



DEMOCRATIC AND ELECTORAL SERVICES

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Dear Councillor

AUDIT COMMITTEE

The next meeting of the Audit Committee will be held as follows:

DATE: THURSDAY, 3RD JULY, 2014
TIME: 6.00 PM
VENUE: ROOM 6, CAPSWOOD, OXFORD ROAD, DENHAM

Only apologies for absence received prior to the meeting will be recorded.

Yours faithfully

Jim Burness

Director of Resources

To: The Audit Committee

Mr Hollis
Mr Hardy
Mr Anthony
Mr Bradford
Dr A Dhillon
Mrs Wallis

Declarations of Interest

Any Member attending the meeting is reminded of the requirement to declare if he/she has a personal interest in any item of business, as defined in the Code of Conduct. If that interest is a prejudicial interest as defined in the Code the Member should also withdraw from the meeting.

A G E N D A

	(Pages)
1. Apologies for absence	
2. Minutes	
To confirm the minutes of the meeting held on 27 March 2014.	(1 - 4)
3. Complaints Monitoring Report 2013/14	
To consider the report of the Head of Legal and Democratic Services.	(5 - 8)
4. Review of Code of Conduct and Complaints Procedure	
To consider the report of the Head of Legal and Democratic Services.	(9 - 12)
<i>Appendix 1</i>	(13 - 20)
<i>Appendix 2</i>	(21 - 32)
<i>Appendix 3</i>	(33 - 44)
5. Internal Audit ICT Governance and Controls Report	
To consider report of the Director of Resources.	(45 - 60)
6. Internal Audit Progress Report	
To consider report of TIAA.	(61 - 62)
<i>Appendix</i>	(63 - 80)
7. Internal Audit Annual Assurance Report 2013/14	
To consider report of TIAA.	(81 - 82)
<i>Appendix</i>	(83 - 90)
8. External Audit Fee Letter 2014/15	
To consider the letter from Ernst & Young LLP.	(91 - 94)
9. External Audit Fraud Briefing	
To receive a presentation on Protecting the Public Purse Fraud Briefing 2013.	
10. Understanding how the Audit Committee gains assurance from Management	
To consider report of the Director of Resources.	(95 - 96)

Appendix 1

(97 - 98)

Appendix 2

(99 - 102)

11. **Annual Governance Statement 2013/14**

To consider report of the Director of Resources.

(103 - 128)

12. **Audit Work Programme**

To receive the current work programme of the Audit Committee.

(129 - 130)

13. **Standards Work Programme**

To receive the current Standards work programme.

(131 - 132)

14. **Any Other Business**

To consider any other business which the Chairman decides is urgent.

The next meeting is due to take place on Thursday, 18 September 2014

AUDIT COMMITTEE

Meeting - 27 March 2014

Present: Mr Hollis (Chairman)
Mr Hardy, Mr Anthony, Mr Bradford, Dr A Dhillon and Mrs Wallis

38. MINUTES

The minutes of the meeting of the Committee held on 5 December 2013 were confirmed and signed by the Chairman.

39. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a progress report from TIAA on Internal Audit including details of the audits carried out since 1 April 2013 as set out in a table in paragraph 4 of the appendix, which also set out changes to the annual plan 2013/14, as well as the progress against the annual plan for 2013/14.

In the discussion which followed, the importance of ensuring that all staff, including temporary and agency staff, sign up to the Council's data protection policy was emphasised. It was agreed that the suggestion that staff, who handle personnel and sensitive data, should sign a confidentiality agreement be explored further.

The Committee also suggested that the Council could look at online training in information governance for staff and that agency staff should ideally have undertaken independently and been certified in such generic training prior to being employed at the council as part of their qualifications for a post.

RESOLVED that the progress against the Internal Audit Plan and findings arising from the Internal Audit Work be noted.

40. INTERNAL AUDIT STRATEGIC AND ANNUAL PLAN REPORT 2014/15 TO 2018/19

Each year the Council is required to produce an Internal Audit Strategic Plan and Annual Plan and the Committee accordingly considered a report from TIAA on the Internal Audit Strategic Plan 2014/15 to 2018/19 and Annual Plan Report 2014/15.

In the discussion which followed, it was confirmed that, whilst the number of audit days was currently predicted as being more than 140 in 2015/16 and onwards, unless a decision was made to change this number in the future, the auditors would only be carrying out a maximum of 140 audit days per year. The predicted number of days each year was likely to be reduced for those services which become shared with Chiltern District Council.

In response to a concern which was raised regarding the fact that no days had been allocated to auditing the business/marketing plan for Farnham Park Charitable Trust, it was confirmed that the plan would be looked at as part of the days allocated for contingency time. It was noted that the new South Buckinghamshire & Farnham Park Advisory Committee would be responsible for monitoring the performance of the Golf Club based on the business/marketing plan.

In connection with the column headed 'frequency of review' in the table under paragraph 7 of the appendix, the Committee agreed to add the following wording to the last row so that the frequency of review for other areas of core financial and operational activity reads 'these will be reviewed using a two to five year rolling cycle unless the Audit Committee request otherwise.'

With regard to the Annual Internal Audit Plan 2014/15, it was agreed that car parking should be an assurance review rather than an operational review.

RESOLVED that, subject to the incorporation of the above comments, the Internal Audit Strategic Plan 2014/15 to 2018/19 and the Annual Plan Report 2014/15 be noted.

41. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2012-2013

Section 28 of the Audit Commission Act 1998 requires auditors to certify specific claims and returns.

The Committee received a report from Ernst and Young LLP which set out the findings of two reviews carried out in 2012/13 into Housing and Council Tax Benefits Scheme and National Non-Domestic Rates Return. The proposed fee for 2012-13 is £34,315 which compares to a charge of £59,230 in 2011-12.

RESOLVED that the report be noted.

42. JOINT WHISTLEBLOWING AND JOINT ANTI-FRAUD BRIBERY & CORRUPTION POLICIES

The Committee received a report which asked the Committee to consider whether to recommend to Council that it adopts the new Joint Anti-Fraud & Corruption Policy and Joint Whistleblowing Policy.

Both Chiltern District Council and South Bucks District Council have existing Anti-Fraud and Corruption Policies, which are due for renewal and require updating to reflect changes to legislation. The new Joint Anti-Fraud & Corruption Policy, attached as appendix 1, has been updated to incorporate the Councils' responsibilities identified in the Bribery Act 2010.

Both councils have whistleblowing policies and procedures that underpin the Anti-Fraud and Corruption Policies. The new Joint Whistleblowing Policy, attached as appendix 2, incorporates the latest guidance as recommended by the Charity "Public Concern at Work" and complies with the statutory requirements of the Public Interest Disclosure Act 1998.

In response to a question, the Committee were advised that the new policies were very similar to the old South Bucks District Council policies.

With regard to the last paragraph of the Joint Whistleblowing Policy, the Committee requested that the details of those bodies which staff could contact if they were dissatisfied, be listed in the last paragraph for ease of reference.

RECOMMENDED to Council that the following policies be adopted:

1. The Joint Anti-Fraud & Corruption Policy
2. The Joint Whistleblowing Policy

43. SINGLE FRAUD INVESTIGATION SERVICE

The Committee received a report which detailed the Department for Work and Pension's (DWP) intentions to create a Single Fraud Investigation Service (SFIS) to carry out fraud investigation relating to the majority of welfare benefit frauds. The report advised the Committee of the potential implication for South Bucks District Council and asked Members to comment on future options for South Bucks.

DWP intended to introduce the Single Fraud Investigation Service (SFIS) in a phased approach in the financial year 2014/15. It was estimated that a figure of 860 local authority fraud staff nationally would be incorporated into the new service. This would include managers, investigators, and any support staff directly involved in benefit fraud investigation work.

The report set out a number of options regarding the Council's future approach to fraud investigation and prevention. A report would be submitted to the Audit Committee for a decision, detailing the impact and options available once timescales and actions have been agreed with DWP.

Having considered the various options, the Committee's preferred option was to explore the potential for a county wide fraud team looking at the residual roles after the Single Fraud

Investigation Service on a county wide basis. The Committee noted the importance of ensuring that the county wide team would be responsible for carrying out fraud prevention work as well as investigation. In response to a question, it was confirmed that the team would need to be self-financing by generating income / savings.

RESOLVED that

- the report be noted.
- the option to explore the potential for a county wide fraud team looking at the residual roles after the Single Fraud Investigation be noted as the Committee's preferred option.
- a report be submitted, once timescales and actions are agreed with DWP, detailing the impact and options available so that a final decision can be taken.

44. AUDIT WORK PROGRAMME

The Committee received a work programme for future meetings in 2014/2015.

45. STANDARDS WORK PROGRAMME

The Committee noted the Standards Work Programme.

46. ERNST AND YOUNG AUDIT PLAN 2013/2014

The Committee considered the Audit Plan of Ernst and Young LLP setting out how they intended to carry out their responsibilities as the Council's auditors in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements.

The Plan set out, amongst other things, an assessment of the key strategic or operational risks and the financial statement risks (e.g. fraud) facing the Council and the processes Ernst and Young intended to adopt when carrying out the audit.

Following a discussion on the implications of the changes to the non-domestic rates appeal process, the Committee indicated that it was satisfied that the Plan met its expectations.

RESOLVED that the Plan for the 2013/14 Audit be agreed.

The meeting terminated at 7.00 pm

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SUBJECT:	Complaints Monitoring Report 2013/14
REPORT OF:	Head of Legal and Democratic Services

1. Purpose of Report

This report advises the Committee of formal complaints received by the monitoring officer in 2013/14 that members have breached the code of conduct.

2. Links to Council Policy Objectives

Whilst there are no direct links to the Council's main policy objectives, the effective monitoring of complaints is matter of good governance and is important in preserving the confidence of local communities.

3. Background

3.1 The Committee agreed at their meeting in March 2013 that due to historically low numbers of complaints made against members of Council and town/parish councillors in the district, it was sufficient to receive complaints monitoring reports on an annual basis unless there was a sudden increase in the number of complaints.

3.2 As the Committee will be aware on 1 July 2012 the framework contained in the Local Government Act 2000 and associated regulations for assessing, investigating and hearing complaints about member conduct and imposing sanctions, was repealed and replaced with a requirement for local authorities to adopt local arrangements. Under the Localism Act 2011 SBDC no longer has responsibility for ensuring high standards of conduct amongst town and parish councillors in the district. However, any complaints that town or parish councillors may have breached their council's code of conduct are dealt with under SBDC's complaints procedure.

3.3 Continuing the trend in past year for a very low number of formal complaints about councillors in South Bucks District, the monitoring officer has received no formal complaints about members of SBDC and only 1 complaint about a member of a parish council which did not proceed following initial contact with the complainant. The figures for financial year 2013/14 are set out in the following table, together with figures for 2012/13 for comparison.

Authority	2013/14	2012/13
SBDC	0	0
Town/Parishes	1	1
Total	1	1

The complaint received in 2012/13 and which related to Councillor Naylor of Burnham Parish, proceeded to Stage 3 and the outcome of the investigation was reported to this Committee on 5 December 2013. The initial complaint was received in February 2013 and following receipt of further information, the decision that the complaint fell within the scope of the Council's complaints procedure (as opposed to being a matter for investigation by Thames Valley Police) was taken in April 2013. The Stage 1 procedure therefore commenced on 22 April 2013, the decision to investigate at Stage 2 was taken on 8 July, the external investigator was appointed on 15 July and the final report of the investigation was received on 25 November. The monitoring officer considers that the overall time take to deal with this complaint was too long. In particular the investigation became protracted due to the number and availability of witnesses to be interviewed and the volume of paper work to be considered. The cost of the investigation was £ . As this was the first complaint to proceed through all stages of the procedure, standard letters of

notification, decision notices and appointments had to be prepared which also added to the timescale in this case but will now be available as precedents for any future complaints. The monitoring officer suggests that a an overall target of 6 months is set for cases which proceed through all 3 stages of the complaints procedure.

- 3.4 In addition to the number of complaints received, it is also useful to consider the type/nature of the allegations being made. Some suggested categories are shown in the table below. Members should note that complaints can fall into more than one category.

Nature of Allegation	Number of Allegations 2013/14	
	Towns/parishes	SBDC
a)Failure to treat others with respect	1	0
b)Bringing the council into disrepute		0
c)Using position for personal advantage	0	0
d)Failure to register a pecuniary interest	0	0
e)Failure to disclose a pecuniary interest/withdraw from meeting	0	0
f)Failure to register a non-pecuniary interest	0	0
g) Failure to disclose a non-pecuniary interest/withdraw from meeting	0	0
g)Other	0	0

4. Proposal/Discussion

- 4.1 The Committee will note that no formal complaints have been recorded against district councillors during this monitoring period and only one complaint about a parish councillor. In view of changes both to the code of conduct and requirements to register and disclose interests introduced by the Localism Act in 2012, the low number of complaints is to be welcomed.
- 4.2 Members are however asked to consider whether it is appropriate to a set a target time for dealing with complaints which proceed through all 3 stages of the procedure and what that target should be.

5. Resources, Risk and Other Implications

Financial - None
 Legal - As set out in the report
 Risks issues - None
 Equalities - None

6. Recommendation

The Committee is invited to note the complaints information for 2013/14 and consider any necessary actions arising.

Portfolio Holder	N/A
Officer Contact:	Joanna Swift: 01895 837229 Email: joanna.swift@southbucks.gov.uk
Background Papers:	None except those referred to in the report

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SUBJECT:	Review of the Code of Conduct and Complaints Procedure
REPORT OF:	Head of Legal and Democratic Services

1. Purpose of Report

This report considers whether the code of conduct and complaints procedures adopted by the Council under the new standards framework in 2012 remain fit for purpose.

2. Links to Council Policy Objectives

Whilst there are no direct links to the Council's main policy objectives, the effective monitoring of complaints is matter of good governance and is important in preserving the confidence of local communities.

3. Background

3.1 On 1 July 2012 a new standards framework was introduced by the Localism Act 2011. This requires the Council to promote and maintain high standards of conduct amongst its elected and co-opted members, to adopt a code governing member conduct and to have arrangements in place for dealing with any complaints that members may have breached the code of conduct. Any complaints that town or parish councillors have breached their council's code of conduct are covered by the District Council's complaints procedure.

3.2 The Localism Act and accompanying statutory regulations require members to disclose any pecuniary interests (DPI's) held by themselves or their spouse/partners in items of Council business. Failure to disclose a DPI is a criminal offence

THE CODE OF CONDUCT

3.3 The previous national model code of conduct was repealed by the Localism Act and the Council therefore has discretion on the content of the new code of conduct provided that it accords with the following 7 principles of conduct in public life:-

- a) selflessness
- b) integrity
- c) objectivity
- d) accountability
- e) openness
- f) honesty
- g) leadership

3.4 The Council adopted a new code of conduct on 24 July 2012 which is attached at Appendix 1 for reference. This was based on a lighter-touch set of general obligations than the previous national model code but continued the requirement for members to disclose non-pecuniary personal and prejudicial interests, in addition to the new statutory DPI's. This was considered vital in view of the Council's role in determining planning and licencing applications. The same code was adopted by Chiltern and Aylesbury Vale District Councils. Members will note from the complaints monitoring report elsewhere on the agenda that there have been no formal complaints about the conduct of district councillors since the new code was adopted. It is considered that declarations of interest are being made appropriately by members under the Code.

3.5 Guidance on personal interests was issued by the DCLG in September 2012 and revised in September 2013 to give basic practical information to members about how to be open and transparent in relation to their interests. A copy is attached at Appendix 2. It is not considered that this guidance requires any changes to the Council's code. However, some

additional guidance on what constitutes a “close association” for the purposes of declaring a personal interest under the code and advice for dual-hatted members on declaring personal and prejudicial interests may be helpful. Subject to the outcome of this Committee’s review, further guidance will be prepared for consideration by this Committee in readiness for member training after the 2015 district elections.

THE COMPLAINTS PROCEDURE

- 3.6 The statutory instruments regulating the handling of complaints were repealed by the Localism Act together with the independent body that dealt with more serious complaints, the Standards Board for England. The Council therefore has discretion on the arrangements it adopts for dealing with complaints. However, the Act provides that these arrangements must include the appointment of at least one independent person whose views are to be sought and taken into account, before the Council makes a decision on an allegation that it has decided to investigate. The independent person’s view may also be sought by the authority at other stages in the investigation and by subject members.
- 3.7 The Council has adopted the Complaints Procedure attached at Appendix 3 and appointed 2 independent persons who are consulted on proposed actions. Complaints are handled in a 3 stage process:-
1. The complaint is sent to the subject councillor member who has an opportunity respond. If the complainant is satisfied with the councillor’s explanation or proposed remedy, no further action is taken. If the complainant remains dissatisfied the complaint proceeds to Stage 2.
 2. The monitoring officer assesses whether the complaint should be referred for investigation having regard to the referral criteria, in consultation with the chairman of this Committee and an independent person. If a complaint merits investigation it will proceed to Stage 3. If the monitoring officer decides not to refer the complaint for investigation no further action is taken and no appeal is available.
 3. An investigation is carried out and the investigator’s report is referred to a Hearing Sub-Committee or, in certain cases, this Committee for consideration. The Independent Person’s view must be taken into account when deciding what action to take.
- 3.8 This complaints procedure was considered by the previous Standards Committee prior to its adoption and a simpler and more transparent process for subject members was favoured. The same arrangements have been adopted by Chiltern and Aylesbury Vale District Councils. The monitoring officer has not received any formal complaints under the procedure about district councillors. There has been 1 complaint about a parish councillor which proceeded to Stage 3 and the investigator found that there had been a failure to declare an interest under the parish council’s code of conduct. Members will recall that the investigator’s report was considered by this committee in December 2013. Having taken the views of the Council’s Independent Person into account, the Committee referred the report to the relevant parish council to decide what action to take.

4. Proposal/Discussion

- 4.1 The Committee is invited to consider whether the code of conduct remains fit for purpose having regard to experience since its adoption in July 2012. With regard to the arrangements for dealing with complaints the Committee is asked to consider whether the current 3 stage approach achieves the necessary balance of fairness in the public

interest between the complainant and subject member and otherwise generally whether the procedure remains fit for purpose.

5. Resources, Risk and Other Implications

Financial - None
Legal - As set out in the report
Risks issues - None
Equalities - None

6. Recommendation

The Committee is invited to note the information in this report and consider any necessary actions arising

Portfolio Holder	N/A
Officer Contact:	Joanna Swift: 01895 837229 Email: joanna.swift@southbucks.gov.uk
Background Papers:	None except those referred to in the report

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SOUTH BUCKS DISTRICT COUNCIL

Code of Conduct for Members Adopted on 24 July 2012

Part 1 - General Provisions

Introduction

1. (1) The Council has adopted this Code of Conduct pursuant to section 27 of the Localism Act 2011 (the Act) to promote and maintain high standards of behaviour by its members and co-opted members whenever they conduct the business of the Council including the office to which they were elected or appointed or when they claim to act or give the impression of acting as a representative of the Council
- (2) This Code of Conduct complies with Section 28 the Act and is consistent with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Scope

2. (1) This Code of Conduct applies to you whenever you are acting in your capacity as a member of South Bucks District Council, including: -
 - (a) at formal meetings of the Council, its Committees and Sub-Committees, its Cabinet and PAG's
 - (b) when acting as a representative of the authority
 - (c) in taking any decision as a Cabinet member or a Ward Councillor
 - (d) in discharging your functions as a ward Councillor
 - (e) at briefing meetings with officers
 - (f) at site visits and
 - (g) when corresponding with the authority other than in a private capacity
- (2) Where you act as a representative of the Council: -
 - (a) on another authority, you must when acting for that authority, comply with that other authority's code of conduct; or
 - (b) on any other body, you must, when acting for that other body, comply with this Code of Conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject

General obligations

3. You must -
 - (1) provide leadership to the council and communities within its area, by personal example and
 - (2) respect others and not bully any person
 - (3) recognise that officers (other than political assistants) are employed by and serve the whole council

Appendix 1

- (4) respect the confidentiality of information which you receive as a member -
 - i. not disclosing confidential information to third parties unless required by law to do so or where there is a clear and over-riding public interest in doing so; and
 - ii. not obstructing third parties' legal rights of access to information
- (5) not misconduct yourself in a manner which is likely to bring the council into disrepute
- (6) use your position as a member in the public interest and not for personal advantage
- (7) act in accordance with the council's reasonable rules on the use of the resources of the council for private or political purposes
- (8) exercise your own independent judgement, taking decisions for good and substantial reasons -
 - i. attaching appropriate weight to all relevant considerations including, where appropriate, public opinion and the views of political groups
 - ii. paying due regard to the advice of officers, and in particular to the advice of the statutory officers, namely the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer and
 - iii. stating the reasons for your decisions where those reasons are not otherwise apparent
- (9) account for your actions, particularly by supporting the council's scrutiny function
- (10) ensure that the council acts within the law.

Part 2 - Interests

Personal interests

4. In addition to the statutory requirements under the Act in relation to DPI's and as set out in Paragraph 10 below and save for the subject interest already having been declared as a DPI and the statutory provisions complied with, the following Paragraphs 5 to 9 shall also apply.
5. (1) You have a personal interest in any business of the council where either—
 - (a) it relates to or is likely to affect—
 - (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;
 - (ii) any body—
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),
of which you are a member or in a position of general control or management;
 - (iii) any person or body who employs or has appointed you;
 - (iv) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £50;

- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected by the decision;
- (2) In sub-paragraph (1)(b), a relevant person is—
- (a) a member of your family or any person with whom you have a close association; or
 - (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
 - (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - (d) any body of a type described in sub-paragraph (1) (a) (i) or (ii).

Disclosure of personal interests

6. (1) Subject to sub-paragraphs (2) to (5), where you have a personal interest in any business of the council and you attend a meeting of the council at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of the council which solely relates to a body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council, you need only disclose to the meeting the existence and nature of that interest if that interest is prejudicial.
- (3) Where you have a personal interest in any business of the council of the type mentioned in paragraph 5(1) (a) (iv), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.
- (5) Subject to paragraph 9(1) (b), where you have a personal interest in any business of the council and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.

Prejudicial interest generally

7. (1) Subject to sub-paragraph (2), where you have a personal interest in any business of the council you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the council where that business—
- (a) does not affect your financial position or the financial position of a person

- or body described in paragraph 5;
- (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 5; or
- (c) relates to the functions of the council in respect of—
 - (i) an allowance, payment or indemnity given to members;
 - (ii) any ceremonial honour given to members; and
 - (iii) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

8. You also have a prejudicial interest in any business before an overview and scrutiny committee of the council (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by the cabinet, PAG's or another of the council's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken, you were a member of the cabinet, PAG's, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

9. (1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your council—
- (a) you must declare the existence and nature of your interest and withdraw from the room or chamber where a meeting considering the business is being held—
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;unless you have obtained a dispensation from your council's monitoring officer;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of the council you may attend a meeting (including a meeting of the overview and scrutiny committee of the council or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Disclosable Pecuniary Interest

10. A Disclosable Pecuniary Interest (DPI) is as defined in 'The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012' (The Regulations) and the categories of interest are set out in Appendix A.

Note: In addition to the statutory requirements under the Act, Council Procedure Rules require you to withdraw from the room or chamber where the meeting is being held if you have a DPI in an item of business being considered at that meeting unless a Dispensation has been granted pursuant to and in accordance with Section 33 of the Act.

Part 3 - Registration of Members' Interests

Registration or Disclosure of members' interests

11. (1) Subject to paragraph 12, you must, within 28 days of—
- (a) in relation to a DPI, the Regulations coming into effect namely 1.7.12
 - (b) in relation to Personal Interests, this Code being adopted by or applied to the council; or
 - (c) otherwise your election or appointment to office (where that is later),
- register in the council's register of members' interests, maintained under Section 29 of the Act, details of any DPI which you or your spouse or civil partner (or person with whom you are living as spouse or civil partner) may have, together with your personal interests where they fall within a category mentioned in paragraph 5(1) (a), by providing written notification to the council's monitoring officer,.
- (2) Failure to register or disclose any DPI in accordance with section 30(1) or 31(2), (3) or (7) of the Act, or participating in any discussion or vote in contravention of section 31(4) of the Act, or taking any steps in contravention of section 31(8) of the Act, is a criminal offence and risks a fine not exceeding level 5 on the standard scale (currently £5,000) or disqualification as a member for a period not exceeding 5 years.
- (3) Subject to paragraph 12, you must, within 28 days of becoming aware of any new DPI and/or personal interest or change to any DPI and/or personal interest registered under paragraph (1), register details of that new DPI and/or personal interest or change by providing written notification to the council's monitoring officer.
- (4) Subject to Paragraph 12, you are required to disclose the existence and nature of any DPI when it arises at a meeting even where already registered in the Register or pending registration so the minutes can be duly noted.

Sensitive interest

12. (1) Where you consider that you have a sensitive interest (whether or not a DPI), and the council's monitoring officer agrees, if the interest is entered in the Council's register, copies of the register that are made available for inspection and any published version of the register, must not include details of the interest (but may state that the member has an interest the details of which are withheld under section 32 (2) of the Act) and any public declaration required need only state the fact an interest arises without further detail.
- (2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer a sensitive interest, notify the Council's monitoring officer asking that the interest be

included in the Council's register of members' interests.

- (3) In this Code, "sensitive interest" means an interest, the nature of which is such that you and the Council's monitoring officer consider that disclosure of the details of the interest could lead to you, or a person connected with you, being subject to violence or intimidation.

Dispensations

13. On a written request made to the Council's Monitoring Officer, the Council may grant a dispensation for you to participate in a discussion and vote on a matter at a meeting even if you have a DPI or a prejudicial interest and that you be relieved of the obligation to otherwise withdraw from the room in which the matter is being considered if the Council considers that the number of members otherwise prohibited from taking part in the meeting would be so great a proportion of the body transacting the business that it would impede the transaction of the business; or the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote on the business; or it is in the interests of the inhabitants in the Council's area to allow you to take part or that without the dispensation the Council's Executive would be prohibited from participating in the matter or it is otherwise appropriate to grant a dispensation.

Appendix A

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a DPI are set out in Chapter 7 of the Act.

DPI's are defined in the Regulations 2012 as follows -

<i>Interest</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

- (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose -

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.



Department for
Communities and
Local Government

Openness and transparency on personal interests

A guide for councillors

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Bressenden Place
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The Guide

This guide on personal interests gives basic practical information about how to be open and transparent about your personal interests. It is designed to help councillors, including parish councillors, now that new standards arrangements have been introduced by the Localism Act 2011¹.

Why are there new rules?

Parliament has abolished the Standards Board regime and all the rules under it. It has done this because that centrally-imposed, bureaucratic regime had become a vehicle for petty, malicious and politically-motivated complaints against councillors. Rather than creating a culture of trust and openness between councillors and those they represent, it was damaging, without justification, the public's confidence in local democratic governance.

The new standards arrangements that Parliament has put in place mean that it is largely for councils themselves to decide their own local rules. It is essential that there is confidence that councillors everywhere are putting the public interest first and are not benefiting their own financial affairs from being a councillor. Accordingly, within the new standards arrangements there are national rules about councillors' interests.²

Such rules, in one form or another, have existed for decades. The new rules are similar to the rules that were in place prior to the Standards Board regime. Those rules, originating in the Local Government Act 1972 and the Local Government and Housing Act 1989, involved local authority members registering their pecuniary interests in a publicly available register, and disclosing their interests and withdrawing from meetings in certain circumstances. Failure to comply with those rules was in certain circumstances a criminal offence, as is failure to comply in certain circumstances with the new rules.

Does this affect me?

Yes, if you are an elected, co-opted, or appointed member of:

- a district, unitary, metropolitan, county or London borough council
- a parish or town council
- a fire and rescue authority
- a transport or other joint authority
- a combined authority or an economic prosperity board
- the London Fire and Emergency Planning Authority
- the Broads Authority

¹ The Guide should not be taken as providing any definitive interpretation of the statutory requirements; those wishing to address such issues should seek their own legal advice.

² The national rules are in Chapter 7 of the Localism Act 2011 and in the secondary legislation made under the Act, particularly in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (S.I. 2012/1464).

- a National Park authority
- the Greater London Authority
- the Common Council of the City of London
- the Council of the Isles of Scilly

How will there be openness and transparency about my personal interests?

The national rules require your council or authority to adopt a code of conduct for its members and to have a register of members' interests.

The national rules require your council's code of conduct to comply with the Seven Principles of Public Life, and to set out how, in conformity with the rules, you will have to disclose and register your pecuniary and your other interests. Within these rules it is for your council to decide what its code of conduct says. An illustrative text for such a code is available on the Department's web site.³

Your council's or authority's monitoring officer (or in the case of a parish council the monitoring officer of the district or borough council) must establish and maintain your council's register of members' interests. Within the requirements of the national rules it is for your council or authority to determine what is to be entered in its register of members' interests.

What personal interests should be entered in my council's or authority's register of members' interests?

Disclosable pecuniary interests, and any other of your personal interests which your council or authority, in particular through its code of conduct, has determined should be registered.

Any other of your personal interests which you have asked the monitoring officer, who is responsible for your council's or authority's register of members' interests, to enter in the register.

As explained in the following section, your registration of personal interests should be guided by your duty to act in conformity with the seven principles of public life. You should ensure that you register all personal interests that conformity with the seven principles requires. These interests will necessarily include your membership of any Trade Union.

What must I do about registering my personal interests?

Under your council's code of conduct you must act in conformity with the Seven Principles of Public Life. One of these is the principle of integrity – that 'Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in

³ <https://www.gov.uk/government/publications/illustrative-text-for-local-code-of-conduct--2>

order to gain financial or other material benefits for themselves, their family, or their friends. **They must declare and resolve any interests and relationships.**⁴.

Your registration of personal interests should be guided by this duty and you should give the monitoring officer who is responsible for your council's or authority's register of members' interests any information he or she requests in order to keep that register up to date and any other information which you consider should be entered in the register.

All sitting councillors need to register their declarable interests – both declarable pecuniary interests, and other interests that must be declared and registered as required by your authority's code, or your duty to act in conformity with the Seven Principles of Public Life, such as your membership of any Trade Union. Any suggestion that you should tell the monitoring officer about your pecuniary interests only in the immediate aftermath of your being elected is wholly incompatible with this duty, with which you must comply.

If you have a disclosable pecuniary interest which is not recorded in the register and which relates to any business that is or will be considered at a meeting where you are present, you must disclose⁵ this to the meeting and tell the monitoring officer about it, if you have not already done so, so that it can be added to the register. You must tell the monitoring officer within 28 days of disclosing the interest. For this purpose a meeting includes any meeting of your council or authority, of its executive or any committee of the executive, and of any committee, sub-committee, joint committee or joint sub-committee of your authority.

If you have a disclosable pecuniary interest which is not shown in the register and relates to any business on which you are acting alone, you must, within 28 days of becoming aware of this, tell the monitoring officer about it, if you have not already done so, so that it can be added to the register. You must also stop dealing with the matter as soon as you become aware of having a disclosable pecuniary interest relating to the business.

When you are first elected, co-opted, or appointed a member to your council or authority, you must, within 28 days of becoming a member, tell the monitoring officer who is responsible for your council's or authority's register of members' interests about your disclosable pecuniary interests. If you are re-elected, re-co-opted, or reappointed a member, you need to tell the monitoring officer about only those disclosable pecuniary interests that are not already recorded in the register.

What are pecuniary interests?

A person's pecuniary interests are their business interests (for example their employment, trade, profession, contracts, or any company with which they are associated) and wider

⁴ <http://www.public-standards.gov.uk/about-us/what-we-do/the-seven-principles/>

⁵ If the interest is a sensitive interest you should disclose merely the fact that you have such a disclosable pecuniary interest, rather than the interest. A sensitive interest is one which the member and the monitoring officer, who is responsible for the register of members' interests, consider that disclosure of its details could lead to the member, or a person connected to the member, being subject to violence or intimidation.

financial interests they might have (for example trust funds, investments, and assets including land and property).

Do I have any disclosable pecuniary interests?

You have a disclosable pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest listed in the national rules (see annex). Interests or your spouse or civil partner, following the approach of the rules under the 1972 and 1989 Acts, are included to ensure that the public can have confidence that councillors are putting the public interest first and not benefiting the financial affairs of themselves or their spouse or civil partner from which the councillor would stand to gain. For this purpose your spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Does my spouse's or civil partner's name need to appear on the register of interests?

No. For the purposes of the register, an interest of your spouse or civil partner, which is listed in the national rules, is **your** disclosable pecuniary interest. Whilst the detailed format of the register of members' interests is for your council to decide, there is no requirement to differentiate your disclosable pecuniary interests between those which relate to you personally and those that relate to your spouse or civil partner.

Does my signature need to be published online? Won't this put me at risk of identity theft?

There is no legal requirement for the personal signatures of councillors to be published online.

Who can see the register of members' interests?

Except for parish councils, a council's or authority's register of members' interests must be available for inspection in the local area, and must be published on the council's or authority's website.

For parish councils, the monitoring officer who is responsible for the council's register of members' interests must arrange for the parish council's register of members' interests to be available for inspection in the district of borough, and must be published on the district or borough council's website.

Where the parish council has its own website, its register of members' interests must also be published on that website.

This is in line with the Government's policies of transparency and accountability, ensuring that the public have ready access to publicly available information.

Is there any scope for withholding information on the published register?

Copies of the register of members' interests which are available for inspection or published must not include details of a member's sensitive interest, other than stating that the member has an interest the details of which are withheld. A sensitive interest is one which the member and the monitoring officer, who is responsible for the register of members' interests, consider that disclosure of its details could lead to the member, or a person connected to the member, being subject to violence or intimidation.

When is information about my interests removed from my council's register of members' interests?

If you cease to have an interest, that interest can be removed from the register. If you cease to be a member of the authority, all of your interests can be removed from the register.

What does having a disclosable pecuniary interest stop me doing?

If you are present at a meeting of your council or authority, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of your authority, and you have a disclosable pecuniary interest relating to any business that is or will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

In certain circumstances you can request a dispensation from these prohibitions.

Where these prohibitions apply, do I also have to leave the room?

Where your council's or authority's standing orders require this, you must leave the room. Even where there are no such standing orders, you must leave the room if you consider your continued presence is incompatible with your council's code of conduct or the Seven Principles of Public Life.

Do I need a dispensation to take part in the business of setting council tax or a precept?

Any payment of, or liability to pay, council tax does not create a disclosable pecuniary interest as defined in the national rules; hence being a council tax payer does not mean that you need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support.

If you are a homeowner or tenant in the area of your council you will have registered, in accordance with the national rules, that beneficial interest in land. However, this disclosable pecuniary interest is not a disclosable pecuniary interest in the matter of setting the council tax or precept since decisions on the council tax or precept do not materially affect your interest in the land. For example, it does not materially affect the value of your home, your prospects of selling that home, or how you might use or enjoy that land.

Accordingly, you will not need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support, which is in any event a decision affecting the generality of the public in the area of your council, rather than you as an individual.

When and how can I apply for a dispensation?

The rules allow your council or authority in certain circumstances to grant a dispensation to permit a member to take part in the business of the authority even if the member has a disclosable pecuniary interest relating to that business. These circumstances are where the council or authority considers that:

- without the dispensation so great a proportion of the council or authority would be prohibited from participating in that business as to impede the council's or authority's transaction of that business,
- without the dispensation the representation of different political groups dealing with that business would be so upset as to alter the likely outcome of any vote,
- the granting of the dispensation is in the interests of people living in the council's or authority's area,
- without the dispensation each member of the council's executive would be prohibited from participating in the business, or
- it is otherwise appropriate to grant a dispensation.

If you would like your council or authority to grant you a dispensation, you must make a written request to the officer responsible for handling such requests in the case of your council or authority.

What happens if I don't follow the rules on disclosable pecuniary interests?

It is a criminal offence if, without a reasonable excuse, you fail to tell the monitoring officer about your disclosable pecuniary interests, either for inclusion on the register if you are a newly elected, co-opted or appointed member, or to update the register if you are re-elected or re-appointed, or when you become aware of a disclosable pecuniary interest which is not recorded in the register but which relates to any matter;

- that will be or is being considered at a meeting where you are present, or
- on which you are acting alone.

It is also a criminal offence to knowingly or recklessly provide false or misleading information, or to participate in the business of your authority where that business involves a disclosable pecuniary interest. It is also a criminal offence to continue working on a matter which can be discharged by a single member and in which you have a disclosable pecuniary interest.

If you are found guilty of such a criminal offence, you can be fined up to £5,000 and disqualified from holding office as a councillor for up to five years.

Where can I look at the national rules on pecuniary interests?

The national rules about pecuniary interests are set out in Chapter 7 of the Localism Act 2011, which is available on the internet here:

<http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7/enacted>

and in the secondary legislation made under the Act, in particular The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 which can be found here:

<http://www.legislation.gov.uk/uksi/2012/1464/contents/made>

Annex A

Description of Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. The relevant period is the 12 months ending on the day when you tell the monitoring officer about your disclosable pecuniary interests following your election or re-election, or when you became aware you had a disclosable pecuniary interest relating to a matter on which you were acting alone.
- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.
- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where –
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either –
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

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Complaint procedure and form concerning Member conduct

Use this form if you have a complaint about:

- A member(s) that has, or may have, breached the Code of Conduct of the District or one of its Parishes in the South Bucks District. A copy of the relevant Codes of Conduct can be accessed from the A - Z section at: www.southbucks.gov.uk
- Conduct that occurred while the member(s) in question was in office. (Conduct of an individual before they were elected, co-opted or appointed, or after they have resigned or otherwise ceased to be a member, cannot be considered).
- One or more named members of the following authorities:

<input checked="" type="checkbox"/> South Bucks District Council	<input checked="" type="checkbox"/> Gerrards Cross Parish Council
<input checked="" type="checkbox"/> Burnham Parish Council	<input checked="" type="checkbox"/> Hedgerley Parish Council
<input checked="" type="checkbox"/> Beaconsfield Town Council	<input checked="" type="checkbox"/> Iver Parish Council
<input checked="" type="checkbox"/> Denham Parish Council	<input checked="" type="checkbox"/> Stoke Poges Parish Council
<input checked="" type="checkbox"/> Dorney Parish Council	<input checked="" type="checkbox"/> Taplow Parish Council
<input checked="" type="checkbox"/> Fulmer Parish Council	<input checked="" type="checkbox"/> Wexham Parish Council
<input checked="" type="checkbox"/> Farnham Royal Parish Council	

DO NOT use this form if you wish to complain about:

- Dissatisfaction with a decision or action of the authority or one of its committees,
- A service provided by the authority
- The authority's procedures
- The actions of people employed by the authority

These do not fall within the jurisdiction of the Code of Conduct.

Additional help and information:

- Your complaint must be in writing - **(signed and dated please)**. This includes fax and electronic submissions. However, in line with the requirements of the Disability Discrimination Act 2000, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing. Contact the Council's Monitoring Officer or Deputy Monitoring Officer for assistance.
- If English is not your first language we can also help.
- If your complaint is clearly **not** about member conduct then the Monitoring Officer will not consider your complaint - but where possible will refer you to the relevant procedure available.
- If you need any support in completing this form, please let us know as soon as possible.
- Your complaint will be considered in 3 stages as set out below. At each stage we will keep you informed. Not every complaint that falls under the Code will be referred for investigation. A decision will be made using the referral criteria below.

What happens next?

When you submit your complaint we will write to you to let you know we have received it. Your complaint will then be considered in 3 stages - the aim being to reach a satisfactory resolution.

Under Stages One and Two only the details contained on your complaint form will be considered therefore it is very important that you set your complaint out clearly and provide at the outset all the information you wish to be considered.

Stage One

We will tell the Member that you are complaining about that we have received a complaint and provide them with a copy - unless you have completed section 5 requesting confidentiality (in which case your details will not be disclosed unless and until your request for confidentiality has been considered - see further below).

The Member will be invited to respond within 20 working days - including in their response any suggestion to resolve the complaint.

This response will be made available to you and you will be asked if you are satisfied - if yes, no further action will be taken or the action proposed by the Member will proceed - or you will be asked if you wish your complaint to be considered further under Stage Two.

Stage Two

Your complaint will then be considered by the Councils Monitoring Officer and the Chairman/Vice-Chairman of the Councils Audit Committee - in consultation with a duly appointed 'Independent Person'* whose views will be taken into account - who will decide whether your complaint should be referred for investigation. This will happen within an average of 20 working days of the date of the commencement of Stage Two.

Whilst each allegation will be considered on its individual merits, the following “Referral Criteria” will be used to decide whether accept a complaint for investigation or take no further action.

Referral Criteria

- the public benefit in investigating the alleged complaint
- the availability and cost of resources with regard to the seriousness of the alleged matter
- is the information submitted, sufficient to make a decision as to whether to refer for investigation
- is the subject member still a serving member
- is the complaint the same as or similar to a previous complaint
- the time passed since the alleged conduct occurred
- the complaint involves conduct too trivial to warrant further action
- does the complaint appear to be malicious, politically motivated or tit for tat
- whether the matter complained of is an individual act or part of a continuous pattern of behaviour which should be cumulatively considered
- steps taken or proposed to remedy the action complained of
- the complainants view of the action taken or proposed.

When a decision has been made, you will be notified in writing whether your complaint has been referred for investigation or not. At the same time we write to you, we will also write to the member(s) you have complained about and the parish or town clerk (if applicable). We will send these letters within five working days of the decision being reached. The decision is made available for public inspection once the member the complaint is about has been given a copy of the decision.

There is no right of appeal under this complaints procedure if the decision at Stage Two is not to investigate.

Stage Three

If the decision at Stage Two is to investigate the complaint, the matter will be investigated - in most case by an external investigator whose report will be considered by the Hearings Sub-Committee of the Councils Audit Committee - or in some cases to the full Committee - in most cases you will be invited to attend.

The remedies available if a breach is found to have occurred is limited to the following -

Report to Council

Formal letter to subject Councillor

Formal censure by motion

Recommendation to Leader/Group Leader or Parish as applicable that member is removed from Special Responsibilities - i.e. Cabinet/Committees/Outside Bodies.

Press release or other publicity.

Please note the Council has no authority to withhold allowances or to suspend members.

Your completed form should be submitted to:



The Monitoring Officer
South Bucks District Council
Council Offices
Oxford Road
Denham
Buckinghamshire UB9 4LH



Monitoring Officer - Joanna Swift
Tel: 01895 837229



Deputy Monitoring Officer - Anna Dell
Tel: 01895 837232



01895 - 837 200



sbdc@southbucks.gov.uk



01895 - 832 750

*** An Independent Person** is someone who has been appointed by the Council under Section 28 of the Localism Act 2011.

Independent Persons must be appointed through a process of public advertisement, application and appointment by a positive vote of a majority of all members of the District Council – i.e. by full Council.

A Person is considered not to be 'independent' if

If they are or have been in the previous 5 years

an elected or co-opted member or officer of the District Council or any Parish in the area

an elected or co-opted member of any committee or sub-committee of the District Council or any Parish in the area

or they are a relative or close friend of a current elected or co-opted member or officer of the District Council or any Parish in the area – or any elected or co-opted members of any committee or sub-committee of such a Council.

COMPLAINT FORM**1. Please provide us with your name and contact details:**

Title:	
First name:	
Last name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	
Signed:	
Dated:	

2. Please tick the box which best describes you:

<input type="checkbox"/>	A member of the public
<input type="checkbox"/>	An elected or co-opted member of an authority
<input type="checkbox"/>	Member of Parliament
<input type="checkbox"/>	Local authority Monitoring Officer
<input type="checkbox"/>	Other council officer or authority employee
<input type="checkbox"/>	None of the above - please give details below:

3. Please provide the name(s) of the Member(s) that you believe have breached the Code of Conduct and the name of their authority.

Title	First name	Last name	Council or authority name

IMPORTANT INFORMATION

When completing your complaint form:

Your address and contact details will not usually be released unless necessary or to deal with your complaint.

We will tell the following people that you have made this complaint:

- the member(s) you are complaining about
- the monitoring officer of the authority
- the Independent Person
- the Chairman/ Vice-Chairman of the Councils Audit Committee who consider your complaint
- the parish or town clerk (if applicable)

We will tell them:

- Your name
- A copy of your complaint

If you have serious concerns about your name or details of your complaint being released, please complete section 5 of this form.

Nature of your complaint

It is very important that you set your complaint out fully and clearly, and provide all the information at the outset. You should also provide any documents or other material that you wish to be considered. Although you are not required to prove your complaint at this stage of the proceedings, you do have to demonstrate that you have reasonable grounds for believing that the member(s) complained about has breached the Code of Conduct.

Please therefore explain in this section (or on separate sheets) what the member has done that you believe breaches the Code of Conduct. If you are complaining about more than one member you should clearly explain what each individual person has done that you believe breaches the Code of Conduct.

For example:

- You should be specific, wherever possible, about exactly what you are alleging the member said or did. For instance, instead of writing that the member insulted you, you should state what it was they actually said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

Appendix3

4. Please provide us with the details of your complaint. Continue on a separate sheet if there is not enough space on this form

5. Only complete this next section if you are requesting that your identity/full details of your complaint are kept confidential

In the interests of fairness and natural justice, we believe members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with full details of that complaint.

We are unlikely to withhold your identity or the details of your complaint unless you have good reason to believe that to do so would be contrary to the public interest, would prejudice any subsequent investigation or you have reasonable grounds for believing you or any witness in the matter would be at risk.

The Member will still be informed that a complaint has been made - and unless to do so would lead to the disclosure of your identity, will be informed the paragraphs of the Code alleged to have been breached - however your details and a full copy of the complaint will be withheld until your request has been considered.

The assessment of a request for confidentiality will be considered against the following criteria - but with the balance always being in favour of disclosure unless exceptional circumstances exist to determine otherwise:

1. The complainant has reasonable grounds for believing that they will be at risk of physical harm if their identity is disclosed.
2. The complainant is an officer who works closely with the subject member and they are afraid of the consequences to their employment or of losing their job if their identity is disclosed.
3. The complainant suffers from a serious health condition and there are medical risks associated with their identity being disclosed (medical evidence may be required to be submitted).
4. Any other very special circumstances put forward by the complainant which identify reasonable grounds for believing that disclosure of details would result in the complainant or witnesses being intimidated or lead to evidence being compromised or destroyed.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The Monitoring Officer will consult with the Independent Person to consider your request alongside the substance of your complaint. If your request for confidentiality is not granted, please indicate if you wish the Council to continue to consider your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

NOTE - If you request confidentiality - you **must** answer the following question by deleting YES or NO.

Do you still wish to have your complaint

considered if your request for confidentiality **YES** **NO**
is denied in full or part?

THIS PAGE TO BE REMOVED - FOR STATISTICAL PURPOSES ONLY

Please could you provide some monitoring data? This data will not be disclosed to a third party. We will only use personal information internally for the purposes for which it has been provided.

<i>Please tick one box.</i>	Male	Female
Are you male or female?	<input type="checkbox"/>	<input type="checkbox"/>

Which of these age groups apply to you? Please tick one box.			
Up to 16	<input type="checkbox"/>	45 – 54	<input type="checkbox"/>
16 – 18	<input type="checkbox"/>	55 – 64	<input type="checkbox"/>
19 – 24	<input type="checkbox"/>	65 – 79	<input type="checkbox"/>
25 – 44	<input type="checkbox"/>	80 plus	<input type="checkbox"/>

<i>Please tick one box</i>	Yes	No
Do you have any long-standing illness, disability or infirmity? (Long standing means anything that has troubled you over a period of time or that is likely to affect you over a period of time).	<input type="checkbox"/>	<input type="checkbox"/>
Are you without a permanent home?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have access to your own method of transport?	<input type="checkbox"/>	<input type="checkbox"/>
Are you registered as unemployed?	<input type="checkbox"/>	<input type="checkbox"/>
Do you provide unpaid care for another person?	<input type="checkbox"/>	<input type="checkbox"/>

To which of these groups do you consider you belong? Please tick one box.			
WHITE		BLACK OR BLACK BRITISH	
British	<input type="checkbox"/>	Caribbean	<input type="checkbox"/>
Irish	<input type="checkbox"/>	African	<input type="checkbox"/>
Other White background	<input type="checkbox"/>	Other Black background	<input type="checkbox"/>
Roma Gypsy or Traveller	<input type="checkbox"/>		
MIXED		ASIAN OR ASIAN BRITISH	
White and Black Caribbean	<input type="checkbox"/>	Indian	<input type="checkbox"/>
White and Black African	<input type="checkbox"/>	Pakistani	<input type="checkbox"/>
White and Asian	<input type="checkbox"/>	Bangladeshi	<input type="checkbox"/>
Other mixed background	<input type="checkbox"/>	Other Asian background	<input type="checkbox"/>
CHINESE	<input type="checkbox"/>	OTHER ETHNIC GROUP	<input type="checkbox"/>

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ICT Audit Report

Audit Committee – 3 July 2014

South Bucks District Council



June 2014

2013/14

ICT Audit Report June 2014

INTRODUCTION

1. This report identifies the key governance and control issues which currently impact upon the delivery of ICT to both Chiltern and South Bucks Councils. TIAA have undertaken a specific audit of ICT and have identified and prioritised the work which internal audit should undertake during 2014/15 and beyond.

ICT AUDIT PLAN FOR 2014/15

2. As part of the audit review of Chiltern and South Bucks Councils ICT a forward programme of internal audit work has been identified. A copy of the TIAA audit report which includes the 2014/15 ICT audit programme is attached as Appendix A.

KEY RISK OF THE ICT GOVERNANCE AND CONTROLS

3. The Council is undergoing a significant change of emphasis in terms of service delivery and also back office support – in particular ICT support. Without effective management and planning of the ICT function during this change, systems could fail, data security / loss issues could occur, projects slip or fail due to lack of resources or management, changes to applications or operating methodologies may introduce unforeseen errors if not properly managed, staff resources may require changing in terms of skills and expertise, location etc.
4. The findings and outcomes from reviewing this key risk are described in the audit report attached at Appendix A.



ICT Governance and Control

Chiltern and South Bucks Councils



March 2014

2013-14

DRAFT

ICT Governance and Control

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have reviewed the arrangements at South Bucks and Chiltern Councils relating to the ICT Governance and Control arrangements. The review was carried out in March 2014 as part of the planned internal audit work for 2013/14.

SUMMARY

2. The Key Risks identified in the scope for this audit were examined and based on the findings from this work a prioritised ICT audit work stream for future years has been developed. (This is outlined in more detail in Appendix A).

KEY FINDINGS

3. The findings that need to be addressed are largely to agree a prioritised work plan which provides assurances across a range of ICT Governance arrangements in the context of change and the strategic alignment of the two organisations going forward, and to ensure that the service continues to support the organisation's vision and objectives.

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date report issued:	31 March 2014
----------------------------	----------------------

- DETAILED REPORT -**SCOPE AND LIMITATIONS OF THE REVIEW**

5. The review examined the governance and control arrangements for the delivery of ICT for Chiltern and South Bucks Councils. This will assist with the ICT audit planning for 2014/15 and beyond. The risks identified in this review are that without proper governance and controls throughout the ICT infrastructure the Council could face ICT disruption and/or corruption to its ICT systems.
6. The limitations and the responsibilities of management in regard to this review are set out in the Internal Audit Annual Plan for 13/14.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

AUDIT FINDINGS

Key Risk	The Council is undergoing a significant change of emphasis in terms of service delivery and also back office support – in particular ICT support. Without effective management and planning of the ICT function during this change, systems could fail, data security / loss issues could occur, projects slip or fail due to lack of resources or management, changes to applications or operating methodologies may introduce unforeseen errors if not properly managed, staff resources may require changing in terms of skills and expertise, location etc.
Key Controls	The key risk control is that good ICT Governance is demonstrated both currently and during the period of change through strategic leadership and direction across both Councils by means of effective ICT leadership, strategic direction and local management arrangements, robust ICT risk management arrangements, and effective service delivery and performance monitoring plans.

8. The following matters were identified in reviewing the Key Risk Control:

Control 1: ICT governance and strategic management is demonstrated and maintained.

- 8.1 A Joint Committee has been established comprising representatives of both Councils to provide a strategic lead to joint service provision / delivery and the intended combined ICT support function.
- 8.2 A Joint Officer Group has been convened to review key work streams going forward in light of decisions made by the Joint Committee.
- 8.3 A structure has been introduced within ICT which provides a shared ICT management function (Director of Resources & Head of ICT) across both Councils. Within each Authority, the ICT support teams are currently separately provided but there is an intention to converge the two teams.
- 8.4 As part of our review of the above key control, we identified a number of key areas that are likely to present a risk during the coming months and years and which will require assurance to be provided. These are contained within a suggested ICT audit plan which is shown at Appendix A.
- 8.5 In order to be sure that we have identified the key areas, we utilised the CIPFA ICT Governance manual contents to ensure that the coverage was complete (this is shown at Appendix B). We have also set our review against a best practice framework defined by COBIT (Control Objectives for IT) provided by the Information Systems Audit and Control Association (ISACA) to ensure that we have reviewed the Councils' ICT governance against an industry standard.

Risk Area 1: IT management and operational arrangements.

- 9.1 As transformation progresses, there is a need to ensure that the resources are numerically sufficient and also properly configured and aligned to service delivery both during the transition period and as an outcome.
- 9.2 There are risks that ICT staff see change as a threat, or that they determine that it will ultimately result in fewer staff and may choose to leave. There is also a risk that skill sets do not continue to match requirements going forward.

Risk Area 2: ICT and information risk management arrangements.

- 9.3 We understand that there is a corporate risk register with a limited number of ICT risks included. There is also an operational risk register which contains more detailed risk assessments.
- 9.4 For ICT, changes have already started to take place in terms of convergence of systems and applications which is likely to render the risk registers out of date. ICT risks are not considered jointly at this point.
- 9.5 An Information Governance (IG) Group is in place which will consider some information related risks across both Councils.

Risk Area 3: ICT Strategy development, policies and procedures

- 9.6 The infrastructure provider for South Buckinghamshire Council (Steria) has been commissioned by both authorities to review infrastructure technology and associated systems at a strategic level. A draft Technology Roadmap has been provided and is under consideration.
- 9.7 We believe that the whole ICT Strategy, including infrastructure, systems and information should be independently reviewed during their construction and development for both content and coverage, and also to ensure that relevant options have been appraised. Not least because Steria, who are already a service provider cannot provide the independence and objectivity.
- 9.8 As part of this strategic review we would also include a review of existing policies and procedures in order to establish their preparedness for the future.

Risk Area 4: Management of contractors and third party providers

- 9.9 As the likely outcome of the transition is a move to greater use of third parties, we believe a vital part of the future for ICT will be contract management. This has also been identified internally as a key area.
- 9.10 Contract structures, service specifications and also relationship and performance management will be amongst the key areas which we consider to be important and which must have a level of assurance.

Risk Area 5: Programme management and project control

- 9.11 Aligned to the above, more programmes and projects will be required to be managed. The commissioning function – tenders / quotes etc – is the first stage in any new outsourced arrangement, the controls over which need to be seen to operate to a high standard.

- 9.12 The formal structure of project management, the associated controls and the standard to which programmes and projects are managed, and their outcomes/benefits realised will also be a key area for management as all too often, projects slip and/or do not meet budget targets (with the resultant savings then jeopardised). There may also be project dependencies which make it critical that they are kept on track.

Risk Area 6: Information security management

- 9.13 Information security management (ISM) is vital to maintain. Confidentiality, integrity and availability are the cornerstones of ISM and in an environment of change it is essential that the processes which protect data and information, provide resilience and guard against unauthorised access or loss are sound.
- 9.14 We would expect to look into the processes which protect data and information and also focus on the cross organisational data protections in place including access controls as applications converge. We also believe that education, training and awareness is vital to be maintained ongoing and would expect to determine how the joint arrangements allow/provide for this.

Risk Area 8: Change management

- 9.15 Again, an area that has been identified internally as one which requires close attention is change management. With a period of significant change already started, the processes which ensure that only authorised changes are properly tested and subsequently made will need to be strong and robust.
- 9.16 We would expect to review the overall change management process early and also select a significant sample of changes to trace through the process to ensure that nothing is missed during the transformation phase and also that a robust change management system is maintained after transformation is complete.

Risk Area 9: ICT Security structures / access controls / file storage and management

- 9.17 Access to systems and data, file structures, storage and file management (including retention periods, document marking etc) is another subject area that the Joint Officer Group has on its agenda. It will be important to establish common standards across both authorities if joint working is to be a success.
- 9.18 There is also a question of unstructured data (word / Excel and other documents) which staff retain either in private folders or on local storage media. Policies for this, and also processes which ensure that it does not become an issue will be essential going forward. There is an associated cost of storage of unstructured data and also the potential for lack of version control.
- 9.19 There is also the question of adherence to the guidelines for document marking and, again, commonality between organisations.

Risk Area 10: Regulatory compliance

- 9.20 Compliance (principally) with the Data Protection Act, but also with other legislation as systems, processes, data management functions change will be vital as the councils transition to greater joint working.

Risk Area 11: ICT Quality and performance management

- 9.21 ICT service quality and performance management is a key ingredient for good ICT management at any time. During such a significant shift in service delivery, the need for this to be maintained is critical. Blame for problems can often be placed at the door of IT sections and/or staff and this must be avoided.
- 9.22 There is an added factor that the ICT staffs' skills and experience as they exist now, may not be those required some 3/4 years hence as the function evolves. The risk that staff become disillusioned if they fear for their jobs or perceive that their roles are changing or becoming obsolete is something that ICT and the Councils' collective management teams might need to be aware of.
- 9.23 Maintaining the skills / knowledge and also an appropriate framework for delivery is an area that will need to be tested and verified to ensure that ICT support services are and continue to be fit for purpose.

Risk Area 12: Services provided remotely (cloud)

- 9.24 There is a significant potential for services to be provided remotely using cloud technology and it is expected that the two councils will increasingly consider these as options. Examples include email and data storage. This in itself has potential for value added such as cost savings, resilience etc. However it also presents a threat as whilst provision along with some risks are transferable (e.g. disaster recovery), other risks are not such as accountability for data security / responsibility for loss.
- 9.25 We would expect that any transfer of provision to a remote provider to have had certain key considerations made and will test for those as part of the proposed review.

Risk Area 13: Benefits realisation

- 9.26 The overarching philosophy of sharing, where possible, service delivery mechanisms, and also the back office ICT support function must have real and quantifiable benefits to be a success.
- 9.27 Our audit review of this area will quantify these benefits and determine from an evidenced baseline that they have been successfully achieved and also that there are no underlying issues such as lack of user take-up, skills, training or awareness.

Risk Area 14: ICT stability during change

- 9.28 Systems and infrastructure resilience is an area into which an input must be maintained. The ability to continue to provide a service, or quickly recover from an incident is a measure of the resilience of an infrastructure and the prevailing processes e.g. business continuity (BC) & IT Disaster Recovery (ITDR) planning.
- 9.29 A process which captures and analyses the business impact of changing provision and assesses and quantifies the risks, and feeds this information back to BC/ITDR plans is a significant area – and a significant risk if those information flows break or fail.

- 9.30 In a changing and resource-constrained environment, there will be an opportunity over the 3/4 year cycle of the proposed plan to ensure that this is maintained and operated to an adequate standard.

Risk Area 15: Public Services Network (PSN) Code of Connection compliance

- 9.31 There is a review process in place to ensure that compliance is achieved by June 2014. The processes for achieving and maintaining the standards for the code of connection (CoCo) are important.
- 9.32 In future years, there is a role for internal audit to ensure that the evidence base for maintaining standards – especially during a shift in service provision / delivery – is key. We are able to review the underlying evidence base to ensure that connection to PSN is not jeopardised.

Risk Area 16: Service desk operation

- 9.33 Maintaining a service desk is essential at all times and particularly so whilst systems, processes, applications and the nature of the provision changes, it will be critical that the service desk maintains up to date details of services. The service desk is often the only interface between users and the actual service provider or between other ICT services such as configuration, release, change and continuity management functions.
- 9.34 We would expect to review this area to ensure that a customer focused service is being maintained and which meets the needs of the contributing authorities, users and ICT management.

The above areas have been identified as requiring audit attention over the coming 3/4 years. We have prepared an ICT audit plan (See Appendix A) which should form the basis of a discussion with ICT Management in order to prioritise the areas in terms of importance and urgency. The plan document contains columns referenced to the CIPFA IT governance framework to show coverage and also columns for categorising both urgency and importance in order to determine priority. This process will be done in conjunction with ICT management once the plan's contents are accepted.

Audit Plan 2014/15 to 2018/19

Audit Project	Referenced to CIPFA IT Governance Framework (Appendix C)	2014/15	2015/16	2016/17	2017/18	2018/19
Commissioning & Programme Management / Project Control	4	12				8
Management of Contractors & 3 rd party providers. (Relationship & Performance, service levels)	2			10		
ICT Strategy, Policies and Procedures (gap analysis, structure, fit with business objectives, development, content and coverage)	1	8				5
Information Security Management in shared service environment (processes, X-organisational data/information protection, X-organisational awareness, training, access to info)	4		10			10
ICT & Information risk management (information risks, compliance, P&P, structures, operational effectiveness – combined risk assessments across both Councils)	2	10		5		

Change management (change management procedures in a transition environment and for the future operating environment)	4	10		5		
ICT Security structures / arrangements / file storage and management (access controls to data and information / file storage / protective ,marking / and retention)	2/4			15		8
Regulatory compliance (DPA / FOI / Other)	4		8		6	
ICT Quality & performance management (skills, experience, knowledge – framework for delivery, service provision & delivery)	4			10		
Control Assurance of services provided remotely (introduction of cloud provision (e.g. data storage / email) – Project Mgt	4		7		10	
IT Management and operational structure (transition and final ICT staffing structures, roles and responsibilities)	2		8			10
Benefits realisation (of transition to shared service deliverer / provider + user take up / usage / skills / experience & training)	4				12	

ICT Stability during changing environment / processes (Resilience & DR & service continuity)	3				12	
PSN Compliance – local aspects from required outputs (compliance review of significant sample of criteria – pre accreditation)	4	5			5	
Service desk operation & management (ensuring that the service desk is established to an appropriate common standard and that users are not disadvantaged or issues unresolved as processes / applications / delivery changes take effect)	4		12			4
Total		45	45	45	45	45

CIPFA ICT Governance Framework:

Matrix Ref	Subject Area	Relevant To C&SB	Priority	Captured in Forward Work Programme
1	General	limited	3	N/A
2	Infrastructure	Yes	2	Partially
3	Change Management	Yes	1	Yes
4	Configuration Management	Yes	2	No
5	System Security	Yes	1	Yes
6	Physical and Environmental	Yes	2	Partially
7	Service Level Management	Yes	1	Yes
8	Operations Management	Yes	2	Yes
9	Service Desk, Incident & problem Management	Yes	1	Yes
10	Service Continuity Management	Yes	1	Yes
11	Cost management	Limited	3	No

12	Data Management	Yes	1	Yes
13	Performance and Capacity Management	Yes	1	Yes
14	Procure IT Resources	Yes	2	Yes
15	Project Management	Yes	1	Yes
16	Acquisition / Implementation Maintenance of systems	Yes	1	Yes
17	Management of 3rd Party Services	Yes	1	Yes
18	Education and Training (Users and ICT Staff)	Yes	2	Yes

1 = audit input essential

2 = audit input desirable

3 = Not high risk – will keep under review

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SUBJECT:	Internal Audit Progress Report	
REPORT OF:	Officer Management Team - Prepared by	Director of Resources - TIAA Director

1. Purpose of Report

The purpose of this report is to note the Internal Audit Progress Report.

2. Links to Council Policy Objectives

Providing an effective Internal Audit service to the Council is part of good corporate governance.

3. Background

Periodic progress reports on the Internal Audit Plan are submitted to this committee.

4. Report

See attached appendix - Internal Audit Progress Report

5. Recommendation

The Audit Committee to note progress against the Internal Audit Plan and findings arising from Internal Audit work.

Officer Contact:	Geoff Osgathorp (Audit Manager) 01494 732085 and Chris Harris (TIAA) 07766 115439
Background Papers:	None

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Summary Internal Audit Progress Report

Audit Committee – 3 July 2014

South Bucks District Council



June 2014

2013/14

Summary Internal Audit Controls Assurance Report June 2014

INTRODUCTION

1. This Summary Report provides the Audit Committee with an update on the Controls Assurance framework at South Bucks District Council at 6 June 2014. The Summary Internal Audit Controls Assurance report ('SICA') is based on the internal audit work carried out by TIAA and management representations that have been received during the period 2 March 2014 to 6 June 2014.

PROGRESS AGAINST THE 2013/14 ANNUAL AUDIT PLAN

2. The 2013/14 audit programme is now practically completed with the majority of audits now at Final report stage. The current state of the 2013/14 audit programme as at the 6 June 2014 is set out in Appendix A.

AUDITS CARRIED OUT SINCE 1 APRIL 2013

4. The table below sets out details of all audits undertaken and completed since the 1 April 2013.

Review	Evaluation	Key Dates				Number of Recommendations Priority			
		Terms of Reference issued	Audit fieldwork commenced	Draft issued	Final issued	1	2	3	OEM *
Planning	Reasonable	08/04/13	May 2013	05/07/13	22/10/13	-	1	2	5
Housing Grants	Substantial	08/04/13	April 2013	13/05/13	18/06/13	-	-	2	2
Cemeteries	Reasonable	15/04/13	May 2013	15/05/13	28/06/13	-	1	2	2
Emergency Planning	Reasonable	13/05/13	June 2013	21/08/13	04/11/13	-	2	5	1
Counter Fraud-pro active	Substantial	July 2013	Aug 2013	04/11/13	19/11/13	-	-	2	2
Environmental Services – compliance review		01/07/13	July 2013	23/01/14 Additional work requested	**				
Budgetary Control	Substantial	08/07/13	July 2013	30/09/13	04/10/13	-	-	1	1
Data Security (IT)	Reasonable	13/06/13	July 2013	23/07/13	05/02/14	-	4	-	1
Web Services (IT)		13/06/13	Oct 2013	02/12/13	***				
Council Tax and NDR – compliance review	Substantial	20/08/13	Sept 2013	15/11/13	19/11/13	-	-	-	-
Joint working	Substantial	20/08/13	Sept 2013	13/11/13	19/11/13	-	-	-	-
Main Accounting	Substantial	20/08/13	Sept 2013	20/12/13	07/01/14	-	1	-	1
Payroll	Reasonable	20/08/13	Sept 2013	23/01/14	20/02/14	-	4	2	-
Creditors	Substantial	20/08/13	Sept 2013	20/12/13	07/01/14	-	1	1	1

Summary Internal Audit Controls Assurance Report – June 2014

Cash& Bank and Treasury Management	Substantial	16/10/13	Nov 2013	05/02/14	11/02/14	-	-	-	-
Debtors	Reasonable	16/10/13	Jan 2014	28/01/14	28/04/14	-	-	3	-
Risk Management Training					24/07/13				
Council Tax Support	Reasonable	16/10/14	Nov 2013	25/03/14	2/03/14	-	1	1	-
Housing Benefits	Reasonable	16/10/14	Nov 2013	25/03/14	28/03/14	-	2	2	-
Homelessness Allocations	Limited	29/10/14	Dec 2013	31/03/14	16/04/14	1	5	1	-
Governance/Risk Management	Reasonable	18/11/14	Jan 2014	28/03/14	28/03/14	-	4	1	-
Car Parking	Substantial	02/01/14	Feb 2014	24/03/14	28/05/14	-	-	1	-
Council Tax & NDR	Reasonable	02/01/14	Feb 2014	15/04/14	27/05/14	-	-	4	-
Farnham Park Trust									
Business/Marketing Plan	Reasonable	Sept 2012	October 2012	Jan 2013	08/08/13	-	2	2	1
New Clubhouse	Substantial	13/05/13	June 2013	19/09/13	18/10/13	-	-	-	-

- * OEM = Operational Effectiveness Matters
- ** Additional work being undertaken at the request of the client
- *** Audit currently being finalised

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED RISKS

5. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation. The action plans and management responses to our audit work for priority recommendations 1 and 2 for the period 1 March 2014 to 6 June 2014 is shown in Appendix B.

CHANGES TO THE ANNUAL PLAN 2013/14

6. The following changes have been made to the Annual Plan for 2013/14:

Description	Original Days	Revised Days	Details
Counter Fraud	-	5	Additional Audit Approved by the Audit Committee at its meeting on 28 March 2013
Environmental Services – compliance review	-	5	Additional Audit Approved by the Audit Committee at its meeting on 28 March 2013
Payroll	5	8	Additional days required to meet external audit expectations regarding sample sizes for testing, to address variations from tendered expectations and to meet the consortium requirements.
Debtors	5	6	Additional days required to meet

Summary Internal Audit Controls Assurance Report – June 2014

<u>Description</u>	<u>Original Days</u>	<u>Revised Days</u>	<u>Details</u>
			external audit expectations regarding sample sizes for testing which had not been included in the original tender submission
Creditors	5	6	Ditto
Housing Benefits	5	6	Ditto
Council Tax Support	5	6	Ditto
Cash & Bank & Treasury Management	5	6	Ditto
Governance/Risk Management			The planned governance audit will be a risk management review undertaken in quarter 3. This is considered important given the joint arrangements and recent reviews of both the strategic and operational risk registers.
TOTAL	30	48	

7. The above increases to the tendered days for these financial audits have been discussed with the client Audit Manager, Head of Finance and the respective members of the consortium for the payroll audit and agreed with them. Primarily the increases have arisen to meet the sample sizes for testing key controls which are in excess of those originally tendered. This is a variation to the scope of the work and will provide adequate internal audit coverage which meets current external audit requirements.

LIAISON MEETINGS

8. We continue to meet with the external auditor (Ernst and Young) and have regular (usually monthly) liaison meetings with the Council's Audit Manager.

FRAUDS/IRREGULARITIES

9. We have not been advised of any frauds or irregularities during the period.

PROGRESS IN ACTIONING PRIORITY 1 RECOMMENDATIONS

10. We have made one Priority 1 recommendations in this period. (i.e. fundamental control issue on which action should be taken immediately).
This relates to the Homelessness Allocations audit – recommendation
“Rent Deposit Guarantees should be administered and authorised in accordance with internal policies and procedures, with appropriate evidence maintained in all cases.” See Appendix B.

IMPLEMENTATION OF PRIORITY 1 AND 2 RECOMMENDATIONS FOR 2012/13

11. There are no outstanding audit recommendations flowing from the work we did during 2012/13.

RESPONSIBILITY

12. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

Appendix A

PROGRESS AGAINST THE ANNUAL PLAN FOR 2013/14

Audit Area	Start Planned Month	Actual/revised start date	Original planned days	Actual/revised days
Planning	Apr 13	08/04/13	5	5
Housing Grants	Apr 13	08/04/13	5	5
Cemeteries	Apr 13	15/04/13	5	5
Homeless Allocations	May 13	09/12/13	5	5
Emergency Planning	May 13	13/05/13	5	5
Data Security (IT)	May-13	01/07/13	5	5
Web Services (IT)	May 13	07/10/13	5	5
Counter Fraud Proactive work	Jun-13	12/08/13	-	5
Environmental Services - compliance review	Jul-13	01/07/13	-	5
Budgetary Control	Aug-13	05/08/13	5	5
Council tax and NDR compliance	Sep-13	23/09/13	5	5
Joint Working	Sep-13	16/09/13	8	8
Main Accounting	Oct-13	18/09/13	5	5
Payroll	Oct-13	23/09/13	5	8
Creditors	Oct-13	19/09/13	5	6
Cash and bank and Treasury Man	Nov-13	19/11/13	5	6
Housing Benefits	Dec-13	29/11/13	5	6
Council Tax Support	Dec-13	12/11/13	5	6
Debtors	Jan-14	06/01/14	5	6
Governance (Risk Management)	Jan-14	27/01/14	5	5
Council Tax and NDR	Jan-14	14/02/14	12	12

Summary Internal Audit Controls Assurance Report – June 2014

Audit Area	Start Planned Month	Actual/revised start date	Original planned days	Actual/revised days
Car Parking	Feb-14	04/02/14	5	5
TOTAL			110	128
Management time (including follow up)			<u>15</u>	<u>15</u>
GRAND TOTAL			125	143

Farnham Park Trust (13/14)

Farnham Park - New Clubhouse	May 13	13/05/13	5	5
TOTAL			5	5

AUDITS FINALISED SINCE LAST AUDIT COMMITTEE

Title of review:	Council Tax Support
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Date issued:	March 2014
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Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Council Tax Support is properly due and correctly calculated.	A sample review was undertaken with respect to 25 Council Tax Support claims. It was confirmed in 24 cases that appropriate evidence was on file to support the award of Council Tax Support and that the financial information recorded on the Academy system agreed to the source documentation. In one case, however, it was noted that updated and increased capital figures provided by the claimant had not been taken into account when calculating the level of Council Tax Support which would have had a direct impact on the financial calculation (claim number 600002649).	Individual case to be investigated and staff to be reminded of the importance of using all available information to ensure the accuracy of Council Tax Support calculations.	2	<i>Agreed. Having looked at the case identified this appears to have been a processing error affecting both Council Tax Support and Housing Benefit. It was not specific to the Council Tax Support Scheme. The error has been highlighted with Northgate.</i>	<i>Immediate</i>	<i>Neil Berry Revenues and Benefits Client Manager</i>

Title of review:	Housing Benefits
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Date issued:	March 2014
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Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Overpayments of Housing Benefits are identified and promptly followed up.	With respect to recovery through the sundry debtor process, in one case it was noted that no further action (e.g. reminder letters) had been taken since the issuing of an invoice in November 2013. It was indicated by the Northgate Shared Service Manager that Northgate have been experiencing some difficulties with the issuing of reminder notices, and the problem is currently being investigated.	South Bucks to liaise with Northgate as to the outstanding issues with raising reminder notices in order to ensure that the recovery of Housing Benefit overpayments is maximised through prompt and comprehensive recovery action.	2	<i>Agreed. The matter will be raised as a priority with Northgate.</i>	<i>Immediate</i>	<i>Neil Berry Revenues and Benefits Client Manager</i>
4	Overpayments of Housing Benefits are identified and promptly followed up.	A review of recent batches of Housing Benefit overpayment write-offs processed since the implementation of the new Financial Procedure Rules indicated that, for those between £1,000 and £10,000, the write-offs had been authorised by the Head of Customer Services, where these should have been counter-signed by the Director of Resources in accordance with the Financial Procedure Rules.	Housing Benefit overpayment write-offs should only be processed following authorisation from an appropriate officer in accordance with the Financial Procedure Rules.	2	<i>Implemented immediately and all write offs processed in 2013/14 will be countersigned by Director of Resources. Procedure changed so that these will now be authorised by Director of Resources prior to write off until Financial Procedure Rules can be corrected to include HB overpayments.</i>	<i>01/04/2014</i>	<i>Nicola Ellis Head of Customer Services</i>

Summary Internal Audit Controls Assurance Report – June 2014

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
	effective policies and procedures.	Homelessness Strategy at least every 5 years. It was noted that the current Homelessness Strategy is dated July 2008 and therefore should have been reviewed and updated by July 2013. It was confirmed through discussion with the Housing Manager that a draft is in progress, however this has not yet been presented to the Health and Housing Policy Advisory Group for consideration.	at the earliest opportunity in order to comply with legislative requirements.		<i>Service is being implemented. This will include a longer term review of Housing and Homelessness Strategies across the two districts. In the meantime, work will be undertaken to produce an interim updated Homelessness Strategy for South Bucks DC.</i>	<i>Homelessness Strategy)</i>	

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	The Council has in place adequate and effective policies and procedures.	Since 2003, the Council has utilised a Rent Deposit Guarantee Scheme, whereby the Council will give a landlord a deposit guarantee for an amount equivalent to one month's rent, providing the opportunity for households to be housed in the private rented sector. It was confirmed that there is a standard form 'Scheme Rules and Agreement' document, and a standard form assessment sheet to be completed prior to a guarantee being authorised, however it was noted that there are no policies or procedures in place which outline how the scheme should be administered. In particular, there are no procedure notes relating to the authorisation process, the amendment of standard terms, or the extension of guarantees at the end of their term.	Formal policy and procedure documents in relation to the Rent Deposit Guarantee Scheme should be drafted at the earliest opportunity in order to ensure that there is an adequate control framework in place in relation to the administration of the scheme.	2	<i>The Chiltern and South Bucks Housing Manager is working with officers to put a formal and updated Interim RDGS procedure in place. This procedure will be applied by officers pending a full review of the RDGS across both CDC and SBDC that will be undertaken as part of the housing shared service implementation plan.</i>	30/4/14 (Interim process in place) 31/10/14 (Completion of Housing Shared Service Implementation)	C & SB Housing Manager

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Properties are allocated to those with the highest priority need. Where properties are offered other than to "next in line" appropriate reasoning is recorded.	It was noted that, in accordance with the BHC Allocation Policy, the Council is permitted to allocate properties directly to an applicant in certain circumstances, rather than going through the shortlisting process. Such circumstances may include offers to individuals requiring an urgent move as a result of violence, or offers to homeless applicants who have failed to express an interest in any vacant properties for which they are eligible. It was confirmed that all direct allocation properties are recorded on the BHC system, with details of who they were let to, and it was confirmed that all direct allocations were processed upon the authorisation of the Housing Manager. However, a general review of the BHC system indicated that limited information was included as to the reasons why properties had been allocated through direct lets rather than through the standard advertising and shortlisting process.	Sufficient detail should be included on the BHC system for all direct lets in order to evidence the appropriateness of using the direct allocation process rather than the standard allocation process.	2	<i>All direct lettings will be subject to authorisation and sign off by the Senior Housing Options Officer. When a direct letting takes place, the reason will be clearly recorded on the BHC system.</i>	30/04/14	Senior Housing Options Officer
5	Rent Deposit Guarantees are appropriately authorised and administered in accordance with	Details of all Rent Deposit Guarantees are recorded on a Rent Deposit Scheme Register, which is maintained by the Housing Monitoring Officer. It was noted, however that there is no formal ongoing monitoring of the Rent	The Rent Deposit Scheme Register should be reviewed to ensure that it is fit for purpose and includes all pertinent information to enable effective monitoring of the Rent Deposit	2	<i>The RDGS Register is being reviewed to ensure that all records of tenants and guarantees are up to date.</i>	31/5/14	C & SB Housing Manager and Housing Monitoring Officer

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
	procedures.	Deposit Guarantees, and in particular there are no details included in the register as to extensions of guarantee terms. As a result, from a review of the Rent Deposit Scheme Register it was not possible to ascertain with any certainty which of the guarantees were still in force.	Guarantees.				
6	Sufficient supporting evidence is obtained prior to payments made under the Rent Deposit Guarantee Scheme, with corresponding invoices issued to tenants in order to recover amounts paid to landlords.	It was noted that all of the claims related to guarantees that were originally entered into in 2011 or before. One of the standard provisions of a Rent Deposit Guarantee is that the Guarantee shall be enforceable up to a maximum term of one year. As noted under Control 5, discussions with the Housing Monitoring Officer indicated that guarantees may be extended at the end of the year should the tenant continue to remain in the property. However, there was no formal evidence that any of the guarantees had been extended, and no information to that effect was included on the Rent Deposit Scheme spreadsheet, therefore it could not be confirmed that the guarantees were still enforceable when the claims and subsequent payments were made.	Payments should only be made with respect to claims where the Guarantee is still enforceable. Formal written evidence should be retained in all cases where Guarantees are extended beyond the standard one year term.	2	<p><i>The RDGS Register is being reviewed to ensure that all records of existing tenants and guarantees are up to date .Where the guarantee date has passed and tenancy is still continuing, then the case will be reviewed to assess if the guarantee is still valid and written confirmation of the outcome from the landlord and tenant will be secured.</i></p> <p><i>A review system will be out in place to ensure that each RDGS placement is reviewed as and when the Guarantee date is due.</i></p>	31/5/14	<p><i>C & SB Housing Manager Housing Monitoring Officer Housing Enabling Officer</i></p>

Title of review:	Governance – Risk Management
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Date issued:	March 2014
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Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	The key risks relate to the aims and objectives of the Council.	It is evident that the current formal risk management reporting is not working to the effect that it currently fails to identify potential operational risks as they occur and more importantly, the current risk register gives the impression to management and Members that risks are being identified and managed. The greater risk to both Chiltern and South Bucks is that the risk register is an add on to the duties of Managers and Heads of Service and is not an embedded function. This is not to say that Managers and Heads of Service do not understand risk management and are managing risks. It is therefore suggested that the current risk register is maintained but at a high level to identify potential areas where risk is more likely to have an effect on the Councils aims and objectives. Heads of Service need to reflect on what their service does to contribute towards achieving the Councils aims and objectives and those operational risks which may either prevent or assist in the desired outcomes. This should be an integral part of them managing their service. The more significant risks identified through this process can then be escalated to the management team.	Consideration be given to maintaining the current risk register at a high level only. Heads of Service to reflect on their day to day operational risks which might impact on the Council achieving its aims and objectives and for the key risks to be corporately discussed at the monthly Head of Service/MT meetings. The risks and mitigations to be minuted as a record for risk management purposes.	2	<i>The point about recording in a more structured manner the operational risks at points in time is agreed and the formal recording of discussions at Hos/MT meetings will address this.</i>	<i>April 2014</i>	<i>Director of Resources</i>

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Adequate identification of inherent risks.	What is required is a simple mechanism to capture the day to day operational risks which would be filtered by management to determine what is important for the whole organisation rather than just a localised concern. The risk register should be a dynamic yet flexible document updated on a continuous basis as potential risks ebb and flow. The key is to remember that risks must be manageable and must have a timeline when they are more likely to occur over time.	Consideration be given to introducing a simple mechanism to capture the important day to day operational risks which can be filtered by senior management and held in a readily accessible medium for all staff, Managers and Members to see.	2	<i>Recording key operational risks monthly as part of the HoS/MT meetings is the starting point. Depending on how that develops will indicate whether additional recording is required.</i>	March 2015	Director of Resources
3	Effective and measurable controls/mitigations.	A control needs to be specific to the risk and there should be a means to assess how effect that control is in mitigating the risk and therefore in reducing the risk score. You get the impression, from the risk register, that the more “controls” that are listed the better the risk is being managed and so the scoring can also reduce. This gives a false sense of security and that risks are being managed. Whereas too many controls can have the reverse effect and can be an expensive luxury. Controls need to be focused, fit for purpose and capable of being measured and monitored.	Appropriate training be given to Managers and Heads of Service to help them identify and evaluate the effectiveness of controls.	2	<i>Appropriate training on risks and controls will be discussed with Internal Auditor to agree what should be delivered to operational managers.</i>	March 2015	Director of Resources

Summary Internal Audit Controls Assurance Report – June 2014

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Policy and procedures should be fit for purpose and clear guidance on good risk management.	The policy and procedures on risk management should be redrafted to reflect the changes needed to help managers and risk owners with risk management. The procedures should provide detailed instruction on how to identify an operational risk and the controls which manage or mitigate the risk to a level which is commensurate with the risk appetite for that service. Controls cost money and too many can be both ineffective and costly. It is therefore important that the policy and procedures are sufficiently descriptive to give the advice needed to aid the process of risk management.	The Councils current Risk Management Guidance document be redrafted to provide sufficient detail and instruction on how to identify and manage risks and controls.	2	<i>Agreed. Update can be done jointly with internal auditor.</i>	<i>October 2014</i>	<i>Internal Audit Manager</i>

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SUBJECT:	Internal Audit Annual Assurance Report	
REPORT OF:	Officer Management Team- Prepared by	Director of Resources TIAA Director

1. Purpose of Report

The purpose of this report is to note the Internal Audit Annual Assurance Report.

2. Links to Council Policy Objectives

Providing an effective Internal Audit service to the Council is part of good corporate governance.

3. Background

Annually the internal audit contractor, TIAA Ltd, will submit an annual assurance report based upon the work they have done during the year to this committee.

4. Report

See attached appendix - Internal Audit Annual Assurance Report

5. Recommendation

The Audit Committee to note the report and assurance given by the Internal Audit contractor, TIAA Ltd.

Officer Contact:	Geoff Osgathorp (Audit Manager) 01494 732085 and Chris Harris (TIAA) 07766 115439
Background Papers:	None

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Annual Report - 2013/14

Audit Committee – 3 July 2014

South Bucks District Council



June 2014

2013/14

Internal Audit Annual Report

- EXECUTIVE SUMMARY -

INTRODUCTION

1. This is the 2013/14 Annual Report by TIAA on the internal control environment at South Bucks District Council. The plan was constructed in such a way as to allow TIAA to make a statement of the adequacy and effectiveness of the risk management, control and governance processes.

OBJECTIVES OF THE ANNUAL REPORT

2. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual statement on internal controls assurance.

HEAD OF AUDIT'S ANNUAL OPINION

3. **I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of South Bucks District Council risk management, control and governance processes. In my opinion, South Bucks District Council has adequate and effective management, control and governance processes to manage the achievement of its objectives.**

INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

4. The Audit Committee agreed to an input of 143 days of internal audit coverage in the year.
5. The planned reviews approved by the Audit Committee, the planned number of days and the actual time against plan are shown below. All the planned work has been carried out and the reports have been issued (table 1 below).

Table 1 - Actual against planned Internal Audit Work 2013/14

System	Type	Planned Days	Actual Days	Comments
Main Financial Accounting System	Assurance	5	5	Report issued
Payroll	Assurance	5	8	Report issued
Debtors	Assurance	5	6	Report issued
Creditors	Assurance	5	6	Report issued
Housing Benefits	Assurance	5	6	Report issued
Council Tax Support	Assurance	5	6	Report issued
Council Tax & NDR	Assurance	12	12	Report issued
Council Tax & NDR Compliance	Compliance	5	5	Report issued
Cash & Bank and Treasury Management	Assurance	5	6	Report issued

Annual Report

Budgetary Control	Assurance	5	5	Report issued
Data Security	ICT	5	5	Report issued
Web Services	ICT	5	5	Draft report issued
Planning	Operational	5	5	Report issued
Environmental Services	Operational	-	5	Draft report issued
Housing Grants	Assurance	5	5	Report issued
Homelessness Allocations	Operational	5	5	Report issued
Emergency Planning	Operational	5	5	Report issued
Risk Management Training	Consultancy	-	-	Carried out
Car Parking	Operational	5	5	Report Issued
Cemeteries	Operational	5	5	Report issued
Governance – Risk Management	Assurance	5	5	Report issued
Joint Working	Assurance	8	8	Report issued
Counter Fraud	Assurance	-	5	Report issued
Follow Up	Follow Up	4	4	
Annual Assurance Letter	Governance	1	1	
Management of Contract		10	10	
		125	143	

OTHER WORK CARRIED OUT

6. The following work was carried out which was agreed in advance and was in addition to the work set out in the Annual Plan:

- Risk Management Training

OPERATIONAL ASSURANCE

7. A number of national anti-fraud reviews carried out during 2013/14 by counter fraud bodies have all reported the increasing incidences of fraud and in particular internal fraud. The internal audit programme for 2013/14 included the following specific targeted anti-fraud review work.

- Procurement Anti Fraud

8. The Council is reminded that as set out in the approved Audit Strategy internal audit work cannot be relied upon to identify all circumstances of fraud or irregularity. The responsibility for the identification of fraud rests with management and work performed by internal audit should not be relied upon to identify all opportunities for fraud that may exist.

9. TIAA carried out 22 separate audit reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council's objectives. Table 2 below summarises the assessments.

Table 2 – Assurance Assessments 2013/14

System	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance
Housing Grants	✓			
Budgetary Control	✓			
Joint Working	✓			
Car Parking	✓			
Main Financial Accounting	✓			
Creditors	✓			
Council Tax and NDR Compliance	✓			
Counter Fraud Proactive Work	✓			
Cash & Bank and Treasury Management	✓			
Cemeteries		✓		
Planning Process		✓		
Emergency Planning		✓		
Data Security		✓		
Payroll		✓		
Council Tax Support		✓		

Annual Report

Housing Benefits		✓		
Council Tax & NDR		✓		
Debtors		✓		
Governance		✓		
Homelessness Allocations			✓	
Environmental Services (Draft)			✓	
Web Services (Draft)			✓	

10. Management have taken or planned appropriate and timely action to implement our recommendations.
11. A follow up audit of all recommendations made during 2013/14 is currently being completed and the outcome of this audit will be reported to the next Audit Committee

STATUS REPORT ON KEY CONTROL WEAKNESSES IDENTIFIED AND MAIN FINDINGS ARISING FROM INTERNAL AUDIT WORK

12. For each review the key control objective was identified. To assess whether the key control objective is being met each review identified and tested the controls that are being operated by South Buck District Council and an assessment of the effectiveness of the controls in meeting the key control objective was provided in each report (table 2 above). The definitions of the assessments are:

Substantial Assurance	Robust series of internal controls in place which should ensure continuous and effective achievement of the control objective.
Reasonable Assurance	Reasonable number of internal controls in place, however may not be operated all the time.
Limited Assurance	The controls in place are not sufficient to ensure the continuous and effective achievement of the control objective.
No Assurance	Fundamental breakdown or absence of core internal controls.

13. TIAA provides one overall assessment for each system reviewed, in line with published guidance. The systems can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if:

- the internal audit recommendations made during the year have not been fully implemented.
- changes are made to operating practices subsequent to the internal audit review, which either reduce the segregation of duties or diminish the effectiveness of the internal controls.

14. There were three systems reviewed (two still in draft format) by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' assurance. Recommendations were made to further strengthen the control environment in these areas and the management responses indicate that the recommendations have been accepted. Table 3 (below) sets out the Council's risk exposure in these areas.

Table 3 – Risk Exposure based on Internal Audit work 2013/14

System	Assurance Assessment	Risk Exposure
Homelessness Allocations	Limited	Without proper control procedures in place people in need may not be considered for housing, and allocations may not be made on a fair basis.
Environmental Services (Draft)	Limited	Failure to comply with Health and Safety standards and the Council's Financial Regulations could bring the Council into disrepute, or give rise to legal challenge and financial loss.
Web Services (Draft)	Limited	Failure to direct the process through approved policy & procedures and/or losses arising from unauthorised action.

Annual Report

15. Priority 1 recommendations are 'Urgent' and relate to fundamental control issues on which action should be taken immediately. During the year one Priority 1 recommendation was made. Management representations indicate that this recommendation has been implemented prior to the end of 2013/14.

OPERATIONAL EFFECTIVENESS OPPORTUNITIES

16. One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the numbers of these opportunities per area are summarised below (Table 5).

Table 5 – Operational Effectiveness Opportunities - 2013/14

Review area	Number of OEMs
Cemeteries	2
Housing Grants	2
Planning Process	5
Emergency Planning	1
Data Security	1
Budgetary Control	1
Counter Fraud Proactive Work	2
Main Financial Accounting System	1
Creditors	1

INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

17. There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

PERFORMANCE AND QUALITY ASSURANCE PROGRAMME

18. The following Performance Targets were agreed in the annual plan and have been used to measure the performance of internal audit in delivering the Annual Plan (Table 6):

Table 6 – Key Performance Indicators

No	Key Performance Indicator (KPI)	2012/13 Target	2012/13 Actual	2013/14 Target	2013/14 Actual
1	The percentage of draft internal audit reports issued within ten working days of the exit meeting.	90%	85%	90%	88% 2 Audits missed target
2	The percentage of internal audits completed to the satisfaction of the Client.	95%	100%	95%	100%
3	The percentage of recommendations in the draft internal audit report that are accepted by the client.	90%	95%	90%	100%
4	The percentage of recommendations made which are implemented at the time of the follow-up audit	90%	84%	90%	The follow up is still in progress
5	The completion of the audit plan to draft report by 31 March each year	90%	90%	100%	88% 2 Audits missed target

19. The two audits which were not completed to draft report stage by 31 March 2014 were:
- a. Environmental Services – compliance review
 - b. Council Tax & NDR

Environmental Services has been delayed while further work is undertaken.

Council Tax and NDR was the final audit for 2013/14 and due to a later than planned start was not brought to draft audit until 15 April 2014.

20. Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001 standards.

CLIENT SATISFACTION

21. With the issue of every final audit report we issue a client satisfaction survey form. The results of this exercise were all positive. As at 31 March 2014 a total of 15 audits (out of a possible 22) were finalised. Of the 15 satisfaction surveys issued 7 were completed and returned. All 7 were 100% positive for the audit and auditor.

RESPONSIBILITY

22. The Council is responsible for ensuring that appropriate action has been taken on audit findings. All the internal audit reports produced for 2013/14 have been presented to the Audit Committee and any matters of significance that impacted on internal controls assurance were drawn to the Audit Committee's attention at the meetings at which the reports were presented.
23. It is the Council's responsibility to maintain effective internal controls. The Audit Committee is invited to note the contents of this report.

Report issued:

9 June 2014



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 ey.com



Alan Goodrum
 Chief Executive
 South Bucks District Council
 Capswood
 Oxford Road
 Denham
 Bucks UB9 4LH

17 April 2014

Ref: SBucks DC 2014-15 fee ltr
 Your ref

Direct line: 07769932604

Email: mgndley@uk.ey.com

Dear Alan

Annual Audit and Certification Fees 2014/15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014/15 financial year at South Bucks District Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

Indicative Audit Fee

The audit fee covers the:

- ▶ Audit of the financial statements;
- ▶ Value for money conclusion; and
- ▶ Report to the National Audit Office (NAO) on the Whole of Government accounts

For the 2014/15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent five year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014/15 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our draft reports.



Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013/14, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Certification fee

The Audit Commission has set an indicative certification fee for each audited body. The indicative fee is based on the 2012/13 actual certification fees available adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission will also be revising the previously published 2013/14 indicative certification fee to reflect further schemes that no longer require auditor certification. We will report the final indicative fees for 2013/14 in our 2013/14 Audit Results Report.

The composite indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative certification fee for 2014/15 relates to work on grant claims and returns for the year ended 31 March 2015. We have set the certification fee at the composite indicative fee level. We will update our risk assessment after we complete 2013/14 certification work, and to reflect further changes in the Audit Commission's certification arrangements.

Summary of Fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Actual fee 2012/13 £
Total Code audit fee	55,632	55,632	55,632
Certification of claims and returns	27,860	29,832	34,842*

* There is a small additional fee relating to the 2012/13 actual which is currently being reviewed as part of the Audit Commission scale fee variation process. We will report this to you once agreed.

Any additional work that we may agree to undertake (outside the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in four quarterly instalments of £20,873.



Audit Plan

We expect to issue our plan for the audit of the financial statements in December 2014. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the Value for Money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2014/15 financial year are:

Maria Grindley Director	MGrindley@uk.ey.com	Tel: 07769932604
Susan Gill Manager	SGill4@uk.ey.com	Tel: 07779575702
Clare Hodges Executive	CHodges@uk.ey.com	Tel: 07968595465

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully

Maria Grindley
Director
For and on behalf of Ernst & Young LLP
United Kingdom

cc.	Jim Burness	Director of Resources
	Rodney Fincham	Head of Finance
	Guy Hollis	Chairman of the Audit Committee

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SUBJECT:	Understanding how the Audit Committee gains assurance from Management	
REPORT OF:	Officer Management Team-	Director of Resources
	Prepared by	Head of Finance

1. Purpose of Report

- 1.1. The purpose of this report is to present to the Audit Committee a draft response to the External Auditor Letter requesting information on how the Audit Committee gains assurance from Management.

2. Links to Council Policies & Plans

- 2.1. This report relates to maintaining effective governance arrangements.

3. Report

- 3.1. Auditing standards require our external auditors (Ernst & Young) to formally update their understanding of South Bucks' management processes at least annually.
- 3.2. As part of this they formally request that both the section 151 officer (the Director of Resources), and the chair of the Audit Committee provide written responses to various questions about the Council's management processes.
- 3.3. The formal request to the chair of the Audit Committee is included as Appendix 1 and the proposed response is included as Appendix 2.
- 3.4. The Audit Committee is requested to review the letter and proposed response, and suggest any changes.
- 3.5. The Chair of the Audit Committee will then be requested to sign the formal response.

4. Recommendation

- 4.1. That the Audit Committee agrees the proposed response to the External Auditor letter, requesting information on how the Audit Committee gains assurance from Management.

Officer Contact:	Rodney Fincham- Ext 7268 Jim Burness - Ext 7217	email: rodney.fincham@southbucks.gov.uk email: Jim.burness@southbucks.gov.uk
Background Papers:	None	

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Guy Hollis
Chairman of the Audit Committee
South Bucks District Council
Capswood
Oxford Road
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17th April 2014

Ref: SBDC TCWG Letter

Direct line: 07769 932604

Email: MGrindley@uk.ey.com

Dear Guy

Understanding how the Audit Committee gains assurance from management

Auditing standards require us to formally update our understanding of your oversight processes and arrangements annually. Therefore, I am writing to ask that you please provide a response to the following questions.

1. How does the Audit Committee, as 'those charged with governance' at the Council, exercise oversight of management's processes in relation to:
 - ▶ undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - ▶ identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - ▶ communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct);
 - ▶ encouraging employees to report their concerns about fraud; and
 - ▶ communicating to you the processes for identifying and responding to fraud or error?
2. How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Is the Committee aware of any:
 - ▶ breaches of, or deficiencies in, internal control; and
 - ▶ actual, suspected or alleged frauds during 2013/14?



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4. Is the Committee aware of any organisational or management pressure to meet financial or operating targets?
5. How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2013/14?
6. Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?
7. How does the Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Please would you provide a response by email or letter on behalf of the Audit Committee, if possible by 16 May 2014.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Grindley', is written over a small grey rectangular area.

Maria Grindley
Director
For and on behalf of Ernst & Young LLP
United Kingdom



FINANCE

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Dealt with by: Rodney Fincham
Your Ref:
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Date: 3rd July 2014

Dear Maria,

How the Audit Committee gains Assurance from Management

In reply to your letter dated 17th April 2014, I would provide the following responses.

1) How does the Audit Committee, as 'those charged with governance' at the Council, exercise oversight of management's processes in relation to:

1a) Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);

When the annual Statement of Accounts is presented to the Audit Committee for approval, the accompanying report includes a section detailing Management's assessment of the risk of the Accounts being incorrect due to fraud or error, and the controls that mitigate against this risk.

The Audit Committee reviews the Accounts, and Members ask officers to explain items that are not clear or are unusual.

1b) Identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;

The Audit Committee is aware that the Council has an Anti-Fraud, Bribery and Corruption Policy and has given the Director of Resources overall responsibility for investigation of fraud and corruption.

An annual report on Risk Management is considered by the Audit Committee and this includes a section on Fraud and Corruption.

1c) Communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct);

The Audit Committee is aware that the Council has the following policies for setting down its expectations of employees in their work

- Employee Code of Conduct
- Whistle blowing Policy
- Anti-Fraud, Bribery & Corruption Policy

Annually Internal Audit reviews the Council's Governance arrangements and would report any areas of concern to the Audit Committee.

The Audit Committee receives an annual report on the Standards of Conduct.

1d) Encouraging employees to report their concerns about fraud; and

The Audit Committee is aware that the Council has a Whistle Blowing Policy which allows employees to report concerns to either their line manager, a chief officer, the Chairman of the Council or Internal audit. Anonymous allegations are also permitted and will be investigated.

Internal Audit reviews the Council's Anti-Fraud and Whistleblowing procedures and would report any areas of concern to the Audit Committee.

1e) Communicating to you the processes for identifying and responding to fraud or error?

The Audit Committee receives an annual report on risk management that includes a section on fraud detection and prevention.

The Audit Committee also receive all internal and external audit reports, and therefore would be made aware of any issues of fraud or material error highlighted from the work of audit.

2) How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

The Audit Committee oversees the management process to identify and respond to such risks by:

- Receiving an annual Risk Management Update Report.
- Overseeing the work of Internal Audit, including: approving the Audit Plan; receiving and reviewing Internal Audit Reports; and monitoring Management's progress with implementing audit recommendations.
- Receiving and reviewing External Audit reports.
- Receiving an annual Assessment of Standards of Conduct Report.
- Carrying out an annual review of the effectiveness of the Authority's Governance Framework / system of internal control.

3a) Is the Committee aware of any breaches of, or deficiencies in internal control?

Internal Audit provides regular update reports to the Audit Committee and Internal audit have identified a number of areas where controls can be improved. However none of these is considered to be fundamental to the overall system of internal control.

3b) Is the Committee aware of any actual, suspected or alleged fraud during 2013/14?

Internal Audit provide regular update reports to the Audit Committee and apart from Housing Benefit claimant fraud, there have been the following issues during 2013/14

- An internal investigation was carried out into the non-issuing of receipts, cash transactions not being recorded on the ESP booking system etc.at the South Buckinghamshire Golf Course (managed by SBDC). After a full investigation the member of staff concerned left the council. No hearing was held so the investigation was not concluded.

4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

SBDC strives to meet performance and financial targets. However we do not consider there to be any undue pressure.

The Authority is willing to accept performance and financial targets being missed.

Internal Audit reviews the Council's performance management framework and would report any areas of concern to the Audit Committee.

The Committee is aware that the current joint working reviews with Chiltern District Council is causing a degree of pressure and stress amongst staff.

5a) How does the Audit Committee gain assurance that all that all relevant laws and regulations have been complied with?

The Audit Committee gains assurance that all relevant laws and regulations have been complied with as:

- The Authority has a suitably qualified Chief Executive who is supported by experienced Directors and Heads of Service.
- The Authority has a suitably qualified and experienced s151 Officer.
- The Authority has a suitably qualified and experienced Monitoring Officer.

And by:

- Overseeing the work of Internal Audit, including approving the Audit Plan and receiving and reviewing the Internal Audit Reports.
- Receiving and reviewing External Audit reports.
- Obtaining assurance as part of the annual review of the effectiveness of the Authority's Governance Framework / system of internal control.

5b) Are you aware of any instances of non-compliance during 2013/14?

I am not aware of any material instance of non compliance during 2013/14.

6) Is the Audit Committee aware of any actual or potential litigation or claims that would affect the financial statements?

I am not aware of any material actual or potential litigation or claims that would affect the financial statements.

7) How does Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

As a local authority, South Bucks District Council is required to set a balanced budget and the Chief Finance Officer is required to report to the Authority on the following matters

- The robustness of the estimates it makes when calculating its budget requirement.
- The adequacy of the authority's reserves, taking into account the experience of the previous financial year.

The Committee reviews the financial statements for the year ended.

Furthermore as a local authority SBDC is effectively underwritten by central Government / taxpayers.

Yours sincerely

Clr Guy Hollis
Chair of SBDC Audit Committee

SUBJECT:	Annual Governance Statement 2013/14
REPORT OF:	Officer Management Team - All Prepared by - Head of Finance

1. Purpose of Report

1.1. The purpose of this report is to:

- provide Members with sufficient evidence so that they can conduct the statutory review of the effectiveness of Internal Audit,
- provide Members with sufficient evidence so that they can conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control, and
- allow Members to comment on the draft statutory Annual Governance Statement for 2013/14.

2. Links to Council Policy Objectives

- 2.1. This report relates to the Authority's Corporate Governance Framework which underpins the effective operation of all the Council's activities.

3. Background

3.1. Governance is defined as:

'Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner' (CIPFA / SOLACE).

It comprises the systems and processes, and culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

- 3.2. Following the publication of the CIPFA / SOLACE Governance Framework in July 2007 a new Governance Framework was considered by the Audit Committee on 13 December 2007 and subsequently adopted by Full Council on 22 January 2008.

- 3.3. **Internal control** is the name given to the policies, procedures, systems and review mechanisms that are put in place to ensure that the organisation is subject to adequate management to ensure that the organisation meets its objectives. **Internal audit** is one element of internal control.

- 3.4. The Accounts and Audit (England) Regulations 2011 require that the system of internal control is reviewed at least once a year and that a governance statement is produced and included in the annual Statement of Accounts. The actual requirement is as follows:

'4(1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

(3) The finding of the review ... must be considered ... by the members of the body meeting as a whole or by a committee, and following the review the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.'

3.5. CIPFA have issued guidance on how to meet the requirements of the Accounts and Audit Regulations in their publication entitled 'The Annual Governance Statement - Meeting the Requirements of the Accounts and Audit Regulations' and in the accompanying 'Rough Guide for Practitioners'.

3.6. The Accounts and Audit Regulations also include a requirement to review the effectiveness of the system of internal audit. The actual requirement is as follows:

'6(3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.'

(4) The findings of the review ... must be considered, as part of the consideration of the system of internal control'.

4. Responsibility for Undertaking the Review

4.1. The terms of reference for the Audit Committee encompass the responsibility, on behalf of the Authority, to conduct the review of internal control / internal audit and be responsible for reviewing the Statement of Governance included within the Accounts.

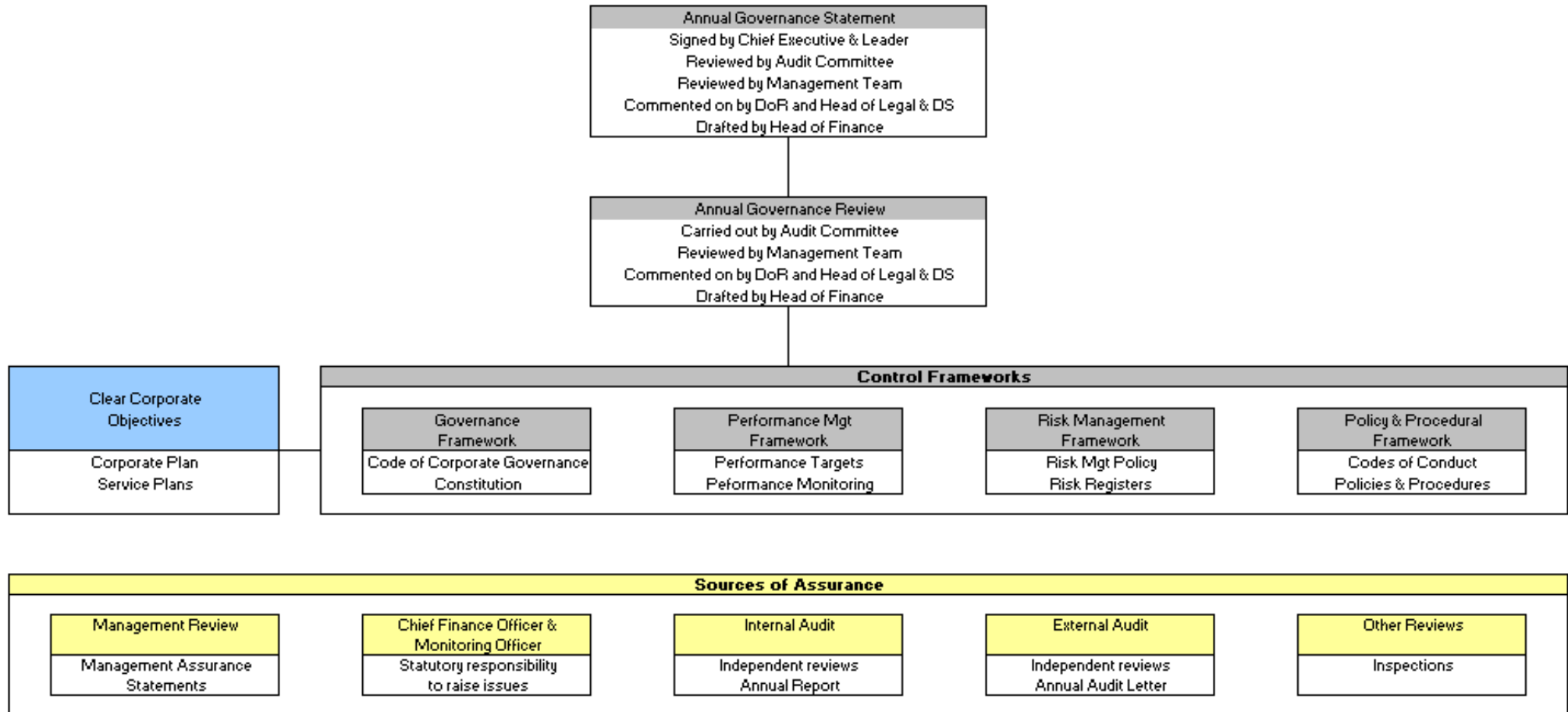
5. Overall Framework

5.1. The diagram overleaf summaries the SBDC Corporate Governance Assurance Framework.

5.2. Essentially for there to be good corporate governance there needs to be clear corporate objectives supported by four effective frameworks covering Governance, Performance Management, Risk Management and Policies & Procedures.

5.3. And in order to assess the arrangements it is helpful to draw on five sources of assurance namely - Management Review, Statutory Officer Review, Internal Audit, External Audit and Other Reviews.

Diagrammatic Representation of SBDC Corporate Governance Framework



6. Review of Internal Audit

- 6.1. As Internal Audit is a key source of assurance it is appropriate to review the quality of internal audit to assess whether it is appropriate to rely on this source of assurance.
- 6.2. In 2013/14 Internal Audit was contracted out to TIAA. Under the contract they provided 143 days of internal audit work and they issued 22 internal audit reports. Their annual report on their 2013/14 audit work is due to be considered at the Audit Committee meeting on 3 July 2013.
- 6.3. In order to review Internal Audit, it is appropriate to assess their work in relation to five key questions which are detailed in the table below:

Question	Evaluation
Has Internal Audit carried out its audit plan satisfactorily?	TIAA carried out all the work set out in their 2013/14 audit plan.
Has Internal Audit maintained its independence?	As internal audit is provided by an external organisation this helps maintain its complete independence of SBDC, and no concerns have been raised relating to the independence of internal audit.
Has the quality of Internal Audit work been satisfactory?	Management have not raised any significant concerns over the quality of the Internal Audit work. External Audit also reviews the work of internal audit and they have not raised any issues of concern.
Has internal audit maintained a Performance Management and Quality Assurance Framework to quality assure its work?	TIAA has a Quality Assurance Framework in place which requires all staff to complete working papers in accordance with documented quality procedures and to prepare reports within agreed timescales. All working papers and draft reports are subject to quality review by an audit director, before issue to the client.
Has Internal Audit complied with the code of audit practice?	TIAA have carried out their work in line with professional guidelines and no concerns have been raised regarding compliance with the code of audit practice.

- 6.4. Given the positive evaluation of internal audit in response to these issues, it is therefore suggested that the system of internal audit has generally been effective during 2013/14, and thus it is appropriate to rely on the assurances provided by Internal Audit.

7. Review of Governance Framework

7.1. The CIPFA guidance recommends following 8 steps in order to carry out a review of Governance, and the following table provides details of how well SBDC meets these requirements.

	Requirement	Progress
1a	Establish principal statutory obligations and organisational objectives.	This has been met by: <ul style="list-style-type: none"> Establishing the Council's aims and objectives Producing the Corporate Plan and Service plans Producing the other plans and strategies within the organisation. Further details with regard to meeting this requirement are included in Appendix 1a.
1b	Apply the 6 CIPFA / SOLACE core [Governance] principles.	See analysis in Appendix 1b. No significant issues identified.
2	Identify principal risks to achievement of objectives.	This has been met by the production of strategic and operational risk registers. Further details with regard to meeting this requirement are included in appendix 2.
3	Identify and evaluate key controls to manage principal risks.	This is met as the SBDC risk registers require risks to be assessed and mitigating controls identified. Further details with regard to meeting this requirement are included in Appendix 3. The latest internal audit of risk management resulted in a 'reasonable assurance' rating.
4	Obtain assurances on effectiveness of key controls.	This is met as it occurs throughout the year as part of the ongoing management of the organisation. However for the purpose of the annual review of internal control it is useful to summarise the key sources of assurance and this is done in section 8 of this report below.
5	Evaluate assurances and identify gaps in control / assurances.	See section 9 of this report below.
6	Draw up an action plan to address weaknesses and ensure continuous improvement of the system of Corporate Governance.	The actions to be taken to address the weaknesses identified are detailed in section 9 of this report below.
7	Produce Annual Governance Statement.	Draft statement included as Appendix 4.
8	Report to Members.	This report meets this requirement.

8. Sources of Assurances

8.1. There are five key sources of assurance. These are:

- Management review
- The roles of the Chief Finance Officer and the Monitoring Officer
- Internal Audit
- External Audit, and
- Other Review Agencies and Inspectorates.

8.2. The following table summaries the assurances obtained at SBDC from these sources for 2013/14.

Source of Assurance	Comment from Guidance	Assurance Obtained at SBDC
Management Review	Managers should routinely monitor and review the internal controls as an integral part of the risk management process.	Officers are: guided by the Council's aims and objectives; operate within the Council's rules and regulations; produce service plans; maintain risk registers; and regularly report on progress to Senior Officers and Members. In addition for 2013/14 all Head of Service were asked to complete a management assurance return to highlight any weaknesses in internal control.
The Role of the Chief Finance Officer and the Monitoring Officer	The statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis.	During 2013/14 no significant issues have been raised by either the Chief Finance Officer (Director of Resources) or the Monitoring Officer (Head of Legal & Democratic Services).
Internal Audit	The relevant body is likely to take assurance from the work of Internal Audit as the Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to include in the annual Internal Audit report an opinion on the overall adequacy and effectiveness of the authority's internal control environment. Therefore provided the body can satisfy itself that Internal Audit operates to the standards set out in the Code, the relevant body is justified in taking assurance from this opinion.	The 2013/14 Annual Internal Audit Report contains Internal Audit's Annual Opinion. This states that <i>I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of South Bucks District Council risk management, control and governance processes. In my opinion, South Bucks District Council has adequate and effective management, control and governance processes to manage the achievement of its objectives.</i>

Source of Assurance	Comment from Guidance	Assurance Obtained at SBDC
External Audit	External Audit are another potential source of assurance on the operation of internal controls although it should be noted that the audit reports / management letters will not cover the full range of activities and risks and that external auditors are not required to form an opinion on the effectiveness of the relevant body's corporate governance procedures or its risk and control procedures.	To date External Audit have not raised any significant issues of concern with Management.
Other Review Agencies and Inspectorates	The system of internal control covers the whole of the authority's operations. Aspects of these operations are subject to independent external review and these reports also provide the body with relevant assurance.	There have been no significant external reviews in 2013/14.

9. Gaps in Control and Governance Assurances

- 9.1. Governance and control issues are detailed in section 6 of the Annual Governance Statement (Appendix 4).
- 9.2. It is suggested that there are no other significant issues to add but Members are requested to consider whether there are any other significant issues of concern and whether these issues need to be disclosed in the Annual Governance Statement.

10. Annual Governance Statement

- 10.1. A draft Annual Governance Statement is included as Appendix 4.
- 10.2. Members are asked to review the draft Annual Governance Statement and consider whether changes are needed.
- 10.3. The Chief Executive and Leader will be required to sign off the Annual Governance Statement prior to the Accounts being published.

11. Resource and Wider Policy Implications

- 11.1. There are no direct financial, legal or human resource implications from this report.

12. Recommendation

- 12.1. Members are asked to:
 - review the assurances detailed above,
 - consider whether there are any other significant gaps in control / assurance; and then
 - agree the wording of the Annual Governance Statement.

Officer Contact:	Rodney Fincham 01895 837268 Email: Rodney.Fincham@southbucks.gov.uk
Background Papers:	<ul style="list-style-type: none">• Corporate Governance Review Audit Committee 13 December 2007• External Audit Annual Audit Letter 2012/13• Internal Audit Annual Assurance Report 2013/14 Audit Committee 3 July 2013

Appendix 1a:**Evidence to Support Meeting the Requirement to Establish Principal Statutory Obligations and Organisational Objectives (Step 1a)**

<i>Requirement A - There is a mechanism established to identify principal statutory obligations.</i>		
Suggested measure	Evidence	
A1 - Responsibilities for statutory obligations are formally established.	The Authority's constitution sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.	✓
A2 - Record held of statutory obligations.	Service plans detail key statutory obligations in the key service aims and action plan sections.	✓
A3 - Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used.	Service managers keep up to date with legislative changes via their professional networks. The legal section also receives notification of changes in legislation including local government laws ie Lawtel daily updates, and subscription to planning and local government encyclopaedias. Where necessary managers write reports to the relevant PAGs on substantive changes, and will update their procedures as required.	✓
A4 - Effective action is taken where areas of non-compliance are found in either mechanism or legislation.	If a non compliance is found (eg during an audit review) then the relevant service manager will update their procedures as required, and will report any substantive issues to the relevant PAG.	✓

<i>Requirement B - There is a mechanism in place to establish corporate objectives.</i>		
Suggested measure	Evidence	
B1 - Consultation with stakeholders on priorities and objectives.	The Authority works within the Local Strategic Partnership framework and has consulted on its priorities. In addition for any major service changes (e.g. waste services, parking charges) it has a well established record of consultation.	✓
B2 - The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	The Authority's aims and objectives were agreed by Cabinet on 7 February 2012 - as part of agreeing the Corporate Plan 2012-2022. Note: A new Joint Business Plan is due to go to Cabinet on 15 July 14 for approval.	✓
B3 - Priorities and objectives are aligned to principal statutory obligations and relate to available funding.	The Authority's priorities encompass the organisation's statutory obligations and the Corporate Plan is set based on an understanding of the available resources.	✓
B4 - Objectives are reflected in departmental plans and are clearly matched with associated budgets.	Individual service plans are produced for each service area in line with the actions agreed in the Corporate Plan, and the budget implications of the actions are considered as part of the budget setting process.	✓
B5 - The Authority's objectives are clearly communicated to staff and to all stakeholders, including partners.	The Authority's objectives are cascaded to all staff via team meetings and are published in the annual Corporate Plan. Key objectives for the year ahead are also mentioned as part of the annual staff briefings.	✓

Requirement C - Effective corporate governance arrangements are embedded within the Authority.		
Suggested measure	Evidence	
C1 - Code of corporate governance established.	The Authority adopted an updated code of corporate governance in 2007 - part of Constitution. The code is based on the CIPFA / SOLACE framework document for corporate governance in local authorities.	✓
C2 - Review and monitoring arrangements in place.	Officer and Member consideration of the Annual Governance Statement effectively covers this issue.	✓
C3 - Committee charged with Governance responsibilities.	The Audit Committee is charged with corporate governance responsibilities.	✓
C4 - Governance training provided to key officers and all members.	All staff have an induction which includes information about Governance eg the staff Code of Conduct etc. Training is provided as part of the induction process for Members following the Council elections.	✓
C5 - Staff, public and other stakeholder awareness of corporate governance.	The Statement of Corporate Governance is published in the Annual Statement of Accounts, which is available on the website. The Intranet also provides access for staff and members to key policies and statements.	✓

Requirement D - Performance management arrangements are in place.		
Suggested measure	Evidence	
D1 - Comprehensive and effective performance management systems operate routinely.	There is a clearly defined performance management framework within the organisation.	✓
D2 - Key performance indicators are established and monitored.	Key performance indicators are established and reported to Cabinet and Overview & Scrutiny on a regular basis.	✓
D3 - The authority knows how well it is performing against its planned outcomes.	Performance against all performance indicators and key service objectives are reported to Cabinet on a regular basis.	✓
D4 - Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes.	When drawing up service plans previous performance is considered as part of the Value for Money considerations. VFM profiles of all service areas are also drawn up each year.	✓
D5 - The authority continuously improves its performance management.	The Authority is continuing to develop and improve its performance driven culture.	✓

Appendix 1b:

Evidence to Support Applying the 6 CIPFA / SOLACE Core [Governance] Principles (Step 1b)

<i>Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</i>		
The code should reflect the requirements for local authorities to	Evidence	
1A - Develop and promoting the authority's purpose and vision	The Council with the Chiltern and South Bucks Strategic Partnership works to agree a Community Vision and Plan for the area, which is set out in the Sustainable Community Strategy. On an annual basis the Council reviews and updates its Corporate Plan which contains its aims and objectives for the future. The Council's aims and objectives underpin its service planning. The Council uses the Sustainable Community Strategy and its Corporate Plan to promote within its communities via its communications what its vision and purpose is. The Council also uses the formal mechanisms of the Local Development Document Framework to set down its vision for the area.	✓
1B - Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements	Annual review and update of Corporate Plan with members. Periodic review of the Code of Corporate Governance.	✓
1C - Ensure partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Key strategic partnership identified. Guidance produced for officers and members on partnership working to underpin the Council's Partnership Strategy. Annual partnership reviews.	✓
1D - Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Council Annual Report and South Bucks Partnership Annual Report published. Annual Accounts and Statement of Assurance published.	✓
1E - Decide how the quality of service for users is measured and make sure that the information needed to review service quality effectively and regularly is available	Value for money framework for the Authority which is part of the service and financial planning process, incorporates information on service quality. This is drawn from various satisfaction surveys and customer consultations undertaken.	✓
1F - Put in place effective arrangements to identify and deal with failure in service delivery	Performance monitoring provides warning of any service delivery problems. This prompts management action. As performance information is seen by members they are able to hold officers to account for improving performance. The Council has a published complaints procedure to enable individuals to draw to its attention issues of service failure or deficiency. The level of complaints is reported each year to the Overview & Scrutiny Committee.	✓
1G - Decide how value of money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions	An annual Value For Money assessment is carried out for each service, in accordance with a corporate process. O&S carry out ad hoc value for money reviews. Partnership reviews are carried out in line with set framework.	✓

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles		
The code should reflect the requirements for local authorities to	Evidence	
2A - Set out a clear statement of the respective roles and responsibilities of the executive and of executive members individually and the authority's approach to putting this into practice.	The Council's Constitution, Parts 3 & 4 define roles and responsibilities of the Executive.	✓
2B - Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers	The Council's Constitution, Parts 2, 3 & 4 define roles and responsibilities of members and senior officers. Job descriptions also set out officer responsibilities.	✓
2C - Determine a scheme of delegation and reserve powers within the constitution including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of the relevant legislation and ensure that it is monitored and updated when required.	The Council's Constitution, Parts 2, 3 clearly define matters reserved for Council or Cabinet, and delegations made to specific members or senior officers.	✓
2D - Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	In the Constitution Part 2 Article 10 defines the responsibilities of the Chief Executive.	✓
2E - Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	The Council's Constitution, Part 5, includes protocols on officer member relations including those of the Chief Executive.	✓
2F - Make a senior officer responsible to the authority for ensuring that appropriate advice is given on all financial matters for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	The Constitution Part 2, Article 10 makes specific the requirement to designate a Chief Finance Officer for the authority. This is the Authority's s151 officer. The Chief Finance Officer is a member of the Management Team for the authority.	✓
2G - Make a senior officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	The Constitution Part 2, Article 10 makes specific the requirement to designate a Monitoring Officer for the authority.	✓
2H - Develop protocols to ensure effective communications between members and officers in their respective roles	The Council's Constitution, Part 5, includes protocols on officer member relations.	✓

The code should reflect the requirements for local authorities to	Evidence	
<p>2I - Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel</p>	<p>The Council has an Independent Members Allowances Panel that reports to the Council. The Constitution specifies the responsibility of the Head of Paid service for determining the officer structure and grading. The Authority has a formal pay structure in place underpinned by an accredited Hay job evaluation scheme. Joint management posts were externally evaluated using national pay scales. The Council publishes its Pay Policy in line with regulatory requirements.</p>	✓
<p>2J - Ensure that effective mechanisms exist to monitor service delivery</p>	<p>Performance management arrangements are in place whereby targets are set in advance, built into service plans, and monitored regularly during the year. Service delivery and performance is reported regularly to members during the year.</p>	✓
<p>2K - Ensure that the organisations vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other stakeholders, and that they are clearly articulated and disseminated.</p>	<p>The Council with the Chiltern and South Bucks Strategic Partnership work to agree a Sustainable Community Strategy for the area. On an annual basis the Council reviews and updates its Corporate Plan which contains its aims and objectives for the future. The aims and priorities of the Corporate Plan are disseminated to residents and partners.</p>	✓
<p>2L - When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority</p>	<p>Key strategic partnerships identified. Guidance produced on partnership working to underpin the Council's Partnership Strategy. All major partnerships have terms of reference.</p>	✓
<p>2M - When working in partnership - ensure that there is clarity about the legal status of the partnership - ensure that representation of organisations both understand and make clear to all other partners the extent of their authority to bind their organisations to partner decisions</p>	<p>Key strategic partnerships identified. Guidance produced for officers and members on partnership working to underpin the Council's Partnership Strategy. Roles and responsibilities of Members on partnerships, including Chiltern and South Bucks Strategic Partnership, clearly identified and included in South Bucks Partnership handbook.</p>	✓

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour		
The code should reflect the requirements for local authorities to	Evidence	
3A - Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	The Council has adopted a revised local Code of Conduct for members under the Localism Act 2011 and all members have been briefed on the Code.	✓
3B - Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Expectations of standards of conduct and behaviour by staff are made clear through a range of policies that staff are made aware of as part of induction processes and which they have easy access to through the intranet. These include: <ul style="list-style-type: none"> • Employees Code of Conduct • Anti-Fraud, Bribery and Corruption Policy • Dignity at work policy • Protocols of officer and member relations Performance appraisal processes exist to re-enforce how staff should act, and as a means to highlight and correct any deficiencies.	✓
3C - Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practise.	The Council has adopted a revised local Code of Conduct for members under the Localism Act 2011 and all members have been briefed on the Code, including the sections dealing with declaration of interests and the new requirements in the Localism Act to declare pecuniary interests. Members complete annually Related Party Transaction forms. There is a public Register of Members' Disclosable Pecuniary Interests which is published on the Council's website and it is Members' responsibility to notify the monitoring officer within 28 days of any change. The local Code also requires members to register certain non-pecuniary interests, including the receipt of gifts and hospitality valued at over £50. This register is available for public inspection. Officers are required to complete gift and hospitality forms.	✓
3D - Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners.	The Member and Employee Codes of Conduct which are part of the Council's Constitution promote shared values. The Employee Code of Conduct is based on voluntary code for Local Gov employees. 'The way we do things' set of management principles form part of the Corporate Plan, which Members and employees comply with when making decisions and delivering services.	✓
3E - Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practise.	The Code of Conduct for Employees sets the requirement to act and behave in an ethical manner. A Disciplinary procedure is in place to deal with breaches of the Code of Conduct.	✓

The code should reflect the requirements for local authorities to	Evidence	
<p>3F - Develop and maintain an effective approach to maintaining and promoting high standards of conduct.</p>	<p>The Audit Committee has responsibility for ensuring the Council complies with the duty under the Localism Act to maintain high standards of conduct and for dealing with any allegations that members may have breached the local Code.</p>	<p>✓</p>
<p>3G - Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.</p>	<p>The Corporate Plan contains a statement of management principles that underpin the Authority's actions.</p>	<p>✓</p>
<p>3H - In pursuing the vision of a partnership agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>	<p>Key strategic partnerships identified. Guidance produced for officers and members on partnership working to underpin the Council's Partnership Strategy.</p>	<p>✓</p>

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk		
The code should reflect the requirements for local authorities to	Evidence	
4A - Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible.	O&S Cmm as established under the Constitution with terms of reference etc. The work undertaken by the O&S Cmm	✓
4B - Develop and maintain open and effective mechanisms for documenting and recording the criteria rationale and considerations on which decisions are based.	Constitution specifies how decisions are to be published. Report writing guidance sets down framework to enable reasonable decisions to be taken and evidenced. Constitution / guidance is regularly updated.	✓
4C - Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practise.	Members and Employees Codes of Conduct There is a public Register of Members' Personal Interests (including gifts) and it is Members' responsibility to update this within 28 days of any change.	✓
4D - Develop and maintain an effective audit committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	Audit Cmm established under Constitution with terms of reference. Workplan and agendas evidence effective coverage of risk and control issues.	✓
4E - Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	General Complaints Procedure and Member Complaint Procedure and forms on website Complaint forms also available from reception. Procedures / guidance is regularly updated.	✓
4F - Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for purpose - relevant, timely and give clear explanations of technical issues and their implications.	Report writing guidance for officers. Member induction for Committees and other decision making bodies. Training is also provided for Members and Officers as appropriate. The Data Quality Strategy sets out guidance and responsibilities. Strategies / guidance is regularly updated.	✓
4G - Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.	Report writing guidance. Attendance of professional officers at meeting to advise members. Decisions properly minuted and evidenced. Guidance is regularly updated.	✓
4H - Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs.	Risk management Policy and Strategy. Risk Management Guidance. Risk Management Group. Risk management is part of the competency framework for senior managers and thus forms part of appraisal process. Strategies / guidance are regularly updated.	✓

The code should reflect the requirements for local authorities to	Evidence	
4I - Ensure that effective arrangements for whistle-blowing are in place to which officer, staff and all those contracting with or appointed by the authority have access.	Whistleblowing Policy for the Council. Policy regularly updated.	✓
4J - Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities.	The Council has in place its Constitution, within which there is the requirement to have a Monitoring Officer.	✓
4K - Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law.	Role of Monitoring Officer. Report writing guidance emphasising need to seek legal advice on any new initiatives.	✓
4L - Observe all specific legislative requirements placed upon them, as well as the requirement of general law, and in particular to integrate the key principles of good administrative law, rationality, legality and natural justice, into their procedures and decision making processes.	The Council's Constitution which is regularly updated. Scheme of delegations, job specifications in place to ensure clear accountability of roles, and identification of competencies for roles.	✓

<i>Principle 5: Developing the capacity and capability of members and officers to be effective</i>		
The code should reflect the requirements for local authorities to	Evidence	
5A - Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Induction programme for members, including training and briefing events. Formal induction process for all staff defined by Personnel. Training and development needs assessed as part of annual staff appraisal process.	✓
5B - Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority	Statutory officers have job descriptions and person specifications. Annual appraisal process identifies any training or development needs. Commitment to IIP accreditation.	✓
5C - Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Training and development plans at individual and corporate levels following annual performance appraisals.	✓
5D - Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	Member training and development requirement reviewed periodically. Members encouraged to access members support resources provided online by IDeA or other similar bodies. Member of South East Employers.	✓
5E - Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan to address training and development needs.	Performance management system in place with regular public reporting of information, clearly assigned to specific members and service areas. Overview & Scrutiny Committee review of Performance Management information. Overview & Scrutiny can call in executive decisions for review.	✓
5F - Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.	Chiltern and South Bucks Strategic Partnership. Various user groups. Surveys of customers and users. Partnership engagement officer runs regular focus groups with venerable groups.	✓
5G - Ensure that career structures are in place for members and officers to encourage participation and development	Performance appraisal process. Commitment to IIP. Annual training and development plan. Training for succession planning in place in some areas eg Planning & green keepers.	✓

Principle 6: Engage with local people and other stakeholders to ensure robust public accountability		
The code should reflect the requirements for local authorities to	Evidence	
6A - Make clear to themselves, all staff and the community to whom they are accountable and for what	Sustainable Community Strategy for Chiltern and South Bucks Districts 2013-2026. SBDC Corporate Plan 2012-2022	✓
6B - Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.	The Council's Corporate Plan. SBDC is part of the Chiltern and South Bucks Strategic Partnership. Annual Partnership Report and Annual Report of the Council.	✓
6C - Produce an annual report on the activity of the scrutiny function.	Annual report produced for O&S Cmm.	✓
6D - Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.	Communications & consultations policy. Partnership engagement officer runs regular focus groups with venerable groups.	✓
6E - Hold meetings in public unless there are good reasons for confidentiality	Statutory requirement - Local Gov Act 1972. The Constitution requires this. Codes of Conducts for officers and members.	✓
6F - Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities for dealing with these competing demands.	Achieve by variety of means such as LSP, Area Committee, user group meetings. Communications & consultations policy. Partnership engagement officer runs regular focus groups with venerable groups.	✓
6G - Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result.	Communications & consultations policy. On line consultation facility on website.	✓
6H - On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	Council's Annual Report. Joint Strategic Partnership Annual Report.	✓
6I - Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	The Council's Constitution. Communications Guidance and Community Engagement Strategy.	✓
6J - Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	The Communications Policy. Operation of the Personnel Committee. Unison is recognised.	✓

**Appendix 2:
Evidence to Support Meeting the Requirement to Identify Principal Risks to Achievement of Objectives (Step 2)**

<i>Requirement - The Authority has robust systems and processes in place for the identification and management of strategic and operational risk</i>		
Suggested measure	Evidence	
1 - There is a written strategy and policy in place for managing risk.	The Authority has a Risk Management Policy and Risk Management Strategy. Risk management was last reviewed by the Audit Committee on 4 July 2013.	✓
2 - The authority has implemented clear structures and processes for risk management, which are successfully implemented.	An annual report on Risk Management is considered by the Audit Committee each year. Strategic risks are identified by Senior Officers and considered by both Overview & Scrutiny and Cabinet. Operational risks registers are maintained by each service and recorded on Covalent. The major budget / financial risks are identified as part of the annual budget setting process and included in the budget reports to Members.	✓
3 - The authority has developed a corporate approach to the identification and evaluation of risk, which is understood by all staff.	There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and members on the intranet.	✓
4 - The authority has well defined procedures for recording and reporting risk.	There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and members on the intranet.	✓
5 - The authority has well established and clear arrangements for financing risk.	Risk financing is of limited relevance to SBDC. However where appropriate insurance cover is obtained to mitigate risks.	✓
6 - The Authority has developed a programme of risk management training for relevant staff.	Staff induction includes appropriate risk awareness training. The Director of Resources holds risk review meetings with senior Managers, which include an element of support and coaching.	✓
7 - The corporate risk management board (or equivalent) adds value to the risk management process.	The Authority has a risk management group which helps guide and develop risk management issues. This includes the Authority's internal auditors.	✓
8 - A Corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice.	SBDC does not have an officer dedicated to risk management work. Instead risk management is championed by the Director of Resources and risk management work is picked up by other officers on an ad hoc basis.	✓
9 - Managers are accountable for managing their risks.	All risks are allocated to named officers and they are responsible for managing these.	✓

Suggested measure	Evidence	
10 - Risk management is embedded throughout the authority.	Risk management is considered to be reasonably well embedded. The latest internal audit of risk management resulted in a 'Substantial Assurance' rating.	✓
11 - Risks in partnership working are fully considered.	The Authority has a Partnership Strategy and an annual review of each partnership is undertaken. This annual review includes review of the partnership risks.	✓
12 - Where employed, risk management information systems meet users' needs.	The Covalent performance management system includes the risk registers and adequately meets the Council's current requirements.	✓

**Appendix 3:
Evidence to Support Meeting the Requirement to Identify and Evaluate Key Controls to
Manage Principal risks (Step 3)**

<i>Requirement - The Authority has a robust system of internal control which includes systems and procedures to mitigate principal risks</i>		
Suggested measure	Evidence	
1 - There are written financial regulations.	The Authority has formal written Financial Procedure Rules.	✓
2 - There are written contract standing orders.	The Authority has formal written Contract Procedure Rules.	✓
3 - There is a whistle blowing policy.	The Authority has a Whistle Blowing Charter.	✓
4 - There is a counter fraud and corruption policy.	The Authority has an Anti-Fraud, Bribery and Corruption Policy.	✓
5 - There are codes of conduct in place.	There is a Member code of conduct. There is an employee code of conduct. Articles are included in Grapevine to remind members and officers about these. Dignity at work policy.	✓
6 - A register of interests is maintained.	A register of interests is maintained and regularly updated.	✓
7 - Where a scheme of delegation has been drawn up, it has been approved and communicated to all relevant staff.	Delegated matters are detailed in the 'Responsibility for Functions' section of the Constitution, which is widely available.	✓
8 - A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff.	The Authority's Procurement Strategy was updated in December 2013. It is available to staff and members on the intranet and online on the SBDC website.	✓
9 - Business / service continuity plans have been drawn up for all critical service areas.	The overall SBDC Business Continuity Plan was adopted in May 2009. However further work is needed to ensure that there are robust service recovery plans for all areas, and that these plans have been tested. (Issue for disclosure - Business Continuity Planning.)	Part
10 - The corporate / departmental risk registers include expected key controls to manage principal risks.	The annual service plans require internal controls to be listed for all risks.	✓
11 - Key risk indicators have been drawn up to track the movement of key risk and are regularly monitored.	Key risks are regularly monitored and reviewed but we do not set key risk indicators for all risks. Strategic risks are assessed pre and post mitigation actions and the post mitigation assessment acts as the target risk. However this is not considered to be a significant issue.	Part
12 - The authority's internal control framework is subject to regular independent assessment.	Internal Audit regularly reviews the internal control framework.	✓

Suggested measure	Evidence	
13 - A corporate Health & Safety Policy has been drawn up.	The Authority has a formal Health & Safety Policy, which is available on the intranet.	✓
14 - A corporate complaints policy / procedure has been drawn up.	The Authority has a formal general complaints Procedure as set out in its Customer Relations Procedure. There is also a Member complaint procedure and form on the website.	✓
The Council has policies and procedures in place to ensure compliance with data protection laws.	The Council has a Corporate Information Officer and complies with data protection rules.	✓
The Council has policies and procedures in place to maintain IT security.	The Council has an Information Security Policy along with various other supporting IT policies (eg username and password policy).	✓

Appendix 4: Draft Annual Governance Statement 2013/14

1) Scope of Responsibility

South Bucks District Council (SBDC) is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money used economically, efficiently and effectively.

South Bucks District Council 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.

In discharging this overall responsibility, South Bucks District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the principals of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

3) The Governance Framework

South Bucks has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it developed and adopted a Code of Corporate Governance and a risk management strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and risk management strategy;
- reviewing the operation of the Code and risk management strategy in practice; and
- ensuring that there is an effective internal audit function.

Our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- performance management framework and performance plans;
- regular performance monitoring;
- comprehensive budgeting systems;
- regular reviews of financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance; and
- clearly defined expenditure guidelines.

4) Role of the Chief Financer Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Finance Officer in the Public Sector, the key principles and requirements of which are summarised below.

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

5) Review of Effectiveness

South Bucks District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service and Managers.

For 2013/14 this review has been undertaken by the Audit Committee and included carrying out:

- a review of internal audit;
- an assessment of the SBDC internal control framework against the CIPFA best practice checklist; and
- an assessment of the SBDC corporate governance framework against the CIPFA / SOLACE framework.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee, and plans are in place to address weaknesses and ensure continuous improvement of the system is in place.

6) Significant Governance Issues

The following issues arose from a review of the assurance framework or from Internal Audit reports and follow-up work.

ISSUE	ACTION
Issues arising from Management Assurance Statements	
<p>There is a need to review and develop the Council's governance arrangements in order that they best support the new working arrangements, and any implication from the planned reduction in members. Any changes will need to be reflected in the Council's Constitution.</p>	<p>We will progress this issue as part of the current project that looks across the governance arrangements at both Chiltern and South Bucks, and as part of the preparation for the new Council post the May 2015 elections.</p>
<p>There is a need to review and update the Business Continuity Management processes and plans, recognising that South Bucks does not have a dedicated resource for Business Continuity.</p>	<p>We will undertake a review of existing Business Continuity plans, taking into account organisational changes and shared working with Chiltern District Council, and will test the IT business continuity arrangements.</p>
<p>There is a need to review and update the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.</p>	<p>We will progress in a co-ordinated manner with Chiltern District Council the plan to address the needs to increase staff awareness of the importance of information management and data security, and ensure policies, procedures and controls are up to levels that would be expected by ICO / PSN given the size and risk profile of the Council. The work will also take into account the impact of joint working and shared teams.</p>
Issues arising from Internal Audit work - Limited Assurance Opinion	
<p>Homelessness Allocations The audit noted that the procedures regarding Rent Deposit Guarantees need to be strengthened, and the Homelessness Strategy needs to be updated.</p>	<p>An action plan to address the issues raised has been agreed.</p>
<p>Web Services The audit noted that with the move toward shared services there was a need to update the IT strategy and standardise the IT infrastructure.</p>	<p>An action plan to address the issues raised is in the process of being agreed.</p>

SBDC AUDIT COMMITTEE WORK PROGRAMME

Members are asked to consider whether there are any items they wish to add to, or move within, the proposed work programme

Topic	Frequency	Sept 14	Jan 15	Mar 15	Jun 15
Risk Management					
Risk Management Update	Annual				
Assurance Statements					
Standards of Conduct Report	Annual				
Annual Governance Report	Annual				
Update on Governance / Internal Control Issues	As and when				
Internal Audit					
Audit Plan	Annual				
Interim Progress Reports	Each meeting				
Annual Internal Audit Report	Annual				
Fraud & Corruption Report	Annual				
External Audit					
Appointment of Charity Auditors	As necessary				
Annual Audit Plan	Annual				
External Audit Results Report	Annual				
Certification of Claims & Returns Report	Annual				
Annual Audit Letter (Sent out by email to all Members)	-				
Statement of Accounts					
Approval of Main Accounts	Annual				
Approval of Farnham Charitable Trust Accounts	Annual				
Other					
Contract & Financial Procedure Rules	As necessary				
Training	As necessary				
Work Programme	Each meeting				

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SOUTH BUCKS DISTRICT COUNCIL
STANDARDS WORK PROGRAMME
2014/2015

		2014			2015
		03.07.14	18.09.14	15.01.15	12.03.15
		Contact			
03.07.14					
<ul style="list-style-type: none"> Complaints Monitoring Report 2013/14 Review of Code of Conduct and Complaints Procedure 	<p>Joanna Swift</p> <p>Joanna Swift</p>	<p>X</p> <p>X</p>			
18.09.14					
<ul style="list-style-type: none"> Guidance on Declarations of Interest Revised Planning Code of Good Practice Subscription to Standards Exchange 	<p>Joanna Swift</p> <p>Joanna Swift</p> <p>Joanna Swift</p>	<p>X</p> <p>X</p> <p>X</p>			
15.01.15					
<ul style="list-style-type: none"> Standards training for new councillors Review of work programme 2015/16 	<p>Joanna Swift</p> <p>Joanna Swift</p>			<p>X</p> <p>X</p>	
12.03.15					
<ul style="list-style-type: none"> Update on Standards Framework Review of protocols on role of the Independent Members and monitoring officer 	<p>Joanna Swift</p> <p>Joanna Swift</p>				<p>X</p> <p>X</p>