



AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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12 March 2020

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held at **6.30 pm** on **Monday 23 March 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 - 8)

To approve as a correct record the Minutes of the meeting held on 27 January 2020, copy attached.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. EXTERNAL AUDIT - AUDIT PLAN (Pages 9 - 48)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

6. INTERNAL AUDIT PROGRESS REPORT (Pages 49 - 80)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

7. INTERNAL AUDIT ANNUAL REPORT 2019-20 (Pages 81 - 92)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

8. ANNUAL GOVERNANCE STATEMENT - DRAFT (Pages 93 - 114)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

9. CORPORATE RISK REGISTER (Pages 115 - 122)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

AUDIT COMMITTEE

27 JANUARY 2020

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

APOLOGIES: Councillors A Harrison, S Raven, R Stuchbury and D Town.

1. MINUTES

RESOLVED –

That the Minutes of the meeting held on 25 November, 2019, be approved as a correct record.

2. EXTERNAL AUDIT ANNUAL AUDIT LETTER

The external auditors were required to issue an Annual Audit Letter (AAL) to AVDC following completion of their audit procedures for the year ending 31 March 2019.

The Committee received, for information, the external auditors' AAL which provided an overall summary of the external auditors' assessment of the Council. The letter drew on the findings of audit work carried out on the Council's financial statements for 2018/19. These covered the key findings on the Financial Statements audit, the Value for Money conclusion, Whole of Government Accounts, Annual Governance Statement, and control themes and observations had already been reported to the Audit Committee, so were very briefly summarised in the AAL.

The external auditors had been anticipating issuing the Annual Certification Report of grant claims and returns for 2018/19 in January 2020. In addition to the Annual Audit Letter, the Council's external auditors had historically prepared an annual summary of grant certification works. With the raising of Audit certification thresholds, this had meant that only Housing Benefit certification work had been reported for the last few years. For 2018/19 the requirement for external audit to report on this work had been removed. Given some of the historic issues around this grant claim, the external auditors had provided a letter (Appendix 2 with the agenda report) confirming that the Council had received a clean bill of health for 2018/19.

Members attention was also drawn to the Executive Summary which listed the results and conclusions on the significant areas of the audit process. This detailed that an unqualified opinion had been given that the financial statements gave a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for that financial year. There were no other matters from the areas of work that needed to be reported to those charged with governance of the Council.

The key issues identified as part of the external audit work had been as follows:-

- Misstatements due to fraud or error – the work had not identified any material weaknesses in controls or evidence of material management override, or instances of inappropriate judgements being applied. The auditors had not identified any other transactions during the audit which appeared unusual or outside the Council's normal course of business.
- Risk of fraud in revenue and expenditure recognition – the work had not identified any material misstatements in controls or evidence of material management override, or instances of inappropriate judgements being applied.

The auditors had not identified any other transactions which appeared unusual or outside the Council's normal course of business.

When establishing the overall audit strategy, it had been determined that planning materiality was £2.14m, which was 2% of Gross Revenue Expenditure, with any unadjusted audit differences in excess of £0.107m reported to the Committee. Further information on the strategy for reporting was included in the Committee report.

The auditor's report also included summary information on the Value for Money conclusion and on data analytics done to help identify specific exceptions and anomalies which could then be focussed on during substantive audit testing. The Auditor's report had included reference to consideration around one identified potential significant risk as a result of the 1 November 2018 announcement that a unitary authority for Buckinghamshire would be instituted from 1 April, 2020. There was a possibility that the announcement would impact on the Council's capacity to manage its operations as well as planning a smooth transition to the unitary authority. The external auditors had regularly monitored this during the year and concluded that there was no significant risk or matters to report about the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.

Areas of focus for the future reporting would include the revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) that would be applicable for local authority accounts from the 2019/20 financial year. However, it was not anticipated that this change would have a material impact on Local Authority financial statements.

The Committee was informed that the external audit fees for 2018/19 for the Housing Benefit certification work had been £3,580 less than the planned fee. The total audit fee for other work had been varied up by £6,437 in relation to additional work carried out:-

- to assess the impact and audit of the revised IAS 19 balances after the McCloud judgement and GMP considerations.
- on the valuation of investment properties and PPE.

Members asked that Finance staff be thanked for their work in preparing the financial statements for 2018-19, particularly as there had been a number of planned audit work timing issues and, it was –

RESOLVED –

- (1) That the contents of the External Auditor's Annual Audit Letter for 2018/19 be noted.
- (2) That the contents of the external auditor's certification letter relating to AVDC's Housing Benefit Assurance Process (HBAP) report 2018-19 be noted.

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

Four reports had been completed since the last Committee meeting with the full review reports being attached as Appendix 3 to the Committee report:-

Council Tax and Business Rates – the review had been classified as Low risk and had identified one medium risk and one low risk findings:

- 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 were not in line with the Council's new policy (Low).
- The Council had contracted a third-party company to undertake a review of the Council's active cases with a single person discount granted, however had not documented the action that was taken to gain assurance over the accuracy of the review (Low).

The audit report had noted a number of good practice areas which were an improvement on a similar audit undertaken in 2017-18.

Members noted that additional resources had been committed to the recovery team and led to a drop in court dates from 20% to between 3-5%, which was indicative of recovery rates improving. The Committee expressed their thanks to the recovery team for the improved performance.

Taxi Licensing – the review had been classified as Medium risk and had identified two medium risk and one low risk findings:

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

The audit report had noted a number of good practice areas which were an improvement on a similar audit undertaken in 2017-18. Members commented that the recent taxi licensing safeguarding training had been excellent, and expressed their thanks to the licensing team for the improved performance.

HR Management – the review had been classified as Low risk and had identified one medium risk and two low risk findings:

- There was not a central list of all roles that required DBS checks against which compliance could be monitored. Sample testing of 15 staff members had identified one case where the role required an enhanced DBS check but it had not been done (Medium).
- There was no tool to centrally monitor IR35 status and record key information such as date of IR35 check, result and date for review. A sample of 10 had shown that the status checks had been performed and evidence retained. (Low).
- A sample of 15 staff Members tested for completing mandatory safeguarding training had noted 2 instances where staff were not included on the monitoring report. It had also been noted no follow up had been undertaken on training that had been shown as "in-progress" or "not started" (Low). The review had also noted that the HR team had not been actively monitoring the completion of data protection training due to a lack of resource. It was noted that no reports had been run since February 2019 at which time 100% of staff had completed the mandatory e-learning. It was however part of the mandatory induction process which had to be signed off by line managers. Members commented that

sufficient HR resource needed to be identified to ensure that this monitoring took place in the future.

The audit report had noted a number of good practice areas.

Corporate Fraud Risk Assessment – the review had not identified any ‘urgent’ priority tasks. Overall, the result of the assessment indicated that there was an established control environment designed to mitigate the risk of fraud occurring. Officers spoken to had a good awareness of the fraud risks and internal controls in their area.

Two ‘important’ priorities had been identified relating 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 had been raised to address this risk. With a number of officers, particularly at a senior level, vacating posts, and not being replaced, it was possible this could 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, this risk could be mitigated through increased oversight from the new Buckinghamshire Council Corporate Management Team.

There had also been 16 ‘routine’ priority risks identified, which related to inherent risk. No actions had been raised to address these risks as, provided controls continued to operate effectively, these risks should be effectively managed.

Summary of changes to the 2019/20 Internal Audit Plan

Members were informed that the 2019/20 Internal Audit Plan had been updated to look at the emerging risk in the area of Housing and Homelessness, which was now considered to be a priority area for review. As a result, the audit of Section 106 agreements which had started in 2018/19 would not be concluded. Work performed by BDO internal auditors in 2018/19 had been reviewed and this area was no longer considered a priority area for focus.

Implementation of Agreed Audit Actions

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

A full review of all outstanding audit actions, and the risks they were designed to mitigate them, had been undertaken. In the context of transition to a unitary authority, this had assessed whether the associated systems, processes and policies would remain post vesting day, and whether or not the level of resource to complete them was proportionate to the risk being addressed. The result of the exercise was detailed at Appendix 4 and summarised that:-

- 40 actions remained for AVDC to complete by the end of February and the status to then be reported to the Audit Committee in March.
- 12 actions had been completed.
- 12 actions had been closed – these were no longer relevant for AVDC to complete, or had been superseded by more recent audit reviews.
- 8 actions were recommended to be transferred to the Buckinghamshire Council for review as new controls, processes and systems were developed.

Members were informed that all remaining audit actions would be reported to the final Audit Committee meeting in March 2020.

Members sought additional information and were informed:-

- that the final status of actions, following the March 2020 meeting, would be formally handed over to the new Council.
- that the different audit teams from the Councils were working well together.
- that if a Member had a problem with the failure to collect an AVDC dog bin or of Health and Safety concerns at Aqua Vale they should provide the details to the Officers who would pass on the information to the relevant teams for their attention.
- that it was anticipated that the overall performance of the street cleansing service would improve now that it had been brought back in-house.
- that information would also be passed to Pembroke Road about the number of rats near to the Walton Pond, many of which were coming from the former HSBC Bank.

RESOLVED –

That the progress report be noted.

4. 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 last been reviewed by Cabinet on 17 December 2019 and by the Audit Committee on 25 November 2019. The following table showing the changing risk profile over time was submitted:-

	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

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 November 2019:-

- Risk No. 5: Inability to engage in and influence next round of growth including consideration of CaMKOx Corridor, HS2, Housing Needs targets – had been closed as the emerging Bucks Growth Board was taking this forward with clear direction from Members.

- Risk No 9: Pembroke Road Redevelopment programme not delivered to time or budget – the risk had reduced from High to Moderate as an EA permit had been approved and the build was progressing as planned.
- Risk No. 10: Fail to manage and deliver major capital projects on budget and to time (The Exchange), with income and Town Centre regeneration objectives not achieved – the risk had increased from Low to Moderate as new letting agents had been appointed to try to ensure tenants in the fourth F&B unit and commercial units on Long Lional.
- Risk No. 13: Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new Unitary Council – the risk had increased from Moderate to High as external influences might impact the ability to deliver by 31 March 2020.

Members sought additional information and were informed:-

- (i) Risk No. 14 (Building Cladding) – AVDC was working with the management company to address an issue in relation to Friars House, Aylesbury.
- (ii) that Members' concerns regarding the Aylesbury Town Centre (regeneration, reduced footfall) had been captured at Risk No. 11.

RESOLVED –

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

5. WORK PROGRAMME

The Committee considered the future Work Programme (Appendix 1) which took account of comments and requests made at previous Committee meetings and particular views expressed at the meeting, and the requirements of the internal and external audit processes.


Members were informed:

- that the External Audit Plan and fee letter would be reported to the next meeting.
- that Internal Audit Annual Report would be reported to the next meeting and would form the basis for the Annual Governance Statement.
- that there would not be a Working Balances report.
- that the external auditors were starting to put together the programme / approach / timing for the audit of the 2019/20 financial statements.

RESOLVED –

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

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Aylesbury Vale
District Council
Audit planning report
Year ended 31 March 2020

March 2020



Private and Confidential
Aylesbury Vale District Council
The Gateway
Gatehouse Road
Aylesbury
Bucks
HP19 8FF

March 2020

Dear Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Provisional Audit Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit Committee if there are any significant changes or revisions once we have completed these procedures, and provide an update to the members of the committee.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 23 March 2020, as well as to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Andrew Brittain

For and on behalf of Ernst & Young LLP

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	06	Audit team	07	Audit timeline	08	Independence	09	Appendices	

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The 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 and further guidance (updated April 2018)" issued by PSAA sets out additional requirements with which auditors must comply, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Aylesbury Vale District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we may tell the Audit Committee, and management of Aylesbury Vale District Council, the matters we are required to state to them in this 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 Audit Committee and management of Aylesbury Vale District Council for this report, or for the opinions we have formed. It should not be provided to any third party without our prior written consent.



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01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The 'dashboard' below summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the forthcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk/ Significant risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Pension valuation	Inherent risk	No change in risk or focus	The material nature of the Council's net pension liability, and the basis on which it is valued, means that small changes in assumptions when valuing this liability can have a material impact on the financial statements. This means that the balance is susceptible to misstatement.
Property valuations	Significant risk	Increase in risk from last year's plan	The material nature of the Council's non-current assets, and the basis on which they are valued, means that small changes in assumptions when valuing these assets can have a material impact on the financial statements. This means that the balances are susceptible to misstatement. There were material errors in the draft statements last year.
Unitary council formation	Inherent risk	New risk identified this year	The demise of the District Council on 31 March 2020 will affect the Council's staff capacity, with potential impact on its ability to produce a materially correct set of accounts. Also, in the approach to full unitary formation, there is a risk that focusing on the "shadow" unitary authority could have a negative impact on planned early audit work, which aims to reduce pressure during the peak workflow period in June.

Overview of our 2019/20 audit strategy

Materiality

Planning
materiality
£2.13m

Materiality has been set at £2.13 million, which represents 2% of the prior year's gross expenditure on provision of services.

Performance
materiality
£1.6m

Performance materiality has been set at £1.6 million, which represents 75% of materiality.

Audit
differences
£106k

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund) greater than £106k. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to provide you with:

- our audit opinion on whether the financial statements of Aylesbury Vale District Council give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and,
- management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as set out in this audit plan, our professional responsibilities require us to assess independently the risks associated with providing an audit opinion, and to undertake appropriate procedures in response. Our Terms of Appointment with PSAA allow them to vary the fee depending on "the auditors' assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on areas such as the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years, and the expansion of factors affecting the value for money conclusion. Therefore to the extent that any of these - or any other risks - are relevant in the context of Aylesbury Vale District Council's audit, we will discuss the impact on the scale fee with management.

There has been one change to your audit team for the 2019/20 audit, with Andrew Brittain remaining as your Engagement Lead and Susan Gill as Audit Manager. Ruth Plucknett is the Senior Auditor.



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02 Audit risks



Our response to significant risks (continued)

<p>Misstatements due to fraud or error*</p>	<p>What is the risk?</p>	<p>What will we do?</p>
<p>Financial statement impact</p> <p>Misstatements that occur in relation to the risk of fraud and error could materially affect the income and expenditure accounts. While there are no statutory financial performance targets in local government, management remains under pressure to ensure that the Council balances its annual budgets as central funding continues to reduce.</p>	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>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.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our procedures include:</p> <ul style="list-style-type: none"> • asking management about risks of fraud and the controls to address those risks; • understanding the oversight given by those charged with governance of management's processes over fraud; and • considering the effectiveness of management's controls designed to address the risk of fraud. <p>We also perform mandatory procedures regardless of specifically identified fraud risks, including:</p> <ul style="list-style-type: none"> • testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • assessing accounting estimates for evidence of management bias; and • evaluating the business rationale for significant unusual transactions. <p>As well as our overall response, we specifically consider where these risks may occur, and identify separate fraud risks as necessary.</p>

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by *) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues identified during the audit.

	What is the risk?	What will we do?
<p data-bbox="120 437 472 493">Risk of fraud in revenue and expenditure recognition*</p> <p data-bbox="103 699 136 858" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 20</p> <p data-bbox="120 802 472 831">Financial statement impact</p> <p data-bbox="109 858 539 1139">Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. These accounts had the following balances in the 2018/19 accounts, and we expect similar gross totals in 2019/20.</p> <p data-bbox="109 1177 421 1206">Income Account: £68.3m</p> <p data-bbox="109 1241 479 1270">Expenditure Account: £98.1m</p>	<p data-bbox="577 459 1167 715">Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p data-bbox="577 735 1151 922">We consider the primary focus of this risk to be related to the inappropriate capitalisation of revenue expenditure. Our audit procedures will be focused on the Council's asset base and REFCUS (revenue expenditure funded from capital under statute) balances.</p>	<p data-bbox="1205 459 1346 488">We plan to:</p> <ul data-bbox="1205 501 2092 884" style="list-style-type: none"> • review and test revenue and expenditure recognition policies; • review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias; • develop a testing strategy to test material revenue and expenditure streams, and review and test any material revenue cut-off at the year end; • review in-year financial capital projections and compare them to the year-end position; and • review capital expenditure on property, plant and equipment at the lower testing threshold to ensure that it meets the relevant accounting requirements for capitalisation.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by *) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues identified during the audit.

	What is the risk?	What will we do?
<p data-bbox="120 437 506 464">Valuation of land and buildings</p> <p data-bbox="103 730 472 831"> Page 24 Financial statement impact </p> <p data-bbox="103 855 524 1043">PPE makes up a material amount on the face of the balance sheet and errors in the valuation could materially over- or understate the Council's assets on its balance sheet.</p> <p data-bbox="103 1082 524 1141">In 2018/19 the total of PPE in the statements was £147.6m.</p>	<p data-bbox="577 459 1171 715">The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. Management must make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p data-bbox="577 751 1093 810">There were material errors in the financial statements in 2018/19.</p>	<p data-bbox="1205 459 1305 486">We will:</p> <ul data-bbox="1205 491 2112 1157" style="list-style-type: none"> • Lower our testing thresholds to increase the sample of assets that we would test in relation to the valuation of PPE and IP • consider any work performed by the Council's external valuers (Wilks, Head & Eve), including the adequacy of the scope of their work, their professional capabilities, and the results; • sample test key asset information used by the valuers (e.g. building floor areas to support valuations based on price per square metre); • consider using our valuation experts if necessary to gain the required assurance; • consider the annual cycle of valuations to ensure that assets have been valued within a five-year rolling programme (as required by the Code) for PPE, and annually for IP. We also consider if there are any specific changes to assets communicated to the valuer; • review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated; • consider changes to useful economic lives as a result of the most recent valuation; and • test that accounting entries have been correctly processed in the financial statements, <p data-bbox="1205 1166 2112 1422">Our original plan was to perform as much work as possible in March and April, to reduce pressure on the final accounts visit. However we will not be able to achieve this as it was not possible to schedule the work at a time when Council staff were available. We will aim to complete as early as possible in our final accounts visit. If there are delays in obtaining this information there is a risk that we may not be able to give our audit opinion by the desired deadline, as Council staff depart or take up positions at the new unitary authority.</p>

Audit risks

Other areas of audit focus

We have identified other areas of the audit not classified as significant risks, but still important when considering the risks of material misstatement to the financial statements and disclosures. These may be key audit matters which we will include in our audit report.

What is the risk/area of focus?

Pension Asset Valuation

The Local Authority Accounting Code of Practice, and IAS19, require the Council to make extensive disclosures in its financial statements about its membership of the Local Government Pension Scheme administered by Buckinghamshire County Council.

The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on its balance sheet.

The information disclosed is based on the IAS 19 report issued to the Council by its actuary, Barnett Waddingham.

Accounting for the scheme involves significant estimation and judgement, so management engages an actuary to perform the calculations on its behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and on the assumptions underlying fair value estimates.

What will we do?

We will:

- undertake IAS19 protocol procedures - assisted by the Pension Fund audit team - to obtain assurances over the information supplied to the actuary for Aylesbury Vale District Council;
- assess the work of the Pension Fund actuary, including the assumptions used. We do this by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors - and considering relevant reviews by the EY actuarial team; and
- review and test the accounting entries and disclosures made in the Council's financial statements for IAS19.

Other areas of audit focus

We have identified other areas of the audit not classified as significant risks, but still important when considering the risks of material misstatement to the financial statements and disclosures. These may be key audit matters which we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Formation of Bucks Unitary Council and demise of Aylesbury Vale District Council on 31 March 2020.</p> <p>The demise of the District Council on 31 March 2020 will affect the Council's staff capacity, with potential impact on its ability to produce a materially correct set of accounts. Also, in the approach to full unitary formation, there is a risk that focusing on the "shadow" unitary authority could have a negative impact on planned early audit work, which aims to reduce pressure during the peak workflow period in June.</p> <p>The Council currently has the level of resource required to deliver the financial statements and to respond to the audit team during its visit in June. However, there is very little room for manoeuvre in these arrangements should any key individuals leave their roles in the meantime. Planned early audit work has already slipped because of reduced staff capacity at the Council and there is now little room for manoeuvre in terms of contingency and mitigation. Both EY and the Council therefore need to ensure that necessary resources are available to deliver the audit by the end of July at the latest. After this, it will be difficult for the Unitary Authority to staff the work required to deliver the opinion.</p>	<p>We will:</p> <ul style="list-style-type: none"> • test income and expenditure balances for the first 9 months so that only top-up testing is required at year-end; • review areas agreed for early testing with the Council; • audit any known exit packages as soon as the information is available; • complete 'walkthroughs' of the Council's systems; and • Consider early audit of any other balances that can be identified before our year-end visit. These will be identified by ongoing discussion between the Audit Manager and Council officers. <p>Failure to deliver the above work before June could endanger our ability to give the audit opinion in line with the desired target date.</p>



03

Value for Money Risks





Background

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

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

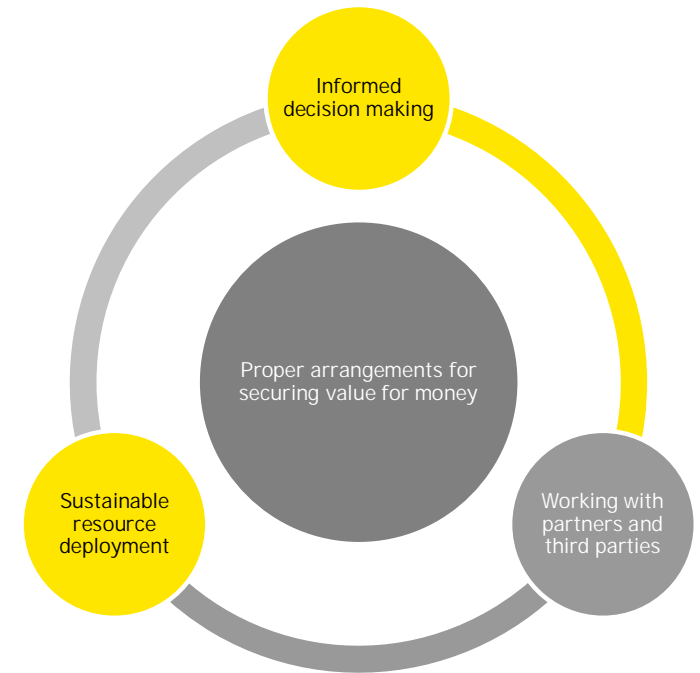
In considering the Council's proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that it is already required to have, and to report on through documents such as the annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money. It also enables us to determine the nature and extent of any further work necessary. If we do not identify any significant risks, we do not need to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues identified, and how likely the issue is to be of interest to local taxpayers, the Government and other stakeholders. We have identified no significant risks at this stage. However, assessing VFM risk is an ongoing process, and we will keep this provisional conclusion under review i.e. should the Council experience service delivery or significant capacity problems relating to the transition to the Unitary, then we will revisit our conclusion accordingly. Should our work identify any risk, we will issue a supplement to this plan to Management and those charged with governance.





04

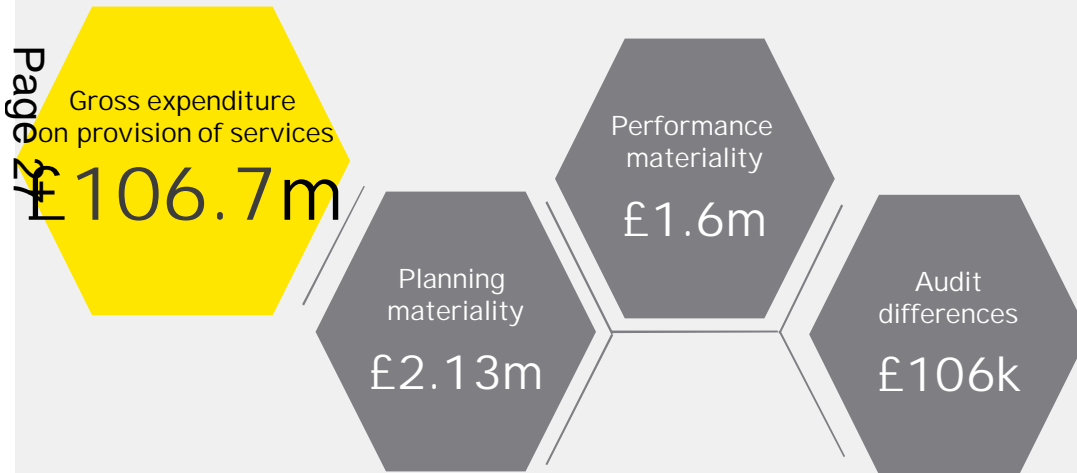
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £2.13 million. This represents 2% of the Council's prior year gross expenditure on provision of services (from the audited 2018/19 financial statements). It will be reassessed throughout the audit process. 2% is considered the sector 'norm' for a local government body with a similar risk profile to Aylesbury Vale District Council. We have provided supplemental information about audit materiality in Appendix D.



We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount above which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.6 million, which represents 75% of planning materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund where they have an effect on income or relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and any corrected misstatements, will be communicated insofar as they merit the attention of the Audit Committee, or are important from a qualitative perspective.

Specific materiality – We have set a materiality of £nil for remuneration disclosures, related party transactions, members' allowances, and exit packages. This reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements. We also note that the public interest in these areas dictates that misstatements are reported exactly.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- significant disclosures included in the financial statements;
- entity-wide controls;
- reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We must consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- identifying and understanding the key processes and internal controls; and
- substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit. We have concluded that this is the most efficient way to obtain the level of audit assurance needed to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of the Council's financial data, in particular journal entries. These tools:
• help to identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
• Are more likely to identify errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and to the Audit Committee.

Internal audit:

We will meet the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports - together with reports from any other work completed in the year - in our detailed audit plan, if they raise issues that could have an impact on the financial statements.



06

Audit team



Use of specialists

The core audit team is lead by Andrew Brittain, Associate Partner and Susan Gill as Manager. Ruth Plucknett, Senior, will lead the fieldwork.

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where we use EY or third party specialists for the current year are:

Area	Specialists
Valuation of Land and Buildings*	EY Valuations Team
Pensions disclosure	EY Actuaries PWC report for the NAO on the 4 LGPS actuaries
Management's specialists	External valuer: Wilks, Head and Eve Actuary: Barnett Waddingham NDR Appeals provision: Wilks, Head and Eve

* We are currently waiting for the Council's land and buildings valuations and will employ our valuations team depending on any risk identified in those balances.

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- assess the reasonableness of the assumptions and methods used;
- consider the appropriateness of the timing of the specialist's work; and
- assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07 Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20. The final timetable will depend on our ability to obtain sufficient, appropriate audit evidence to support our audit opinion.

From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	November - February		
Walkthrough of key systems and processes	February-March	March committee	
Interim substantive procedures	March		Audit Planning Report
Year end audit Audit Completion procedures	June - July	July committee at new unitary authority	Audit Results Report Audit opinions and completion certificates
Year end audit Audit Completion procedures	August	By circulation to new authority	Annual Audit Letter



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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you promptly on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with the Council’s governance on matters in which it has an interest.

Required communications

Planning stage	Final stage
<p>▶ Any principal threats to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the Council, its affiliates and directors, and us;</p> <p>The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>The overall assessment of threats and safeguards;</p> <p>Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]</p>	<p>▶ In order for the Council to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and the Council’s policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

During the audit, we must communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of any safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services contracted, and details of any written proposal to provide non-audit services submitted;

We ensure that the total amount of fees that EY and our network firms have charged to the Council and its affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories .

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with the Council's policy.

Overall Assessment

Overall we consider that the safeguards adopted appropriately mitigate the principal threats identified, so we confirm that EY is independent and the objectivity and independence of Andrew Brittain - the audit engagement partner - and the audit engagement team have not been compromised.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that the Council has approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with the Council's policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is 24%; this is because we have provided non-audit services in the form of certifying the annual Housing Benefit claim, which is reported to the DWP every November. In 2018/19 the fee for this work was £12,030 (compared to the audit fee of £50,161). No additional safeguards are required given that this fee is below the 70% threshold.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales, in compliance with Ethical Standard part 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self-review threats at the date of this report.

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee - Code work	47,724 (Note 3)	43,724	50,161 (Note 1)
Total audit	tbc	43,724	50,161
Non-audit services; certification of Annual Housing Benefit form MPF720A	8,450	8,450	12,030 (Note 2)
Total fees	tbc	41,707	62,191

All fees exclude VAT

(1) The 18/19 Code work includes an additional fee of £6,437, which relates to additional work reviewing McCloud pension adjustments and extra work required by EY real estates experts to gain assurance over asset valuations. We have agreed the variation with officers, but are awaiting approval from PSAA.

(2) The 18/19 work has been completed and a final fee agreed with officers, including one set of extended testing and associated procedures once any extended testing is identified. For 2019/20 the planned fee represents only the base fee, i.e. it does not include any extended testing. This will be charged as agreed in the engagement letter.

(3) For 2019/20, the scale fee will be affected by a range of factors (see page 7) which will result in additional work.

We highlight the following areas where we anticipate a variation to the scale fee:

- The additional risks presented by several areas of the Council's financial statements which require additional audit procedures and the potential need to engage specialists. This includes, but is not limited to work in relation to the valuation of PPE and the net pension liability.
- Additional work that will be required to address the value for money risks identified.
- In addition, we are in an unprecedented period of change. A combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge. As an illustration, 85 organisations within the PSAA regime had not yet received their 2018/19 audit opinion as at the end of January 2020.
- This in combination, is requiring us to revisit with PSAA the basis on which the scale fee was set. The factors behind this are explained in more detail on the following pages.

Any fee presented is based on the following assumptions:

- officers meeting the agreed timetable of deliverables;
- our accounts opinion and value for money conclusion being unqualified;
- appropriate quality of documentation is provided by the Council; and
- the Council has an effective control environment.

If any of the above assumptions prove unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Fees

A combination of factors mean that we do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity. In order to assist you to understand the reasons behind this, we have summarised the key factors below.

Summary of key factors

1. Status of sector. Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. Audit of estimates. There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. Regulatory environment. Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

Fees

Summary of key factors (cont'd)


4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
- We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that all local authorities are also facing challenges to retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis. We noted specifically with respect to Chiltern, the impact and risk that the unitary authority process is having in this regard.

Next steps




- In light of recent communication from PSAA, we will need to quantify the impact of the above to be able to accurately re-assess what the baseline fee is for the Council should be in the current environment. Once this is done we will be able to discuss at a more detailed level with you.

Required communications with the Audit Committee




We have detailed the communications that we must provide to the Audit Committee.

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report (this report)
Significant findings from the audit	<ul style="list-style-type: none"> • Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Any significant difficulties encountered during the audit • Any significant matters arising from the audit that were discussed with management • Written representations that we ask for • Expected modifications to the audit report • Any other matters significant to the oversight of the financial reporting process. 	Audit results report (July 2020)
Representations	Written representations requested from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified affecting the form and content of our auditor's report 	Audit results report

Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report	
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request for any uncorrected misstatement to be corrected • Corrected misstatements where significant • Material misstatements corrected by management 	Audit results report	
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud identified by us, or information obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report	
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report	

Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Independence	<p>Communication of all significant facts and matters bearing on EY's objectivity and independence, and that of all individuals involved in the audit,</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the Council to maintain objectivity and independence 	Audit Planning Report and Audit Results Report	
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report (if applicable)	
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings of non-compliance where this is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" • Asking the Audit Committee about possible instances of non-compliance with laws and regulations where they may have a material effect on the financial statements and that the Audit Committee may know about 	Audit results report	
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	Audit results report	
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit planning report Audit results report	
Certification work	Summary of certification work undertaken	HBAP Letter	

Additional audit information

Other required procedures during the course of the audit

As well as the key areas of audit focus outlined in section 2, we must perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence on the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, whether the Audit Committee reporting process appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

To determine whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate (and in light of the surrounding circumstances), could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with the Committee its expectations of our detection of misstatements in the financial statements.

Materiality determines:

- the locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, we cannot anticipate all the circumstances that could ultimately influence our judgement on materiality. At the end of the audit we will form our final opinion by considering all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Audit Committee
23 March 2020

INTERNAL AUDIT PROGRESS REPORT – MARCH 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

March 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	No of findings *			
			 Critical	 High	 Medium	 Low
Housing - Homelessness	High	Mar 20	-	1	5	2
Pembroke Road Redevelopment	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:

Housing – Homelessness

This report is classified as high risk and we identified one high risk, five medium risk and two low risk recommendations.

Homelessness prevention and relief is a statutory function, which falls within the remit of Local Authorities. AVDC’s current Homelessness Strategy (approved December 2018) was developed in line with the Homelessness Reduction Act 2017 (HRA) and covers the period 2019-2022. The HRA significantly reformed Homeless legislation, placing duties on local authorities to intervene at earlier stages to prevent homelessness. The Homelessness Code of Guidance provides the framework for practitioners in order to correctly apply the legislation.

The audit review assessed the design and effectiveness of controls in place around the housing application process and whether the authority is acting in accordance with the Act, including acceptance of duty for homelessness prevention or relief, case management, quality and performance monitoring, record keeping and the escalation of potential safeguarding cases.

The audit concluded that the Housing Team made appropriate decisions based on documentation received and generally operated in accordance with the Homelessness Code of Guidance. Areas of good practice were identified but there were also a number of areas where improvement to local internal controls and operation of procedures was required to strengthen the management of this inherently high risk service.

The high risk finding relates to exceptions noted in the completion and communication of 'Personal Housing Plans' (PHPs). It is a requirement of the Act that where a person is homeless or threatened with homelessness and eligible, a local authority should draw up a PHP based on its assessment of the applicants need. The plan should contain the steps to be taken to prevent or relieve the applicant's homelessness and should be communicated and agreed with the applicant. The audit noted a lack of clarity over internal processes for the requirements to complete a PHP where housing debt advice is required which was evidenced by inconsistent completion and communication of PHPs.

Pembroke Road Redevelopment

An advisory review was undertaken to review the governance and control environment of the Pembroke Road Redevelopment project across 6 key focus areas:

- Business case sets out the scope and objectives of the project and had adequate stakeholder involvement and approval
- Governance arrangements are adequate to enable effective decisions and programme oversight
- Programme and budget reporting is adequate to enable visibility of the programme progress and inform decision making
- Risk management processes are in place to ensure identification and recording of risks to allow mitigation
- Contract management procedures support effective scrutiny of contractors
- Ensuring compliance with regulations

The review identified a number of areas of good practice and also some opportunities for improvement. The most significant recommendation relates to the need to revisit the original (2016) business case for the project and create a revised return on investment schedule.

Many of the original assumptions contained in the business case are no longer valid. Changes and opportunities arising from the move to a unitary authority as well as changes in expected future housing numbers and in expected income sources need to be reflected. The financial business case and return on investment schedule should be revised to reflect the current context. Going forward, progress against the benefits and targets identified in the revised business case should be monitored at governance meetings.

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.

There have been no changes to the audit plan since the last audit committee meeting in January. A summary of the audit plan and any changes that have been made to it 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 55 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 identified whether actions are complete, should be closed as no longer relevant, or transferred to Buckinghamshire Council for future consideration. The result of this exercise is set out in Appendix 4 and summarised as follows:

- 44 actions have been completed, this includes all actions rated as 'High' risk
- 2 actions have been closed. These are no longer relevant for AVDC to complete
- 9 actions are to be transferred to Buckinghamshire Council for review as new controls, processes and systems are developed. This is in addition to the 6 actions reported to the Audit Committee in January 2020, making a total of 15 actions to transfer to Buckinghamshire Council.

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)	Complete	Advisory
Follow up of audit actions	Validation that agreed internal audit actions have been implemented.	Complete	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	Complete	High

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. Housing - Homelessness
2. Pembroke Road Redevelopment

Appendix 4: Review of audit actions

A full review of all (55) outstanding audit actions was performed in March 2020. This has identified whether actions are 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:

- 44 actions have been completed, this includes all actions rated as 'High' risk
- 2 actions have been closed. These are no longer relevant for AVDC to complete
- 9 actions are to be transferred to Buckinghamshire Council for review as new controls, processes and systems are developed. This is in addition to the 6 actions reported to the Audit Committee in January 2020, making a total of 15 actions to transfer to Buckinghamshire Council.

Completed actions

44 actions have been completed (3 High, 17 Medium and 24 Low).

Review	Description	Risk	March 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	A proactive Planning Enforcement Officer has been in post since February 2019, helping to ensure work is undertaken per the Planning Enforcement Plan. They have received training and are now building their experience through the handling of different cases. The work completed is updated on a monthly KPI spreadsheet tracker. This is reviewed by the Group Manager on a monthly basis, and there are also formal quarterly discussions between Group Managers regarding this work.
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	The Building Regulations Financial Statement 2018-19 has been signed off by the S151 Officer and has been published on the Council's website.
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	There is a corporate risk assessment tracker in place. This includes the date of last assessment, annual review date and Service Lead. Each risk assessment is also updated every two years, unless it is required sooner due to service changes. The Health & Safety Board meetings monitor this. Ongoing risk assessment is part of BAU for the Corporate H&S team.
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	Since November 2019, the existing Contracts Register was moved to Buckinghamshire Council's system (CMA). This work was undertaken by the Contracts and Procurement Manager, alongside support from Buckinghamshire Council. A report from the system was distributed to Contract Managers on 6 February 2020, which showed any gaps in

			contract details. A deadline of 1 April 2020 has been given to complete this, which will then allow for instances of non-compliance to be monitored by Buckinghamshire Council through a monthly report.
Contracts and Procurement	The compliance rates should be monitored on at least a quarterly basis and reported.	(3) Low	A monthly spend report is completed by Finance which allows for compliance rates to be monitored.
Commercial Waste	Report this schedule of Site Risk Assessments to every Quarterly Commercial Waste or Operations Board meeting to enable compliance monitoring and action.	(2) Medium	There is a tracker in place which is actively used to review the status of risk assessments. These are updated regularly by crew if they spot any changes, and are subject to review every two years. Going forward, this will be taken to the monthly Operations meeting with Managers from Commercial, Operations and Business Support.
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	Appropriate communication channels are in place, including meetings between Operations and Commercial staff. Existing arrangements will remain until new ways of working are established by Buckinghamshire Council.
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	Per above.
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	(3) Low	There are a few accounts with credits and debits on however a separate piece of work, looking at all Housing Benefits debt- the status, whether it's being recovered etc. is being finalised and it is expected for claimants to

	be written off.		crop up on both lists. Once these have been categorised, any for write off or that which require a decision will go to Finance for review. The review and write off process is now business as usual, with this being the sole responsibility of an officer. By 31 March 2020, a final clean up within the Northgate system will be completed.
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	Due to the nature of the data in Northgate and Tech1, this is an ongoing manual process. This is the full-time role of an officer, hence this is now business as usual.
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	A suite of Parking KPIs have been developed. Monitoring of actual performance against these is completed monthly, with any necessary improvements discussed in quarterly team meetings. This is also reported to the Assistant Director quarterly.
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	The team process the starters and leavers form on an ad hoc basis when they are received by HR. These are cross checked six monthly. There is now a record sheet in place for these checks.
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.	(3) Low	New handheld devices have been purchased and rolled out. These allow a Civil Enforcement Officer to check a Live payment session i.e. Pay-by-phone/RingGo and then issue a PCN. They use the Conduent software and do not store information. MDM has not been installed.
Parking	The Council should continue to pursue the upgrade of the devices for the Enforcement Officers.	(3) Low	New devices have been purchased, and roll-out to all Enforcement Officers has been completed.

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	The licensing file is received monthly and the invoices are raised electronically. A weekly payment report is sent back to Salesforce to update records as paid. Recently a report has been completed to aid reconciliation, with the process starting for January 2020. This reconciliation was completed on 26 February 2020. The same process will now be rolled out across other areas of Salesforce/Tech1 financial reconciliation and any further system updates added to System Admin workplan as BAU.
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	TechForge was not implemented. A rental income reconciliation tracker (spreadsheet) is updated on a weekly basis. There are fortnightly meetings between Finance & Estates teams to ensure accuracy and completeness of billing, and a further monthly debt review meeting.
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	There were no reconciliations from Building Control since August to December 2019. This has now been completed for January 2020. Now that the process is working it will be added to monthly procedures, including using the standard Finance reconciliation summary template and a new report for credit notes is to be produced from SalesForce.
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	(2) Medium	A monthly reconciliation is completed by Trade Waste, with any differences being investigated by the service and a Finance Officer. A summary document is updated each month which shows the overall difference to be investigated. All reconciliations since June 2019 have been completed and evidenced.

	confirming the check was performed and reviewed.		
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	All the financial data is held within Tech1, so no reconciliation of financial information is necessary. Workflows have been built into Tech1 which do not allow for a sticker to be issued unless account balances are less than or equal to zero. The process flow has been documented as part of the Garden Waste project.
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	A risk assessment was completed which determined that a monthly reconciliation should be included within regular processes. A standard template and cover sheet, prepared by Finance, is used. However, a reconciliation has not been completed since November 2019 for Domestic Waste and has not been completed for January 2020 for Bulky Waste. This has now been added to the finance reconciliation tracker (see below).

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	A Chip and Pin receipt is created in Tech1, which is sent to the Market Development and Operations Manager. This is used to complete monthly reconciliations, with a line-by-line transactional listing of all receipts. This process has been in place since October 2019.
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	Land Charges now include reconciliations in their monthly processes. These have been evidenced from April 2019 to January 2020.
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	A master tracker document is in place for all monthly reconciliations. This shows the department, who prepared and reviewed the reconciliation, and any monthly variances. This tracker is updated regularly by each of the Finance reviewers, with the document being accessible to the entire Finance team on a shared drive.
General Ledger Reconciliations and Management Information	All individual reconciliations should document who prepared and authorised the reconciliation and when.	(3) Low	Per above.

Debt Management	Credit notes should not be raised and approved by the same individual to maintain appropriate segregation of duties - Communicate this 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	This has been communicated at team meetings.
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	Wrap up codes have been added to the phone lines so that the types of calls can be monitored. The correct option is chosen on the system by the officer, upon the completion of the phone call. This data is reviewed monthly in line with the KPI recording.
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	The Digital Contact Team have weekly team meetings. The analysis of trends is now included on the fixed meeting agenda.
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	The Digital Support Manager has regular meetings with Operations Managers across departments to ensure effective communication across the Council. There are also more fluid communication lines to allow for more reactive work.
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	The template form provided by audit was implemented by the team in October 2019. This is being used for quality assurance checking for the Digital Support and Waste Team and is currently being rolled out for EH Triage, Housing Triage and Parking.

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	Training issues identified are addressed with individuals and are also used as part of REACH and the quarterly appraisal process.
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	The change freeze has meant that the change to the website could not be made. However IVR has been added to the 01296 585000 number that replicates that on the main switchboard, meaning that all customers receive a consistent service and experience regardless of which number they call.
Taxi Licensing (2018)	Set out standard timeline parameters for processing decisions and protocols for where the Council diverge from these timelines.	(2) Medium	Standard timeline parameters have been put in place. There is a new dashboard on Salesforce which shows a breakdown of cases being worked on by each officer, with timelines detailed. This is monitored by the Licensing Team Manager, who discusses individual case timelines with each officer.
Taxi Licensing (2020)	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.	(2) Medium	There is a new dashboard within Salesforce which shows instances of where grace periods have expired and checks have become overdue. This is monitored by the Licensing Team Manager. Where there are overdue checks, an officer is notified to suspend the licence.
Taxi Licensing (2020)	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	(2) Medium	There have been system changes which will allow for the application status to be automatically set to complete once the processes have been completed. This will mitigate the risk of inaccurate data. There is also a dashboard on Salesforce which shows a breakdown of applications that have been received and completed by each officer, with dates included. This can be used to see which

	processing timeframe. These should then be checked to see if the application status needs to be set to complete.		applications have been open for longer than the prescribed timeframes.
Council Tax and Business Rates (2020)	The Council should update the refund 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.	(2) Medium	The procedure notes have been updated to now provide greater guidance for processing refunds. These notes are available to all staff on the Council's Box.
Council Tax and Business Rates (2020)	All officers who are authorised to process Council Tax and Business Rates refunds should be reminded of the new refunds process in place.	(2) Medium	Refresher training has been provided to all relevant staff. In addition, an email was sent out to the team on 21 January 2020 and discussions have been held within the teams.
Council Tax and Business Rates (2020)	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.	(3) Low	A template form has been produced to document all future third-party contractor reviews, mainly Single Person Discount review. This will detail the name of reviewer, cases reviewed, cases matched and letters issued to claimants. This form is available to all staff on Box.
HR Management	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.	(2) Medium	A central list of all roles that require a DBS has been compiled, which shows the initial date of check and expiry date. The list will be reviewed on a monthly basis by two HR Business Partners, starting from 16 March 2020 onwards.
HR Management	The central list should be updated regularly to reflect any changes to DBS requirements.	(2) Medium	As part of the monthly review, any changes to DBS requirements will be actioned.
HR Management	An enhanced DBS check should be completed for the Community Safety and Emergency Planning Officer and logged on the HR management system.	(2) Medium	This check was completed on 27 November 2019 and logged on the system accordingly.

HR Management	Quarterly spot checks should be completed to ensure those individuals who require DBS checks are done so in line with their role profiles.	(2) Medium	A review of role profiles against the individuals in those roles has been completed. This has identified a number of gaps which will be addressed by 31 March 2020. Quarterly spot checks have been put in place, starting from 19 March 2020.
HR Management	A tool should be used to log key information in relation to the IR35 status for each contractor information should be recorded: <ul style="list-style-type: none"> • Date IR35 assessment initially undertaken • Result of the IR35 assessment • Date re-check of IR35 status is due • Date and outcome of re-check. 	(3) Low	A spreadsheet has been compiled to log key information in relation to the IR35 status. This includes the date and result of initial assessment, and when the re-check is due.
HR Management	HR should contact all staff, and their line managers, identified as non-compliant against their safeguarding training to request this is completed immediately.	(3) Low	40 employees were identified as non-compliant for their safeguarding training. An email was sent by the HR on 27 Feb 2020, to request that the training is completed by 6 Mar 2020. There are currently 11 staff remaining who are still non-compliant, and this has been escalated to Line Managers.
HR Management	Mandatory safeguarding compliance reports should be reviewed on a monthly basis and non-compliance should be followed up accordingly.	(3) Low	A Safeguarding compliance report will continue to be run from Learning Pool (as all staff that have completed Safeguarding training historically on iTrent have been identified), on a monthly basis and any employees identified as non-compliant, will be contacted directly in the first instance with a deadline to complete the training. This will only be applicable until 1 April 2020 when new Corporate monitoring for mandatory training will be adopted within Buckinghamshire Council.

Closed actions

2 actions have been closed (1 Medium and 1 Low).

Review	Description	Risk	March 2020
Housing Benefit (2019)	A decision should be documented about whether to apply Credit Risk Assessments (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	Following the close working with local districts through unitary sessions, for consistency, the decision was made to remove the CRA check from the policy and process and the officers will do a full document verification on high risk claims. There has been continued use of RBV for new claim processing however the new unitary authority will not be using RBV and so no further action is required for AVDC.
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	With the move to unitary, the finance processes are being aligned with BCC. We are therefore removing manager approval in T1 to align with the new council. Going forward only finance will approve documents before they are sent out to customers.

Transfer to Buckinghamshire Council

We recommend that 15 actions are reviewed and considered by Buckinghamshire Council.

Review	Description	Risk	March 2020
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	The Commercial team have developed a system and process which will automate and digitise the whole duty of care procedure for new and continuing customers. It was intended to implement the new system for this year's full customer base annual run, however this has not been possible as further development of systems by IT is required to enable it to work with each account within Salesforce. This had to be put on hold until after the 1 st April due to the change freeze. This action is to be considered by Buckinghamshire Council.
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	The project is continuing but it is a slow process as debts are being reviewed from 2011. All new debts since Customer Fulfilment took over Housing Benefits overpayments are recovered in a timely manner. Project days continue and the number of Direct Earnings Adjustments has significantly increased and is bringing around £16,000 per month. There is an intention for the work completed on Northgate (as per recommendation 2) to be replicated on Tech1. This work is to be continued by Buckinghamshire Council.
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	As part of the move to Unitary and a new parking strategy, new cashless providers are being explored, i.e. Ringo. The issue of chargebacks should be considered by Buckinghamshire Council.

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 is invoiced. This should happen every month within two weeks of the month end and be supported by a cover sheet.	(3) Low	This action will now be addressed as part of the review of taxi and MOT booking processes to be done alongside the setup of the new workshop. Finance is engaged in the Workshop Project team and an action has been added to the project plan. Action to be taken forward for review by Buckinghamshire Council.
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	Per above.
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	Finance processes for Planning are to be reviewed by Buckinghamshire Council as part of service reviews. No further action is to be taken by AVDC.
Taxi Licensing (2020)	The Taxi Licensing Team should look to include all of the required processes for Operator Licence applications on Salesforce to avoid steps being missed.	(2) Medium	This work is still in progress with Salesforce in the process of implementing the system changes. This action will be taken forward by Buckinghamshire Council.
Taxi Licensing (2020)	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	(2) Medium	With the move to unitary, there is to be a system change from Hornbill to ServiceNow. Therefore the process and format for report requests will change. This action should be reviewed by BC to identify an appropriate solution to ensure

	and report description. It should be adequately detailed so that a request can be picked up by any member of the Systems Admin Team.		reports are produced in a consistent and accurate manner.
Taxi Licensing (2020)	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.	(3) Low	The feasibility of using the 'target date' field was investigated. This created issues when running reports, with additional processes being shown and hence there was inaccurate data. Additional work is still required with SalesForce to fix this issue or investigate the use of other fields, such as due date. This action is to be taken forward by Buckinghamshire Council.

Previously reported in January 2020:

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 will be picked up as part of the process of agreeing fees and charges for the new authority. Buckinghamshire Council 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	As above.
Corporate Health and Safety	Processes need to be developed to ensure training completion can be monitored and reported.	(2) Medium	AVDC current HR/L&E systems do not enable tracking and reporting. All future training will be recorded on Buckinghamshire Council systems. The action should be taken forward for review 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	(3) Low	We have fed into the Unitary work stream the H&S system requirements e.g. accident reporting. The action should be taken forward for review by the new Authority.

	safety. Report to be presented to Health & Safety Board.		
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 Buckinghamshire Council. 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 higher risk areas for debt recovery should be undertaken to identify the extent of due diligence procedures which would be appropriate. These procedures should be implemented and documented to confirm the background and nature of the customer as well as their ability to meet repayment terms. 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. The capability of Tech1 should be investigated to enable this to support any credit limits which are imposed on certain customers.	(3) Low	This is 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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**Pembroke Road Redevelopment – Programme Governance
Internal Audit Review (March 2020)**

1. Background

AVDC's waste and operations service operates out of the depot at Pembroke Road. In September 2016 a Business Case, totalling £10million, was approved for the redevelopment of the Depot. This identified 5 key drivers:

- The need to address health and safety risks (e.g. segregation of people and vehicles)
- The need to address environmental risks (e.g. flooding and pollution)
- Operational improvements
- The need to accommodate future property and waste growth (up to 50% more new households by 2033)
- Existing disrepair (e.g. re-surfacing to mitigate pollution risks)

Since then AVDC, along with external consultants, has designed the new site, which includes waste transfer stations, commercial workshop, vehicle testing bays and additional office space. In terms of design and delivery of the programme there are 3 main groups involved: 1) Major Projects – this is the capital projects team overseen by the Assistant Director - Commercial Property and Regeneration, 2) Operational – this represents the services that use the depot overseen by the Assistant Director – Community Fulfilment, and 3) Contractors – the specialist contractors procured to design and build the new site.

The redevelopment of the Depot meant that AVDC needed to apply to the Environment Agency (EA) for a new environmental permit. All applications to the EA for new permits, or variations to existing permits, must be accompanied by a Fire Prevention Plan (FPP) that conforms with the EA FPP guidance, originally published in July 2016 and subsequently updated in May 2018. Some of the issues considered in a FPP include:

- Waste storage
- Fire prevention
- Fire detection
- Fire suppression
- Water supply
- Fire water management

Early in 2019, it became apparent that the current design for the proposed waste storage facilities did not conform with the updated guidance. The design team set about reviewing the plans in order to develop practical and pragmatic costed solutions that would satisfy EA requirements and in March a proposal was submitted for a requirement of up to an additional £1m to the capital programme, on top of the already approved budget of £10 million. This proposal was rejected, and the consultants were asked to reengineer the design to achieve the EA FPP requirements within the original approved budget. The revised plans, including FPP measures, were approved by the EA in October 2019.

The issue of the EA permit led to a reflection as to how the governance and management of the project did not identify this need earlier. Various steps have been taken since then to improve arrangements and the communication between Operations and Capital Programme teams.

At the time of writing, the contractors (Morgan Sindall) are reporting they are 3.5 weeks behind the programme, however they have not requested an Extension of Time to date; and are hoping to recover this delay within the overall programme period (Practical completion is due on 20 October 2020). The majority of the delay (2.5 weeks) is due to asbestos found in the ground which was removed by hand. A further weeks delay is attributed to the poor weather conditions recently experienced. The total costs are still maintained within the approved budget.

2. Objectives and scope

An advisory review was undertaken to review the governance and control environment of the project. The review commenced in September 2019 and used a combination of interviews with staff, review of documents, and desktop research to form conclusions and make recommendations for each of the Focus Areas set out below.

The review has identified a number of areas of good practice and also opportunities for improvement against each of the focus areas agreed in the Terms of Reference. Recommendations have been provided as appropriate.

3. Findings and Recommendations

We have summarised below the key findings and recommendations for each Focus Area.

Focus Area 1 – Business case sets out the scope and objectives of the project and had adequate stakeholder involvement and approval

The Business Case for the project has not been revisited since its approval in September 2016. Since that time significant changes have taken place including the move to a unitary authority, changes in expected future housing numbers and changes in expected income sources. Being a unitary authority will bring new opportunities to share costs and generate other income streams. None of these changes have been re-incorporated into the Business Case to create a revised Return on Investment Schedule.

Furthermore, the original Business Case was lacking information in areas such as the specifics about depot operations, analysis of capacity and utilisation of the commercial workshop, type of skills sets required and available hours for the staff; all of which are critical to assess the financial forecast for this project.

The governance and ownership of the Business Case was found not to be sufficient. There is no formal monitoring of the Business Case and progress against it is not part of agenda items at governance meetings.

Recommendations:

1. The financial business case and return on investment schedule should be revised to reflect the current context. Many of the original assumptions are no longer valid and new opportunities have emerged. A new business case is required to support the ongoing operation of the service and identify future opportunities for Buckinghamshire Council to deliver a return on investment and generate additional income.

This should include a detailed resource availability, capacity and capability plan leading to a revised income forecast based on different levels of utilisation i.e. high, medium, low forecasts

2. Once revised ensure the Business Case/Plan is reviewed by the Operations and Project Management Team and is signed off by the relevant stakeholders on the Buckinghamshire Council Senior Management Team. It should then form part programme monitoring and department service plans for 2020/21 and beyond.

Note – as of March 2020 a fully costed business plan for the commercial workshop element of the programme has been developed. This will be taken forward for approval by the new Service Director, forming the basis of the future service plan. Income and costs identified will need to be incorporated into the overall revised business case and ROI schedule for the redevelopment.

Focus Area 2 - Governance arrangements are adequate to enable effective decisions and programme oversight

Overall, when reviewing minutes and observing the timely completion of actions from one meeting to the next, this was found to operate effectively.

Improvement could be future made in the use of actions trackers and final documentation of minutes.

It was also noted that there was no formal process for reflection or identifying lessons during the lifetime of the project.

Recommendations:

3. Minutes at the Site Communications Meeting should be moved from email format to the template format used at the Principal's Meeting.
4. A lessons learned exercise should be conducted in 2020 which involves all those who attend the Principals Meeting and Operations Meeting. The discussions should be captured and converted into a lessons learned log that sets out:
 - The lessons learned in sufficient detail
 - The importance/significance of the lesson in a red, amber and green rating system with red being the most important lessons

- Any implications this has for the current project
- Any implications this has for wider Council projects
- A list of actions needed to be done in reflection of the lessons

Focus Area 3 – Programme and budget reporting is adequate to enable visibility of the programme progress and inform decision making

Contractor reports are clear and produced regularly with effective summary and progress reports. The contractor also has adequate representation at meetings to support discussions. This is summarised in a Highlights/Contractors Report which shows the operational progress via a Gantt Chart breaking down milestones in design, procurement, mobilisation and construction; this is updated each time for elements which have to be re-designed.

In terms of financial monitoring there is a Major Projects Contracts Register which sets out the headline line by line financial costs. This includes the contract reference, purchase order and approval. At Principal Meetings contractor payments are presented for authorisation so there is collective agreement and these are then updated into financial records to monitor the financial position. This is then summarised and reported in the Highlights/Contractors Report.

We could also see that re-designs were sufficiently budgeted, for example, during the project there was additional time required to remove asbestos. AVDC worked closely with the contractor to absorb this additional cost of c. £30k in initial overrun provisions in budget lines and via re-designing later aspects of the project to drive efficiencies resulting in a net zero impact.

Focus Area 4 – Risk management processes are in place to ensure identification and recording of risks to allow mitigation

The risk register is maintained throughout the contract and operationally reported by the contractor each month to the Council for collective discussion. The risk register clearly sets out the risk and consequences and for completeness shows those which are closed. It is considered to be robust, following good practices of identifying the inherent risk and residual risk along with mitigating controls and actions.

There is also a matrix to ensure consistency of risk ratings from green, amber and red and the ownership of risk between the Council and contractor is clear with no jointly owned risks.

Most importantly this report is regularly discussed and updated and used as a key document in managing the project and supporting good governance.

Recommendations:

5. The risk register could be further improved as follows:

- The risk register should be updated to include an estimate risk cost for those risks deemed Amber or Red
- It should be assessed whether the 'risk cause' column can be completed for this project for Amber or Red risks
- For action mitigations in the risk register the 'Date by' column should be completed

Focus Area 5 – Contract management procedures support effective scrutiny of contractors

Contractor reports are clear and produced regularly with effective summary and progress reports. The contractor also has adequate representation at meetings to support discussions

From observing the Principal's Meeting we found the Council's oversight of the contractor was adequate. This oversight included assessing whether the contractor was on track to meet key milestones, discussion and scrutiny of any staffing challenges or technical construction discussions to ensure adequate steps are being taken. We also found there were good discussions held around senior contract management staff from the contractor. This was in part assessing consistency of senior contractor personnel as there were challenges with this earlier in the contract. The discussions directly questioned any known staff changes and plans to ensure adequate handover to mitigate against loss of project memory.

Focus Area 6 – Ensuring compliance with regulations

Regulatory compliance is now well managed. After challenges with the Environment Agency, an exercise was undertaken to assess other regulations/rules that may be needed for completeness. This identified requirements with the Driving Vehicle Standards Agency (DVSA) and these discussions have been held at contract meetings. No authority can be 100% sure of compliance however good steps have now been taken to ensure discussions occur and actions happen.

It should be noted that in the Highlights/Contractor Report there is a specific section on 'Safety, Health and Environment'. This is often more operational, setting out the key movements of vehicles over the upcoming month and any particular dangers/risks due to construction work. However, it also covers any known regulation or compliance breaches and actions to be taken to rectify these. This report is also presented to the Project Manager at the Principal's Meeting (which also includes Assistant Director attendance) and Contractor Site Meeting, who can openly challenge any assumptions or bring in their knowledge to ask the contractor if certain new requirements are being met. The risk register also sets out key activities of higher risk and whether this is owned by the contractor or AVDC and therefore if any future areas of concern were identified resulting in works not being compliant with legislation then it would be clear who owned the risk per current arrangements.

4. Next steps

The recommendations outlined in this report will be taken forward by the Capital Projects Manager and shared appropriately with the new Buckinghamshire Council Service Directors.

Audit Committee
23 March 2020

INTERNAL AUDIT ANNUAL REPORT 2019/20

1 Purpose

- 1.1 The Head of Internal Audit (Corporate Governance Manager) is required to provide a written annual report to those charged with governance, timed to support the Annual Governance Statement. This report should be presented to Members and considered separately from the Annual Governance Statement and formal accounts.
- 1.2 The report summarises the work of Internal Audit for the period 1 April 2019 to 31 March 2020, identifying the areas upon which the audit opinion is based.

2 Recommendations/for decision

- | | |
|-----|---|
| 2.1 | The Committee is requested to note the contents of the Internal Audit Annual Report for the financial year 2019/20. |
|-----|---|

3 Supporting information

- 3.1 The Audit Committee's terms of reference include dealing with internal and external audit issues. This report allows formal recognition of the Annual Internal Audit report by a committee of the Council.
- 3.2 The Council is required to issue a statement of accounts each year. Included in the accounts is a statutory Annual Governance Statement to be signed by the Leader and Chief Executive. This statement gives assurance that matters relating to the Council's operations are being properly managed and controlled.
- 3.3 The Annual Governance Statement draws upon the management and internal control framework of the Council, especially the work of internal audit and the Council's risk management framework. In particular the independent report of the Council's Head of Internal Audit is a significant factor in determining the position to be reported.
- 3.4 The attached report includes the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's systems of governance, risk management and control.
- 3.5 In forming this opinion the Head of Internal Audit can confirm that internal audit activity throughout 2019/20 has been independent from the rest of the organisation and has not been subject to interference in the level or scope of the audit work completed.

4 Options considered

- 4.1 None - The Internal Audit Annual report is a statutory requirement.

5 Resource implications

- 5.1 None

Contact Officer

Kate Mulhearn, Corporate Governance Manager
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Background Documents

None



Internal Audit Annual Report

April 2019 – March 2020

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1. Introduction

Internal Audit is a statutory requirement for local authorities under the Accounts and Audit Regulations (2015), which states that a local authority must undertake an internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit (fulfilled by AVDC's Corporate Governance Manager) to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control). The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards.

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

2. Head of Internal Audit Opinion

In giving this opinion, it should be noted that assurance can never be absolute. The work of internal audit can only provide reasonable assurance that there are no major weaknesses in the processes and controls reviewed.

In assessing the level of assurance to be given, I have based my opinion on:

- the results of assurance reviews and advisory work undertaken during the year;
- the results of follow-up action taken in respect of assurance reviews, including those from previous years;
- whether or not any limitations have been placed on the scope of internal audit;
- the extent of resources available to deliver the internal audit work;
- the proportion of the Council's assurance needs that have been covered within the period; and
- the quality and performance of the internal audit service and the extent of compliance with the Standards.

I am satisfied that sufficient assurance work has been carried out to allow me to form an opinion on the adequacy and effectiveness of Aylesbury Vale District Council's (AVDC's) systems of governance, risk management and control.

My opinion is as follows:

Generally satisfactory with some improvements required to specific systems and processes

Governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some weaknesses which potentially put the achievement of the Council's objectives at risk.

Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control.

Kate Mulhearn
Corporate Governance Manager
March 2020

The key factors that contributed to my opinion are summarised as follows:

- The majority of weaknesses in control design and operating effectiveness identified were medium or low risk.
- One high risk finding was identified in the area of Housing and Homelessness Prevention. An overall 'high' risk report was issued.
- Good progress has been made during the year on implementing actions identified during internal audit reviews to strengthen the overall control environment. All high risk actions have been completed.
- The scope of the internal audit plan for 2019/20 reflected the changing nature of AVDC's objectives and risks in the context of transition to the new Buckinghamshire Council. Reviews were identified where they would directly add value to the objectives of achieving an orderly transition, balanced against the desire not to place additional burden on already stretched teams.

Please see further detail in Section 3.

3. Summary of Internal Audit Activity

Overview

A total of 5 assurance reviews were completed in 2019/20 of which 1 was classified as 'high' risk, 1 was given 'medium' and 3 were given 'low' risk classifications. This resulted in the identification of 1 high, 9 medium and 9 low risk findings relating to weaknesses in the design and operating effectiveness of controls.




In the previous financial year 8 assurance reviews were completed of which 1 was classified as high risk, 5 were medium and 2 were low risk, resulting in 2 high, 12 medium and 25 low risk findings.

The table below sets out the results of the internal audit work.

Review	Report risk rating*	Number of findings			
		Critical	High	Medium	Low
HR Management	Low	-	-	1	2
Council Tax and Business Rates	Low	-	-	1	1
Digital Contact Team	Low	-	-	-	3
Taxi Licensing	Medium	-	-	2	1
Housing - Homelessness	High	-	1	5	2
Corporate Fraud Risk Assessment	N/A Advisory	-	-	-	-
Pembroke Road Redevelopment	N/A Advisory	-	-	-	-
Total		-	1	9	9

*A definition of the risk classifications is attached at Appendix 2.

Direction of control travel

Finding rating	Trend between current and prior year	Number of findings									
		2019/20		2018/19		2017/18		2016/17		2015/16	
Critical	-	-	-	-	-	-	-	-	-	-	-
High		1	6%	2	5%	6	14%	6	12%	6	16%
Medium		9	47%	12	31%	16	38%	19	39%	22	58%
Low		9	47%	25	64%	20	48%	24	49%	9	24%
Total		19		39	-	42	-	49	-	37	-

Internal audit work is focused on areas of risk so that maximum value can be achieved through the identification of actions for improvement. Therefore, the results may not be directly comparable year on year due to the different mix and focus of reviews performed.

Significant control weaknesses

The only area of significant control weakness that should be reported in the Annual Governance Statement relates to the review of Housing – Homelessness.

Housing - Homelessness

Homelessness prevention and relief is a statutory function, which falls within the remit of Local Authorities. AVDC's current Homelessness Strategy (approved December 2018) was developed in line with the Homelessness Reduction Act 2017 (HRA) and covers the period 2019-2022. The HRA significantly reformed Homeless legislation, placing duties on local authorities to intervene at earlier stages to prevent homelessness. The Homelessness Code of Guidance provides the framework for practitioners in order to correctly apply the legislation.

The audit review assessed the design and effectiveness of controls in place around the housing application process and whether the authority is acting in accordance with the Act, including acceptance of duty for homelessness prevention or relief, case management, quality and performance monitoring, record keeping and the escalation of potential safeguarding cases.

The audit concluded that the Housing Team made appropriate decisions based on documentation received and generally operated in accordance with the Homelessness Code of Guidance. Areas of good practice were identified but there were also a number of areas where improvement to local internal controls and operation of procedures was required to strengthen the management of this inherently high risk service.

The high risk finding relates to exceptions noted in the completion and communication of 'Personal Housing Plans' (PHPs). It is a requirement of the Act that where a person is homeless or threatened with homelessness and eligible, a local authority should draw up a PHP based on its assessment of the applicants need. The plan should contain the steps to be taken to prevent or relieve the applicant's homelessness and should be communicated and agreed with the applicant. The audit noted a lack of clarity over internal processes for the requirements to complete a PHP where housing debt advice is required which was evidenced by inconsistent completion and communication of PHPs.

Other internal audit work

Corporate Fraud Risk Assessment

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 were identified relating to training and guidance being provided to staff, and the inherent risk of fraud occurring prior to the transition to the new unitary Buckinghamshire Council in April 2020. One action was raised to address this risk.

Pembroke Road Redevelopment

An advisory review was undertaken to review the governance and control environment of the Pembroke Road Redevelopment project across 6 key focus areas:

- Business case sets out the scope and objectives of the project and had adequate stakeholder involvement and approval
- Governance arrangements are adequate to enable effective decisions and programme oversight
- Programme and budget reporting is adequate to enable visibility of the programme progress and inform decision making
- Risk management processes are in place to ensure identification and recording of risks to allow mitigation
- Contract management procedures support effective scrutiny of contractors
- Ensuring compliance with regulations

The review identified a number of areas of good practice and also some opportunities for improvement. The most significant recommendation relates to the need to revisit the original (2016) business case for the project and create a revised return on investment schedule.

Many of the original assumptions contained in the business case are no longer valid. Changes and opportunities arising from the move to a unitary authority as well as changes in expected future housing numbers and in expected income sources need to be reflected. The financial business case and return on investment schedule should be revised to reflect the current context. Going forward, progress against the benefits and targets identified in the revised business case should be monitored at governance meetings.

Risk Management

The risk management arrangements form a key part of the Council's overall internal control framework. The Corporate Risk Register (CRR) shows the key risks to the Council and the actions that are being taken to respond to these risks. The CRR is regularly reviewed and updated by Strategic Board. It is also reviewed and challenged by Audit Committee and routinely reported to Cabinet.

Internal audit has not provided any specific assurance over this process during the year but the Corporate Governance Manager has facilitated the regular assessment of risk and review of the corporate risk register by Strategic Board, Audit Committee and Cabinet. The processes in place are considered to be adequate.

Follow up work

Agreed actions arising from audit reports are kept under review by Internal Audit and regular reports on completed and overdue actions are provided to the Audit Committee.

In the context of transition to a unitary authority, follow up work during the final year of AVDC considered, for each action, 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 result of follow up work performed during the year is as follows:

- A total of 86 audit actions have been completed during the year (113 were completed during 2018/19). This includes all actions rated as 'high' risk
- 14 audit actions have been 'closed' as they are no longer considered to be relevant or appropriate for AVDC to complete, or have been superseded by unitary activity
- 15 actions are to be transferred to Buckinghamshire Council for further review and consideration as new controls, processes and systems are developed

There are no issues to report regarding the follow up of any audit recommendations.

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 adoption of the current Homelessness Strategy (approved December 2018). It was therefore considered to be a priority for internal audit review.

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

4. Review of Effectiveness

The Head of Internal Audit role is fulfilled by the Corporate Governance Manager and internal audit work is delivered under a contract with BDO LLP under a co-source arrangement.

All organisations providing Internal Audit Services must be subject to an independent external assessment every five years. In 2015 BDO were subject to an external assessment of compliance to the Public Sector Internal Audit Standards (PSIAS). Across all 58 areas assessed BDO were confirmed as being compliant.

I have considered the requirements of PSIAS and there are no areas of concern to indicate that the current arrangements are not fully compliant with the Standards.

Appendix 1: Opinion types

At the end of the year, the Head of Internal Audit provides an annual assurance opinion based on the work performed, which is used to inform the Council's Annual Governance Statement. The table below sets out the four types of opinion along with an indication of the types of findings that may determine the opinion given. The Head of Internal Audit will apply his/her judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Type of opinion	Indication of when this type of opinion may be given
Satisfactory	<ul style="list-style-type: none"> A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and None of the individual assignment reports have an overall report classification of either high or critical risk.
Generally satisfactory with some improvements required	<ul style="list-style-type: none"> Medium risk rated weaknesses identified in individual assignments that are <i>not significant in aggregate</i> to the system of internal control; and/or High risk rated weaknesses identified in individual assignments that are <i>isolated</i> to specific systems or processes; and None of the individual assignment reports have an overall classification of critical risk.
Major improvement required	<ul style="list-style-type: none"> Medium risk rated weaknesses identified in individual assignments that are <i>significant in aggregate but discrete parts</i> of the system of internal control remain unaffected; and/or High risk rated weaknesses identified in individual assignments that are <i>significant in aggregate but discrete parts</i> of the system of internal control remain unaffected; and/or Critical risk rated weaknesses identified in individual assignments that are <i>not pervasive</i> to the system of internal control; and A <i>minority</i> of the individual assignment reports may have an overall report classification of either high or critical risk.
Unsatisfactory	<ul style="list-style-type: none"> High risk rated weaknesses identified in individual assignments that <i>in aggregate are pervasive</i> to the system of internal control; and/or Critical risk rated weaknesses identified in individual assignments that are <i>pervasive</i> to the system of internal control; and/or <i>More than a minority</i> of the individual assignment reports have an overall report classification of either high or critical risk.
Disclaimer opinion	<ul style="list-style-type: none"> An opinion cannot be issued because insufficient internal audit work has been completed. This may be due to either: <ul style="list-style-type: none"> Restrictions in the audit programme agreed with the Audit Committee, which meant that our planned work would not allow us to gather sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control; or We were unable to complete enough reviews and gather sufficient information to conclude on the adequacy and effectiveness of arrangements for governance, risk management and control.

Appendix 2: Basis of classification and risk ratings

Report classifications

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

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

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>

DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

1 Purpose

- 1.1 The purpose of this report is to present the committee with the draft Annual Governance Statement for 2019/20 prior to its inclusion in the Statement of Accounts.
- 1.2 The Annual Governance Statement has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16 following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016).
- 1.3 The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2011. The Council is required to conduct a review at least once in a year of the effectiveness of its governance framework including the system of internal control, and to prepare a statement on internal control "in accordance with proper practices".

2 Recommendations for decision

- 2.1 The Audit Committee is requested to:
 - (i) Review the Draft Annual Governance Statement 2019/20.
 - (ii) Consider the robustness of the Council's governance arrangements
 - (iii) Approve the Draft Annual Governance Statement 2019/20 on behalf of AVDC prior to its inclusion in the Statement of Accounts

3. Supporting information

- 3.1 Once it has been approved by the Audit Committee, the draft Annual Governance Statement will be handed over to Buckinghamshire Council and taken forward for conclusion alongside the Annual Statement of Accounts. This will occur after vesting day.
- 3.2 It will be signed by the Leader of the new Council and the Head of Paid Service at the same time as they sign the Annual Statement of Accounts.
- 3.3 The assurance gathering process is based on the management and internal control framework of the Council.
- 3.4 There are several statements in the draft AGS that will require updating after the year end and up to the date at which the accounts are signed. These are highlighted in the attached document, but do not significantly change the content of the report.

4. Options considered

- 4.1 None – this is a statutory requirement.

5. Reasons for Recommendation

- 5.1 To comply with legislation

6. Resource implications

- 6.1 There are no resource implications to report.



Annual Governance Statement 2019/20

Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Aylesbury Vale District Council (AVDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. AVDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have not approved and adopted a separate single code of corporate governance. However, the principles to which the Council operates are intended to be consistent with those contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.

What is Corporate Governance?

Corporate Governance refers to “*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*” (The International Framework: Good Governance in the Public Sector, CIPFA/IFAC, 2014). The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.

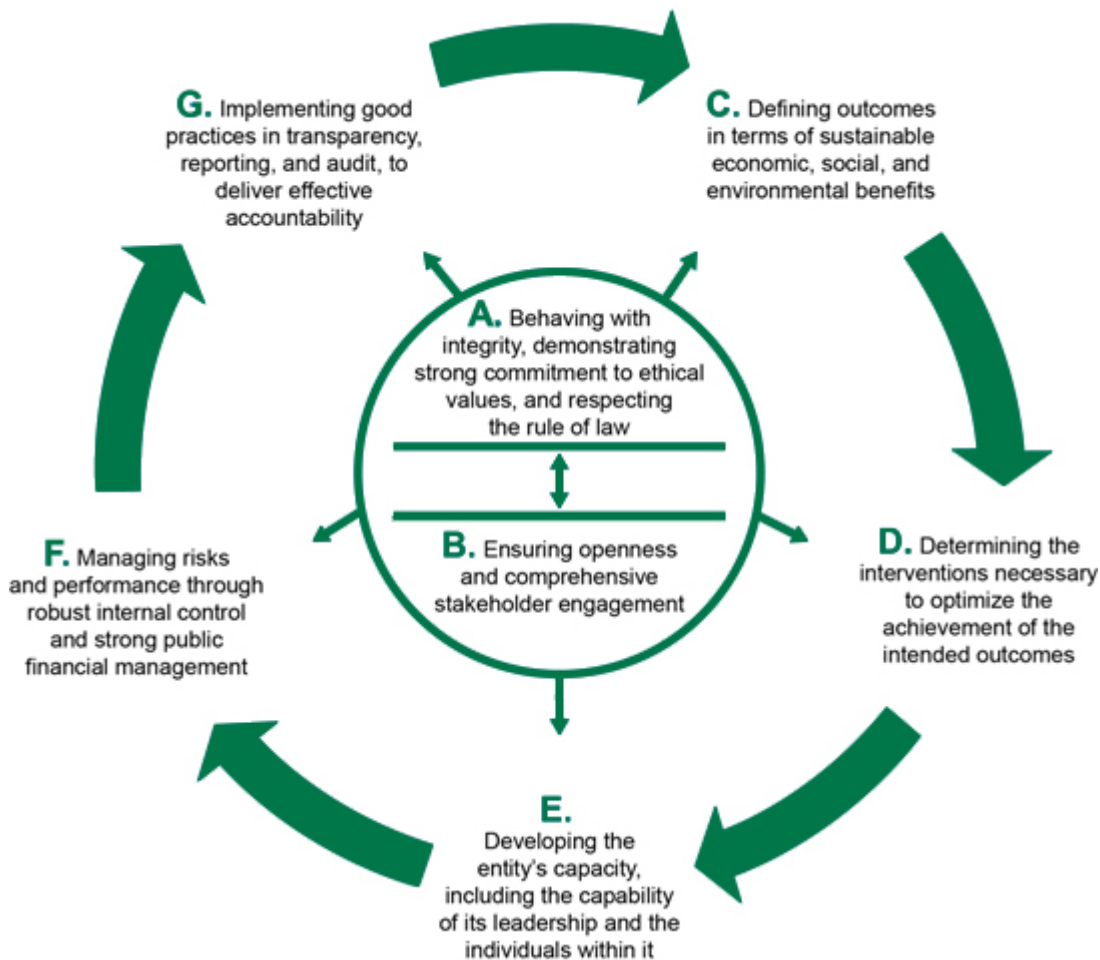
Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.

Our governance arrangements aim to ensure we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as ‘proper practice’.

Our governance framework comprises the systems, processes, culture and values, by which AVDC is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables us to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes, systems and the assurances on the governance framework and report this in the Annual Governance Statement. This Annual Governance Statement builds upon those of previous years. It summarises the governance framework which has been in place for the year ending 31 March 2020 and up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

A

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

All our councillors meet regularly together as the council. Most of these meetings are open to the public who can either attend in person or view the meeting via a live webcast. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the 'Codes of Financial Management and Procurement' and the 'Code of Conduct for Members'.

Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

Overview & Scrutiny

Four scrutiny committees, support the work of cabinet and council as a whole. They can hold public inquiries into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery.

Scrutiny committees monitor the decisions of the cabinet. They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate and they can recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

Leader & Cabinet

Cabinet is made up of a leader and 8 councillors, each appointed for 4 years. The Leader is appointed by the council and then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

Regulatory Committees

Strategic Development Management

Carry out council's functions as a local planning authority for large growth related developments.

Development Management

Carry out council's functions as a local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

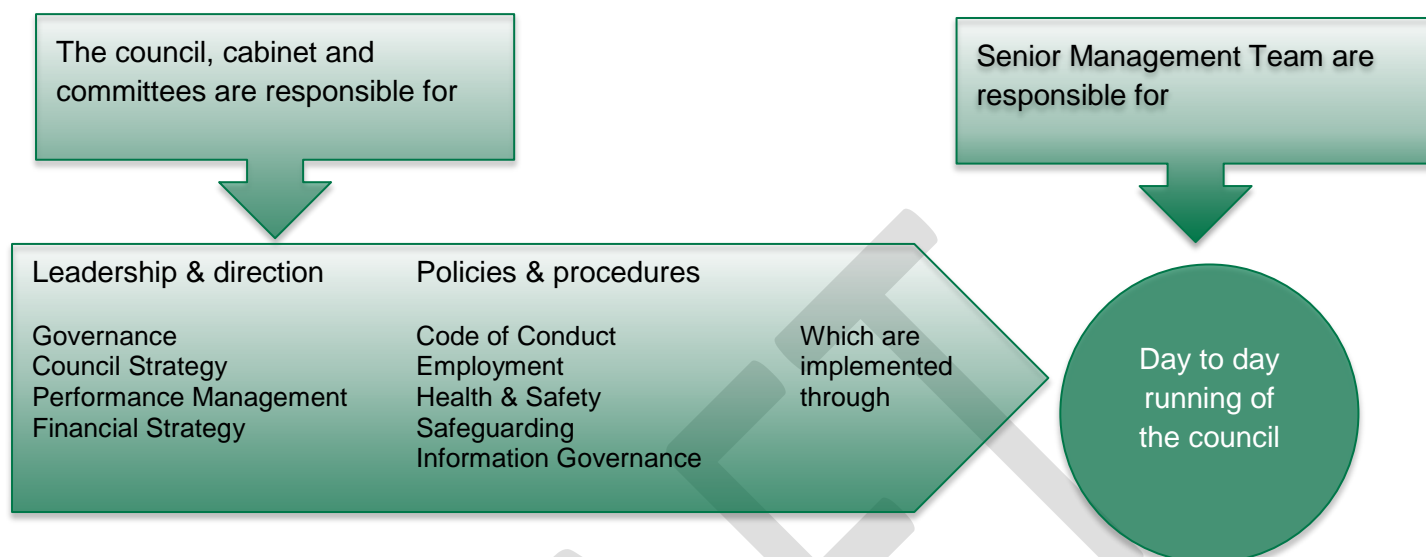
Licensing

Carry out council's non-executive functions relating to licensing and registration.

Audit

Provide independent assurance of the adequacy of risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and oversee financial reporting process.

Our Head of Paid Service is supported by the Senior Management Team



During 2019/20 financial year the Chief Executive and one Director resigned. The Head of Paid Service and Section 151 Officer posts are currently fulfilled by the remaining Director. In the context of the move to a new single council for Buckinghamshire, the vacant positions have not been filled.

Our constitution

[Our constitution is available on our website](#) and sets out how we operate, how decisions are made and the processes that are followed to ensure decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect good practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure we meet our statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts are:

- Head of Paid Service
- Chief Finance Officer (Section 151)
- Monitoring Officer
- Returning Officer/Electoral Registration Officer

Standards of behaviour for members and staff

Member behaviours are governed by a code of conduct which is set out in the constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies, charities and pressure groups. The Code of Conduct was reviewed earlier this year having regard to the

guidance issued by the Parliamentary Committee on Standards in Public Life. The revised Code was adopted by full council on 17 April 2019.

All members of the council have completed a register of their pecuniary and personal interests. Specific refresher training, covering various aspects of the Code of Conduct and the completion of the Register of Interests form, has been provided to members this year.

The constitution also includes protocols covering member/officer relations, member involvement in commercial transactions, arrangements for working with commercial companies owned by the council and with companies in which AVDC has a commercial interest, and a members' planning code of good practice.

There is a three-stage procedure for dealing with complaints that members have broken the code of conduct.

A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues, to any conflicts of interest and deals with matters such as accepting gifts and hospitality.

All new officers undertake mandatory online training within their first few days at work covering areas such as:

- Comments, Compliments and Complaints procedure
- Equality and Diversity
- Acceptable IT use
- Health and Safety
- General Data Protection Regulations
- Safeguarding

Information regarding our most up-to-date policies and procedures is also easily available to all employees and members via Workplace, our internal communications tool. Workplace enables easier access to information whether in the office or out and about and also encourages open discussion about policies, best practice and new ideas.

B

Ensuring openness and comprehensive stakeholder engagement

We appreciate the importance of engaging openly with all our stakeholders to ensure we continue to meet their needs and expectations efficiently and allowing them to be part of the decisions that affect them. Some examples of how we have communicated with our stakeholders over the past year include:

- Following the announcement in 2018 of a single **unitary authority** for Buckinghamshire, we are continuing to collaborate closely with the other Buckinghamshire councils (Buckinghamshire County, Wycombe District, South Bucks District and Chiltern District) to create a brand new council for the future, with the unitary authority taking effect from 1 April 2020. To enable the new council to provide residents, businesses and other stakeholders with the best possible service, we are continuing to work with stakeholders including Parish/Town councils and local businesses to understand what really matters to them and develop a council that meets their needs most effectively.
- We, in collaboration with the other Buckinghamshire councils commissioned a **Residents Survey** in October and November 2019 to inform the new council's priorities and measure satisfaction with local services. A representative sample of 1,400 residents were called and their opinions analysed.
- **The Vale of Aylesbury Local Plan (VALP)** will manage and direct the growth of our district, including new homes, infrastructure and commercial opportunities, through to 2033 in a way that will protect what makes our district a special place. Each of the 5 significant stages of the Plan since 2014 has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government. Consultation took place on the proposed main modifications in November and December 2019. In March 2019, it was concluded, in consultation with the Highways Authority, that to be able to respond fully to issues raised in representations regarding transport infrastructure that the Countywide Transport Model should be re-run. This will inevitably delay AVDC's ability to provide the requested responses to the issues raised in the recent consultation. The responses to the Inspector will now go forward for his consideration after vesting day for the new Buckinghamshire Council. A summary of the key updates from the VALP process is available on the website.
- Aylesbury will accommodate most of the growth identified in VALP and this has been reflected in the Government awarding Aylesbury with **Garden Town status** in 2017. We are working in partnership with Buckinghamshire County Council, Homes England plus two Local Enterprise Partnerships (Buckinghamshire Thames Valley and South East Midlands) to make the best use of the Government funding provided. **The Masterplan, and Vision 2050 were adopted by the new unitary authority at the end of March 2020** following extensive consultation with residents, local businesses, partners, stakeholders and community groups.

We use a variety of methods for consulting and communicating with local residents and other interested parties both to help guide our decision making and ensure everyone is kept up-to-date.

For maximum effectiveness, the channels used on each occasion are selected based on the target audience and the purpose of the communication. Our regular communication channels include:

- AV Times - a residents' magazine delivered to all households within the district
- Media relations - a pro-active programme with our local media (radio, TV, newspapers)
- Parish and community noticeboards
- Poster sites across the town centre including digital screens
- Targeted literature
- Social media - our social media platforms include Twitter, Facebook, LinkedIn, Next Door and Instagram, giving different parties the opportunity to engage with us in the most convenient way for them
- Monthly eNewsletter - sent to 37,000 registered residents with news from around the Vale
- [Council website: www.aylesburyvaledc.gov.uk](http://www.aylesburyvaledc.gov.uk) and [tourism-focus website: www.visitaylesbury.co.uk](http://www.visitaylesbury.co.uk)

For consultations we use methods ranging from quantitative self-completion questionnaires to focus groups. Details of how to join these consultations are communicated through the channels above.

We also use our communication channels to support partner organisations such as an annual survey on behalf of the Community Safety Partnership, which in 2020 received over 2300 responses.

To help our residents, we also work with our partners to provide additional support and/or advice. This includes:

- Running Buckinghamshire's first **hoarding conference** in conjunction with Bucks and MK Fire and Rescue Service in February 2020
- Promoting local and national campaigns such as the **Great British Spring Clean** and the **#TrueCosts** campaign which focuses on the negative impact of cocaine use.
- In Nov 2019 Building Control ran the first in a series of training courses in partnership with LABC to uphold high building regulations. The training was for agents, architects, building control officers and staff connected to the construction industry.

C

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

Our vision statement sets out what AVDC is working to achieve.

“To secure the economic, social and environmental wellbeing of the Vale”

To enable us to realise our vision, everyone at AVDC is working:

- To enable essential infrastructure for growth and sustainability of the area, be it physical or social
- To ensure fair and speedy access to essential services and their referral to partners
- To **provide a healthy and dynamic institution** for making effective decisions about the area, to which everyone can contribute
- To **stimulate, innovate and enable economic growth** of the area, its regeneration and the attraction of inward investment
- To **provide or commission services and products** that customers and businesses have agreed add value to their lives

Our vision is the foundation for everything we do, across all services. By referring back to the vision statement, we ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything we do.

Improving customer service

The Customer Charter outlines our commitment to Aylesbury Vale residents, which includes providing them with effective communication and being knowledgeable about their services. This underpins all communication with customers and provides the targets against which we measure the effectiveness of the service.

As part of the move to a unitary authority, a key focus has been ensuring continuity of service for our customers, ensuring they can continue to contact Buckinghamshire Council and access all the services, information and support they need in a user-friendly and efficient way.

D

Determining the interventions necessary to optimise the achievement of intended outcomes

AVDC is organised into five business sectors; Business Strategy and Support, Digital and Transformation, Commercial Property and Regeneration, Community Fulfilment and Customer Fulfilment. This structure helps us operate as a streamlined and efficient organisation focused on providing the services our customers and communities really want in a cost-effective way.

Transition to Buckinghamshire Council

Considerable work has taken place during 2019/20 to ensure a smooth transition into the unitary authority. A Shadow Authority was created in May 2019 with a Shadow Executive to oversee the creation of the new Buckinghamshire Council. It consists of 17 members: eight from the four district councils, eight from the County Council and a leader.

The Chief Executives' Implementation Group (CIG) brings together senior officers from across the county and district councils as the Implementation Team to manage the change to the new council. Under the CIG are five Programme Boards which drive the work to create Buckinghamshire Council.

The Shadow Authority Programme Management Office (PMO) is a team of colleagues from across the county and district councils, who have been brought together to oversee the programme to deliver the new Buckinghamshire Council. The team supports the work of the Programme Boards and manages the meetings of the Shadow Authority and the Shadow Executive. They also work to keep work-streams on track throughout the transition period and regularly share updates with staff.

Programme and project management

The AVDC Programme Management Office (PMO) team is responsible for defining and maintaining standards for programmes and projects at AVDC. The team create, maintain and supply standard documentation, guidance and metrics to be used by the whole organisation in order to ensure good governance in delivering programmes and projects. The team has delivered 25 projects and 64 pieces of Business Analysis work in 2019/20. During the final year of AVDC, the PMO put in place a prioritisation process for projects through Strategic Board which enabled the effective allocation of resources in the context of the transition to a new unitary authority.

Social Enterprise Entrepreneurial Development team

Our SEED (Social Enterprise Entrepreneurial Development) team was established in 2017 to help AVDC and other councils and public sector organisations develop and implement new ways of working to create value for themselves, their residents and customers. In this last year the team has been reduced by half with personnel changing roles and leaving, and a decision not to replace due to the move towards a single unitary authority.

During 2019/20 support and commissions have been delivered to 12 other councils and another 23 have visited/hosted conference calls with AVDC. Work has included Thought Leadership and Strategy workshops as well as helping councils set up the pioneering community lottery. There are now over 80 local authority lotteries operating throughout the country raising over £3 million for small charities and good causes local to their residents. The team has also helped set up a new single Buckinghamshire Lottery for the new unitary authority, extending the geographical area within which good causes can benefit.

Following the success of the Vale Lottery, AVDC has also introduced Our Vale, a crowdfunding initiative to further help local good causes. Our Vale offers the chance for individuals and organisations to donate to projects which will help transform shared spaces, inspire visitors and enhance Aylesbury Vale. Since it began in 2018, Our Vale has successfully funded four projects and over £275,000 has been pledged.

Connected Knowledge

Our Connected Knowledge Technology Strategy 2017-2022 sets out the vision and strategic aims we have for our future use of technology and data. Due to the transition to a unitary authority, priorities have shifted towards ensuring a smooth transition and combined vision, therefore the Connected Knowledge Programme is coming to an end in 2020. The closure report will be shared with Cabinet providing a detailed overview of the programme, its achievements and challenges, financials and any follow-on activities.

Pembroke Road Redevelopment

Redeveloping the full depot and waste transfer infrastructure was ongoing during 2019/20. It will give the council certainty regarding health and safety and environmental compliance in the mid term, and allow for the growth in households and accommodate additional waste during this period.

For more than 20 years, Aylesbury's street cleansing and horticultural services have been delivered by a contractor. In January 2020, 50 members of staff came in-house to deliver services such as cutting grass, removing fly tipping and graffiti, emptying dog waste bins and sweeping the roads. This change enables both financial savings and quality improvement.

Medium term financial strategy and budget planning

Creating the 2019/20 Medium Term Financial Plan (MTFP) and budgets followed the process adopted over recent years and delivered a balanced proposal in 2019/20. The budget framework reflected the need to identify efficiency savings and new income streams whilst at the same time delivering on corporate priorities. In formulating the budget for 2019/20 the process took account of:

- General Fund reserves and balances mapped against identified financial and operational risks. They were deemed sufficient against the potential financial risk within the Medium Term Financial Plan, provided the council stayed focused on delivering its targets.
- Budget planning allowed full understanding of the issues in an operational and financial context. Every effort was been made to include members in the financial planning process.
- Consideration was given to corporate priorities, residents' views and the Risk Register.
- The budget formulation process at officer level was subject to on-going review which tested the validity of pressures and savings options to ensure that members were aware of all aspects and implications of actions when formulating the budget proposals.
- That robust monitoring arrangements existed to identify pressures within the budget and adapt during the budget timeframe to ensure a managed outcome within set parameters.

Looking ahead to 2020/21, transition into the new unitary Buckinghamshire Council in April 2020 required a different approach for development and approval of the initial MTFP. The core elements of that process involved:

- Collation of the agreed 2020/21 MTFP values from each of the five authorities making up the unitary authority into a combined budget plan. This process incorporated budget changes or pressures that had been identified.
- A scrutiny process was created to receive and review the consolidated budget position for each service area. Given the shadow nature of the unitary, full engagement with officers responsible for future service delivery was not possible.
- Consolidation of balances, provision and reserves ensured creation of a sound MTFP and financial strategy for the new unitary authority, balancing ongoing service needs against available resources and risks identified.

The 2020/21 budget was approved by the Shadow Unitary Authority in February 2020. It is recognised that this budget will need to be managed prudently to ensure the agreed budget and any subsequent changes are managed within the overall financial strategy. It is also planned that savings can be achieved from service transformation activity once the new unitary authority is reshaped.

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We offer a comprehensive training and development programme for all our staff and members. Details of all the training opportunities available are communicated through Workplace, digital screens, internal posters and where appropriate, targeted emails. This programme includes:

- Induction process with an introduction to how we work
- Online training modules
- Bite-size training and 'drop-in' sessions on a variety of topics to help individuals understand how processes and/or other teams work within the organisation
- Joint coaching scheme with Buckinghamshire County Council
- Events focused on particular areas of development for example Mental Health Week

Through Workplace we also encourage employees to share best practice or top tips with colleagues. The interactive communication tool enables employees to easily ask for help from their colleagues from across all teams.

We also run regular surveys to encourage staff and members to share their views regarding various aspects of working for the council including how they are communicated with. This includes giving the opportunity to suggest future training and development sessions.

As part of the move towards a unitary authority, staff have been given extra support to manage the transition. This has included training sessions on resilience and coping with change, advice, support sessions and resources on interview skills, employability and transferrable skills.

Staff were trained as Mental Health First Aiders in November 2019 to support staff's wellbeing and signpost them to organisations who can offer additional support and advice.

Apprenticeships are encouraged across the council, for both new and existing members of staff. Our Apprenticeship Strategy for 2017-2022 identifies the potential for Apprentices to make a huge contribution to creating the skilled and aspirational workforce that meets the needs of Aylesbury Vale for the future.

The Town Planners Graduate Scheme has been developed alongside the Apprenticeship Strategy to attempt to bridge the recruitment gap with qualified Planners. The scheme targets students nearing the end of relevant degrees offering them the chance to join AVDC to develop their skills in town planning. We currently have 3 Graduates working with the Council on fixed term posts.

In 2018, we also implemented our innovative Grow Our Own programme to help us find and develop enthusiastic, commercially-minded, motivated people to help us deliver our ambitious plans. Through the programme we offer 12-month fixed term contracts for returners to work and school leavers, giving them the opportunity to work across a variety of teams while learning new skills and building confidence. We recruited 4 individuals in January 2019 on fixed term contracts and three went on to be recruited as permanent members of staff in January 2020.

An all-party Member Development Steering Group is also in place to oversee, monitor and help progress delivery of learning and development for elected members to meet individual and corporate needs and in particular planning, licensing and safeguarding.

Continuous improvement

Our commitment to supporting continuous improvement is underpinned by our REACH programme. This flexible approach to performance reviews focuses on individual and team development, supported by ongoing feedback. REACH conversations between employees and their line manager take the form of regular (at least 4 times a year) “check-ins”. Individuals and teams are encouraged to actively seek feedback from colleagues, customers and managers to help develop and improve what they do.

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We have a process in place for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities. Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Strategic Board and the corporate risk register is routinely reported to Audit Committee and Cabinet.

Oversight and assurance over the management of key risks is also provided by a number of corporate governance groups, including, for example:

- Information Governance Group
- Health and Safety Strategic Board
- Safeguarding Group
- Business Continuity and Emergency Planning
- Finance Steering Group
- Major Capital Projects Development
- Connected Knowledge Programme Board
- Waste and Operations Transformation Board

Performance is monitored through regular review and reporting of real-time management information against service level and corporate targets. Dashboard reports are shared regularly with the Senior Management Team and Cabinet. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions.

Compliance with relevant laws and regulations, internal policies and procedures

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- Awareness, understanding and training carried out by internal officers and external experts
- The drawing up and circulation of guidance and advice on key procedures, policies and practices
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation of actions monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, its members or officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman (LGO). It has not been necessary for the Monitoring Officer to issue any reports for the year 2019/20. There have been 2 findings of administrative fault with no payment of compensation. In respect of both these matters the corrective measures were minor and were

taken. On 1st April 2020 the new Buckinghamshire Council will be vested and any future LGO decisions will be carried into the new authority.

The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the council. No such formal reports have been issued during the 2019/20 financial year.

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working.

New regulations on the accessibility of websites and mobile applications of public sector bodies comes into force in September 2020 for existing websites and June 2021 for Apps. An action plan is being undertaken to ensure the new requirements are met by the compliance deadlines, including reviewing existing website content and providing staff training.

Information governance and data protection

Information governance is overseen by the Information Governance Group (IGG) which is chaired by the Director with responsibility for Finance who fulfils the role of Senior Information Risk Owner (SIRO). This group comprises of managers from key departments who are empowered to take decisions on information management. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and keep it up to date. The IGG routinely receives reports on any data breaches and monitors the actions taken in response to them.

In July 2019 a new system for managing Freedom of Information, Environmental Information Regulations, Subject Access and Disclosure requests was implemented. The streamlined process allows officers to monitor and manage requests more easily and effectively and publish relevant FOI and EIR request on our website.

G

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

As part of our commitment to transparency and making information available to residents and businesses, we publish relevant data such as our contracts register on our [website](#). Most of our council meetings are also open to the public with agendas and minutes available to download from our [website](#).

Our commitment to transparency is further demonstrated through the open publication of all internal audit reports and the corporate risk register.

Whistle-blowing and complaints procedures

The Whistleblowing Policy and reporting procedures are available on [our website](#). This forms part of the Anti Fraud and Corruption Policy Strategy. There have been no whistle-blowing reports that have resulted in further investigation during 2019/20.

[TO UPDATE - There has been no use of the Regulation of Investigatory Powers Act during 2018/19. There was an Inspection Report by the Office of the Surveillance Commissioner (dated 9 June 2016) which recommended that the council revise its RIPA Policy document with some minor amendments. These amendments have been made and were purely for clarification and updating purposes. There was no criticism of the council and the arrangements were considered satisfactory. The next inspection was due in 2019 and was in the form of a questionnaire on a risk assessed basis, there was no physical inspection.]

Our updated Customer Comments, Compliments and Complaints Policy includes a public document explaining the process. There are also detailed procedures for employees who are dealing with a complaint. All employees are required to complete the Customer Comment, Compliments and Complaints e-learning module.

The Standards Committee considers any complaints made against members relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on our [website](#). There were no complaints against councillors which led to a full investigation in 2019/20 (as at 2nd March 2020). There were a total of 5 councillor Code of Conduct complaints (against 4 parish/town councillors and 1 district councillor) in respect of which 2 did not proceed beyond Stage 2 Initial Assessment. There are currently 3 Code of Conduct complaints that are still at Stage 1. The Code of Conduct was reviewed during the course of the year to improve clarity and ease of understanding. The Code was approved by Council on 17 April 2019 after having compared it with the guidance resulting from a review by the Committee on Standards in Public Life. The Standards and Complaints process was due for review but this work has been put in abeyance pending the need for the new Buckinghamshire Council to have its own Code of Conduct and Standards Complaints process.

Anti-fraud and corruption

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies. During the year an internal audit 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 indicated 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 were identified relating to training and guidance being provided to staff, and the inherent risk of fraud occurring prior to the transition to the new unitary Buckinghamshire Council in April 2020. One action was raised to address this risk.

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Review of Effectiveness

AVDC has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Where recommendations for the improvement of controls or systems are made at the end of an internal audit review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. Any concerns regarding overdue actions are reported to the Audit Committee as part of the regular progress reports.

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of AVDC's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further details are provided below.

Significant governance issues and action plan

The work of internal audit has been reported to Audit Committee throughout the year. One area of significant control weakness was identified that should be reported in the Annual Governance Statement. This relates to the 'high risk' finding identified in the review of Housing – Homelessness.

Housing - Homelessness

Homelessness prevention and relief is a statutory function, which falls within the remit of Local Authorities. AVDC's current Homelessness Strategy (approved December 2018) was developed in line with the Homelessness Reduction Act 2017 (HRA) and covers the period 2019-2022. The HRA significantly reformed Homeless legislation, placing duties on local authorities to intervene at earlier stages to prevent homelessness. The Homelessness Code of Guidance provides the framework for practitioners in order to correctly apply the legislation.

The audit review assessed the design and effectiveness of controls in place around the housing application process and whether the authority is acting in accordance with the Act, including acceptance of duty for homelessness prevention or relief, case management, quality and performance monitoring, record keeping and the escalation of potential safeguarding cases.

The audit concluded that the Housing Team made appropriate decisions based on documentation received and generally operated in accordance with the Homelessness Code of Guidance. Areas of good practice were identified but there were also a number of areas where improvement to local internal controls and operation of procedures was required to strengthen the management of this inherently high risk service.

The high risk finding relates to exceptions noted in the completion and communication of 'Personal Housing Plans' (PHPs). It is a requirement of the Act that where a person is homeless or threatened with homelessness and eligible, a local authority should draw up a PHP based on its assessment of the applicant's need. The plan should contain the steps to be taken to prevent or relieve the applicant's homelessness and should be communicated and agreed with the applicant.

Action plan

The issues identified in the previous year's annual governance statement relating to Commercial Waste and General Ledger Reconciliations have been addressed. During the year the agreed actions arising from audit reports have been kept under review by Internal Audit and regular reports on completed and overdue actions have been provided to the Audit Committee.

In the context of transition to a unitary authority, follow up work during the final year of AVDC considered, for each action, 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 result of the follow up work performed during the year is as follows:

- A total of 86 audit actions have been completed during the year (113 were completed during 2018/19). This includes all actions rated as 'high' risk
- 14 audit actions have been 'closed' as they are no longer considered to be relevant or appropriate for AVDC to complete, or have been superseded by unitary activity
- 15 actions are to be transferred to Buckinghamshire Council for further review and consideration as new controls, processes and systems are developed

There are no issues to report regarding the follow up of any audit recommendations.

Approval of the Annual Governance Statement

This statement explains how AVDC has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems in place.

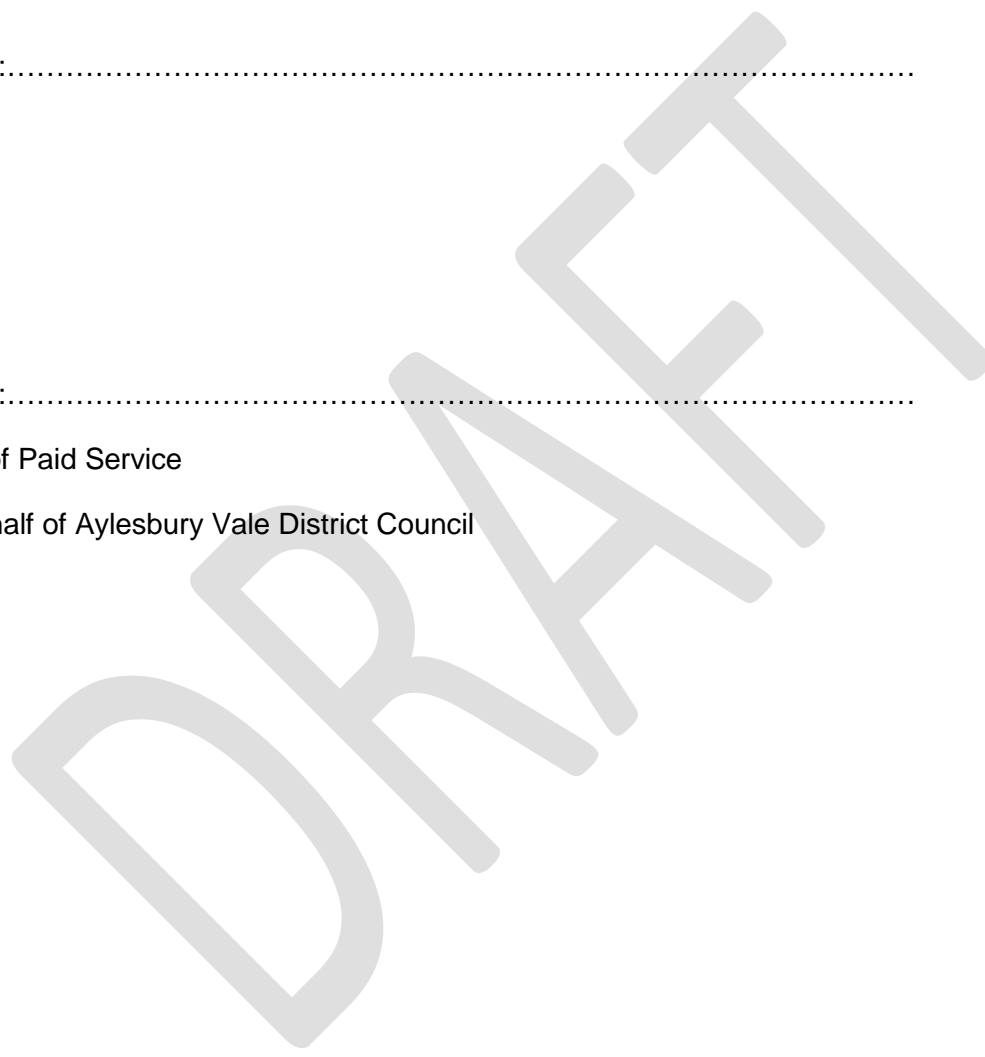
Signed:.....

Leader

Signed:.....

Head of Paid Service

On behalf of Aylesbury Vale District Council



CORPORATE RISK REGISTER – MARCH 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. |
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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 27 January 2020. The table below shows the changing risk profile over time.

	Total	Low	Moderate	High	Extreme	Not yet assessed
March 2020	19	2	11	4	2	-
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

Since the CRR was last reported to Audit Committee in January 2020, the following risks have changed:

Risk Ref	Change	Comment
3) Loss of Snr Officers/Key staff (external or to Unitary programme) & inability to recruit high performing individuals.	Reduced E → H	The risk has largely materialised as we approach vesting day for the new authority. The Corporate Director and 3/4 remaining Assistant Directors are leaving at the end of March 2020. Potential loss of 'corporate memory' to handover to BC. Service Directors for BC are in place and are increasingly working with key managers across AVDC.
7) New in-house Street and Horticulture service (Streetscene) does not operate in line with AVDC standards for safe systems of work, performance management etc.	New M	The Street and Horticulture service was successfully brought in-house in January 2020. The risk related to this has been replaced with a new risk to reflect the need to mobilise the service in line with AVDC corporate standards, implement new processes, performance management, and ensure safe systems of work.
13) Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.	Closed	The risk has materialised due to the influence of external factors. In March 2019, it was concluded, in consultation with the Highways Authority, that to be able to respond fully to issues raised in representations regarding transport infrastructure, that the Countywide Transport Model should be re-run. This will delay AVDC's ability to provide the requested responses to the issues raised in the recent consultation. The responses to the Inspector will now go forward for his consideration after vesting day for the new Buckinghamshire Council.
19) Business interruption affecting the Council's resources and its ability to deliver critical services.	Increased M → E	This reflects the potential impact on business continuity and critical services of the global Coronavirus pandemic. There is a high likelihood of the risk, although we still believe critical services can be maintained. AVDC is following national government advice. All the BCPs for critical services have been reviewed focusing specifically on loss of staff. Hand gels, antitibac wipes, posters in place across all facilities, community centres. IT resilience being reviewed against the likelihood of increased volumes of staff working from home. Staff comms aligning with Unitary CMT and TVLRF.

There are **19 risks** on the corporate risk register. The residual risk rating is summarised as follows:

Residual Risk Rating			
Low risk 2	Moderate risk 11	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) New in-house Street and Horticulture service (Streetscene) does not operate in line with AVDC standards for safe systems of work, performance management etc.</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>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>3) Loss of Snr Officers/Key staff (external or to Unitary programme) & inability to recruit high performing individuals.</p> <p>11) Decline in retail sector reduces ongoing viability of AVDCs Town Centre assets and limits success of regeneration programme</p> <p>14) Inadequate working with stakeholders to ensure safety of residential buildings following Grenfell.</p> <p>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>4) Staff morale, mental, physical wellbeing deteriorates, increased demand on HR resource to support staff</p> <p>19) Business interruption affecting the Council's resources and its ability to deliver critical services.</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: 11 March 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	2	10		Corporate Director and 3/4 remaining Assistant Directors are leaving at the end of March 2020. Potential loss of 'corporate memory' to handover to BC. Service Directors for BC are in place and are increasingly working with key managers across AVDC.	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		All staff are now aware where they map across to in the new Council. Transition plans are being developed, which for some staff brings clarity, and for others increasing uncertainty around their future employment opportunities with BC. Increasing volume of change being felt on a daily basis	Mar-20
5			CLOSED(Jan20) 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						Closed			
6			CLOSED (Nov19) - Failure to deliver the Connected Knowledge Strategy									Closed			
7	Andrew Small	Will Rysdale	New in-house Street and Horticulture service (Streetscene) does not operate in line with AVDC standards for safe systems of work, performance management etc.	Accident or injury, Failure to deliver services, financial costs over budget, damage to AVDC reputation.	3	3	9	Moderate	Recruitment to fill post that did not TUPE over, operations Board for oversight & governance, budget approved.	2	3	6	New	Key Manager Hort/Ground did not transferring over; recruitment completed, started beginning of March. 2x Streets supervisors did transfer over. Programme of H&S risk assessment development to ensure Safe Systems of Work in line with AVDC standards.	Jun-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 complete for Commercial Workshop Manager start date 17 March 20. Business plan for Workshop being developed including new opportunities for BC and will assess ROI for new Authority (Feb20).	Mar-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 2019. 3/4 of the F&B units have been let with interest in fourth. Appointed new lettings agent and early indications more positive. 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	CLOSE - 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.	5	3	CLOSE	CLOSE	The risk has materialised due to external influence factors. In March 2019, it was concluded, in consultation with the Highways Authority, that to be able to respond fully to issues raised in representations regarding transport infrastructure that the Countywide Transport Model should be re-run. This will delay AVDC's ability to provide the requested responses to the issues raised in the recent consultation. The responses to the Inspector will now go forward for his consideration after vesting day for the new Buckinghamshire Council.	Mar-20
14	Andrew Small	Jeff Membery	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 happened on 31 Jan2020. Continue to monitor risk during transition period to 31 December 2020.	Ongoing
16	Jeff Membery	Susan Kitchen	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	2	4	8		Planning Improvement Programme continues to deliver positive results.	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 AVDC 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.	5	3	15	↑	Coronavirus update - Following national government advice. All the BCPs for critical services have been reviewed (13March) focusing specifically on loss of staff due to pandemic. Hand gels, anitbac wipes etc available across all facilities, community centres. IT resilience to be reviewed for increased volumes of staff working from home. Comms is aligning with Unitary and CMT and TVLRF.	Ongoing
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 (S11); Meeting with Chair of Bucks safeguarding board – questions asked about current safeguarding arrangement and recommendations made; AVDC Chairs Community Safety Partnership (Prevent). Check applications for taxi licenses with disclosure Scotland. Whistleblowing policy in place and Managing volunteers policy in place. Members training on Prevent (WRAP) (Oct17). Internal audit (May17). Member training on Safeguarding 2018.	2	3	6	→	Training needs assessment for different roles 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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