



AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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16 January 2020

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held at **6.30 pm** on **Monday 27 January 2020** in **The Paralympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

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

Membership: Councillors: 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 Minutes of the meeting held on 25 November, 2019.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. EXTERNAL AUDIT ANNUAL AUDIT LETTER (Pages 13 - 44)

To consider the attached report.

Contact Officer: Andrew Small (01296) 585507

6. INTERNAL AUDIT PROGRESS REPORT (Pages 45 - 124)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

7. CORPORATE RISK REGISTER (Pages 125 - 132)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

8. WORK PROGRAMME (Pages 133 - 136)

To consider the Committee's future work programme, copy attached.

Contact Officer: Kate Mulhearn (01296) 585724

9. DATE OF LAST MEETING

The last meeting of the Audit Committee will be held at 6.30pm on Tuesday 24 March, 2020.

AUDIT COMMITTEE

25 NOVEMBER 2019

PRESENT: Councillor R Newcombe (Chairman); Councillors A Waite (Vice-Chairman), M Collins, N Glover, A Harrison, D Town and H Mordue (ex-Officio).

APOLOGIES: Councillors C Adams, S Raven and R Stuchbury.

1. MINUTES

RESOLVED –

That the Minutes of the meeting held on 15 July, 2019, be approved as a correct record.

2. EXTERNAL AUDIT - AUDIT RESULTS (ISA 260) AND LETTER OF REPRESENTATION

The Committee received a report summarising the auditors findings from the 2018-19 audit which had been substantially completed. The external auditors apologised and explained that due to a number of factors the audit of the accounts had been undertaken later than required by law and this in turn meant they were being submitted to Members for final approval later than in previous years.

Subject to the satisfactory completion of the outstanding matters listed in the auditors' report, it was expected to issue an unqualified audit opinion on the financial statements as soon as possible, although this would be after the 31 July 2019 deadline. The auditors had not identified any matters on the arrangements to secure economy, efficiency and effectiveness in the use of resources that needed to be reported to the Committee. The report highlighted the following key findings:-

- (i) Scope Update – the audit had been carried out in accordance with the scope and approach that had been reported to the Audit Committee on 28 January 2019. The planned materiality assessment had been updated based on gross expenditure on provision of services and was £2.14m (Audit Planning report - £2.29m). This resulted in updated performance materiality, at 75% of overall materiality, of £1.6m, and an updated threshold for reporting misstatements of £107,000.
- (ii) Status of the Audit – at the time of issuing the Committee report the audit had been substantially completed and that subject to the satisfactory completion of the following items, it had been expected that an unqualified opinion on the Council's financial statements would be issued:-
 - Valuation of property, plant and equipment – specifically relating to the valuation methodology applied to Community Centres.
 - Review of the final version of the financial statements.
 - Completion of the post balance sheet event review.
 - Receipt of the signed management representation letter.

At the meeting the Auditors confirmed that the work had been completed and they were now in a position to issue their audit opinion.

- (iii) Audit Differences – three unadjusted audit differences had been identified in the draft financial statements that management had chosen not to adjust. Where these differences were not corrected the rationale for not doing so would need to be approved by the Audit Committee and then included in the Letter of

Representation. These related to the maximum impact of GMP equalisation on the pension liabilities, the estimated / actual plan assets of the pension fund, and a re-statement of the prior year accounts for changes to the group consolidation

The auditors informed Members that the Council was in the process of updating the valuations associated with community centre assets. EY specialists had reviewed the methodology and had concluded that the assets as valued were under-valued using an Existing Use Value (EUV) methodology. The Council's external valuer had provided updated valuations using a depreciated replacement cost methodology. This resulted in a material change, details of which were explained to the Committee.

- (iv) Areas of audit focus – the audit report identified key areas of focus for the audit, setting out observations and conclusions including areas which were either conservative or where there was a potential risk and exposure. There were no matters apart from those already reported to Members that needed to be brought to Members' attention.
- (v) Control Observations – a fully substantive approach had been adopted, so the operation of controls had not been tested.
- (vi) Value for Money – while the Audit Planning Report had not identified any significant risks around the criteria for the Audit Planning Report, one potential significant risk had been identified in relation to the Council's capacity to manage its operations as well as planning a smooth transition to the new Council. There were no other matters to report about the arrangements to secure economy, efficiency and effectiveness in the Council's use of resources.
- (vii) Other reporting issues – the Annual Governance Statement had been reviewed for consistency and the auditor's knowledge of the Council. There were no matter to report as a result of this work. There were also no issues to report following work carried out, as required by the NAO, on the Whole of Government accounts.
- (viii) the auditors had reported that there were no relationships from 1 April 2019 which might be reasonably thought to bear on their independence and objectivity. The auditors had not undertaken any non-audit work outside the NAO Code requirements.

The audit report also contained areas that had been the focus of audit work. The audit findings also included a number of appendices which Members considered as part of their deliberations:-

- Appendix A – Required communications with the Audit Committee.
- Appendix B – Management Representation letter.

Members sought additional information and were informed:-

- that the Community Centre assets had been valued for the previous 3 years using a depreciated replacement cost methodology.
- that the names of individual staff would be redacted from future reports, which had been the usual practice in the past.
- with a detailed explanation of the reasons why this year's audit had not been carried out to allow the final audit results to be reported to Members by 31 July. EY had taken the decision not to undertake the audit until September. EY had also needed to engage internal specialist in relation to the valuations issue which had also caused a delay.

RESOLVED –

- (1) That the matters raised in the external auditors' report and raised by the auditors at the meeting be noted.
- (2) That Finance staff and the external auditors be thanked for their work in preparing and auditing the financial statements for 2018-19, particularly as there had been a number of planned audit work timing issues this year
- (3) That the Letter of Representation and associated schedule be agreed, and the Chairman of the Audit Committee be approved to sign it off on the Committee's behalf.

3. INTERNAL AUDIT PROGRESS REPORT

Members received a progress report on activity undertaken against the 2019/20 Assurance Plan that had been approved by the Committee in July 2019. The following matters were highlighted:-

Final Reports issued since the previous Committee Meeting

One report had been completed since the last Committee meeting:-

Digital Contact Team – the review had been classified as low risk and had identified three low risk findings:

- There was not a mechanism in place for analysing customer engagement data and reporting common themes, trends and problems on the Council's departments (low).
- Sampling testing had identified one case where the agent did not promote self-serve through the Council's website or 'My Account'. There was not a structured and consistent approach in place for reviewing, supervising and monitoring customer engagement (low).
- The Council's website included the Digital Contact Team's direct telephone number alongside the main switchboard number (low).

The audit had not covered other customer contact routes outside of the Digital Contact Team, however there was an opportunity to apply these findings to other customer contact teams. The review had also noted a number of areas of good practice, as detailed in the report, that had been reflected in the overall "low" risk classification of the report.

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

Summary of changes to the 2019/20 Internal Audit Plan

Members were informed that there had been no changes to the plan since it was approved in July 2019.

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.

An exercise had been performed during September/October to assess the status of the actions that were due for completion. 63 individual actions were due (5 high risk, 22 medium risk and 36 low risk findings). The 5 high risk actions all related to the General Ledger audit report and reconciliations between the Tech One finance system and various feeder systems.

For a number of the actions, the action as set out in the original audit report was no longer considered appropriate in the context of the transition to a unitary authority. A full review of all audit actions would be undertaken and reported to the Committee in January 2020. This would determine whether the action should be:

- completed by 31 March 2020.
- handed over to the new Authority to assess and deliver.
- closed, as it was no longer relevant or appropriate.

The Committee was also provided with an update and information on the completion of Safeguarding training for those staff working in level 2, 3 and 4 categories.

Members commented that staff should be congratulated for dealing with 31,000 contacts during the last 6 months, a particularly busy time following changes to the garden service.

RESOLVED –

That the progress report be noted.

4. ANNUAL GOVERNANCE STATEMENT 2018-19

The Annual Governance Statement (AGS) for Aylesbury Vale District Council, that would be signed by the Leader of the Council and the Chief Executive when approved by the Audit Committee, formed part of the Council's formal accounts for the financial year 2018-19.

The AGS had been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016).

The statement explained how AVDC had complied with the principles of corporate governance and also met the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations 2011, which required all relevant bodies to "conduct a review at least once in a year of the effectiveness of its system of internal control" and to prepare a statement on internal control "in accordance with proper practices".

Members were advised that the assurance gathering process for preparing the Statement was based on the management and internal control framework of the Council and, in particular, on the independent report of the Council's Corporate Governance Manager presented to this meeting. The assurance framework included reference to the sources of assurance obtained from management. This included the new service risk assurance process which had been reported in more detail to the Committee.

A major focus of focus during the year had been a programme of work to ensure that any significant gaps in terms of compliance with the new General Data Protection Regulations (GDPR) which had come into force in May 2018 were fully addressed. An explanation was also provided of the challenges in ensuring data compliance when moving forward into the new unitary council, for example, all payrolls would be moving to SAP, combining of asset registers, and putting in place a set of data sharing agreements across many different areas.

During the year, internal audit reports had highlighted a number of weaknesses that needed to be reported in the AGS, including on the “high risk” reports issued for General Ledger and Commercial Waste. Progress made in addressing outstanding issues from these reviews was monitored by the Audit Committee through its oversight of internal audit work.

During the year the agreed actions arising from audit reports have been kept under review by Internal Audit and regular reports on overdue actions had been provided to the Audit Committee. A total of 113 audit actions had been completed during the year and progress had been made to address all outstanding actions. There were no significant issues to report regarding the follow up of any audit recommendations.

Significant improvements have been made in some areas highlighted in the previous year’s AGS including in Housing Benefits, providing Management Information and Company Governance. This work was detailed in the AGS report.

Having critically reviewed the Annual Governance Statement 2018-19 and the robustness of the Council’s governance arrangements, it was

RESOLVED –

- (1) That the content of the Annual Governance Statement 2018-19, be noted.
- (2) That the Annual Governance Statement 2018-19 be approved for inclusion in the Council’s Statement of Accounts for 2018-19.

5. POST AUDIT STATEMENT OF ACCOUNTS 2018-19

The Accounts and Audit Regulations state that Members should only approve the accounts when they have been made aware of the findings of the audit and hence were able to make a better informed decision.

Following on from the report on the draft accounts to the June meeting, Members received a report updating them on the audit process and the changes made to the accounts in accordance with the external auditor’s recommendations. The auditors’ comments and findings from their work on the 2018/19 accounts had already been reported to Members earlier in the meeting. Members had also been made aware of the exception circumstances of the 2018/19 audit programme.

Subject to being satisfied with the revised accounts and that the auditor’s comments had been correctly responded to, the Committee was required to authorise the Chairman to sign them on the Audit Committee’s behalf, together with the Director with responsibility for Finance, although this would not be done in time to comply with the 31 July statutory deadline. However, it was requested that the Committee delegate to the Director with responsibility for Finance, in consultation with the Chairman or Vice Chairman, the ability to make such changes to the accounts that are considered necessary in order to achieve the statutory deadline.

As detailed in the Committee report, that Statement of Accounts had been amended to reflect the correct position for the following items:

- A change in the depreciation charged to buildings at Pembroke Depot which had been incorrectly identified as non-depreciable in the fixed asset register. The depreciation impact on 18/19 of £57,712 was considered an immaterial change.

- A number of changes to the valuations for certain properties resulting from a detailed review of the Valuer's report. The Councils external valuer (WHE) had used the incorrect cost per square metre for assets valued using Depreciated Replacement Cost (DRC). The value of the changes was an increase in asset value of £4.2m.
- A change to the Community centre valuation method from Existing Use Value (EUV) to DRC methodology resulted in asset valuation changes of £7.187m. EY specialists reviewed the methodology and had concluded that the assets were under-valued. The Councils external valuer updated the valuations.
- The fixed asset register had also been amended to reflect changes in asset life but this did not impact on the depreciation charged in 2018/19 as they would only be applicable from 1 April 2019.
- A change had been made in relation to pensions. After the balance sheet date, the Government had been denied leave to appeal to the Supreme Court against a judgement that changes made in public sector pension schemes in 2015 were age discriminatory. Generally known as the McCloud judgement. This was a national issue affecting many public sector bodies. The Council had asked its actuary, Barnett Waddingham, to adjust for the actual figures while they were also addressing the impact of the McCloud case. The effect of these adjustments had been to increase the liability on the balance sheet by £1.552million for McCloud.
- There had been a change in the classification of the Hales Leys Loan repayment. This had been incorrectly identified as a capital receipt. The reclassification of £350,000 to "deferred capital receipts" had been actioned.
- A minor change to the classification of collection fund balances had resulted in an immaterial correction of 19/20 precept balance.
- A change in the disclosure of the number of employees receiving over £50,000 in remuneration had incorrectly stated 25 employees and had now been changed to 29.

In addition to these changes, at the time of publication of the agenda for the Audit Committee meeting, the Statement of Accounts for 2018-19 had been awaiting final review and approval by the Auditors. The Statement of the Accounts had now been reviewed and a number of changes have been made to the version published for the meeting. A paper was circulated at the Audit Committee meeting (included as an attachment to the Minutes) and which provided a reference to the pages of the Accounts where the changes had been made.

The changes made had been actioned in the Councils fixed asset system and Finance System. The changes had been agreed and actioned with the Audit team. The restatement had been addressing an administrative oversight only. Members referred to the Update note as well as the Committee report in reviewing the Statement of Accounts for 2018/19.

The Committee was also informed that there were a number of unadjusted audit differences in the draft financial statements which given their values were below materiality and the Council was not proposing to adjust for these, namely-

- In relation to the impact of the pensions case relating to Guaranteed Minimum Pensions (GMP) equalisation we have estimated the maximum impact on the

pensions liability of £227,000. The Councils actuary have advised that the impact of GMP is not material. This view has been corroborated by the external auditors.

- In relation to the difference between estimated plan assets of the pension scheme and actual plan assets as at 31 March 2019 there is a difference of £659,000. This is the audit team assessment of the likely changes and is not supported by a formal report from the Actuary. The difference will be a factor of timing of the audit.
- In relation to the restatement of the prior year accounts for changes to the group consolidation which were not material and as, per IAS 8, should have been corrected in the current year. The impact on the CIES was £236,000.

Having considered the final Statement of Accounts for 2018/19, it was –

RESOLVED –

- (1) That Finance staff be thanked for their work in preparing and auditing the financial statements for 2018-19, particularly given the exception circumstances of the 2018-19 audit programme.
- (2) That the final outturn position of the Council's Statement of Accounts 2018-19, as now agreed, be noted.
- (3) That approval be given to the Chairman of the Audit Committee to sign off the Statement of Accounts for 2018-19 on the Committee's behalf.

6. 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.

The CRR had been 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 CRR had last been reviewed by the Audit Committee on 15 July 2019 and by Cabinet on 4 November. The following table showing the changing risk profile over time was submitted:-

	Total	Low	Moderate	High	Extreme	Not yet assessed
November 2019	21	3	11	5	2	
September 2019	22	3	10	7	2	
July 2019	23	4	8	8	3	-
May 2019	23	4	8	9	2	-
March 2019	23	3	8	7	4	1
January 2019	23	3	8	7	4	1
October 2018	26	2	13	7	1	3

The background and comments against each risk was included in the report, as well as a summary in relation to residual risk ratings. The following risks had changed since July 2019:-

- Fail to achieve the MTFP (Risk No 1) – had increased from Low to Moderate as increasing risks had been identified to balance the budget for the 2019-20 financial year.
- Loss of AVDC Senior Management leadership and vision as the unitary programme progressed (Risk No. 2) – the risk had been removed and the risk, consequences and actions had been captured in Risk No. 3.
- Staff morale, mental physical wellbeing deteriorates, increased demand on HR resource to support staff (Risk No. 4) – had increased from High to Extreme as unitary work demands increased, Tier 3 recruitment was in progress, TUPE consultation had commenced, all of which was being felt by staff at all levels.
- Connected Knowledge Programme (Risk No. 6) – the risk had been closed as the CK Strategy and Programme as originally envisaged would not be achieved. Programme close-down was in progress and the final position in respect to achievements, savings identified, savings forgone (by AVDC), and opportunities for the new Council to consider in the future would be reported in due course.
- In-housing of the Street and Horticulture Service (Risk No. 7) – had reduced from High to Moderate as the project was progressing well with respect to contractual / TUPE implications.
- Depot Transformation Programme (Risk No. 8) – had reduced from High to Moderate, AVDC had been the first local authority to successfully achieve Competent Management System (CMS) in September 2019. This had removed the reliance on key individuals to ensure compliance with the Environment Agency licence requirements.
- Impact of BREXIT (Risk no. 15) – had reduced from High to Moderate, although the risk would continue to be monitored.

Members sought additional information and were informed:-

- (i) On well being and other work that was being done to assist staff during the transition period to the new unitary council.
- (ii) Risk 14 – an update was provided on one property with Aylesbury Vale that needed additional work to ensure that it met the safety standards that had been highlighted following the Grenfell fire.
- (iii) that a Press Release would be issued in relation to the Council achieving Competent Management System at the Depot.

RESOLVED –

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

7. 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.

RESOLVED –

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

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EXTERNAL AUDIT – ANNUAL AUDIT LETTER

1 Purpose

- 1.1 The Council's external auditors have issued their Annual Audit Letter which provides an overall summary on completion of the Audit Commission's work at the Council. The report draws on audit work carried out at the Council relating to the 2018/19 financial year.

2 Recommendations/for decision

- 2.1 The Committee is asked to:-
- (i) Agree the contents of the external auditor's Annual Audit Letter (Appendix 1).
 - (ii) Note the contents of the external auditor's certification letter relating to AVDC's Housing Benefit Assurance Process (HBAP) Report 2018-19 (Appendix 2)

3 Supporting information

- 3.1 The external auditor's Annual Audit Letter for the year ended 31 March 2019 is attached at Appendix 1.
- 3.2 The Audit Committee's terms of reference include dealing with external and internal audit issues. This report allows formal recognition of our external auditor's report by a Committee of the Council.
- 3.3 The external auditor's Annual Audit Letter will be made available to the public on the Council's website after it has been discussed at this meeting.
- 3.4 In addition to the Annual Audit Letter, the Council's External Auditors have historically prepared an annual summary of grant certification works. With the raising of Audit certification thresholds, this has only meant the reporting of Housing Benefit Certification work for the last few years. For 2018/19 the requirement for External Audit to report on this work has now also been removed. Given that the Council has had some historic issues around this Grant Claim the External Audit letter confirming that the Council received a clean bill of health has been attached as Appendix 2 to this report for information only.

4 Reasons for Recommendations

- 4.1 The Annual Audit Letter is an essential element of the independent external audit process. This report has to be presented to a Committee of the Council for their consideration.

5 Resource implications

- 5.1 None

Contact Officer
Background Documents

Andrew Small (01296) 585507
None

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Aylesbury Vale District Council

Annual Audit Letter for the year
ended 31 March 2019

December 2019

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Focused on
your future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary



Executive Summary

We are required to issue an annual audit letter to Aylesbury Vale District Council (the Council) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council
▶ Public interest report	We had no matters to report in the public interest.
Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 25 November 2019
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 25 November 2019

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Andrew Brittain

Associate Partner

For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the 25 November Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we issued on 28 January 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

Expressing an opinion:

- ▶ On the 2018/19 financial statements; and
- ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 25 November 2019. Our detailed findings were reported to the 25 November 2019 Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Misstatements due to fraud or error	We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.
The financial statements as a whole are not free of material misstatements whether caused by fraud or error.	We considered the accounting estimates most susceptible to bias.
As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We evaluated the business rationale for any significant unusual transactions.
	We have not identified any material weaknesses in controls or evidence of material management override.
	We have not identified any instances of inappropriate judgements being applied.
	We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p> <p>We considered this presumed risk in relation to those significant income streams and areas of expenditure which could be subject to manipulation, and identified the following area of risk:</p> <ul style="list-style-type: none">- inappropriate capitalisation of revenue expenditure. <p>Linking to our risk of misstatements due to fraud and error above, we have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Council's capital programme</p>	<p>In order to conclude we undertook the following:</p> <ul style="list-style-type: none">• Reviewed and tested revenue and expenditure recognition policies;• Reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias;• Developed a testing strategy to test material revenue and expenditure streams and review and test any material revenue cut-off at the period end date;• Reviewed in-year financial capital projections and compare them to year-end position; and• Reviewed capital expenditure on property, plant and equipment at the lower testing threshold to ensure it meets the relevant accounting requirements to be capitalised• Tested capital spend to ensure it was appropriately classified <p>In conclusion:</p> <ul style="list-style-type: none">• We have not identified any material weaknesses in controls or evidence of material management override.• We have not identified any instances of inappropriate judgements being applied.• We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business



Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £2.14m, which is 2% of gross expenditure reported in the accounts. We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all unadjusted audit differences in excess of £107k.

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We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified include:

- ▶ Remuneration disclosures and
- ▶ Related party transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

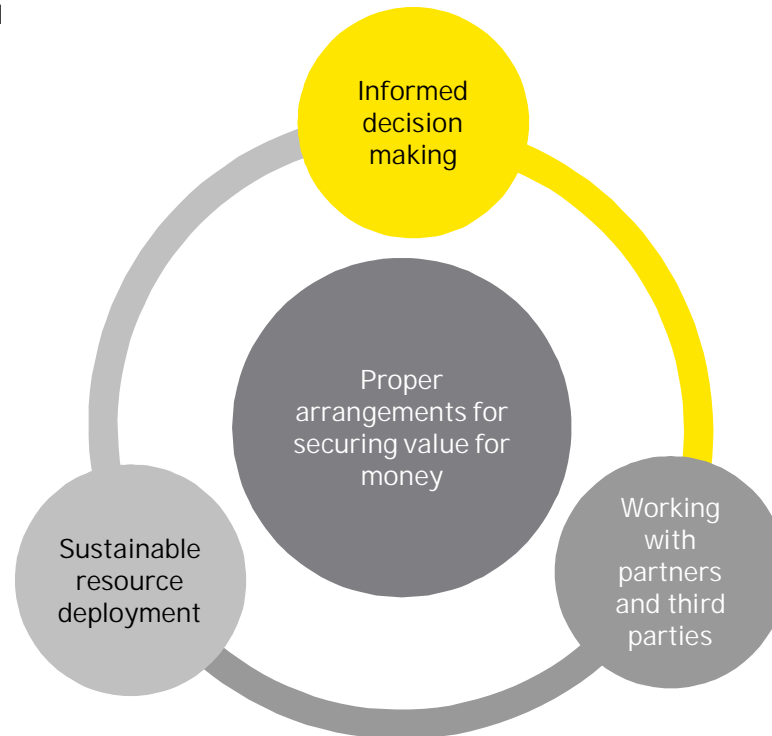


04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 25 November 2019

Key Findings	Conclusion
<p>Whilst we did not identify any significant risks around these criteria, we noted the following consideration in our Audit Planning report:</p> <p>"We have identified one potential significant risk. As a result of the 1 November 2018 announcement by MHCLG that a unitary authority for Buckinghamshire will be instituted from 1 April 2020, there may 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".</p>	<p>As the audit year progressed, through regular monitoring and update of our VFM planning procedures, we were able to conclude that there was no significant risk in this (or any other) context and therefore had no matters to report about the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.</p>
<p>Looking forward the challenges for the Council in the 19/20 year, in relation to the impending new Buckinghamshire unitary authority, will remain in terms of managing its operations in conjunction with the planned transition.</p>	



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 25 November 2019. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none">- new definitions of assets, liabilities, income and expenses- updates for the inclusion of the recognition process and criteria and new provisions on derecognition- enhanced guidance on accounting measurement bases- enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards.</p> <p>However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, Authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>



07 Audit Fees

Audit Fees

Our fee for 2018/19 is shown in the table below.

Description	Final Fee 2018/19 £	Planned Fee 2018/19 £	Scale Fee 2018/19 £	Final Fee 2017/18 £
Total Audit Fee – Code work	50,161 ***	43,724	43,724	58,464
Non-audit work				
Claims and returns (Housing Benefit)	12,030	15,610 *	N/A **	17,411

All fees exclude VAT

* The planned 18/19 Housing Benefit fee was shown assuming the same level of errors as in previous years, used as a baseline.

**The scale fees for this work were set by PSAA in 2017/18 but agreed locally from 2018/19

*** Any extra fees are subject to agreement with officers, and final approval from PSAA. We have performed extra work in the following areas:

- Assessment of the impact and audit of the revised IAS 19 balances after the McCloud judgement and GMP considerations. We propose varying the scale fee by £1,702 in relation to this.
- Additional work on the valuation of investment properties and PPE. We propose varying the scale fee by £4,735 in relation to this.

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ED None

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Housing Benefit Unit,
Housing Delivery Division, Room B120D,
DWP Business Finance & Housing Delivery Directorate,
Warbreck House,
Blackpool,
Lancashire FY2 0UZ

29 November 2019

Ref:
Your ref:

And The Section 151 Officer of Aylesbury Vale District Council

Aylesbury Vale District Council HBAP Report 2018-19

This report is produced in accordance with the terms of our engagement letter with the Aylesbury Vale District Council dated January 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2018/19 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Aylesbury Vale District Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 30 April 2019.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2018-19.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the Local Authority and the reporting accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 2018/19 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants. The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2018/19 dated 30 April 2019 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 30/04/2019, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

Summary of HBAP report

Summary of Initial Testing

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results:

Cell 011 Non HRA Rent Rebate

Initial testing of Cell 011 identified that 1 claim has incorrect earned income resulting in an overpayment. Extended testing was carried out on this error type.

Cell 094 Rent Allowance

Initial Testing of Cell 094 identified no errors.

Completion of Modules

Completion of Module 2

Testing of the module 2 did not identify any errors arising from the incorrect application of system parameters.

Completion of module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding Qualification Letter for 2017-18. Where appropriate the Authority has completed testing of the sub populations for:

Rent allowances Cell 094 – overpaid Benefit incorrect calculation of self-employed earnings error

We have re-performed a sample of the Authority's testing and confirm the tests we have carried out concur with the Authority's results. These results are outlined in the appropriate appendix.


Summary paragraph

For the form MPF720A dated 30 April 2019 for the year ended 31 March 2019 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D.

Firm of accountants: Ernst & Young LLP.....

Office: Reading.....

Contact details (person, phone and email): Sue Gill, 07779 575 702, sgill4@uk.ey.com

Signature / stamp: .....

Date: 29 November 2019.....

Appendix B Observations

Error Type 1 – underpaid benefit which would always result in an underpayment.

Where benefit has been underpaid, there is no impact on the amount of subsidy to be claimed because subsidy cannot be claimed on benefit that has not been awarded. Underpaid benefit must, therefore, be excluded from the calculation of a cell amendment or extrapolation in a qualification letter.

Rent Allowance - Incorrect calculation of self-employed earnings

Headline Cell total: £44,068,558

Cell total: £2,830,785 (sub population)

Cell population: 531

As issues were reported in the 2017/18 Qualification letter and the nature of the error is such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings as a result of CAKE.

2 errors were identified in the additional sample of 40 cases of self-employed earnings resulting in underpayment.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

Appendix C: Amendments to the claim form MPF720A

Error Type 3 – benefit overpaid or insufficient supporting information.

Cell 011 Non HRA Rent rebate Self-employed earnings incorrectly calculated

Cell 011 Non HRA Rent rebate

Cell Total: £88,576

Cell Total £88,576– sub population

Cell Population: 42 cases – sub population

Initial Testing of Cell 011 identified that the Local Authority has incorrectly calculated earned income resulting in an overpayment of benefit. One claim (£559.24) was incorrect. The Authority identified all earned income claims in Cell 011 and has tested each claim and amendment made to the claim form, dated 29 November 2019, which replaces the original.

Cell 026 was found to be understated by £674.41 and Cell 028 was overstated by £674.41. Further manual adjustments of £45.48 were made to Cell 13 and 26. Cell 13 was overstated and Cell 26 understated.

Error Type 4 – expenditure misclassification. Where benefit expenditure has been misclassified.

Cell 94 – Rent Allowances

Testing of cell 94 identified expenditure misclassification in cells 113 and 114. Cell 113 was found to be understated by £22,873 and cell 114 overstated by £22,873. Further manual adjustments of £23,883 and £776 were made to Cells 102 and 113 respectively which were both understated with a corresponding total adjustment of £24,659 to cell 94 which was overstated. The manual adjustments are not in effect errors but rather than awards for entitlement unable to be completed in the system.

Cell 225 – Modified Schemes

There were 13 cases in total in cell 225. Testing of cell 225 identified 9 errors in total.

This is reflected in the amendment as per the table below made to Form MPF720a dated 29th November 2019.

Cell 94	Cell 99	Cell 102	Cell 113	Cell 225
£2,603.08	£1.40	£6.92	£2,594.76	£2281.74

Due to the above amendments, we can comfortably conclude that cell 225 is fairly stated.

Appendix D Additional issues

There are no additional issues which we need to bring to the attention of the DWP.

Housing Benefit Assurance Process (HBAP) Module 5: Northgate - noncompliance data return - Appendix 2

Please indicate which control matrix questions the authority failed on completion of HBAP Module 5 and attach this Appendix 2 to the final HBAP Report submitted to DWP as specified in HBAP Modules 1 and 6.

NB: nil returns are required.

Audit Scotland, Wales Audit Office & Firms should also inform their HB Leads.

Authority: ...Aylesbury Vale DC.....

Audit Manager:Sue Gill.....

HB System:Northgate.....

Control Question:	Please indicate those questions that the authority failed:	Comments:	Included in qualification letter (yes or no)? If no please state reasons:
1) Has the authority used the correct version of the benefits software?	N/a – none failed	N/a	N/a
2) Has the authority ensured that it has received all the relevant patches / upgrades throughout the year?	N/a – none failed	N/a	N/a
3) Has the authority received and loaded the latest patch for the claim onto the benefits system?	N/a – none failed	N/a	N/a
4) Has the authority performed all the recommended validation checks / recalculations suggested on patch upgrade?	N/a – none failed	N/a	N/a
5) Has the authority used the correct version of the year end subsidy program to compile the claim?	N/a – none failed	N/a	N/a
6) Has the standard claim reconciliation methodology been followed?	N/a – none failed	N/a	N/a

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INTERNAL AUDIT PROGRESS REPORT – JANUARY 2020

1 Purpose

- 1.1 To receive the Internal Audit Progress Report of activity undertaken since April 2019.

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 2019/20 Internal Audit Plan and includes information on:
- Internal audit reviews completed and in progress
 - Changes to the 2019/20 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 3.

4. Reasons for Recommendations

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

5. Resource Implications

- 5.1 There are no resource implications to report.

Contact Officer: Kate Mulhearn, Corporate Governance Manager, 01296 585724
Background papers: None



Internal Audit Progress Report

January 2020





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1. Activity and progress

The 2019/20 internal audit plan was approved by the Audit Committee in July 2019. 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 report	No of findings *			
			 Critical	 High	 Medium	 Low
Council Tax and Business Rates	Low	Jan 20	-	-	1	1
Taxi Licensing	Medium	Jan 20	-	-	2	1
HR Management	Low	Jan 20	-	-	1	2
Corporate Fraud	n/a	Jan 20	-	-	-	-

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

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

Council Tax and Business Rates

This report is classified as low risk; we identified one medium and one low risk finding. The purpose of the review was to assess the control design and operating effectiveness with regards to AVDC's discount arrangements, refunds and recovery processes for Council Tax and Business Rates.

We tested a sample of ten Council Tax single person discounts and ten Business Rates accounts with discounts or exemptions. This demonstrated that the Council applied these according to policy, and only after receiving all required documentary evidence. There are also procedures in place to ensure that all discounts and exemptions are reviewed. However, there is still a level of risk in this area, as no checks were documented to demonstrate that the work of the contractor who performed the full single person discount review had been reviewed by the team.

The Council recently updated the refund process as a result of an increasing number of frauds involving refunds across Local Authorities. Our testing identified that this process was not yet being consistently applied.

Our review also assessed the robustness of the interfacing between Tech1 and Northgate systems. As has previously been reported in the 2018/19 General Ledger audit, there had been issues in the file upload resulting in Northgate accounts holding inaccurate data on account balances. Over the last 18 months, there has been a large scale data exchange

project to update this transfer process. The previous method used Unix scripts and Repliweb software to transfer data from Tech1 to Northgate. The new method will use OptiFLOW cloud-based software instead. There are two remaining files using Unix scripts which will be decommissioned by the end of January 2020 which should resolve the previous issue.

Our findings are summarised as follows:

- There were instances of refunds being processed via cheque despite original payments being made by batch BACS and bank details being taken via the phone. These actions are not in line with the Council's new policy. (Medium).
- The Council contracted a third-party company to undertake a review of the Council's active cases with a single person discount granted, however did not document the action that was taken to gain assurance over the accuracy of the review (Low)

Good Practice Noted

A number of areas of good practice were noted:

- Supporting documentation had been provided and reviewed before the relevant Council Tax or Business Rates discount or exemption had been granted
- A review had been undertaken of Business Rates accounts with exemptions within the quarterly on-going inspections
- Sufficient, timely and appropriate recovery action had been undertaken for a sample of Council Tax and Business Rates accounts in arrears, in line with the Council's Corporate Debt Management Policy
- A sample of debts had been written-off after sufficient recovery action had been attempted, with the reasoning for write-off being in-line with Council guidelines and authorisation within approval limits
- In order to combat the recent cash posting failings between Northgate and Tech1, daily reconciliations are completed between the two systems by a Finance Officer. The data transfer failure will be rectified through the use of a different software. The initial planned completion date of November 2019 has been postponed to the end of January 2020
- Monthly reconciliations are completed between Tech1 and Northgate. These are reviewed and approved by an independent officer.

Taxi Licensing

This report is classified as medium risk and we identified two medium and one low risk findings.

We tested a sample of 20 new licence applications and 20 renewed licences. We found that documentary evidence is being acquired and uploaded to Salesforce prior to a licence being issued. However, we identified four instances where vehicle licences should have been subsequently suspended due to grace periods for secondary checks being missed.

Our review included the assessment of Salesforce usability and capability. There has been significant improvement since the previous audit which assessed the Council's old Uniform system, with all previously identified issues having now been resolved. However there are still control design gaps.

The audit also noted the manner in which management information and Freedom of Information requests are processed. If input data is not complete, accurate and timely, then the resulting output is unreliable. We observed this through our sample testing as application statuses were not accurately updated.

Our findings are summarised as follows:

- When processing applications within Salesforce, there is a lack of monitoring of vehicle licences that should be suspended. Circumstances where this should have happened include an overdue second enhanced vehicle check and incorrect log books. There is also scope for system improvement for operator licence applications. (Medium)
- Application statuses within Salesforce are not being updated to 'complete' when a licence has been issued. Therefore, there is a lack of completeness when this data feeds into management information reports. There is also inconsistency in raising report requests, and the manner in which finalised reports are saved. (Medium)
- Within the new complaints 'triage' process, Salesforce does not easily allow the monitoring of cases (Low)

Good Practice Noted

A number of areas of good practice were noted:

- For all four operator licence applications tested, there was adequate evidence for all requirements, including a DBS check, right to work and a site visit
- For all 16 vehicle licence applications tested, there was evidence of a valid insurance certificate and successful MOT test before licences were issued
- Following the previous audit, enhanced controls around an applicant's right to work have been implemented. The Licencing Team Manager undertakes monthly checks to ensure licence expiry dates are the same as, or prior to, visa expiry dates
- For all ten renewed driver licence applications tested, there was evidence of all required checks being undertaken prior to licence renewal, including safeguarding training and right to work
- There is a proactive annual plan of enforcement checks to ensure drivers are not continuing to operate with an expired licence. These checks include walkabouts of taxis and working alongside the police and other local authorities to share information about non-compliance

- The Taxi Licensing Team have implemented a new complaints process, which incorporates a rating system to ensure all complaints are managed within acceptable timeframes
- Through the use of live reports held on Salesforce, management information is regularly produced and monitored.

HR Management

This report is classified as low risk; we identified one medium and 2 low risk findings.

AVDC's HR Management team are responsible for ensuring basic and enhanced DBS checks are completed and supporting evidence is maintained for employees who require DBS confirmation, in line with their role profile. HR also conduct right to work checks and retain supporting evidence within the HR management system. We noted that, whilst role profiles include the requirements for DBS, there is no central register of all roles that require DBS checks.

As at November 2019, there were 95 contractors/agency staff under a contractual arrangement with the Council. HR are required to check the IR35 status regularly for each contractor/consultant (for staff on agency contracts this is covered by the employment agency). We noted that improvements are required to centrally record, monitor and review the IR35 status of consultants.

In addition, we noted that staff data on the central training record reports were incomplete and HR did not systematically review the compliance of mandatory safeguarding and data protection training. As a result action was not taken to address any outstanding training.

Our findings are summarised as follows:

- There is not a central list of all roles that require DBS checks against which compliance can be monitored. Our sample testing of 15 staff members identified one case where the role required an enhanced DBS check but it had not been done (Medium)
- There is no tool to centrally monitor IR35 status and record key information such as, date of IR35 check, result, date for review. In our sample of 10, we noted that status checks had been performed and evidence retained (Low)
- In relation to monitoring the completion of mandatory Safeguarding training, of the sample of 15 staff members tested, we noted 2 instances where staff were not included on the monitoring report. We also noted that training was shown as "in-progress" or "not started", but there was no evidence that this had been followed up (Low)
- In relation to monitoring completion of Data Protection training, HR confirmed that there has been a lack of resource to perform active monitoring of Data Protection training completion and no reports have been run since February 2019, when 100% of staff completed the mandatory elearning. It is however part of the mandatory induction process, signed off by line managers (Low)

Good Practice Noted

A number of areas of good practice were noted:

- HR Management maintain a comprehensive on-boarding form for all new joiners and retain supporting evidence within the HR management system
- The Council maintained clear DBS policy guidance. We reviewed a sample of 15 staff members and their corresponding role profiles and noted that each role profile clearly stated whether a DBS check was required and the type of check required
- All role profiles clearly determined whether Level 1,2,3,4 safeguarding training is required to be completed as part of an employee's role
- Our sample testing of 15 staff members noted that supporting evidence for the right to work in the UK was clearly evidenced for all cases reviewed
- Evidence is retained of IR35 assessments and outcomes

Corporate Fraud

A Fraud Risk Assessment was undertaken to identify any areas of fraud, corruption and bribery risks and if necessary prioritise actions to address them. The Fraud Risk Assessment did not identify any 'urgent' priority risks. Overall the results of the assessment indicate that there is an established control environment designed to mitigate the risk of fraud occurring. Officers had good awareness of the fraud risks and internal controls in their area.

Two 'important' priorities have been identified. These relate to training and guidance being provided to relevant staff, and the inherent risk of fraud occurring prior to the transition to the new unitary Buckinghamshire Council in April 2020. One action has been raised to address this risk.

In any organisation, including ones that are going through significant change, a risk of collusion will always remain where internal controls are bypassed by two or more employees. This is often enhanced due to structural changes creating resourcing gaps, meaning there may no longer be a segregation of duties, and providing an opportunity for existing controls to be bypassed. This risk is more likely to materialise during a period of change due to 'disgruntled employees' who may be provided with a motivation to commit fraud, as well as the opportunity presented by these gaps in the control framework. With a number of officers, particularly at a senior level, vacating posts, and not being replaced, this may have an impact on the control environment and the ability to ensure sufficient coverage of authorisation and an adequate segregation of duties.

The controls currently in place at AVDC, including independent checks on changes to standing data, such as the creditors system, and timely and effective budgetary control will continue to remain as compensating controls in these instances providing there is sufficient independence in these areas. In the lead up to vesting day, some this risk will be further

mitigated through increased oversight from the new Buckinghamshire Council Corporate Management Team.

Summary of changes to the 2019/20 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.

In December 2019 an emerging risk was identified in the area of Housing and Homelessness Prevention. No audit had been performed in this area since the introduction of the Homelessness Reduction Act and the current Homelessness Strategy (approved December 2018). It was therefore considered to be a priority for internal audit review.

The review commenced in January 2020 and will provide assurance over the design and effectiveness of controls currently in place around the housing application process. The review will consider whether AVDC is acting in accordance with the Act in terms of acceptance of prevention and/or relief duty, discharging or closure of cases, case management, record keeping, performance monitoring and the escalation of potential safeguarding concerns.

The audit of s106 Agreements, which started in 2018/19 will not be concluded. Work performed by BDO internal auditors in 2018/19 has been reviewed and this is no longer considered to be a priority area for focus.

A summary of the audit plan and any changes is set out in Appendix 2.

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 full review of all outstanding audit actions, and the risks they were designed to mitigate, has been undertaken. In the context of transition to a unitary authority, this has assessed whether the associated systems, processes and policies will remain post vesting day, and whether or not the level of resource required to complete is proportionate to the risk being addressed.

The results of this exercise is set out in Appendix 4 and summarised as follows:





- 40 actions remain for AVDC to complete. These should all be completed by the end of February and status will be reported to the Audit Committee meeting in March. This does not include new actions arising from the audit reviews reported to the Audit Committee in January
- 12 actions have been completed
- 12 actions have been closed. These are no longer relevant for AVDC to complete, or have been superseded by more recent audit reviews
- 8 actions are to be transferred to Buckinghamshire Council for review as new controls, processes and systems are developed

The status of all remaining audit actions will be reported to the final meeting of the Audit Committee in March 2020.

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 2019/20 Annual Internal Audit Plan was approved by members of the Audit Committee in July 2019.

The plan reflects the changing nature of AVDC's objectives and risks during the period of transition to the new Buckinghamshire Council. Reviews have been identified where they will directly add value to the objectives of achieving an orderly transition, balanced against the desire not to place additional burden on already stretched teams. Contingency days have been built in to allow for additional reviews should the need arise during the period. It is important the plan remains flexible to adapt to changing risks and priorities.

A summary of progress on completion of the plan and changes is reported below.

Review	Description	Status/Comment	Overall Risk Rating
Finance – Fraud Risk Assessment	Focus on fraud risk across council operations and services. The review will identify any areas of risk and make recommendations as appropriate.	Complete	Advisory
People & Culture – HR Management	Review of HR Management processes using "checklist" approach to ensure orderly transition of staff and accurate, complete employment information	Complete	Low
Section 106 Agreements	Conclude and report on the review that started in 2018/19.	Removed – Work performed in 2018/19 has been reviewed and this is no longer considered to be a priority area for focus. Replaced with Housing audit (see below).	-
Council Tax and Business Rates	Controls and processes will continue into Unitary. Review to focus on changes to discount arrangements.	Complete	Low
Digital Contact Team	Review of customer contact processes. Actions identified will feed into the Unitary Customer Workstream	Complete	Low
Taxi Licensing	Focus on processes post implementation of RegService	Complete	Medium
Pembroke Road Redevelopment	Advisory review of the governance of the programme (Capital Projects and Operations)	In progress. Report to January Audit Committee meeting.	
Follow up of audit actions	Validation that agreed internal audit actions have been implemented.	Ongoing	n/a
Disabled Facilities Grant	Grant compliance requirements	Complete	No issues
Reviews identified as a result of emerging risks:			
Housing - Homelessness	Review design and effectiveness of controls in place around the housing application process	Review started Jan 2020 and will be reported to March Audit Committee	

Appendix 3: Internal audit reports

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

1. Council Tax and Business Rates
2. Taxi Licensing
3. HR Management
4. Corporate Fraud

Appendix 4: Review of audit actions



Internal Audit Report 2019/20

Council Tax and Business Rates

January 2020

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Distribution List

For action	Hazel Hutt - Group Manager Emily Fymruk – Customer Relationship Team Manager Gary Wright – Rating and Recovery Manager
For information	Audit Committee Jeff Membery - Assistant Director, Customer Fulfilment Andrew Small – Director & Section 151 Officer

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	-
Low Risk (4 points)	Operating effectiveness	-	-	1	-	-
2017/18 – Medium (14 points)	Total	-	-	1	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 low risk and we identified one medium and one low risk finding. The purpose of the review was to assess the control design and operating effectiveness with regards to AVDC's discount arrangements, refunds and recovery processes for Council Tax and Business Rates.

We tested a sample of ten Council Tax single person discounts and ten Business Rates accounts with discounts or exemptions. This demonstrated that the Council applied these according to policy, and only after receiving all required documentary evidence. There are also procedures in place to ensure that all discounts and exemptions are reviewed. However, there is still a level of risk in this area, as no checks were documented to demonstrate that the work of the contractor who performed the single person discount review had been reviewed by the team.

The Council recently updated the refund process as a result of an increasing number of frauds involving refunds across Local Authorities. Our testing identified that this process was not yet being consistently applied.

Our review also assessed the robustness of the interfacing between Tech1 and Northgate systems. As has previously been reported in the 2018/19 General Ledger audit, there had been issues in the file upload resulting in Northgate accounts holding inaccurate data on account balances. Over the last 18 months, there has been a large scale data exchange project to update this transfer process. The previous method used Unix scripts and Repliweb software to transfer data from Tech1 to Northgate. The new method will use OptiFLOW cloud-based software instead. There are two remaining files using Unix scripts which will be decommissioned by the end of January 2020 which should resolve the previous issue.

Our findings are summarised as follows:

- There were instances of refunds being processed via cheque despite original payments being made by batch BACS and bank details being taken via the phone. These actions are not in line with the Council's new policy. (Finding 1 – Medium).
- The Council contracted a third-party company to undertake a review of the Council's active cases with a single person discount granted, however did not document the action that was taken to gain assurance over the accuracy of the review (Finding 2 – Low)

Good Practice Noted

A number of areas of good practice were noted during our review as set out below, these have been reflected in the overall “low” risk classification of this report:

- Supporting documentation had been provided and reviewed before the relevant Council Tax or Business Rates discount or exemption had been granted
- A review had been undertaken of Business Rates accounts with exemptions within the quarterly on-going inspections
- Sufficient, timely and appropriate recovery action had been undertaken for a sample of Council Tax and Business Rates accounts in arrears, in line with the Council’s Corporate Debt Management Policy
- A sample of debts had been written-off after sufficient recovery action had been attempted, with the reasoning for write-off being in-line with Council guidelines and authorisation within approval limits
- In order to combat the recent cash posting failings between Northgate and Tech1, daily reconciliations are completed between the two systems by a Finance Officer. The data transfer failure will be rectified through the use of a different software. The initial planned completion date of November 2019 has been postponed to the end of January 2020
- Monthly reconciliations are completed between Tech1 and Northgate. These are reviewed and approved by an independent officer.

2. *Background and Scope*

Background

AVDC is responsible for the billing and collection of Council Tax and Business Rates.

Reliefs and exemptions are available for both Council Tax and Business Rates based upon set criteria. There have been no amendments to the existing discounts available for either revenue stream, however a new Business Rates discount has been recently introduced. This means that retail businesses can obtain a 33% discount for a two year period. New working guidance has also been recently introduced for both services to support staff with the process.

All discounts applied should be reviewed regularly, preferably on an annual basis, to assess the continued eligibility of the claimant. Business Rates claimants are reviewed on an ongoing basis, with approximately 10% of Business Rates customers receiving some form of discount or exemption. Council Tax has a calendar for reviews, with the most recent review of all claims being completed between June and December 2018, with the exception of the single person discount which was completed in May 2019 by an external party.

Additional resources have now been committed to the recovery team which has seen a drop in court dates from 20% to between 3-5%. This has been supported by the introduction of a new process which better connects the various teams together.

The refunds process has also been amended recently to tackle potential fraud risks inherently present in the issuing of refunds. This new process means refunds for payments originally made by card should only be processed into the original bank account. There are also authorisation checks at set points and only a senior case worker can raise a refund over £500 with the Finance Team.

Across a number of months there have been issues with the interfaces between Tech1 and Northgate resulting in incorrect or incomplete cash postings. This can mean payments are cancelled which the teams are unaware of and so unable to take the necessary action, or they may be following up with a customer for payments which have in fact been paid, but not recorded in Northgate. Various attempts to rectify this have been made by the Systems Admin and Finance teams. We assessed the robustness of the processes now in place and future plans to mitigate the risks completely.

Scope

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

- Verifying the process of granting discounts and exemptions and the continuing review of these
- Reviewing the process of recovering overdue debt balances and the subsequent appropriateness of write-offs
- Verifying compliance with the new refunds process to tackle potential fraud risks
- Determining whether cash postings between Northgate and Tech1 were operating effectively and whether appropriate steps were being taken to mitigate future failings.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Updated refund process not consistently applied – Control effectiveness

Finding

There are certain circumstances in which the Council may have to refund Council Tax or Business Rates amounts to the payee, for example on vacation of premises or commercial properties being removed from VOA ratings lists.

The Council have recently implemented a new refund process in order to better address the inherent risk of potential fraud, whereby payments can be made from a stolen account and refunds paid out to a different (legitimate) account. Therefore, where an original payment was made by card, the refund must be processed into the same bank account. All refunds must be authorised by two officers, which is documented within the system.

We tested a sample of 10 Council Tax and 10 Business Rates refunds that were processed between April and September 2019. We found that:

- In instances where the original bank details are not available or have not been retained on Council systems, we would expect appropriate attempts to be made to gain these before using an alternative refund method. The refund procedure notes have not been updated to include the required process when original details are not available.
- For one Council Tax refund of £199.77 (processed 24 June 2019), the original payment was made via Batch BACS. In these instances the bank details are not held on the Council's finance systems, however they are available through a file that the Finance Team request from Lloyds Bank. This method was not utilised and instead a Refund Claim Form was sent to the occupier. The form was not returned and an officer then subsequently received the bank details via a phone call from the customer. Whilst all calls are recorded by the Council, there is a risk the Council cannot accurately verify the customer by phone, or may mishear the information resulting in the incorrect bank account being debited. This was discussed with the Council Tax Senior Caseworker who confirmed this was not an appropriate method. Therefore, post-audit testing, officers have been informed that this method of recording bank details is no longer viable and a Refund Claim Form should always be used
- For three Business Rates cases, refunds of £24.46, £1,453.28 and £31,086.69 were initially processed via cheque. For the refund of £1453.28, the cheque was returned by the payee with a request that the refund is paid directly to their account. We would expect an adequate attempt to be made to gather bank details before processing a refund via cheque, including requesting bank details via the Refund Claim Form, as this could lead to the cheque being issued to incorrect payees. There was no evidence of such an attempt for the remaining two cases.

Risks / Implications

If refunds are not processed in the same manner as the original payment, there is an increased risk of fraud occurring.

Finding rating Action Plan

Medium

a) The Council should update the refund

Responsible person / title



procedure notes to provide specific guidance on the step-by-step actions that staff should take to obtain bank details if they are not already available, before processing a refund via cheque.

- b) All officers who are authorised to process Council Tax and Business Rates refunds should be reminded of the new refunds process in place.

Gary Wright – Rating and Recovery Manager/Lorraine Marshall – Senior Caseworker

Target date

31 January 2020

2. Lack of assurance over third party Single Person Discount review – Control design

Finding

All Council Tax discount types are to be reviewed on a regular basis, ideally annually, to ensure that the claimant is still eligible and no changes in circumstances have occurred. Due to a lack of resources, only Single Person Discount (SPD) cases had been reviewed at the time of our testing, with all other exemptions last reviewed in December 2018. As per the limitations of scope in the Terms of Reference, the audit did not cover the review of exemptions, other than for SPD.

It should be noted that the team are in the process of beginning the remaining discount reviews; a plan is in place with a scheduled completion of January 2020.

The SPD review was outsourced to an external provider, Datatank, who began this work in October 2018. A listing of all current SPD cases was reconciled to the electoral register in order to identify those who had more than one occupant registered. For those matched occupants, a letter was sent out for them to confirm their continuing eligibility for the discount. A reminder letter was also issued two weeks later. If no response was received, the discount was removed from 1 April 2019 and a new updated bill was sent out to occupants. Discounts were also removed retrospectively if the response indicated that the property no longer had a sole occupier at an earlier date. Datatank were also given the responsibility of updating the Council's systems accordingly.

Once the review was completed by Datatank, we would expect the Council to have taken measures to gain confidence over the work, for example doing sample testing to ascertain that the discounts had been correctly continued or removed on Northgate. The Customer Relationship Senior Caseworker confirmed that a review of a sample of cases was undertaken, however this review, including a list of accounts reviewed and the outcomes of each, was not documented.

A sample of ten accounts reviewed by Datatank were tested and it was confirmed the discount on Northgate was in line with the returned postal forms or online responses.

Risks / Implications

Single person discount review process was inaccurate, and therefore additional discounts could have been granted to occupants who are no longer eligible.

Finding rating Action Plan

Low



For all future reviews undertaken by a third-party contractor, formal monitoring procedures should be implemented. This should include how the sample size will be determined, how the sample should be selected and the expected recording of the cases reviewed and the outcomes for each.

Responsible person / title

Lorraine Marshall – Senior Caseworker

Target date

28 February 2020

Appendix 1. Finding ratings and basis of classification

Report classifications

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

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

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

Individual finding ratings

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

Appendix 2. Terms of reference

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

Sub-process	Risks	Objectives
Discount and exemptions	Council Tax and Business Rates discounts and exemptions are issued incorrectly or not reviewed sufficiently regularly, resulting in reduced income collection	<ul style="list-style-type: none">• Discounts and exemptions are only granted after the relevant supporting documentation is provided• Discounts and exemptions are reviewed on an annual basis, with the relief removed if the criteria is no longer met.
Recovery	Reduced income, debts are not recovered	<ul style="list-style-type: none">• Consistent and timely action is taken, in line with procedures, to recover any outstanding balances• Debts considered non-recoverable are marked for write off and approved in line with procedures.
Refunds	Refunds can be fraudulently claimed	<ul style="list-style-type: none">• The refunds process is followed meaning these can only be processed in the same manner as which the payment was originally received, using the same details.
Posting failings	Inefficient processes. Customers contacted to incorrectly chase for payment	<ul style="list-style-type: none">• Cash postings between Northgate and Tech1 are operating effectively to ensure accurate and complete financial records• Reconciliations between Northgate and Tech1 are performed; reconciling items are cleared on a timely basis.



Internal Audit Report 2019/20

Taxi Licensing

January 2020

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Distribution List

For action	Lindsey Vallis – Group Manager (Regulatory Services) Nicola Metcalfe – Licensing Team Manager Jacqui Bromilow – Operations Manager (Regulatory Services)
For information	Audit Committee Jeff Mambery – Assistant Director, Customer Fulfilment

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	-	-	2	1	-
Medium Risk (7 points)	Operating effectiveness	-	-	-	-	-
2017/18 – Medium (13 points)	Total	-	-	2	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 and we identified two medium and one low risk findings. The purpose of the review was to provide assurance over the processes in place for licensing taxis, with a focus on the efficiency and effectiveness of the processes as they have been designed in Salesforce.

We tested a sample of 20 new licence applications and 20 renewed licences. This was split between ten drivers, two operators and eight vehicle licences for each sample of 20, in line with the higher risk areas. We found that documentary evidence is being acquired and uploaded to Salesforce prior to a licence being issued. However, we identified four instances where vehicle licences should have been subsequently suspended due to grace periods for secondary checks being missed.

Our review included the assessment of Salesforce usability and capability. There has been significant improvement since the previous audit which assessed the Council's old Uniform system, with all previously identified issues having now been resolved. However there are still control design gaps which are detailed below.

The audit also noted the manner in which management information and Freedom of Information requests are processed. If input data is not complete, accurate and timely, then the resulting output is unreliable. We observed this through our sample testing as application statuses were not accurately updated.

Our findings are summarised as follows:

- When processing applications within Salesforce, there is a lack of monitoring of vehicle licences that should be suspended. Circumstances where this should have happened include an overdue second enhanced vehicle check and incorrect log books. There is also scope for system improvement for operator licence applications. (Finding 1 – Medium)
- Application statuses within Salesforce are not being updated to ‘complete’ when a licence has been issued. Therefore, there is a lack of completeness when this data feeds into management information reports. There is also inconsistency in raising report requests, and the manner in which finalised reports are saved. (Finding 2 – Medium)
- Within the new complaints ‘triage’ process, Salesforce does not easily allow the monitoring of cases (Finding 3 – Low)

Good Practice Noted

A number of areas of good practice were noted during our review as set out below, these have been reflected in the overall “medium” risk classification of this report:

- For all four operator licence applications tested, there was adequate evidence for all requirements, including a DBS check, right to work and a site visit
- For all 16 vehicle licence applications tested, there was evidence of a valid insurance certificate and successful MOT test before licences were issued
- Following the previous audit, enhanced controls around an applicant's right to work have been implemented. The Licencing Team Manager undertakes monthly checks to ensure licence expiry dates are the same as, or prior to, visa expiry dates
- For all ten renewed driver licence applications tested, there was evidence of all required checks being undertaken prior to licence renewal, including safeguarding training and right to work
- There is a proactive annual plan of enforcement checks to ensure drivers are not continuing to operate with an expired licence. These checks include walkabouts of taxis and working alongside the police and other local authorities to share information about non-compliance
- The Taxi Licensing Team have implemented a new complaints process, which incorporates a rating system to ensure all complaints are managed within acceptable timeframes
- Through the use of live reports held on Salesforce, management information is regularly produced and monitored.

2. *Background and Scope*

Background

Any driver of a licensed taxi (Hackney Carriage) or private hire vehicle must be licensed. Aylesbury Vale District Council currently has circa. 3,000 active taxi licences in circulation.

In order to apply for a drivers licence, all drivers must be at least 21 and have held a full EU drivers licence for at least 18 months. A number of other checks are also required including right to work, an enhanced DBS check, DVLA licence check, a Group 2 medical test, evidence of adequate English language skills and a certificate from a Council approved driving standards assessor. All drivers must also complete the Council's Exploitation Safeguard Training to provide advice on how to safeguard passengers and themselves.

Hackney Carriage drivers also require an enhanced wheelchair element of the driving standards assessment and evidence of completion of a local knowledge test.

Licences can be issued for up to three years, with shorter periods being granted at the Council's discretion. Renewals must be applied for by drivers with all supporting documentation needing to be resubmitted, with the exception of the English language assessment, driving standards test and the local knowledge test.

Similar requirements are in place for operator licences and vehicle licences. For the latter, the Taxi Licensing service also works closely with the Council's depot at Pembroke Road. MOT and enhanced vehicle checks are all undertaken at the depot, before they issue a licence.

The Taxi Licensing service has now been operating on the Salesforce system for approximately two years. The implementation of Salesforce saw a significant change from the old system, Uniform, as licences are now linked with individuals rather than premises. This has led to some uncertainty regarding the transfer of data and therefore the availability of reliable management information. An internal project is currently underway focusing on customer data management to address the potential issue of duplicate data.

Scope

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

- Reviewing the processes for issuing new drivers, operators and vehicle licences and their renewal; this includes the required completion of safeguarding training and English language test (the adequacy of these areas was not covered within the scope of this review)
- Verifying the effectiveness of communication between the Taxi Licensing service and Pembroke Road depot
- Reviewing the new complaints 'triage' system alongside other proactive enforcement activities
- Determining whether management information is produced using a consistent method, and whether the quality of the data used is sufficient.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Issuing and renewing licence applications without sufficient evidence – Control design

Finding

There are a range of taxi licences which can be issued and each type of new licence requires different documentary evidence for the application process. All evidence must be provided by the applicant before the licence is issued and an additional check of all evidence will be completed on the day of issuing the licence. Upon renewal of the licence, certain pieces of evidence must be provided again, however in some instances the licence may be renewed without the evidence, with a three month grace period enforced. This includes a DBS check and medical test.

All applications are processed via the Council's Salesforce system, with all related documents also being held on the system.

We tested a sample of ten taxi driver licences, two operator licences and eight vehicle licences issued by the Council between April and September 2019 and the same number of licences renewed during this period. We found:

Vehicle licences

After the central Taxi Licensing Team complete the initial application check of a valid insurance certificate and log book, the application is passed on to Pembroke Road depot. Once a successful MOT test and enhanced vehicle check has been completed, the Licensing Officer will issue the licence.

- There was one case of a new issued licence having no evidence on Salesforce of an enhanced vehicle check being completed at the depot. For this same case, the log book had the incorrect number of seats at the time of issuing the licence. The owner was given six weeks to provide a corrected log book, otherwise the licence would be suspended. The new log book was not received by the Council for a further three months, but the licence had not been suspended in the meantime.
- There were two instances of an enhanced vehicle check being failed on the first attempt for new licences. In these cases, the licence is issued with a 14 day grace period for a recheck as per the legal requirement of Section 60 of the Local Government Act, with the caveat of licences being suspended if this is not completed. These two cases were still overdue for their second enhanced vehicle check as at the end of October 2019, with licences remaining active. The licences were issued on 12 September 2019.
- One additional case for a renewed licence was found in which the first vehicle check was failed. This licence was renewed on 1 October 2019 and the vehicle check remained outstanding as of the end of October 2019.

Salesforce currently does not have an alert feature that allows officers to know automatically when the second check is overdue. As Section 60 of the Local Government Act prevents Council's from automatically suspending licences in these instances, the Taxi Licensing team are implementing a process in which a new report on Salesforce will be run to monitor the 14 day grace period to enable licences to be subsequently suspended when necessary.

Operator licences

- Salesforce does not currently have all of the required built in processes for the operator applications, which could lead to certain prerequisites being missed. For example, interviews with operators have to be manually added to the application process by the Licensing Officer.

Risks / Implications

If all required criteria is not fulfilled before licences are issued, there is a heightened risk towards the public using taxis.

Finding rating Action Plan

Medium



- a) The Taxi Licensing Team should look to include all of the required processes for operator licence applications on Salesforce to avoid steps being missed
- b) The Taxi Licensing Team should investigate the feasibility of Salesforce having an alert feature for instances where grace periods have been granted and checks become overdue. If this is not viable, a separate log of vehicles requiring a secondary vehicle check should be kept and monitored on a daily basis to avoid licences remaining valid longer than the grace period without a satisfactory vehicle check.

Responsible person / title

Overall lead for oversight of completion of actions:
Nicola Metcalfe – Licensing Team Manager

Target date

28 February 2020

2. Lack of consistent management information reports – Control design

Finding

Within the Taxi Licencing Team, there is regular management reporting as well as ad-hoc requests for further management information reports. The process to obtain all types of reports is as follows:

1. An officer submits a report request in the Council's Hornbill system. They are required to input details and criteria they want to be included within the report.
2. The request is allocated to a member of the System Admin Team to run a report.
3. The report is saved to Salesforce, alongside all previously created ones.

Historically, issues have been identified with the management information reports being generated, both reports used for management reporting and ad-hoc reports, mainly due to a lack of understanding of what has been included within the reports and whether these are being generated as originally intended.

Through discussions with the Taxi Licensing and Systems Admin teams and a walkthrough of the above process, we found the following exceptions:

- The request on Hornbill is submitted using an open text box with no set parameters. This increases the likelihood of non-specific requests that either require further clarification or reports being run which do not capture the data intended
- Two members of staff have past experience with the Taxi Licensing Team, so they have additional knowledge and understanding of what would be required. As a result, these officers are usually the ones who will generate the reports, however there is then a lack of consistency and specific knowledge should someone else in the team be required to generate the reports
- When reports are saved to Salesforce, there are instances where the report title is not intuitively named and the report description is not always completed. This means officers may not know which parameters have been used, so similar reports may then use different parameters resulting in inconsistent data
- When undertaking our sample testing of 20 new licence applications, we found that application statuses on Salesforce were incorrect or had not been fully completed for five applications. This is due to the 'Awaiting Collection' status step which was required before a Licensing Officer at the Depot began issuing licences. As such officers do not go back into the application to update the status to complete. Therefore, any reports that are run based off this data may not be complete or accurate.

Risks / Implications

If the parameters used for generating the reports are inconsistent, or the data used for reports is incomplete, the management information is inaccurate and cannot be relied upon.

Finding rating

Action Plan

Medium



- a) The Taxi Licensing Team should liaise with the Systems Admin Team to create a new pro-forma for report requests. This should include required parameters, report name and report description. It should be adequately detailed so that a request can be picked up by any member of the Systems Admin Team.

Responsible person / title

Overall lead for oversight of completion of actions:
Nicola Metcalfe – Licensing Team Manager

b) The Taxi Licensing Team should liaise with SalesForce to remove the 'Awaiting Collection' status. If this is not feasible, all staff should be reminded of the need to set all cases to 'complete' once a licence has been issued. A regular report of open applications should be run to see which have been open for longer than the prescribed processing timeframe. These should then be checked to see if the application status needs to be set to complete.	<i>Target date</i>
	28 February 2020

3. Complaints 'triage' system cannot monitor the current stage of a case – Control design

Finding

The Taxi Licensing Team recently introduced a new process to handle taxi-related complaints received from the public. At the time of the audit, the 'triage' system had been in place for approximately three months and so there was insufficient data to complete sample testing.

We performed a walk-through of the new process and observed the following:

1. Complaints are received into the Licensing email inbox, and then input into Salesforce by a caseworker. An enforcement rating is allocated and the case is assigned to an officer.
2. All actions that have been taken by the officer to resolve the case are recorded in Salesforce.
3. There is a weekly panel of Licensing & Enforcement Officers where severe cases are discussed, and the final decision is then made by the assigned officer. The case is closed on Salesforce.

Whilst details are recorded on Salesforce, it is difficult to assess what the current stage of each case is without going through all the details of the case, making monitoring timelines difficult. There are monthly one-to-one meetings held between case workers and the Team Manager for this and a 'worklist' spreadsheet is discussed which is a detailed listing of all live cases currently being handled by the officer. Whilst this provides a better snapshot, there is a repetitive nature to completing both this and Salesforce. Additionally, the 'target date' field within Salesforce is not currently being used. Instead an automatic scheduled date of completion is chosen by the system, which in many cases is not viable, for example if witness interviews are required.

Risks / Implications

There is an increased risk of cases not being completed in a timely manner if there is no continuous high-level monitoring. This could result in the Council taking inadequate action to protect members of the public as well as the loss of reputation should an incident occur.

Finding rating Action Plan

Low



The 'target date' field on Salesforce should be used to input the expected timeframe for case completion. A regular report could then be run to see which cases should be closed in the following week, and these could then be followed-up to assess any cases in which sufficient and timely action has not been taken.

Responsible person / title

Overall lead for oversight of completion of actions:
Nicola Metcalfe – Licensing Team Manager

Target date

28 February 2020

Appendix 1. Finding ratings and basis of classification

Report classifications

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

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

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

Individual finding ratings

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

Appendix 2. Terms of reference

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

Sub-process	Risks	Objectives
User guidance	Lack of awareness of the correct protocols to follow and the optimal use of Salesforce	<ul style="list-style-type: none"> • Policies and procedures are clear, understood and followed • User guides clearly outline how to use Salesforce.
New applications	<p>Licences are issued without adequate checks being undertaken</p> <p>Safeguarding training and enhanced DBS checks are not undertaken prior to licences being issued leaving the Council exposed</p>	<ul style="list-style-type: none"> • Adequate checks are undertaken to confirm a driver's identity and capability, including completion of the safeguarding training and an enhanced DBS check • The required vehicle checks are undertaken at the Pembroke Road depot and communicated back to the Taxi Licensing service prior to issuing.
Renewals	<p>Licences are not issued with a finite life to ensure regular reviews are undertaken</p> <p>Drivers continue to operate without a renewal taking place</p> <p>Licences are renewed without adequate supporting documentation being provided</p>	<ul style="list-style-type: none"> • Renewal dates are not appropriately set and monitored • Drivers cannot operate on an expired licence • All required supporting documentation is reviewed/obtained prior to a licence being renewed.
Management Information	<p>Management information is inaccurate and cannot be substantiated</p> <p>Parameters used for generating management information are inconsistent</p>	<ul style="list-style-type: none"> • Management information is produced on a regular basis, using consistent parameters • There is a consistent and efficient approach to responding to FOIs.
Follow up		<ul style="list-style-type: none"> • Outstanding actions from previous internal audit reviews have been completed.



Internal Audit Report 2019/20

HR Management

January 2020

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Distribution List

For action	Rachel Sansome, HR Business Partner Ella Palmer, Senior HR Business Partner
For information	Andrew Small, Head of Paid Service

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	
Low Risk (5 points)	Control design	-	-	1	1	-
	Operating effectiveness	-	-	-	1	-
	Total	-	-	1	2	-

*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 low risk; we identified one medium and 2 low risk findings.

AVDC's HR Management team are responsible for ensuring basic and enhanced DBS checks are completed and supporting evidence is maintained for employees who require DBS confirmation, in line with their role profile. HR also conduct right to work checks and retain supporting evidence within the HR management system. We noted that, whilst role profiles include the requirements for DBS, there is no central register of all roles that require DBS checks.

As at November 2019, there were 95 contractors/agency staff under a contractual arrangement with the Council. HR are required to check the IR35 status regularly for each contractor/consultant (for staff on agency contracts this is covered by the employment agency). We noted that improvements are required to centrally record, monitor and review the IR35 status of consultants.

In addition, we noted that staff data on the central training record reports were incomplete and HR did not systematically review the compliance of mandatory safeguarding and data protection training. As a result action was not taken to address any outstanding training.

Our findings are summarised as follows:

- There is not a central list of all roles that require DBS checks against which compliance can be monitored. Our sample testing of 15 staff members identified one case where the role required an enhanced DBS check but it had not been done (Finding 1 - Medium)
- There is no tool to centrally monitor IR35 status and record key information such as, date of IR35 check, result, date for review. In our sample of 10, we noted that status checks had been performed and evidence retained (Finding 2 – Low)
- In relation to monitoring the completion of mandatory Safeguarding training, of the sample of 15 staff members tested, we noted 2 instances where staff were not included on the monitoring report. We also noted that training was shown as "in-progress" or "not started", but there was no evidence that this had been followed up. (Finding 3 – Low)
- In relation to monitoring completion of Data Protection training, HR confirmed that there has been a lack of resource to perform active monitoring of Data Protection training completion and no

reports have been run since February 2019, when 100% of staff completed the mandatory elearning. It is however part of the mandatory induction process, signed off by line managers.

Good Practice Noted

A number of areas of good practice were noted during our review as set out below, these have been reflected in the overall “medium” risk classification of this report:

- HR Management maintain a comprehensive on-boarding form for all new joiners and retain supporting evidence within the HR management system
- The Council maintained clear DBS policy guidance. We reviewed a sample of 15 staff members and their corresponding role profiles and noted that each role profile clearly stated whether a DBS check was required and the type of check required
- All role profiles clearly determined whether Level 1,2,3,4 safeguarding training is required to be completed as part of an employee’s role
- Our sample testing of 15 staff members noted that supporting evidence for the right to work in the UK was clearly evidenced for all cases reviewed
- Evidence is retained of IR35 assessments and outcomes.

2. *Background and Scope*

Background

Aylesbury Vale District Council (AVDC) is due to become a unitary authority in 2020 along with the four other Councils in Buckinghamshire. Prior to 1 April 2020, all of the Council's employee data will transfer from their current system, iTrent, to Buckinghamshire County Council's existing employee management system, SAP. This review is being undertaken to provide the Council with assurance over whether they are meeting their legal obligations for transferring accurate employee data.

Disclosure and Barring Service (DBS) checks are undertaken for Council employees based upon their role profile, with enhanced DBS checks required for those staff members working in certain roles, including those with additional safeguarding responsibilities. Whilst it is no longer a legal requirement, AVDC made the decision to review DBS checks every three years.

An employee's right to work in the UK must be reviewed for all Council employees, with supporting evidence retained. A Council-wide review was undertaken over a year ago to ensure the Council have retained proof that all their employees are eligible for working in the UK.

All employees must undertake a set of mandatory training courses when joining the Council, including Safeguarding and Data Protection. Training takes place online on the Learning Pool portal, with data for all staff being held to enable monitoring reports to be produced. The Safeguarding module was updated last year following an Internal Audit review, with all staff being required to complete the new module when it was introduced. All staff and Members were required to complete the Data Protection e-learning by 31 January 2019 to ensure awareness of the new GDPR legislation.

AVDC also has an obligation to assess the IR35 status of their contractors and retain sufficient supporting evidence of their review and decision. As of September 2019, the Council has a relatively small number of contractors who fall within IR35. The majority of contractors are hired through Adecco, an employment agency, who are responsible for carrying out this check on the contractors supplied to the Council.

The purpose of the audit was to provide assurance that the employee data held on specific areas is accurate and complete.

Scope

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

- Review of the contents of the on boarding checklist maintained by HR ensuring it was aligned to good practice.
- Review of a sample of 15 AVDC employee checklists, ensuring these were completed and adequate evidence was obtained prior to the employee starting at AVDC
- Review of the DBS policy and a sample of 15 role profiles to ensure there is clear guidance on the roles which require DBS checks
- Review of a sample of 15 AVDC employees to ensure that, if required, they received the relevant DBS checks in accordance with their role profile and that these were undertaken in the last three years

- Review of a sample of 15 AVDC employees to ensure they had the right to work in the UK and supporting evidence was retained
- Discussion with the HR team regarding how they work with other departments to ensure each employee's IR35 status remains up to date. In addition, we assessed whether the HR team undertake regular reviews to ensure employees that did not fall under IR35 status are regularly checked

Review of compliance data for both mandatory safeguarding and data protection training. This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Lack of central list of all roles that require DBS checks – Control design

Finding

There are descriptive role profiles in place for each post held within the Council. The requirement for a DBS must be justified for on the basis of the role performed. The requirement for a basic, enhanced or no DBS check is specified within the role profile. The HR Business Partner confirmed that they do not maintain a central list of all roles that require DBS checks against which compliance can be monitored. As a result, from a random sample of 15 staff members, we identified only three roles that required a DBS check (Enhanced or Basic).

The DBS confirmation and expiry date and whether the DBS was renewed after three years was sought as supporting evidence for the following three roles:

- Community Development casual worker (Basic DBS check required)
- DASH Team Leader (Enhanced DBS check required)
- Community Safety and Emergency Planning Officer (Enhanced DBS check required)

We did not locate evidence of a DBS enhanced check for the Community Safety and Emergency Planning Officer. At the time this officer was recruited into the role, the enhanced DBS requirement was not in place. Shortly after being recruited, the requirement was added to the role, but no check was performed. This exception illustrates how the lack of a central list of DBS requirements can result in non compliance, and individuals whose role requires a DBS, due to the nature of work, not having had appropriate checks performed.

Risks / Implications

Non compliance with requirements for DBS checks. Inadequate safeguards in place for staff working with children or vulnerable adults.

Finding rating Action Plan

Medium



- A central list of all roles that require a DBS check should be maintained and monitored on a monthly basis to ensure DBS checks are renewed as required
- The central list should be updated regularly to reflect any changes to DBS requirements
- An enhanced DBS check should be completed for the Community Safety and Emergency Planning Officer and logged on the HR management system
- Quarterly spot checks should be completed to ensure those individuals who require DBS checks are done so in line with their role profiles.

Rachel Sansome, HR Business Partner

28 February 2020

2. IR35 status checks – Control design

Finding

The Council is required to complete IR35 checks via the HMRC website on all consultants under a direct contractual arrangement at the Council. The outcome of the decision using the HMRC on-line tool is retained as supporting evidence within the HR management system.

As at November 2019 there were 95 contractors/agency staff employed by AVDC. We reviewed a sample of 10, focusing on consultants under individual contracts (rather than agency) and noted that IR35 status checks had been performed for all contractors within our sample and the HMRC confirmation was retained on file. However, dates are not recorded on the checks, so it was not possible to determine whether these were completed in a timely manner after appointment and were sufficiently up-to-date to reflect the contractor's current position.

HR and Finance maintain a tracker (in the form of a spreadsheet) containing details of agency staff and contractors. The tracker contains details such as:

- Contractor names
- Agency provider
- Agency/ Contractor costs
- Source Of Funding
- Reason for Agency/ Contractor.

It does not however record any information about IR35 status. There is therefore no tool in place to monitor and track the IR35 status for contractors.

Risks / Implications

Failure to log IR35 status results and the date of the check increases the risk of incomplete contractor information and non-compliance with the IR35 regulation.

Finding rating

Action Plan

Low



A tool should be used to log key information in relation to the IR35 status for each contractor information should be recorded:

- Date IR35 assessment initially undertaken
- Result of the IR35 assessment
- Date re-check of IR35 status is due
- Date and outcome of re-check

Rachel Sansome, HR Business Partner

28 February 2020

3. Monitoring compliance against mandatory training – Operating effectiveness

Finding

All staff are required to complete Safeguarding and Data Protection training. For Recycling and Waste Crew this is delivered via a workshop; everyone else completes eLearning.

Mandatory Safeguarding Training

We reviewed a sample of 15 staff members who were required to complete their safeguarding training against completion records extracted as at November 2019. We identified that two of these staff members were not included on the Mandatory Safeguarding Training records listing meaning we could not confirm whether these staff members completed their training and one staff member's training remained in progress.

We also analysed the data within the mandatory safeguarding training report as at November 2019 and noted there were 414 active staff members required to complete mandatory safeguarding training. 388 staff (94%) had completed the training but for 26 staff training remained 'in progress' (6%). There is a known issue with the elearning module whereby unless the staff member clicks "print certificate" at the end of the session, it will remain "in progress", even if the training has been finished. Of the 26, three staff members have been enrolled on the course since 2017, 15 since 2018 and eight since 2019.

HR confirmed that a safeguarding monthly compliance report is run and reported to the Safeguarding Board, but more active monitoring and chasing by HR has not taken place due to the lack of an L&D Officer/Manager. It is noted however that REACH forms (performance review) do include the completion of Safeguarding, which provides an additional layer of management review.

Mandatory Data Protection Training

Following the introduction of GDPR, the Council required all staff members, including agency and contractors, to complete their mandatory Data Protection Essentials (2018) training by 31st January 2019. Compliance monitoring reports are 1 February 2019 show 100% of AVDC staff completed their Data Protection E-Learning on time.

Since then, HR confirmed that there has been a lack of resource to perform active monitoring of Data Protection training completion and no reports have been run. It is however part of the mandatory induction process, signed off by line managers.

Whilst it is acknowledged this is a control weakness, there is currently no capacity within the HR team to implement any further actions. It is our understanding that, on transfer to Buckinghamshire Council on 1 April 2020, all staff will be required to complete a package of mandatory training, which will include Data Protection. This will be recorded and reported on the new Council's HR system. AVDC's HR team are engaged with unitary workstreams to ensure mandatory training needs are met. An action in respect of this has been raised for review and consideration by the new Buckinghamshire Council.

Risks / Implications

Non completion of safeguarding or data protection training in a timely manner may leave staff unable to handle sensitive situations in line with legislation.

Finding rating Action Plan

Low

a) HR should contact all staff, and their line

Rachel Sansome, HR Business Partner



managers, identified as non-compliant against their safeguarding training to request this is completed immediately

28 February 2020 (a & b)

- b) Mandatory safeguarding compliance reports should be reviewed on a monthly basis and non-compliance should be followed up accordingly
- c) *ACTION FOR BC TO REVIEW:*
On transfer to the new Buckinghamshire Council, all staff are required to complete mandatory Data Protection training. This will ensure the new authority is able to demonstrate its accountability for compliance with GDPR.
No further action will be taken by AVDC.

Appendix 1. Finding ratings and basis of classification

Report classifications

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

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

Overall report classification		Points
●	Critical risk	40 points and over
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Individual finding ratings

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

Appendix 2. Terms of reference

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

Sub-process	Risks	Objectives
HR checklist	Insufficient checks are undertaken and evidenced for new joiners	<ul style="list-style-type: none"> Comprehensive reviews are undertaken for all new joiners, in line with best practice Evidence is retained that all supporting documentation has been provided.
DBS clearances	<p>Safeguards may not be in place for staff working with children or vulnerable adults due to a DBS check not being undertaken or clearance not being received</p> <p>Staff who have previously received DBS clearance have since committed an offence which has not been identified through clearance renewals</p>	<ul style="list-style-type: none"> There is clear guidance on the roles which require both basic and enhanced DBS clearance All those staff who require DBS clearance have received this at the appropriate level (either basic or enhanced) All DBS checks have been undertaken in the previous three years.
Right to work	The Council has employed individuals who do not have the right to work in the UK	<ul style="list-style-type: none"> The Council has confirmed all employees have the right to work in the UK and have retained supporting evidence of this
IR35	The council has failed to undertake an IR35 assessment for hired consultants, meaning tax is not being correctly applied	<ul style="list-style-type: none"> The Council has a list of all consultants, clearly outlining their IR35 status The Council undertakes regular reviews of consultants who previously did not fall within IR35 to re-evaluate their position Evidence is retained of IR35 assessments and outcomes, with decisions clearly justified
Mandatory training	Staff have not completed their mandatory training sessions, meaning they may not be sufficiently equipped to handle situations appropriately	<ul style="list-style-type: none"> All staff have completed their mandatory Safeguarding and Data Protection training modules The required staff working within Safeguarding have completed the additional Safeguarding training



Internal Audit Report 2019/20

Corporate Fraud Risk Assessment

January 2020

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Distribution List

For action	Kate Mulhearn, Corporate Governance Manager Andrew Small, Director & s151 Officer
For information	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

OVERALL RISK RATING SUMMARY

Fraud Risk Category	RESIDUAL FRAUD RATING			PRIORITY		
	Low	Medium	High	Urgent	Important	Routine
1.0 PROCUREMENT	4	0	0	0	0	4
2.0 HR & Payroll	5	0	0	0	0	4
3.0 FINANCE	6	0	0	0	0	6
4.0 COUNCILLORS' INTERESTS & EXPENSES	2	0	0	0	0	2
5.0 CORPORATE COUNTER FRAUD	0	0	0	0	2	0
				0	2	16

Refer to Appendix 1 for definitions.

Summary of findings

The Fraud Risk Assessment did not identify any 'urgent' priority risks. Overall the results of our assessment indicate that there is an established control environment designed to mitigate the risk of fraud occurring. Those officers that we met had good awareness of the fraud risks and internal controls in their area.

Two 'important' priorities have been identified. These relate to training and guidance being provided to relevant staff, and the inherent risk of fraud occurring prior to the transition to the new unitary Buckinghamshire Council in April 2020. One action has been raised to address this risk. With a number of officers, particularly at a senior level, vacating posts, and not being replaced, this may have an impact on the control environment and the ability to ensure sufficient coverage of authorisation and an adequate segregation of duties. In the lead up to vesting day, some this risk will be mitigated through increased oversight from the new Buckinghamshire Council Corporate Management Team.

There were also 16 'routine' priority risks identified, which relate to inherent risks. No actions have been raised to address these risks as, provided controls continue to operate effectively, these risks should be effectively managed.

Good practice noted

A number of areas of good practice were noted which help mitigate fraud risks, provided the internal control environment is maintained to an adequate level and is reviewed accordingly in line with staffing changes, as set out below:

PROCUREMENT & CONTRACT MANAGEMENT

- Procurement hierarchies are electronically built into the procurement purchase order process through the Scheme of Delegation.
- Due to approaching Unitary Authority status, no new contracts are being entered into, existing contracts are having contract extension clauses activated if required or winding down to Unitary Authority status.

HR & PAYROLL

- Finance monitor actual salaries against budgeted establishment and highlight any unplanned overspends.

FINANCE

- The Corporate Finance team has implemented a verification process to assure itself that changes to the Creditors standing data record are genuine and evidence to support this process is maintained through the running of twice weekly change reports.
- The Transaction Team operated strong controls when inputting supplier invoices into the system to be matched to a purchase order and ensure that all the appropriate checks have been undertaken before setting up new creditors on the system.
- Forecasting and budgetary control allow income actuals to be monitored against budget and forecasts.

COUNCILLORS' INTERESTS & EXPENSES

- Democratic Services has established processes in place to identify and investigate potential conflicts of interest and use "intelligence" through a variety of sources to highlight any unreported potential conflicts.

CORPORATE COUNTER FRAUD

- AVDC has an online whistleblowing form and process to ensure that any disclosures made are logged and followed up.

2. *Background and Scope*

Background

According to the Annual Fraud Indicator 2017, which provides the last set of government sanctioned estimates, public sector fraud accounts for 21.2% of all UK fraud, with an estimated cost of £40.4bn and of this total, £7.81bn is specifically in local government.

Fraud is one of the fastest growing areas of crime in modern society and the residents and stakeholders of Aylesbury Vale have a right to expect that their public funds are secure and handled honestly. They also have a right to expect that their elected Members and Council employees are honest and that their integrity is above reproach. Any dishonest act reflects badly on both the Authority and the wider public sector.

Aylesbury Vale District Council is due to become a unitary authority in 2020 along with the four other councils in Buckinghamshire. In light of this, a Fraud Risk Assessment is being undertaken to help prioritise the Council's approach to address fraud, corruption and bribery risks, and to assess the suitability of the arrangements in place to help mitigate these risks prior to the transition.

The purpose of conducting a Fraud Risk Assessment is to identify areas of risk in key departments and develop strategies to mitigate these risks.

This is an advisory project and therefore has not resulted in an assurance opinion.

Scope & Methodology

Scope

The review covered the following corporate fraud risk areas:

- Procurement
- HR and payroll
- Finance
- Councillors' Interests and Expenses
- Corporate Counter Fraud

Fraud affecting the Revenues and Benefits service was not included in the scope of this review. Controls to prevent the risk of fraud in the areas of council tax, business rates and housing benefit are assessed in separate internal audit reviews.

Methodology

The control environment was established through a series of meetings with key officers for the risk areas reviewed. The residual fraud risk was then assessed using the likelihood of fraud occurring, based on the current control environment, and the impact that this fraud occurring would have on AVDC, to generate a fraud risk score for each area.

The results of these assessments were plotted on a residual risk heat map to provide a diagrammatical view to highlight the urgency of actions. Additionally, the urgency was mapped onto a pie chart to provide a visual reference and enable AVDC to focus their efforts on those areas posing the highest fraud risk.

3. Findings and action plan

1. Overview

No high risk fraud areas have been identified following this exercise.

Our discussions with key officers around controls highlighted that in the majority of areas AVDC is effectively mitigating its fraud risk in the lead up to unitary authority status, providing established controls surrounding segregation of duties, authorisation, financial and budgetary controls continue to operate effectively. However two 'important' risks have been raised as follows:

- As AVDC moves closer to the unitary authority status, with a number of senior officers (including Senior Managers and Assistant Directors) having vacated their roles and not being replaced, there is the risk that the remaining structure does not allow for sufficient segregation of duties or enable adequate authorisation processes to remain in place. We are aware that staff below a senior officer level will transfer to the new Unitary Authority under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations. Therefore there is potential for less fraud related or control risk occurring due to continuity of employment, however it does not mitigate the risk completely. One action point has been raised to address this issue.
- Discussions with the Corporate Governance Manager indicated that there has been a gap in fraud awareness training being provided to staff in recent years; the last Fraud Awareness training was provided for all managers in summer 2017. Whilst it is acknowledged this is an area to be addressed, no action has been raised in this report for AVDC due to the imminent Unitary Authority status. There will be a requirement for the new Authority to identify the staff that should undertake this training and develop a training plan to ensure staff have adequate knowledge relating to how to identify and respond to fraud risks.

'Routine' risk areas have also been identified relating to inherent risks. In any organisation, including ones that are going through significant change, a risk of collusion will always remain where internal controls are bypassed by two or more employees. This is often enhanced due to structural changes creating resourcing gaps, meaning there may no longer be a segregation of duties, and providing an opportunity for existing controls to be bypassed. This risk is more likely to materialise during a period of change due to 'disgruntled employees' who may be provided with a motivation to commit fraud, as well as the opportunity presented by these gaps in the control framework. The controls currently in place at AVDC, including independent checks on changes to standing data, such as the creditors system, and timely and effective budgetary control will continue to remain as compensating controls in these instances providing there is sufficient independence in these areas.

In the lead up to the transition to the unitary the Shadow Executive, the newly appointed Buckinghamshire Council Chief Executive, Corporate Directors and Senior Managers, including Section 151 Officer, will have increasing oversight of the transitioning authorities as well as developments for the new unitary authority. We would expect that this Corporate Management Team will become increasingly core to some of the higher risk/value decisions and within AVDC which will help to maintain segregation and a sound control environment.

As the new Authority takes on the routine processing of transactions, it is vital to ensure a robust control environment is established as it will take time for departmental structures to settle, processes to develop and officers and teams to effectively know their roles within the new organisation. The new Authority should establish, at an early opportunity, staff groups and departments which would benefit from fraud

awareness training to ensure controls are managed effectively and assist in identifying possible indicators of fraud.

2. Residual Risk Heat Map

The 'Residual Risk Heat Map' below shows the calculated residual risk of the areas reviewed (see Appendix 1 for details of the definitions used). Residual risk was assessed through discussions with key officers to determine the likelihood of fraud occurring based on the current control environment and the potential impact this would have on AVDC, either in terms of disruption to service delivery, financial impact or reputational damage.



Key to colour coding and processes reviewed

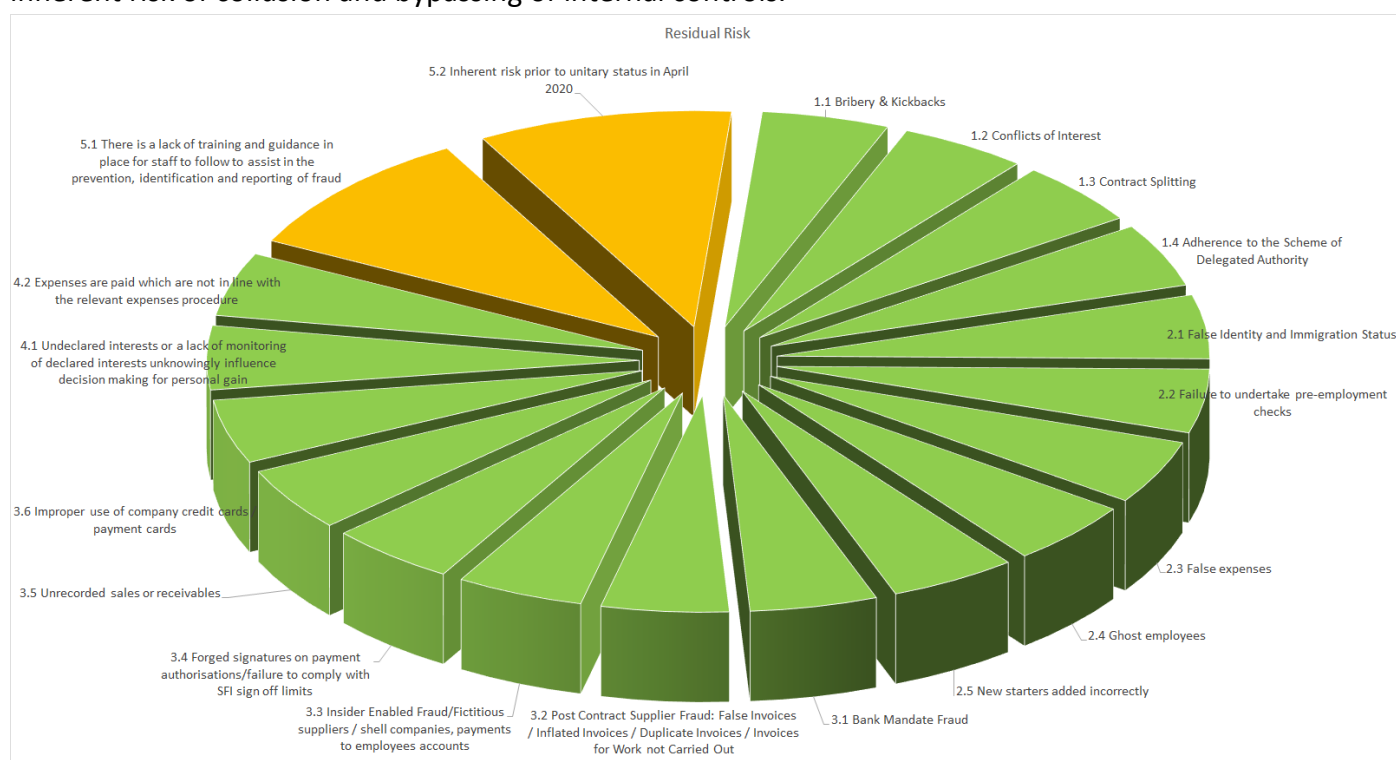
1.0 PROCUREMENT	
1.1	Bribery & Kickbacks
1.2	Conflicts of Interest
1.3	Contract Splitting
1.4	Adherence to the Scheme of Delegated Authority
2.0 HR & Payroll	
2.1	False Identity and Immigration Status
2.2	Failure to undertake pre-employment checks
2.3	False expenses
2.4	Ghost employees
2.5	New starters added incorrectly
3.0 FINANCE	
3.1	Bank Mandate Fraud
3.2	Post Contract Supplier Fraud: False Invoices / Inflated Invoices / Duplicate Invoices / Invoices for Work not Carried Out
3.3	Insider Enabled Fraud/Fictitious suppliers / shell companies, payments to employees accounts
3.4	Forged signatures on payment authorisations/failure to comply with SFI sign off limits
3.5	Unrecorded sales or receivables
3.6	Improper use of company credit cards / payment cards
4.0 COUNCILLORS' INTERESTS & EXPENSES	
4.1	Undeclared interests or a lack of monitoring of declared interests unknowingly influence decision making for personal gain
4.2	Expenses are paid which are not in line with the relevant expenses procedure
5.0 CORPORATE COUNTER FRAUD	
5.1	There is a lack of training and guidance in place for staff to follow to assist in the prevention, identification and reporting of fraud
5.2	Inherent risk prior to unitary status in April 2020

3. Residual Risk Pie Chart

The pie chart below shows each of the areas reviewed and their calculated residual risk rating.

The two 'important' priority risk areas relate to the residual risk of fraud occurring in the lead up to Unitary Authority status if the control environment significantly changes due to loss of key staff at an operational and senior officer level, or through the bypassing of controls. Additionally, as staff transition to the new Authority, it will take some time for roles to become established and team structures to settle down. This can give a higher risk to fraud occurring whilst the control environment is being established.

An inherent risk for potential fraud occurring or break down in the internal control environment remains due to the loss of senior officers resulting in a weakened authorisation structure. If vacant posts are not replaced, and responsibilities are increasingly reallocated, there is a risk that the capacity of existing staff to fulfil their responsibilities for internal control becomes too wide and the controls can become ineffective if they are not performed to the required standard. In any large scale reorganisation there is always an inherent risk of collusion and bypassing of internal controls.



4. Action Plan

Action Plan	Responsible person / title	Target date
CORPORATE COUNTER FRAUD To address the inherent risk present during a period of change, including the loss of key members of staff, AVDC should ensure a review is undertaken as they become aware of any structural or staffing changes. This should identify any authorisation or review responsibilities under this staff member in order to reassign these in a timely manner to maintain a segregation of duties and adequate oversight of key processes.	<i>Andrew Small, Section 151 Officer</i> <i>Kate Mulhearn, Corporate Governance Manager</i>	<i>Ongoing in the lead up to 31 March 2020.</i>

Appendix 1. Definitions used

Likelihood

Level	Likelihood of the fraud occurring
5	Certain – will occur frequently, given existing controls
4	Likely – will probably occur, given existing controls
3	Possible – could occur, given existing controls
2	Unlikely – not expected to occur, given existing controls
1	Rare – not expected to occur, except for exceptional circumstances, given existing controls

Impact

Level	Grade	Impact on Service/Department (not an exhaustive list)	Impact on Service/Organisation/Reputation
1	None	Very minor fraud easily identifiable, good prevention, controls already in place	No service disruption Low financial value (<£100)
2	Minor	No harm to service disruption. Fraud identifies poor management practices. Good controls and systems identify fraud early	Litigation / financial loss of £100-£1,000 Reputation of service not jeopardised
3	Moderate	Fraud does get reported but not immediately. Fraud demonstrates key weaknesses in controls and / or management. If allowed to continue, fraud loss may have increased significantly	Litigation / financial loss of £1,000 - £20,000 Failure / disruption of support services. Moderate business interruption. Adverse local publicity
4	Major	Fraudulent behaviour goes unreported and / or unchallenged. Existing policies, procedures and protocols undermine likelihood of detection and / or successful prosecution	Litigation of £20,000 - £500,000 Adverse national publicity. Temporary service disruption. Underperformance against key targets. Reportable to External Agencies / Regulatory Bodies.
5	Catastrophic	Fraud results in severe harm to the service's reputation. Financial repercussions severely affect service provided.	Litigation / financial loss > £500,000 International adverse publicity. Severe loss of reputation. Significant overspend.

The matrix below is used to calculate the risk assessment rating for each area. A traffic light system indicates the level of risk identified, to which is attached a priority for mitigating action, where appropriate.

Risk (Impact x Likelihood)

Likelihood	Impact				
	1 – None	2 – Minor	3 – Moderate	4 – Major	5 - Catastrophic
1 - Rare	Low	Low	Medium	Medium	High
2 - Unlikely	Low	Low	Medium	Medium	High
3 - Possible	Low	Low	Medium	High	High
4 - Likely	Medium	Medium	Medium	High	High
5 – Almost certain	Medium	Medium	Medium	High	High

Priority Grading

Level	Grade	Definition
1	Urgent	Fundamental control issue on which action should be taken immediately
2	Important	Control issue on which action should be taken at the earliest opportunity
3	Routine	Control issue on which action should be taken

Appendix 2. Terms of reference

The key risks agreed in the Terms of Reference are set out below.

Sub-process	Risks	Objectives
Procurement	Bribery and kickbacks Conflicts of interest Contract splitting Adherence to the Scheme of Delegation Failure to adhere to procurement processes	<ul style="list-style-type: none"> • Policies and procedures are clear, understood and followed to ensure the objectives of activity are met • Staff receive adequate training to enable understanding of the approved procurement process • Controls are in place to identify any breach of controls • Access to procurement is adequately restricted and monitored for any changes in roles
HR and payroll	False identity and immigration status Failure of agency to undertake pre-employment checks False expenses Ghost employees New starters added incorrectly	<ul style="list-style-type: none"> • Adequate identity and immigration checks are undertaken prior to employment commencing • Confirmation received that agency have undertaken any required pre-employment checks • Adequate segregation of duties when processing new starters to ensure incorrect people cannot be added to the payroll system • Adequate segregation of duties when processing expense payments to ensure false expenses are not paid • A review of team structures is undertaken regularly to ensure any additional payments being made are identified
Finance	Bank Mandate Fraud Post Contract Supplier Fraud: False Invoices / Inflated Invoices / Duplicate Invoices / Invoices for Work not Carried Out Insider Enabled Fraud/Fictitious suppliers / shell companies, payments to employees accounts Forged signatures on payment authorisations/failure to comply with sign off limits Unrecorded sales or receivables Improper use of credit cards / payment cards	<ul style="list-style-type: none"> • Changes to customer bank data is undertaken with segregation of duties and appropriate approval • Payments are only made to suppliers upon receipt of supporting evidence for work completed and approval in line with the Scheme of Delegation • There is adequate recording of all payments to ensure duplicate payments are not made • New suppliers can only be set up after appropriate due diligence has been undertaken to confirm the legitimacy of the organisation • Credit cards are only issued to authorised employees, with monitoring and review undertaken by an unrelated individual

Sub-process	Risks	Objectives
Councillors' Interests and Expenses	<p>Undeclared interests or a lack of monitoring of declared interests unknowingly influence decision making for personal gain</p> <p>Expenses are paid which are not in line with the relevant expenses procedure</p>	<ul style="list-style-type: none"> • Councillors declare any business or pecuniary interests on a regular basis • The register of interests is monitored at every meeting, with the Councillor removed from decision making should there be a conflict • There is clear guidance in place for what expenses are deemed appropriate • Expenses are monitored, in line with guidance, and only paid if they can be supported and deemed appropriate
Corporate Counter Fraud	<p>There is a lack of training and guidance in place for staff to follow to assist in the prevention, identification and reporting of fraud</p>	<ul style="list-style-type: none"> • Corporate policies are in place which are regularly updated and available to all staff • Training is provided to all staff relating to fraud risk management • There are dedicated individuals responsible for fraud risk management who have received an appropriate level of training

Appendix 4: Review of audit actions

A full review of all (72) outstanding audit actions was performed in January 2020. This has identified whether actions should be completed by AVDC, are already substantially complete, should be closed as no longer relevant, or transferred to Buckinghamshire Council for future consideration.

The result of the review is summarised as follows, with full details of all actions and status provided below:

- 40 actions remain for AVDC to complete. These should all be completed by the end of February and status will be reported to the Audit Committee meeting in March.
- 12 actions have been completed
- 12 actions have been closed. These are no longer relevant for AVDC to complete, or have been superseded by more recent audit reviews
- 8 actions are to be transferred to Buckinghamshire Council for review as new controls, processes and systems are developed.

The status of all remaining audit actions will be reported to the final meeting of the Audit Committee in March 2020.

AVDC to complete

There are 40 actions to be completed (3 High, 11 Medium, 26 Low). This does not include new actions arising from the audit reviews reported to the Audit Committee in January. All actions will be reviewed in February and final status reported to AVDC Audit Committee in March 2020.

Review	Description	Risk	January 2020
Planning & Planning Enforcement	Proactive planning enforcement needs to be undertaken per the Planning Enforcement Plan. Formal reporting to the Group Manager/Assistant Director on a quarterly basis is needed to assess the effectiveness with action taken thereafter	(2) Medium	In progress and will be assessed in February
Taxi Licensing (2018)	Set out standard timeline parameters for processing decisions and protocols for where the Council diverge from these timelines.	(2) Medium	Timeline parameters are in place but evidence of monitoring needs to be reviewed. Review in February.
Building Control	The financial statement should be completed, and signed off by the S151 Officer within six months of the end of the financial year and publicised on the Council's Public Website.	(3) Low	18/19 External audit has now concluded and Building Control financial statement will be published. Review in February.
Corporate Health and Safety	Once corporate risk assessments have been completed, a corporate monitoring and review process is needed to ensure the risk profile of the organisation is continually reviewed, activities assessed and appropriate action taken. This should be reviewed by the Health and Safety Board	(2) Medium	Risk assessments for higher risk areas are complete and work is ongoing as part of BAU. Tracking tool and any gaps will be reviewed in February
Contracts and Procurement	Instances of non-compliance with the Contract Procedure Rules identified in this review (sample list provided) should be assessed and appropriate action taken i.e. obtain signed contracts, check contracts are appropriately sealed.	(2) Medium	Review in February
Contracts and Procurement	The compliance rates should be monitored on at least a quarterly basis and reported	(3) Low	Review in February

Commercial Waste	Report this schedule to every Quarterly Commercial Waste or Operations Board meeting to enable compliance monitoring and action	(2) Medium	Review in February
Commercial Waste	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	(3) Low	Reduce risk to low as meetings are taking place. Assess status in February and identify and further actions.
Commercial Waste	Ongoing review of the effectiveness for the two new meetings needs to be completed to assess if they bring together operational and commercial staff and are an effective forum to take a holistic view of commercial waste activity. These assessments should be reported to the respective meeting with actions then taken to make improvements accordingly	(3) Low	Reduce risk to low as meetings are taking place. Assess status in February and identify any further actions.
Commercial Waste	Develop a schedule which checks the response rate for duty of care responses and report compliance levels to the Quarterly Commercial Waste meeting	(2) Medium	Review in February
Housing Benefit 2019	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.	(3) Low	Review in February
Housing Benefit 2019	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.	(3) Low	Review in February
Housing Benefit 2019	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.	(3) Low	Review in February

Housing Benefit 2019	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	(3) Low	Review in February
Parking	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) Medium	Review in February
Parking	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.	(3) Low	Review in February
Parking	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	(3) Low	Review in February
Parking	The Council should continue to pursue the upgrade of the devices for the Enforcement Officers.	(3) Low	Review in February
Parking	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.	(3) Low	Review in February

General Ledger Reconciliations and Management Information	Licencing and Environmental Health – Interfaces between locally used systems, RegServe and Tech1 should be improved to enable automatic billing of customers when payments fall due. This is part of the Finance Business Processes project. Reconciliations between these should be carried out to confirm the accurate and complete transfer of data and billing of customers each month.	(1) High	Additional resource has been identified and work is progressing through the project.
General Ledger Reconciliations and Management Information	Commercial Property - A reconciliation should be implemented between local records or TechForge (when implemented), and invoice and payment data from Tech1, to confirm all invoices have been raised	(1) High	The implementation of TechForge did not go ahead. Future plans for systems will be considered by the new Authority. AVDC risk mitigated through monthly meetings with Property and Finance BPs to review all accuracy and completeness of invoicing arrangements and debt.
General Ledger Reconciliations and Management Information	Develop the existing Built Environment Finance Processes document (Building Control) to include more detail on the reconciliation requirements. Ensure this is signed off by Finance.	(1) High	Review in February
General Ledger Reconciliations and Management Information	Trade Waste – a reconciliation should be completed on a monthly basis between the customer rates/charges list, the Invoice Report from Bartec and Tech1 invoiced amounts. The first stage of this reconciliation should occur before the Invoice Report is sent to Finance and the latter stage within two weeks of the month end. The reconciliation should be documented and be supported by a cover sheet confirming the check was performed and reviewed.	(2) Medium	In progress and will be assessed in February

General Ledger Reconciliations and Management Information	Garden Waste – Documented reconciliation procedure notes should be set out prior to November 2019. This should provide assurance that payments have been received before bins are collected. This should happen every month commencing December 2019 for November 2019 data within two weeks after the subsequent month has completed and be supported by a cover sheet.	(2) Medium	In progress and will be assessed in February
General Ledger Reconciliations and Management Information	Bulky Waste and Domestic Waste – A risk assessment of the bulky waste and domestic waste services should be undertaken to determine whether it would be cost beneficial to undertake a regular reconciliation. This assessment should be documented, clearly recording the factors considered and the outcome. If a reconciliation between My Account and Salesforce is required, the appropriate frequency should be documented, and a reconciliation undertaken in line with this and supported by a cover sheet	(3) Low	In progress and will be assessed in February
General Ledger Reconciliations and Management Information	Depot/Workshop - A reconciliation should be performed between confirmed bookings, forms raised with Depot clerical staff, a download of all MoTs registered on the VOSA website and the income code on Tech1 to ensure all activity was invoiced for. This should happen every month within two weeks of the month end and be supported by a cover sheet	(3) Low	In progress and will be assessed in February
General Ledger Reconciliations and Management Information	AVDC should also assess whether workshop payments can be made by alternative means i.e. card. This would ensure payments are received in advance and limit inefficiencies in raising invoices and chasing debt	(3) Low	In progress and will be assessed in February

General Ledger Reconciliations and Management Information	The Markets Team should provide a line by line transaction listing of all receipts taken which reconciles to the Chip and Pin Data. This should be supported by a cover sheet confirming the preparer and approver and be emailed to the Finance Team within two weeks of every month for subsequent month activity. If it is deemed that this is not proportionate to the level of risk of a reconciliation not being completed, the rationale and any mitigating factors should be documented.	(3) Low	In progress and will be assessed in February
General Ledger Reconciliations and Management Information	Land Charges should complete their October 2018 to May 2019 reconciliation and document who prepared and authorised the reconciliation prior to Finance review. Reconciliations should then continue on a monthly basis.	(3) Low	In progress and will be assessed in February
General Ledger Reconciliations and Management Information	Planning – Issue invoices to all customers as opposed to sending BACS payment details to ensure a full audit trail is in place to track payments received and outstanding. Complete reconciliations between Uniform and Tech1 to confirm the accurate and complete transfer of data between systems.	(3) Low	In progress and will be assessed in February
General Ledger Reconciliations and Management Information	Develop the Reconciliation Summary into a more comprehensive document, ensuring it includes the reconciliations required for all systems and accurate information on who is responsible for the completion of these. This should clearly outline those reconciliations which are manual, rather than automated, and provide sufficiently detailed process notes on how these should be completed.	(3) Low	In progress and will be assessed in February

General Ledger Reconciliations and Management Information	All individual reconciliations should document who prepared and authorised the reconciliation and when. This could be done on a separate form or on the Finance Team's Monthly Checks and Balances Document	(3) Low	In progress and will be assessed in February
Debt Management	Communicate this finding by email and verbally to all staff involved with credit notes to reinstate the expected practices to help ensure all credit notes are being created and approved by separate individuals to maintain segregation of duties.	(2) Medium	To be completed by 28 February 2020
Debt Management	Investigate the capability of the Tech1 system to determine if workflows can be implemented which prevent credit notes being raised and approved by the same individual	(2) Medium	To be completed by 28 February 2020
Digital Contact Team	Management should put systems in place for identifying, recording and analysing the reasons for calls/chats, which should then be regularly reviewed to identify common themes, trends and problems.	(3) Low	Review in February
Digital Contact Team	A standing item should be added to the agenda for team meetings so that the information collected is used to allow lessons learned to be identified and analysed.	(3) Low	Review in February
Digital Contact Team	A coordinated approach for communicating with the Council's departments on a routine basis should be established to ensure that public information is reviewed and, where necessary, updated to address the common problems and reasons for calls/chats.	(3) Low	Review in February

Digital Contact Team	Management should review and, where necessary, update the checklist used for completing their reviews, whether based on phone calls or web chats, to detail which aspects of the Customer Charter are being assessed. The frequency of reviews and sample size should then be agreed to confirm there is sufficient regular coverage to ensure issues will be identified promptly.	(3) Low	Review in February
Digital Contact Team	The findings from the reviews should be collated to enable a review of potential training needs, either for the individual or the team as a whole.	(3) Low	Review in February
Digital Contact Team	Management should review the need for both the Digital Contact Teams direct number and the main switchboard number on the Council's website and should consider removing the direct number to further promote channel shift and the self-serve aim.	(3) Low	Review in February

Completed actions

12 actions have been completed (6 Medium, 6 Low)

Review	Description	Risk	January 2020
Accounts Payable	Review the process for receipting of invoices to automate where possible and avoid duplication, to ensure timely approval and payment.	(3) Low	Risk has been addressed through ETL reports and manual checks for duplicates by Business Partners. No further Tech1 development will take place on AP as this will transition to SAP from 1.4.20. Action deemed complete for AVDC
Accounts Payable	The Finance Team should run the list of PO breaches on monthly basis to identify the most frequent offending department and report to the Finance Business Partner.	(2) Medium	Some further system work is required to fully update the reports with all required information, but risk is mitigated by manual checks and review of KPIs strategic dashboard. No further Tech1 development will take place on AP as this will transition to SAP from 1.4.20. Action deemed complete for AVDC
Corporate Health and Safety	A project plan is needed to appropriately resource the completion of Council wide risk assessments. It is recognised the Corporate Health & Safety Manager will need to support Managers with the process in the first instance. Higher risk areas should be prioritised for completion	(2) Medium	Risk assessments for higher risk areas are complete and work is ongoing as part of BAU. Tracking tool and any gaps will be reviewed in February
Corporate Health and Safety	Training material should be developed in consultation with Learning and Development, and signed off by the Corporate Health and Safety Manager	(2) Medium	H&S Induction elearning is in place. Fire warden training has been provided. Other adhoc training rolled out as needed using external providers as required. No further action for AVDC as all future training is to be developed and rolled out for the new Authority.
Corporate Health and Safety	Review all policies and ensure changes are appropriately approved and communicated (including to	(3) Low	Existing policies are adequate. No further changes will be made in timeframe of ADVDC.

	contractors). For future amendments a change control process is required. Progress to be monitored by Health and Safety Board		
Contracts and Procurement	The website version must be updated on at least a half-yearly basis	(3) Low	Since April 2019 the contract register has linked to the smartsheet which includes live updates. In December 2019 we transferred all contracts to the new CMA software to be used by BC. No further updates will be made to the smartsheet, but the website is up to date as of December 2019.
Comments, Complaints and Compliments	The complaints E-learning should be made mandatory for frontline staff who have regular contact with customers. All staff who join should complete training as part of their induction.	(3) Low	Customer fulfilment monitor this as part of on boarding new staff. New complaints processes will be rolled out for the new Authority. No further action for AVDC.
Parking	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.	(2) Medium	Complete.
Parking	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	(2) Medium	Complete - ToR not considered necessary for operational meetings
Parking	The effectiveness of the new meeting should be assessed and reported to a future meeting with actions then taken to make improvements accordingly	(2) Medium	Complete - not considered necessary for operational meetings

Debt Management	<p>A monthly review of the aged debtors listing should be undertaken to identify all longstanding debts for which no action is being taken.</p> <p>Where items are identified as being irrecoverable, the action being taken should be confirmed with service areas, and they should be processed for write-off that month, with approval in line with the Debt Management Procedure. This should be followed up on in the following month to confirm this has been actioned.</p>	(3) Low	<p>Complete. Monthly reviews of aged debt report is taking place. Also reported at BC CMT meetings as part of finance monitoring.</p>
Debt Management	<p>When completing the review of customer detail changes, record on the change report which items have been reviewed, the outcome of the review and where necessary, what actions were taken to remedy any issues identified</p>	(3) Low	<p>A quarterly process is now in place to review changes including customer to Tech1 data. Review is performed by Corporate Finance Manager.</p>

Closed actions

12 actions have been closed (2 High, 4 Medium, 6 Low)

Review	Description	Risk	January 2020
Safeguarding	The DS/DBS check records should include the date of each check and the date it needs to be re-checked.	(3) Low	This has been superseded by the 2019/20 HR Management audit findings.
General Ledger	The reconciliation manual should be completed, identifying frequency and responsibility for each financial reconciliation.	(2) Medium	This is no longer applicable and the action has been superseded by the 2018/19 audit
General Ledger	Officers with responsibility for reconciliations should be trained to ensure process are carried out	(2) Medium	This has been superseded by the 2018/19 audit
Corporate Health and Safety	The Corporate Health and Safety Team should develop a programme of training and communication, based on a matrix of requirements for different roles to ensure that staff are aware of the latest health and safety issues	(2) Medium	H&S Induction is in place and matrix of requirements was developed. No further action for AVDC as all future training is to be developed and rolled out for the new Authority.
Corporate Health and Safety	Develop a policy review framework to identify all required policies	(3) Low	No further work on policy development will take place by AVDC.
Contracts and Procurement	Resolve the data quality issue of the report from Tech One regarding vendor names and classifications	(3) Low	All contracts have transferred over to the new CMA software as part of BC. New procurement software is also being rolled out along with procedures. No further action for AVDC

Contracts and Procurement	A training needs assessment for different roles and agreement of whether it is mandatory should be performed and communicated	(3) Low	CMA training is being rolled out for the new Authority and TNS will be assessed inline with new procurement and contract management arrangements. No further action for AVDC.
Contracts and Procurement	Appropriate training content developed in consultation with Learning and Development, including eLearning/face-to-face, as appropriate	(3) Low	CMA training is being rolled out for the new Authority and TNS will be assessed inline with new procurement and contract management arrangements. No further action for AVDC.
Comments, Complaints and Compliments	An e-learning compliance rate should be set and monitored and reported regularly by service area.	(3) Low	Elearning requirements and compliance will be taken forward by BC.
Commercial Waste	Operational and commercial teams should speak with their respective Finance Business Partners to agree financial reporting requirements and agree actions over better report formats	(2) Medium	Finance BPs attend meetings but no further work to develop reports will be done in Tech1. All budget reporting will be from SAP from 1 April 2020.
General Ledger Reconciliations and Management Information	Produce a comprehensive planning document detailing how TechForge will integrate with Tech1 with adequate explanations of the steps involved in completing the integration and what processes will be undertaken to confirm accurate and complete system interfaces are in place. Ensure this is signed off by Finance.	(1) High	No longer applicable as the implementation of (No Suggestions) was cancelled. Plans for future asset management systems will be considered as part of new Authority
General Ledger Reconciliations and Management Information	The Built Environment (BE5) implementation for Planning and other services should not be introduced prior to documenting and approving sufficient plans to indicate how systems will interface with one another post implementation. Ensure this is signed off by Finance.	(1) High	Implementation of BE5 did not go ahead. Existing processes with Uniform remain

Transfer to Buckinghamshire Council

We recommend that 8 actions are reviewed and considered by Buckinghamshire Council.

Review	Description	Risk	January 2020
Planning & Planning Enforcement	Pre application costs need to be substantiated to set out how hourly costs have been calculated and specifically setting out the recovery of any administration costs	(3) Low	This action is closed for AVDC and will be picked up as part of the process of agreeing fees and charges for the new authority. BC should review as part of harmonisation of fees and charges.
Planning & Planning Enforcement	Pre application costs need to also cover the use of consultants (temporary staff) specifically identifying and applying their costs	(3) Low	This action is closed for AVDC and will be picked up as part of the process of agreeing fees and charges for the new authority. BC should review as part of harmonisation of fees and charges.
Corporate Health and Safety	Processes need to be developed to ensure training completion can be monitored and reported	(2) Medium	Our HR/L&E systems do not enable tracking and reporting. No further action for AVDC and will be taken forward by the new Authority
Corporate Health and Safety	Consider the cost/benefits of utilising the new HR system and/or alternatives and whether there is a business case for a standalone management system for health and safety. Report to be presented to Health & Safety Board	(3) Low	We have fed into the Unitary worksteam the H&S system requirements e.g. accident reporting. No further action for AVDC.

Contracts and Procurement	The contract register should be updated to comply with the Local Government Transparency Code 2015	(3) Low	All contracts have transferred over to the new CMA software as part of BC. New procurement software is also being rolled out along with procedures. LG Transparency requirements will be considered by the new Authority.
Debt Management	An assessment of those higher risk areas for debt recovery should be undertaken, focusing on those with high value, low volume transactions such as Commercial Property, to identify the extent of due diligence procedures which would be appropriate. This could include setting thresholds above which these procedures are required	(3) Low	Not considered a risk for ADVc, but adequacy of controls and processes for due diligence over new customers should be assessed for the new Authority.
Debt Management	Once determined, these procedures should be implemented to confirm the background and nature of the customer as well as determining their ability to meet repayment terms, with completion of these procedures being documented to evidence completion. Due diligence procedures should be repeated at pre-determined intervals based on the risk and value of the customer contract, identifying any actions necessary to prevent any future irrecoverable debts, such as renegotiating payment terms (from quarterly to monthly for example).	(3) Low	Not considered a risk for ADVc, but adequacy of controls and processes for due diligence over new customers should be assessed for the new Authority.
Debt Management	The capability of Tech1 should be investigated to enable this to support any credit limits which are imposed on certain customers	(3) Low	Not considered a risk for ADVc, but adequacy of controls and processes for due diligence over new customers should be assessed for the new Authority.

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CORPORATE RISK REGISTER – JANUARY 2020

1 Purpose

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

2 Recommendations/for decision

- | | |
|-----|---|
| 2.1 | To review the Corporate Risk Register and associated actions 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

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 risk register was last reviewed by Cabinet on 17 December 2019 and by the Audit Committee on 25 November 2019. The table below shows the changing risk profile over time.

	Total	Low	Moderate	High	Extreme	Not yet assessed
January 2020	20	2	12	4	2	-
November 2019	21	3	11	5	2	-
September 2019	22	3	10	7	2	-
July 2019	23	4	8	8	3	-
May 2019	23	4	8	9	2	-
March 2019	23	3	8	7	4	1
January 2019	23	3	8	7	4	1
October 2018	26	2	13	7	1	3

Since the CRR was last reported to Audit Committee in November 2019, the following risks have changed:

Risk Ref	Change	Comment
5) Inability to engage in & influence next round of growth including consideration of CaMKOx Corridor, HS2, housing need targets	Closed	The emerging Bucks Growth Board is taking this forward with clear direction from members. This is no longer something AVDC can engage with as a sovereign body.
9) Pembroke Road Redevelopment programme is not delivered to time or budget	Reduced H → M	EA permits approved and build is progressing as planned.
10) Fail to manage and deliver major capital projects on budget and to time - The Exchange. Income and town centre regeneration objectives not achieved.	Increased L → M	New letting agents appointed to try and secure tenants in fourth F&B unit and commercial units on Long Lion.
13) Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.	Increased M → H	External influences may impact the ability to deliver by 31 March 2020.

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

Residual Risk Rating			
Low risk 2	Moderate risk 12	High Risk 4	Extreme risk 2
<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>1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered</p> <p>7) 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>8) Depot Transformation Programme fails to deliver commercial, customer, H&S, Environmental objectives</p> <p>9) Pembroke Road Redevelopment programme is not delivered to time or budget</p> <p>10) Fail to manage and deliver major capital projects on budget and to time - The Exchange. Income and town centre regeneration objectives not achieved.</p> <p>12) Aylesbury Vale Estates (AVE) does not deliver capital receipts and objectives of business plan.</p> <p>15) Impact of BREXIT - financial (eg fuel costs), procurement, employment, regulatory, environmental, major projects//partnering arrangements</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>18) Fail to plan for a major or large scale incident. Risk to safety of public & staff.</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>11) Decline in retail sector reduces ongoing viability of AVDCs Town Centre assets and limits success of regeneration programme</p> <p>13) Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.</p> <p>14) Inadequate working with stakeholders to ensure safety of residential buildings following Grenfell.</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, reliance on consultants and the national reduction in applicants; challenge locally due to job market and growth, unitary uncertainty</p>	<p>3) Loss of Snr Officers/Key staff (external or to Unitary programme) & inability to recruit high performing individuals.</p> <p>4) Staff morale, mental, physical wellbeing deteriorates, increased demand on HR resource to support staff</p>

Risk Scoring Methodology

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








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.







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; 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	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;	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 £20k - £150k.	Major injuries; More than 7 days sick leave – notifiable to HSE	Control in place with no evidence to support	Members begin to be ineffective in role; Members and Executive at times do not work positively together	Local media coverage – long term reduction in public confidence	Late delivery of key objective/service due to the lack of staff; Low staff morale; Poor staff attendance for mandatory/key training
4	Major	Enforcement action; Multiple breaches of statutory duty; Improvement notices; Low performance ratings	Uncertain delivery of key objectives/loss of 0.5 – 1.0 percent of budget; Claims £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	Multiple deaths; More than one Fatality	No control in place	Internal issues within parties which prevent collaborative working; Que from members shift resources away from corporate priorities	National media coverage, public confidence eroded; Member intervention/action	Non-delivery of key objective/service due to lack of staff; Ongoing unsafe staffing levels or competence; Loss of several key staff; Staff not attending training on ongoing basis

AVDC Corporate Risk Register

Last review date: 13 January 2020

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
					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.	2	3	6		Forecasting to balance the budget for the 2019-20 financial year. However, a number of risks and issues have been identified and are being monitored and managed, incl: · Income shortfalls including Property, Planning, Garden Waste · Higher than budgeted costs of waste disposal (additional costs of £440k) · Offset by budget underspends and largely related to Corporate Financing items and Business rates Financial outlook is reviewed on an on-going basis to both reduce financial risks that may impact adversely on the financial forecast and to identify additional efficiencies.	Mar-20
2			Removed (Nov19) - combined with #3												
3	Andrew Small	Strategic Board	Loss of Snr Officers/Key staff (external or to Unitary programme) & inability to recruit high performing individuals.	Core service - deterioration in delivery due to loss of key staff & inability to recruit or retain high performing staff. Competing demands of Unitary programme impacts on capacity to deliver BAU. Projects - (capital, improvement, transformation) are delayed/cancelled; Financial cost of agency staff. Snr Management - capacity is stretched, lack of support to team members, lack of day-to-day direction/leadership	5	5	25	Moderate	Additional support to Leadership Team in place. Roles & responsibilities agreed across LT. Regular monitoring or leadership p and mgmt workloads. Retention - various retention strategies in place and regular review of risk for "key posts". Project prioritisation process concluded and ongoing review. 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. Use of contractors to cover permanent vacancies. Staff communication, smooth handover, additional support to leadership team; Ongoing monitoring of KPIs and metrics	5	4	20		Risk of AVDC snr staff leaving has increased following conclusion of Tier 3 recruitment, but oversight of BAU by BC CMT will increase. Change Freeze in operation, phased from 1 November.	Mar-20
4	Andrew Small	Strategic Board	Staff morale, mental, physical wellbeing deteriorates, increased demand on HR resource to support staff	increased sickness, Increase in staff stress levels; impact on service delivery	4	4	16	Moderate	Continued focus on Staff Comms. Increase in training spend, Staff Roadshows. Continued focus on Wellbeing and Mental Health including external providers for support. regular review by ADs; opportunities for recognition, additional responsibilities etc	4	4	16		Unitary demands are increasing. Staff grades 4 upwards increasingly involved. T3 recruitment concluded with no appointments from AVDC. AD's facing uncertainty around future roles. Mapping for teams in progress and will provide clarity for day1. TUPE consultation in progress, paydate move; increasing volume of change being felt.	Mar-20
5	Andrew Small	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 interests represented in the Bucks Growth Board rather than separately as AVDC.			Closed		The emerging Bucks Growth Board is taking this forward with clear direction from members. This is no longer something AVDC can engage with as a sovereign body.	Jan-20
6			CLOSED (Nov19) - Failure to deliver the Connected Knowledge Strategy									Closed			
7	Andrew Small	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.	3	3	9	Substantial	Full Council approval, Project Manager, Operations Board for oversight & governance, budget approved, Project plan developed and work has commenced.	2	3	6		Project on track and progressing well towards go-live date on 21 January. Key Manager is not transferring over so external recruitment has commenced. Considering options for interim arrangements.	Jan-20
8	Andrew Small	Will Rysdale	Waste & Operations 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; inability to expand services and generate commercial income.	3	5	15	Moderate	Successfully achieved Competent Management System (CMS) (Sept 19) ensures compliance with EA licence requirements; Programme of works to March 2020 mapped out. Dedicated programme manager. Monthly Programme Board oversight; quarterly updates to Strategic Board	2	3	6		Recruitment for Commercial Workshop Manager approved and live (Jan20). Business plan for Workshop being developed including new opportunities for BC and will assess ROI for new Authority (Feb20).	Feb-20
9	Andrew Small	Teresa Lane	Pembroke Road Redevelopment programme is not delivered to time or budget	Delay to the scheme, and potential to fail to deliver part/all of scheme. This would allow us to maintain our current service provision but could cause a reduction of service linked to the level of growth in the district. Costs exceed budget; inability to expand services; damage relationships with future/existing tenants; Reputation damage	3	5	15	Substantial	External specialist consultant and programme manager recruited to help assess appropriate mitigation measures. Updated FPP plans approved by EA Nov19. Major Capital Projects Member group – Highlight reports, challenge from legal, finance and risk; Project teams with external contractors in place with established governance processes. Governance processes strengthened between Operations and Capital Projects to ensure alignment	2	3	6		Build is progressing as planned.	Oct-20
10	Andrew Small	Teresa Lane	Fail to manage and deliver major capital projects on budget and to time - The Exchange. Income and town centre regeneration objectives not achieved.	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		Exchange opened 8 March. 3/4 of the F&B units have been let with interest in fourth. Appointed new lettings agent and early indications more positive post general election. Commercial units still to be let on Long Lional. Financial impact (2019/20) being monitored through budget pressures	Ongoing

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
					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating			
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	AVDC investment in The Exchange has delivered new public space, restaurants, businesses, helping to change the town centre offer. 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		AGT Masterplan will provide further opportunities to bid for funding and progress with small and major projects. AVDC&BCC mtg to discuss future strategy for Ayl Town Centre. Kingsbury & Markey Sq public space procurement underway. PR architects due to be appointed by 14Feb.	Ongoing
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	Internal audit review of AVE governance arrangements (Jan19). 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.	3	2	6		Market uncertainty may place dividend at risk. Continue to monitor	Mar-20
13	Andrew Small	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. Consultation on main modifications commenced Nov 19. 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.	3	3	9		External influences may impact the ability to deliver by 31 March 2020.	Mar-20
14	Andrew Small	Jeff Mambery	Inadequate working with "responsible parties" to ensure safety of residential buildings following Grenfell. There is potential for financial cost to the Council if management company folds leaving Council to do works in default.	Death or injury to public; loss of public trust; damage to reputation; Financial cost	3	5	15	Substantial	Liaising with MHCLG and Bucks Fire & Rescue; working with leaseholder and housing association	3	4	12		Friars House in Aylesbury is over 18 meters tall and is fitted with ACM cladding. Improvement notice has been issued (Jan20), but may be appealed. Engagement with MHCLG for financial support if works in default is required.	Ongoing
15	Andrew Small	Maryvonne Hassall	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	2	2	4		Brexit deadline now 31 Jan2020. Planning for "no deal" Brexit ongoing, inline with MHCLG guidance. Engaged with BCC and LRF. Continue to monitor Brexit risk.	Ongoing
16	Jeff Mambery	Hazel Hutt	Deterioration of quality of planning service delivery, decisions and timeliness of response to applications in the face of increasing growth demand; complex policy position, compounded by vacancies in the planning team, reliance on consultants and the national reduction in applicants; challenge locally due to job market and growth, unitary uncertainty	Damage to reputation, customer complaints/appeals, delayed applications, status as Planning Authority.	4	4	16	Moderate	Planning Improvement Board in place (Aug19); Use of external providers to reduce backlog; Planning Advisory Authority workshop and review; customer journey analysis, member case load, planning updates & communications etc., range of recruitment strategies	3	4	12		Planning Improvement Programme results so far: - increase against Government Targets from 72% in the worst performing area in Sept 2019 to a positive 80% by the end of Nov. - reduction in outstanding complaints from over 60 in Sept 2019 to 10 by the end of Nov. - Reduced the backlog of older cases from 296 in Sept2019 to 248 by mid Dec 2019 - over 100 older cases allocated to external providers to be cleared in the next three months	Mar-20

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
					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating			
17	Andrew Small	Kate Mulhearn	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	Full H&S team in place. Revised H&S policy & strategy approved Sept 17. Fire Risk Assessments performed for all property (Feb19). Asbestos/Legionella policies updated 2019. Strategic Health and Safety Board monitor risk and performance. H&S Committee meets every 3 months. Management of contractors procedure in place and training provided. New M&E service provider selected (Apr18) which will see a more uniformed and monitored approach to pre-planned maintenance and reactive work New lone working devices and 3 year contract purchased.	2	3	6		Continuous monitoring.	
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. Security contract in place and Silver command. Events Safety Management Framework agreed to ensure consistent approach and accountability. Crowd Safety Management consultancy review. 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	3	6		Event safety plans for each event need to reflect increasing popularity of ADVC events and growth in crowd numbers.	
19	Andrew Small	Kate Mulhearn	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. Work is aligning with Unitary work streams.	
20	Andrew Small	Kate Mulhearn	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 inline with 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. Dual factor sign in.	2	3	6		Ongoing monitoring. No further work will be done on Policy Review as this all now falls under Unitary workstreams. Customer Data processes project in progress to address system issues and cleanse data prior to unitary	
21	Andrew Small	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/Housing).	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 (\$11); 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 is complete. Training for level 2,3,4, booked in. With onset of winter, implement severe weather emergency protocol actions for Housing/Homelessness.	
22	Andrew Small	Kate Mulhearn	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. <u>Fraud Awareness session provided at Manager Training.</u>	1	3	3		Fraud risk assessment undertaken as part of 2019/20 internal audit plan	
23	Andrew Small	Will Rysdale	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			

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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

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AUDIT COMMITTEE WORK PROGRAMME 2019-20

Item	Contact Officer	15 July	25 Nov	27 Jan	24 Mar
		2019	2019	2020	2020
Audit Committee Work Programme	Kate Mulhearn	X	X	X	X
Member Training / Briefing Sessions (TBC)	Kate Mulhearn	X	X	X	X
Audit Committee Annual Report	Kate Mulhearn		X		
External Audit Plan & fee letter	Andrew Small			X	
External Audit – Audit Results Report (ISA 260)	Andrew Small		X		
External Audit Annual Letter	Andrew Small			X	
External Audit AGR for Grant Claims	Andrew Small			X	
External Audit Update / Progress Report	Andrew Small	X	X	X	X
Annual Internal Audit Strategy and Plan	Kate Mulhearn	X			
Internal Audit Annual Report	Kate Mulhearn	X			X
Annual Governance Statement	Kate Mulhearn		X		
Internal Audit Progress & Internal Audit Review Reports	Kate Mulhearn	X	X	X	X
Risk Management Report	Kate Mulhearn	X	X	X	X
Fraud Update Report (as required)	Kate Mulhearn				
Statement of Accounts	Andrew Small	X			
Post Audit Statement of Accounts	Andrew Small		X		
Working Balances	Andrew Small				X

* Reports will be prepared and presented by the External Audit Manager, Sue Gill (EY)

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