transition stage	Nuala Donnelly	Yes	Audit	7/10/2019	O
28/01/2019 AT 2/19	Internal Audit Progress Report 1. That, should the outstanding actions and implementation of the findings of the Safeguarding 2016/17 Review not be completed by the end of March 2019, senior Officers and the Cabinet Member be requested to attend the Audit Committee in June 2019 to provide an update on the lack of progress.	Kate Mulhearn	Yes	Audit	25/3/2019	O

This page is intentionally left blank