

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 24 September 2015. | (5 - 10) |
| 3. Ernst & Young Value for Money - Code of Audit Practice 2015 Presentation | |
| To receive the Ernst & Young Value for Money - Code of Audit Practice 2015 Presentation. | (11 - 18) |
| 4. Ernst & Young Certification of Claims and Returns Annual Report 2014/15 | |
| To receive report of Ernst & Young. | (19 - 28) |
| 5. Internal Audit Progress Report | |
| To receive report of TIAA. | (29 - 40) |
| 6. Audit Committee Work Programme | |
| To receive the current work programme of the Audit Committee | (41 - 42) |
| 7. Any Other Business | |
| To consider any other business which the Chairman decides is urgent. | |
| 8. Exclusion of Public | |
| The Chairman to move the following resolution:- | |
| " That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act." | |
| 9. Internal Audit Arrangements | |
| To consider report Director of Resources. | (43 - 48) |

The next meeting is due to take place on Thursday, 17 March 2016

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AUDIT COMMITTEE

Meeting - 24 September 2015

Present: Mr Bradford (Chairman)
Mr D Smith, Mrs Gibbs, Mr Hogan, Mr Hollis and Mr Sangster

Also Present: Trevor Dobson – Independent Member
Chris Harris - TIAA
Sue Gill and Mandeep Gill - Ernst & Young
Philip Moretti and Tim Collerton - Wilkins Kennedy

Apologies for absence: Marie Gridley - Ernst & Young

19. MINUTES

The minutes of the meeting of the Committee held on 18 June 2015 were confirmed and signed by Chairman.

20. REVIEW OF CODE OF CONDUCT AND COMPLAINTS PROCEDURE

The Committee received a report which asked Members to consider whether the Code of Conduct and Complaints Procedure adopted by the Council in accordance with the Localism Act 2012 remains fit for purpose.

Following the introduction of a new standards framework by the Localism Act 2011, the Council adopted a new code of conduct of 24 July 2012 which was attached as Appendix 1. The Committee were advised that it was considered that declarations of interests had been made appropriately by members under the Code.

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. The Committee considered this guidance last year and did not consider that it required any changes to the Council's code. However, the Committee suggested that further guidance on declaration of interest and the position of dual hatted members would be helpful.

This guidance was circulated by the Monitoring Officer as part of the induction training following the elections in May 2015.

The Council's 3 stage complaints procedure was attached as appendix 2 to the report. The Monitoring Officer had not received any formal complaints under the procedure about district councillors and only 3 about parish councillors. The procedure only proceeded past stage 1 in one case which was reported to Members last year.

The Committee noted that there was one vacancy for an independent person which was being re-advertised following the failure to receive any applications when the position was advertised earlier in the year.

Having reviewed the code of conduct, the Committee were of the opinion that it remains fit for purpose. The Committee also considered that the current 3 stage complaints procedure achieves the necessary balance of fairness in the public interest between the complainant and subject member and remains fit for purpose.

RESOLVED that the code of conduct and complaints procedure adopted by the Council remains fit for purpose and no changes are required.

21. **SUBSCRIPTION TO STANDARDS EXCHANGE**

The Committee considered a report on the use of the on-line Standards Exchange services over the past year and the benefits of continued membership.

The Council has subscribed to the on-line service for Independent Persons, monitoring officers and members of committees responsible for standards issues for the past 2 years. Standards Exchange provides an interactive forum, news on local and national standards issues, shares good practice, highlights events and provides training materials. The annual subscription fee is £300 which provides unlimited access to both members and officers. Standards Exchange continues to be the only website providing specialist independent assistance and guidance on standards issues. The Monitoring Officer has used precedents published on Standards Exchange and together with the Independent Person, taken advantage of their reasonably priced training events.

Having considered the benefits of continued membership, the Committee accordingly

RESOLVED that the Council renews its membership of the Standards Exchange for the forthcoming year and that authority be delegated to the Head of Legal and Democratic Services, in consultation with the Chairman of Audit Committee, to decide whether to renew the subscription in future years.

22. **STANDARDS WORK PROGRAMME**

The Committee received the Standards Work Programme.

The Committee were advised that all Members of the Council would receive a letter from the Monitoring Officer regarding applying for a dispensation to participate in a discussion and vote on the setting of council tax.

RESOLVED that the Standards Work Programme be received.

23. **FARNHAM PARK CHARITABLE TRUST ANNUAL REPORT AND ACCOUNTS 2014/15**

The Committee considered a report from the Director of Resources seeking approval to the Farnham Park Charitable Trust Annual Report and Accounts for 2014/15 in accordance with the authority delegated to it by Council on 9 December 2008.

The Committee were advised that the external auditors had completed their audit and had no further changes to make to the accounts.

The report, after explaining the background to the Trust and the Council's responsibilities as Trustee, set out amongst other things:

- The legislative background;
- Format of Charity Accounts;
- The Trustee's Annual Report;
- The Statement of Financial Activities;
- The Balance Sheet.

In response to concerns raised regarding the Trust's financial performance, the Director of Resources explained the processes that were in place to improve the Trust's financial performance and that the Advisory Panel which had been set up was playing an important role in monitoring performance on a regular basis and advising on the strategy to move the

Audit Committee - 24 September 2015

Trust to a sound financial basis and for the golf part of the operations to deliver on the business case that underpinned the investment in the new clubhouse.

The Committee requested that next year's accounts be broken down to show the different activities in the golf club e.g. catering, golf shop etc.

RESOLVED that the Annual Report and Accounts be approved and authority be delegated to the Chairman to sign the Annual Report and Accounts to signify the completion of the Charitable Trust's approval process.

24. FARNHAM PARK CHARITABLE TRUST AUDIT COMPLETION REPORT

The Committee also received the Management Report to the Trustee prepared by Wilkins Kennedy setting out their findings and recommendations on various matters which came to their attention during the course of the audit of the Charity Accounts of Farnham Park Sports Field for year ended 31 March 2015.

The Committee were advised by the auditors that they anticipate issuing an unqualified audit opinion for the year ended 31 March 2015 for the Charity following receipt of approved accounts signed on behalf of the Trustee and receipt of a signed letter of representation.

RESOLVED that the Chairman of the Audit Committee be authorised to sign and date the Letter of Representation.

25. INTERNAL AUDIT COMPARISON ASSURANCE LEVELS

The Committee received a report from TIAA providing a comparison of assurance levels for the various systems audited between the years 2011/12 to 2014/15 as set out in a table in paragraph 2 of the report.

Whilst the trend indicates a slight reduction in the assurance levels from 2011/12 to 2012/13, this has not continued into 2013/14 and 2014/15 as there has been a slight increase in the number of substantial assurance audits in 2013/14 and 2014/15. The Committee were advised that at this time there was no indication that the overall control framework at South Bucks had significantly reduced as a result of the joint working with Chiltern Council and the transformation arising from the service reviews. Further trends would be undertaken at the end of 2015/16 financial year.

RESOLVED that the report be noted.

26. INTERNAL AUDIT FOLLOW UPS 2014/15

The Committee considered a follow up review report by TIAA which included details of the management action that had been taken in respect of the recommendations arising from the internal audit reviews which were finalised during the 2014/15 financial year.

RESOLVED that the follow up review of internal audit recommendations be noted.

27. INTERNAL AUDIT PROGRESS REPORT 2014/15 & 2015/16

The Committee considered an Internal Audit progress report from TIAA including details of the status of the 2014/15 Audit Plan, the changes to the annual plan 2015/16, as well as progress against the annual plan for 2015/16.

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

28. ERNST & YOUNG AUDIT PLAN UPDATE YEAR ENDING 31 MARCH 2015

The Committee received an audit plan update for the year ending 31 March 2015. The update informed the Committee that due to the continuing financial pressures on the whole of local government, Ernst & Young had reviewed the Value for Money Assessment and added a new risk regarding arrangements for security financial reliance. This reassessment did not reflect particular concerns of Ernst & Young on the Council's processes of approach but did reflect the environment in which the Council was currently operating. In their Audit Result report later on the agenda Ernst & Young would not be raising any concerns on this matter.

RESOLVED that the update be noted.

29. ERNST & YOUNG LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Committee received a Local Government Audit Committee Briefing by Ernst & Young which covered the following issues:

- Government and economic news
- Accounting, auditing and governance
- Regulation news
- Key Question for the Audit Committee

The Committee welcomed the useful briefing note.

RESOLVED that the briefing be noted.

30. FINAL 2014/15 STATEMENT OF ACCOUNTS

In accordance with the Accounts and Audit Regulations, the Committee received a report on the Statement of Accounts 2014/2015.

The Committee were advised that the external auditors had completed their audit and had no further changes to make to the accounts.

The Committee noted a number of issues arising from the Accounts including the following:

- The General Fund Balance had decreased by £646,000 to £1,862,000 which was primarily due to adjustments relating to retained income from Non Domestic Rates.
- Earmarked Reserves decreased by £70,000 to £2,427,000.
- The Council's capital receipts reduced by £1,467,000 to £7,251,000 due to receipts being used to fund the Council's capital investment programme.
- The pension fund deficit increased by £5,357,000. The accumulated estimated pension fund deficit now stands at £27,953,000.
- Capital expenditure totalled £2,249,000 funded by a combination of capital receipts and government grants.
- Capital income of £740,000 was received in 2014/15.
- Overall expenditure for the year was £34.6m and the overall income was £33.1m (£6.6m of the income was for fees and charges rather than government grants)
- The Authority increased the amount of cash that it holds by £4,330,000.

In response to a query regarding reserves, the Committee's attention was drawn to the movement in reserves statement which showed the movement in the year of the different reserves held by the Authority, analysed into useable reserves and other reserves.

With regards to the pension fund, the Committee were advised that a detailed report on the Pension Fund was due to be considered this time next year by the Council. In the meantime, if Members wanted to gain more of an understanding of the scheme, the Fund's actuary would be giving a briefing at Chiltern District Council in January next year which would be open to members of South Bucks District Council to attend.

RESOLVED that the 2014/2015 Accounts be approved and signed by the Chairman of the Committee to signify the completion of the Authority's approval process.

31. **ERNST & YOUNG ANNUAL RESULTS REPORT**

The Committee received the Annual Results Report by Ernst & Young which summarised the findings of the financial statements of the Council for the year ended 31 March 2015.

The Committee were advised by Ernst & Young that they anticipate issuing an unqualified opinion on the accounts and that with regards to Value for Money that the Council has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

RESOLVED that the Chairman of the Audit Committee be authorised to sign and date the Letter of Representation.

32. **ANNUAL FRAUD REPORT**

The Committee received a report which detailed the anti-fraud activity completed during the 2014/15 financial year and the outcomes where appropriate. The report also set out the action plan for areas of work to be reviewed in the year 2015/16, with the intention of identifying risk areas and taking pro-active work to prevent and deter fraud.

South Bucks District Council works in partnership with Chiltern District Council in relation to all anti-fraud activity in relation to Local Council Tax Support and provides assistance to Internal Audit, supplementing the resources for fraud and irregularity as well as carrying out a planned fraud review of high risk fraud areas.

RESOLVED that the report be noted.

33. **RISK BASED VERIFICATION POLICY**

The Committee considered a report which asked Members to consider whether to approve a policy, attached as appendix A to the exempt part of the agenda, for Risk Based Verification to be used for the assessment of Housing and Council Tax Support. If approved, all new claims would be assessed using Risk Based Verification with effect from October 2015.

The Committee were advised that the Resources PAG, who considered the Policy on 10 September 2015, were in support of the new policy.

Having considered the benefits of the policy, which would include improving processing times and customer service, and opportunities to identify fraud and error, the Committee accordingly

RESOLVED that the Risk Based Verification Policy be approved and signed off by the Chairman of the Committee.

34. **PROPOSED AMENDMENT TO THE CONTRACTS PROCEDURE RULES**

The Committee considered a report proposing amendments to the Council's Contracts Procedure Rules in order to comply and better align with the Public Contracts Regulations which have introduced a new requirement that all contracts with a value estimated to be greater than £25,000 must be advertised on the Crown Commercial Service website Contracts Finder.

Having considered the proposals set out in section 4 of the report and the advantages and disadvantages of the options set out in section 5, the Committee accordingly

RECOMMENDED to Council that the Council's Contacts Procedure Rules are amended (as shown in Appendix A) to comply and better align with the Public Contracts Regulations.

35. AUDIT WORK PROGRAMME

The Committee received the Audit Committee Work Programme.

RESOLVED that the Audit Committee Work Programme be received.

36. ANY OTHER BUSINESS

None.

37. EXCLUSION OF PUBLIC

That under Section 100A(4) of the Local Government Act 1974 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act “

- Audit Management Arrangements (Paragraph 2)
- Risk Based Verification Policy Appendix (Paragraph 7)

The meeting terminated at 7.50 pm

Value for Money

Code of Audit Practice 2015

Chiltern and South Bucks DCs
4 January 2016



Overall Criterion

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

Sub-criteria and proper arrangements

Sub-Criteria		Proper Arrangements
Informed decision making	Acting in the public interest, through demonstrating and applying the principles and values of sound governance	Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management
	Reliable and timely financial reporting that supports the delivery of strategic priorities	Managing risks effectively and maintaining a sound system of internal control
	Sustainable resource deployment	Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions
	Working with partners and other third parties	Managing and utilising assets effectively to support the delivery of strategic priorities
Working with partners and other third parties	Planning, organising and developing the workforce effectively to deliver strategic priorities	Working with third parties effectively to deliver strategic priorities
Working with partners and other third parties	Commissioning services effectively to support the delivery of strategic priorities	Procuring supplies and services effectively to support the delivery of strategic priorities

Auditor's risk assessment

- ▶ Risk that the auditor will reach an incorrect conclusion on the arrangements (as opposed to the risk that arrangements are inadequate)
- ▶ Performed to determine nature and extent of any further work
- ▶ Undertaken only on significant risks
 - ▶ A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects

Auditor's risk assessment (2)

- ▶ Documented from e.g:
 - ▶ Cumulative knowledge of the client (brought forward)
 - ▶ Findings from other areas of the audit
 - ▶ Findings of other inspectorates/regulatory bodies
 - ▶ IA reports
 - ▶ AGS / Annual Report
 - ▶ Risk Registers
 - ▶ Board/Committee minutes
 - ▶ Key financial information and reports
 - ▶ Wider knowledge of the sector and developments.
 - ▶ NAO illustrative risks

Work undertaken

- ▶ Proportionate
- ▶ To a level sufficient to be clear on the conclusion, and reduce the initial audit risk

Qualified Conclusions

Adverse

- ▶ Weakness in arrangements:
 - ▶ So significant in impact; or
 - ▶ So numerous in aspects of proper arrangements affected

Except for

- ▶ Weaknesses:
 - ▶ Sufficiently significant to report
 - ▶ Limited to specific issue or area
- ▶ Reporting: Concise summary of the information leading to that conclusion

Certification of claims and returns annual report 2014-15

South Bucks District Council

4 January 2016

Ernst & Young LLP





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4 January 2016

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Dear Members

Certification of claims and returns annual report 2014-15 South Bucks District Council

We are pleased to report on our certification work. This report summarises the results of our work on South Bucks District Council's 2014-15 claims and returns.

Scope of work

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

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between us as appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £15,767,021. We met the submission deadline. We issued a qualification letter; details of the qualification matters are included in section 2. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due, increasing it by £179.



Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk)

We welcome the opportunity to discuss the contents of this report at the Audit Committee on 21 January 2016.

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

Yours faithfully

Andrew Brittain
Executive Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£15,767,021
Amended/Not amended	Amended – subsidy increased by £179
Qualification letter	Yes
Fee – 2014-15	£27,860
Fee – 2013-14	£25,707

Recommendations from 2013-14	Findings in 2014-15
No recommendations were made in 2013-14	<p>Incorrect application of ineligible service charges: a check of all such cases was carried out and an amendment to the claim form was made.</p> <p>Incorrect calculation of student income: no additional cases with student income were identified but the claim form was amended to correct the initial error.</p> <p>Incorrect application of the Spare Bedroom Allowance: 2 cases of overpayment with extrapolated impact of £17,849 if DWP decide to claw back.</p> <p>Incorrect updating of rental charge by a specific housing association (L&Q): a check of all such cases was carried out and an amendment to the claim form was made.</p> <p>Incorrect application of Rent Liability: 3 cases of overpayment with extrapolated impact of £14 if DWP decide to claw back.</p> <p>Incorrect application of non-dependant (as a result of error identified in 2013-14): 2 cases of overpayment with extrapolated impact of £4,324 if DWP decide to claw back.</p>

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

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

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decide whether to

ask the Council to carry our further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

Testing of the initial sample and 40+ identified (2014-15):

- 1 case where benefit was overpaid as a result of incorrect ineligible service charges (not uprated to 14-15 rates). This led to an overpayment of benefit of £2.34. Additional testing was carried out which identified 4 more cases with overpaid benefit which totals £16.61. The claim form was amended accordingly.
- 1 case where benefit was overpaid due to incorrect calculation of student income. This led to an overpayment of benefit of £161.40. As there are no further non-HRA cases with student income, no further testing was done. The claim form was amended accordingly.
- 2 cases where the authority had overpaid benefit as a result of incorrect application of the Spare Bedroom Allowance. We therefore had to carry out 40+ testing but no further failures were identified. Extrapolation of the overpayments gives an error figure of £17,849.
- 1 case where the Council had underpaid benefit as a result of incorrect updating of the rental charge increase by a specific housing association (L&Q). All cases were tested and 2 further overpayments were identified. The claim form was amended accordingly.
- 1 case where the Council had underpaid benefit as a result of incorrect rent liability being used. This was due to a rounding issue when converting monthly to weekly rent after deduction of ineligible service charges. 40+ testing was carried out and identified 3 additional overpayment failures: once extrapolated these led to an error figure of £14.

Testing of the errors identified in 2013-14:

In 2013-14 testing identified 1 case where the Council had incorrectly including non-dependant deduction in the subsidy calculation. So we carried out 40+ testing of non-dependant deductions in 2014-15. From this 2 cases were identified with overpayments (with an extrapolated value of £4,324) and 2 cases with underpayments.

We were satisfied that some errors could only result in underpayments; officers have agreed our findings in these cases but we do not need to report them in detail to DWP.

The net impact on the claim was to increase it by £179.

2014-15 certification fees

2. 2014-15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psaa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	25,707	27,860	27,860

No changes to the 2014-15 fees are being proposed.

3. Looking forward

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

The Council's indicative certification fee for 2015-16 is £19,280. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015-16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

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

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South Bucks District Council

Internal Audit Progress Report

2015/16

Audit Committee: 21 January 2016



INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at South Bucks District Council as at 4 January 2016. The report is based on internal audit work carried out by TIAA and management representations that have been received.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

2. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the Council. The progress against the annual audit plan is shown at Appendix A. The action plans and management responses to our audit work for priority 1 and 2 recommendations for the period from 6 August 2015 to 4 January 2016 is shown in Appendix B.

AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

3. The table below sets out details of audits finalised since our last report to the Audit Committee.

Review	Evaluation	Draft issued	Key Dates			Number of Recommendations			
			Responses Received	Final issued		1	2	3	OE
Community Grants	Substantial	26/08/15	05/11/15	06/11/15	-	-	1	2	
Housing – Allocations/Homelessness	Reasonable	26/08/15	20/10/15	21/10/15	-	3	1	1	
Main Accounting	Substantial	28/10/15	08/11/15	09/11/15	-	1	1	1	
Budgetary Control	Substantial	06/11/15	06/11/15	09/11/15	-	-	1	-	
Building Control	Reasonable	25/11/15	27/11/15	01/12/15	-	2	3	-	
Risk Management	Reasonable	19/11/15	23/11/15	24/11/15	-	1	2	-	

CHANGES TO THE ANNUAL PLAN 2015/16

4. The following changes to the annual audit plan for 2015/16 have been made:
 - a) Disabled Facilities Grant – Additional Review
 - b) Defra Repair and Renew Grant (Flood Support Scheme) – Additional Review
 - c) Data Protection – Additional Review
 - d) The ICT audits have been cancelled due to the significant changes to the ICT at South Bucks and Chiltern and these have been replaced with the following two ICT audits:
 - i) Udata
 - ii) Transition Project Management

FRAUDS/IRREGULARITIES

7. There are no Frauds or Irregularities to report in this period

LIAISON WITH EXTERNAL AUDIT AND THE CLIENT

8. We continue to liaise with EY and have made available working paper files and the report on key financial systems. Regular meeting are held with the Audit Manager for the client.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

9. There are no Priority 1 recommendations to report at this time.

RESPONSIBILITY/DISCLAIMER

10. 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. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. 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.

Progress against the Annual Plan for 2015/16

System	Planned Quarter	Days	Current Status	Comments
Disabled Facilities Grant	-	2.5	Final report issued August 2015	Additional review
Defra Repair and Renew Grant	-	1	Final report issued July 2015	Additional Review
Main Accounting	3	3	Final report issued November 2015	
Payroll	3	7		Now a Q4 audit
Debtors	3	5	Fieldwork in Progress	
Creditors	3	5	Draft report issued December 2015	
Benefits	3	5	Fieldwork in progress	
Council Tax Support	3	5		Now a Q4 audit
Council Tax & NDR	3	9		Now a Q4 audit
Cash & Bank	3	4		Now a Q4 audit
Treasury Management	3	3		Now a Q4 audit
Budgetary Control	3	3	Final report issued November 2015	
ICT - Information Security Management in shared service environment	3	3		Cancelled - Due to significant changes to the provision of ICT at South Bucks the timing of these audits is currently under review
ICT - Regulatory compliance	3	3		Cancelled
ICT - Control Assurance of services provided remotely	3	3		Cancelled

System	Planned Quarter	Days	Current Status	Comments
ICT - IT Management and operational structure	2	3		Cancelled
ICT - Service desk operation & management	3	3		Cancelled
ICT - Updata			Fieldwork in Progress	
ICT – Project Management review			Audit Planning Memorandum issued	
Planning Development (and enforcement)	1	6	Audit Planning Memorandum issued	Audit delayed due to the service review being undertaken this year
Housing - Allocations/Homelessness	2	3	Final report issued October 2015	
Housing – Section 106	2	4	Fieldwork in Progress	
Contracts	3	4	Fieldwork in Progress	
Car Parking	3	4		Requested as a March audit by the new Car Parking Manager
Health and Safety – Contractor arrangements	3	4	Audit Planning Memorandum issued	
Community Grants	1	3	Final report issued November 2015	
Electoral Registration	2	3	Audit Planning Memorandum issued	
Freedom of Information	1	3	Audit Planning Memorandum issued	
Governance	4	4		Planned start date January 2016
Risk Management	2	3	Final Report issued November 2015	
Joint Working Arrangements	2	6	Fieldwork in progress	
Counter Fraud	3	5		Now a Q4 Audit
Data Protection	-	5		A Q4 Audit
Audit follow up work		4		

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INTERNAL AUDIT

System	Planned Quarter	Days	Current Status	Comments
<u>Farnham Park Charitable Trust</u>				
Stock Control	2	6	Draft report being prepared	
Contingency Time	ongoing	4		Regular visits to the Park – annual report

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

AUDITS FINALISED SINCE LAST AUDIT COMMITTEE

Title of review: **Housing – Allocations/Homelessness** **Date issued:** **October 2015**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Neither Council has an up to date housing strategy in place. Management are aware of this and have identified this as an area to be addressed on the Joint Business Plan.	A current housing strategy to be developed for both Councils and presented to Cabinet for approval.	2	Work is being undertaken to develop updated Strategies for CDC and SBDC and these are timetabled for initial reports to CDC Cabinet on 1/12/15 and SBDC Cabinet on 9/2/16.	01/04/2016	Housing Manager
3	Directed	Neither Council has an up to date homelessness strategy in place. Management are aware of this and have identified this as an area to be addressed on the Joint Business Plan.	A current homelessness strategy to be developed for both Councils and presented to Cabinet for approval.	2	Work is being undertaken to develop updated Strategies for CDC and SBDC and these are timetabled for initial reports to CDC Cabinet on 1/12/15 and SBDC Cabinet on 9/2/16.	01/04/2016	Housing Manager
4	Directed	Neither Council has undertaken a recent capacity review of temporary accommodation. Management are aware of this and have identified this as an area to be addressed on the Joint Business Plan.	A review of temporary accommodation capacity to be undertaken at the earliest opportunity.	2	The day to day management of temporary accommodation to date has ensured that the Council has fulfilled its statutory duty to secure accommodation when required. The availability of temporary accommodation is monitored on a regular basis and arrangements have been put in place to secure additional units when required to	01/04/2016	Housing Manager

INTERNAL AUDIT

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<p>meet increased demand (e.g. Police Houses at Gerrards Cross, Paradigm properties at Springett Place in Amersham) As part of the Homelessness Strategy development (see 3 above) CDC and SBDC will be reviewing TA provision and developing an overarching TA policy (in line with the recommendation of the Judge in the case of Nzolameso v City of Westminster (2015))</p>		

Title of review: **Main Accounting** **Date issued:** **November 2015**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	A review of ten registered Integra users confirmed that all were currently employees. A review of Integra users with full access rights highlighted that there were two employees that did not require full access. It was advised by the Senior Accountant that an access review needs to be carried out.	A review exercise to be carried out on all finance users to ensure that system access is relevant and appropriate for the role of the employee.	2	A review of Finance users will be carried out to ensure that access is appropriate.	31/12/15	Senior Accountant – Systems & VAT

Title of review: **Building Control** Date issued: **December 2015**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Uniform does not have an adequate set of mandatory fields in place, as currently for example the system would allow an officer to complete a whole application without having to confirm that payment has been received.	Appropriate mandatory fields in Uniform to be identified and enabled to ensure that applications can only be completed once all necessary checks have been undertaken.	2	<i>This is not a feature currently provided on Uniform. The procedure notes clearly indicate that the payment of the charges must be checked prior to the issuing of the completion certificate.</i>	N/A	
5	Compliance	There is no reconciliation between Uniform and Integra; without this there is a risk that not all income is recorded accurately and discrepancies may not be identified.	A periodic reconciliation between Integra and Uniform to be undertaken and subject to independent review.	2	<i>The two systems are not compatible, but they are checked. The customer details are provided by building control when requesting the invoices to be raised and the invoice numbers are placed on Uniform. Uniform is updated when the payment has been made.</i>	N/A	

Title of review:	Risk Management
Date issued:	November 2015

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Reputational	There was no evidence to show that a summary of all complaints and compliments received was being reported on a regular basis to the Management Team. This report should draw attention to any corporate or repeated issue since the last report as this could highlight a potential risk or benefit to the Council which should receive further attention. There should also be a regular report to Members (say biannually).	A summary of all complaints and compliments received be reported to the Management Team on a regular (quarterly) basis alongside the regular performance reporting drawing attention to any corporate or repeated issue as this could highlight a potential risk or benefit to the Council which should receive further attention. A similar report also made to Members (biannually).	2	A review of the complaints process across the two Councils is one of the early tasks for the new joint Customer Services Team. The intention will be to have a clear common process for both Councils and to be able to analyse complaints and complaints in an efficient way to inform the Customer Service Strategy that will be developed for the Councils.	July 2016	Head of Customer Services

SBDC AUDIT COMMITTEE WORK PROGRAMME

Classification: OFFICIAL

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

Topic	Frequency	21 Jan 16	Mar 16	Jun 16	Sept 16	Jan 17
Risk Management						
Risk Management Update	Annual					
Assurance Statements						
Annual Governance Report	Annual					
Standards of Conduct Report	As and when					
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						
Fraud & Corruption Annual Report	Annual					
External Audit						
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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