





## **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**  
To receive any apologies for absence.
2. **Minutes**  
To confirm the minutes of the meeting held on 29 September 2016. **(5 - 8)**
3. **Appointment of Independent Person**  
To consider report of Monitoring Officer. **(9 - 10)**  
*Appendix to the report contains except information – please see agenda item 14*
4. **Annual Review of the Code of Conduct and Complaints Procedure**  
To consider report of Monitoring Officer. **(11 - 14)**  
*Appendix 1* **(15 - 22)**  
*Appendix 2* **(23 - 34)**
5. **Review of Protocol on Role of the Monitoring Officer**  
To consider report of Monitoring Officer. **(35 - 38)**  
*Appendix* **(39 - 40)**
6. **Standards Work Programme**  
To receive the current Standards Work Programme. **(41 - 42)**
7. **Internal Audit Progress Report 2016/17**  
To consider the report of TIAA. **(43 - 52)**
8. **External Audit Plan 2016/17**  
To receive report of Ernst & Young. **(53 - 70)**

9. **Appointment of External Auditors**

To consider the report of the Director of Resources. (71 - 74)

*Appendix* (75 - 84)

10. **Code of Corporate Governance**

To consider the report of the Director of Resources. (85 - 86)

*Appendix* (87 - 94)

11. **Audit Work Programme**

To receive the current Audit work programme. (95 - 96)

12. **Any Other Business**

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

13. **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.”:

Paragraph 1	Information relating to any individual
Paragraph 2	Information which is likely to reveal the identity of any individual.

14. **Appointment of Independent Person - Part II Appendix**

*Part II Appendix* (97 - 102)

The next meeting is due to take place on Thursday, 16 March 2017

**AUDIT COMMITTEE**

**Meeting - 29 September 2016**

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

Apologies for absence: Mrs Gibbs

**15. MINUTES**

The minutes from the meeting of the 28 June were confirmed and signed by the Chairman.

**16. EXTERNAL AUDIT 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 2016.

The Committee were advised by Ernst & Young that by the end of the evening's Committee, they would be able to issue an unqualified opinion on the accounts, and that with regards to Value for Money, the Council has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Discussion was had around the mechanism for valuation of specialist assets, with Ernst & Young clarifying that a range of methodology was available for this use, and that they had concluded that the methodologies used were acceptable.

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

**17. JOINT ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY AND JOINT PROTECTED DISCLOSURE POLICY**

The Audit Committee received a report containing updates to the Joint Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy.

The Committee noted that the Whistleblowing policies and procedures underpinned the Anti-Fraud and Corruption Policy and had been renamed as the Joint Protected Disclosure Policy, in order to disassociate it from any historical stigma whilst simultaneously reinforcing the confidentiality of any concerns.

The Audit Committee therefore **RESOLVED** the adoption of the following policies:

1. Joint Anti-Fraud, Bribery and Corruption Policy
2. Joint Protected Disclosure Policy

**18. COMPLAINTS MONITORING PROCEDURE**

Members of the Audit Committee received the annual Complaints Monitoring Report for 2015/16, containing details of Members who have breached the code of conduct, as well as complaints made against town and parish councils.

In 2015/16, no formal complaints were received about SBDC Members, with one complaint being made against a town council. An informal complaint was received regarding a District Councillor, but was in regards to conduct not covered by the Council's Complaints Procedure. Another complaint was raised concerning the conduct of a parish councillor, but was not pursued by the complainant.

In regards to the formal complaint in relation to a town councillor, the Monitoring Officer determined that the complaint should not be submitted for investigation under Stage 2 of the Complaints Procedure after discussions with the Independent Person and the Chairman of Planning Committee, but made informal recommendations on procedural matters to the town council. The decision was subsequently published on the SBDC website.,

It was **RESOLVED** by the Committee that the report be noted.

**19. APPOINTMENT OF INDEPENDENT MEMBER**

A report was brought to the Committee that considered the arrangements and sought the agreement of the Audit Committee to re-advertise the vacancy for an Independent Person, with an amended role description reflecting new requirements to involve Independent Persons in dismissal procedures for statutory officers. Members indicated that if the second advertising exercise was unsuccessful consideration be given to offering a small retainer payment.

Members noted that the Council endeavoured to have two Independent Persons in order to ensure that there was adequate cover.

Further to the report, the Committee **RESOLVED**:

- To re-advertise for an Independent Person to fill the current vacancy
- That the role description and person specification set out in Appendix 1 be approved for recruitment purposes
- That the Director of Resources in consultation with the Chairman of Audit Committee and the Monitoring Officer be authorised to make a recommendation for appointment to Full Council following receipt of applications and interviews.

**20. FINAL 2015/16 STATEMENT OF ACCOUNTS**

In accordance with the Account and Audit Regulations, the Final Statement of Accounts for 2015/16 was presented to the Audit Committee for approval by 30 September 2016.

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 increased by £2,488,000 to £4,350,000 which was primarily due to adjustments relating to retained income from Non Domestic Rates.
- Earmarked Reserves decreased by £599,000 to £3,026,000.
- The Council's capital receipts reduced by £1,162,000 to £6,089,000 due to receipts being used to fund the Council's capital investment programme.
- The pension fund deficit decreased by £2,583,000, with the accumulated estimated pension fund deficit standing at £25,370,000.
- Capital expenditure totalled £1,538,000, funded by a combination of capital receipts and government grants.
- The Authority decreased the amount of cash that it holds by £1,732,000.

It was noted by Members that the outturn position was better than forecast, which will help the authority in the short term, but will not negate the longer-term funding challenges. Members also thought it may be prudent to spread depreciation of assets over a number of years, and to set money aside for when the assets required replacing.

It was accordingly **RESOLVED** that:

- The accounts be approved by the Audit Committee and signed off by the Chairman to signify the completion of the Authority's approval process.

## 21. **INTERNAL AUDIT PROGRESS REPORT**

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

Discussion was entered into by Members in regard to the ICT Update 2015/16 audit. The recent level of performance by this contractor has been unsatisfactory, and the matter has been escalated to Director level. The Director of Resources assured the Committee that he was now involved in the matter, and would keep Members updated of the options he would take and the progress to improve the service.

It was **RESOLVED** by the Committee that the progress against the Internal Audit Plan and findings arising from the Internal Audit work be noted.

## 22. **COMPARISON OF IA ASSURANCE LEVELS**

The Committee received a report from TIAA providing a comparison of assurance levels for the various systems audited between the years 2012/13 to 2015/16 as set out in a table in paragraph 2 of the report.

The Committee were advised that at this time there was no indication that the overall control framework at South Bucks had 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 2016/17 financial year.

**RESOLVED** that the report be noted

**23. FARNHAM PARK CHARITABLE TRUST STATEMENT OF ACCOUNTS 2015/16**

Members considered a report requesting that the Audit Committee approve the Farnham Park Charitable Trust Annual Report and Accounts for 2015/16.

The Committee were advised that the external auditors had completed their audit and had no further changes to make to the accounts, with the report setting out amongst other things the Trustee's Annual Report, the Statement of Financial Activities and the Balance Sheet.

In response to concerns over the performance of the Financial Trust, the Director of Resources explained that the Academy was now closed and that the use of the Playing Fields was being reviewed in the light of the Council's developing Open Space Leisure Strategy.

A member suggested that due to the concerns raised over loss of income, and a £38,000 variance in expenditure, that the Farnham Park Trust be brought as an agenda item to the Overview and Scrutiny Committee on 30 January 2017.

The Committee **RESOLVED** to approve the Annual report and Accounts for 2015/16 for the Chairman to sign in order to signify the completion of the Charitable Trust's approval process.

**24. FARNHAM PARK CHARITABLE TRUST AUDIT RESULTS REPORT**

The Committee 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 2016.

The Committee were advised by the auditors that they anticipate issuing an unqualified audit opinion for the year ended 31 March 2016 for the Charity, following receipt of approved accounts signed on behalf of the Trustee, and receipt of a signed letter of representation. Wilkins Kennedy also expressed that all opinions given within the report had been done so based on the continued support of the Charity by the Council.

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

**25. WORK PROGRAMME**

The current work programme was noted by the Committee.

**26. ANY OTHER BUSINESS**

None.

The meeting terminated at 7.23 pm



<b>SUBJECT:</b>	Appointment of Independent Person
<b>REPORT OF:</b>	Monitoring Officer
<b>RESPONSIBLE OFFICER</b>	Joanna Swift
<b>REPORT AUTHOR</b>	Joanna Swift
<b>WARD/S AFFECTED</b>	None

### 1. Purpose of Report

This report updates the Committee on the outcome of re-advertising the vacancy for an Independent Person.

### RECOMMENDATION

That the Committee recommend Full Council to agree the appointment of Mr Gareth Hopkins as the Council's second Independent Person for a term of 5 years

### 2. Reasons for Recommendations

The appointment of two Independent Persons is an agreed part of the Council's standards framework and provides resilience in case of illness or other absence. There is also a new mandatory requirement introduced by the Employment Procedure Amendment Regulations 2015 to invite at least two Independent Persons to join a panel set up to consider the dismissal of statutory officers. Mr Hopkins applied for this role following public advertisement and meets the relevant eligibility criteria and person specification.

### 3. Content of Report

- 3.1 Under the Localism Act 2011 an Independent Person must be appointed through a process of public advertisement, submission of an application and approval by a positive vote of a majority of all members of the Council – i.e. by full Council. To be considered 'independent' an applicant must not be, or have been within the previous 5 years, an elected or co-opted member or an officer of the District Council or any Parish or Town Council in the area, or of any committee or sub-committee of the District Council or any Parish/Town Council, or, be a relative or close friend of a current elected or co-opted member or an officer of the District Council or any Parish/town Council in the area
- 3.2 The Committee agreed at their last meeting to re-advertise for an Independent Person to fill the current vacancy and to update the role description to include the new mandatory requirement for Independent Persons to be involved in the dismissal procedure for statutory officers.
- 3.3 The role was duly advertised in the local press and on the Council's website. One application has been received from Mr Gareth Hopkins and a copy of his application form and references are attached as a confidential appendix. The monitoring officer has interviewed Mr Hopkins

and is satisfied that he meets the statutory criteria referred to in 3.1 above and as a magistrate and former solicitor, that he also has the necessary skills and competencies required for the role.

- 3.4 Members are therefore invited to recommend that Full Council appoint Mr Hopkins as the Council’s second Independent Person. It was agreed by the Council in 2012 that Independent Persons would be appointed for a term of 5 years and paid an allowance of £200, together with re-imburement of any travelling expenses incurred whilst exercising their role.

**4. Consultation**

Not applicable.

**5. Options**

The Committee has the option of not filling the vacancy at this time but that would not ensure resilience in dealing with complaints or enable the Council to meet the new requirements of the Employment Procedure Amendment Regulations 2015.

**6. Corporate Implications**

Financial – As set out in the report

Legal – As set out in the report

Risks issues – The Council would be in breach of its statutory duty if it had no Independent Person available to advise on members complaints

Equalities - The Council’s policies on equalities will be followed in the recruitment process for a new Independent Person

**7. Links to Council Policy Objectives**

Whilst there are no direct links to the Council’s main policy objectives, it has a duty under the Localism Act to have arrangements in place to deal with allegations that members may have breached the code of conduct. The effective use of Independent Persons as part of this process is a matter of good governance and is important in preserving the confidence of local communities. It is also now a requirement under the Employment Procedure Amendment Regulations 2015 for the Council to invite ta least two Independent Persons to take part in the panel considering the dismissal of statutory officers.

**8. Next Steps**

Following appointment by Full Council appropriate training will be provided.

<b>Background Papers:</b>	None except those referred to in the report. The Appendix containing the application form and references is exempt under paragraphs 1 and 2 of Schedule 12A as it contains information about an individual and information that would reveal the identity of an individual
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<b>SUBJECT:</b>	Review of the Code of Conduct and Complaints Procedure
<b>REPORT OF:</b>	Monitoring Officer
<b>RESPONSIBLE OFFICER</b>	Joanna Swift
<b>REPORT AUTHOR</b>	Joanna Swift
<b>WARD/S AFFECTED</b>	None

### 1. Purpose of Report

To consider if the code of conduct and complaints procedures adopted by the Council in accordance with the Localism Act in 2011, remain fit for purpose.

### RECOMMENDATION

**The Committee is invited to note the information in this report and consider whether any changes should be made to the Council's current code of conduct and complaints procedure.**

### 2. Reasons for Recommendations

It is good practise for the Council to review its adopted policies and procedure on a regular basis to ensure they remain relevant and effective.

### 3. Content of Report

- 3.1 On 1 July 2012 a new standards framework was introduced by the Localism Act 2011 ("the Act"). 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 Under the Act and accompanying statutory regulations members must 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 Act gives the Council discretion over the contents of their code of conduct provided that it accords with the following 7 principles of conduct in public life:-
- selflessness
  - integrity
  - objectivity
  - accountability
  - openness
  - honesty

- leadership

- 3.4 The Council's current code of conduct was adopted on 24 July 2012 and is attached at Appendix 1 for reference. It is based on a lighter-touch set of general obligations than the previous national model code but retains 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 regulatory role in determining planning and licencing applications. Chiltern District Council has adopted the same form of code.
- 3.5 The Department for Communities and Local Government issued guidance in September 2013 which gives members basic practical information about how to be open and transparent in relation to their pecuniary and non-pecuniary interests. The Committee considered this guidance last year and did not consider that it required any changes to the Council's code. The monitoring officer has also prepared a detailed guidance note on the code, which was provided to all members as part of induction training following the elections in May 2015, together with a series of Quick Guides on specific standards topics. These have been published on the intranet for reference purposes.
- 3.6 A member workshop on declarations of interest, bias and predetermination was held in 2016 and an update session about general obligations under the code is planned for later in 2017. It is considered that generally declarations of interest are being made appropriately by members under the code.

### **THE COMPLAINTS PROCEDURE**

- 3.7 The Act also gives the Council discretion on the arrangements it adopts for dealing with complaints. These arrangements must however 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. The position regarding the appointment of independent persons is referred to in another report on the agenda.
- 3.8 The Council's current Complaints Procedure is attached at Appendix 2. Complaints that members have breached their Council's code of conduct are handled under 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 complaints 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.

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3. An investigation is carried out and the investigators 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.

3.9 The same arrangements have been adopted by Chiltern District Council. The monitoring officer has received 4 formal complaints under the procedure all concerning parish/town councillors. The procedure has only proceeded past stage 1 in two cases and only one of these reached stage 3 with a report to the committee in 2014.

3.10 The Committee is invited to consider whether the code of conduct remains fit for purpose having regard to experience over the past year. 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.

#### 4. Consultation

Not applicable at this stage

#### 5. Options

The Council has the option of proposing changes to both the code of conduct and complaints procedure which should be the subject of wider consultation with members before formal consideration by Full Council.

#### 6. Corporate Implications

Financial - None

Legal – As set out in the report

Risks issues – None

Equalities - None

#### 7. Links to Council Policy Objectives

Whilst there is no direct link to the Council's main objectives the Council has a statutory obligation to adopt a code of conduct and complaints procedure. The effective monitoring of complaints is matter of good governance and is important in preserving the confidence of local communities

#### 8. Next Steps

Consultation would be undertaken with the wider Council membership on any proposed changes.

<b>Background Papers:</b>	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

- (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	<p>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.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).</p>
Contracts	<p>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—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
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	<p>Any tenancy where (to M's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p>

- (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.



**South Bucks**  
District Council

## 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](http://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](mailto: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:**

<b>Title:</b>	
<b>First name:</b>	
<b>Last name:</b>	
<b>Address:</b>	
<b>Daytime telephone:</b>	
<b>Evening telephone:</b>	
<b>Mobile telephone:</b>	
<b>Email address:</b>	
<b>Signed:</b>	
<b>Dated:</b>	

**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.

**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 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>	<b>Male</b>	<b>Female</b>
<b>Are you male or female?</b>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Which of these age groups apply to you? Please tick one box.</b>			
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>	<b>Yes</b>	<b>No</b>
<b>Do you have any long-standing illness, disability or infirmity?</b> (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"/>
<b>Are you without a permanent home?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you have access to your own method of transport?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Are you registered as unemployed?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you provide unpaid care for another person?</b>	<input type="checkbox"/>	<input type="checkbox"/>

<b>To which of these groups do you consider you belong? Please tick one box.</b>			
<b>WHITE</b>		<b>BLACK OR BLACK BRITISH</b>	
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"/>		
<b>MIXED</b>		<b>ASIAN OR ASIAN BRITISH</b>	
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"/>
<b>CHINESE</b>	<input type="checkbox"/>	<b>OTHER ETHNIC GROUP</b>	<input type="checkbox"/>

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<b>SUBJECT:</b>	Review of the Protocol on the Role of the Monitoring Officer
<b>REPORT OF:</b>	Monitoring Officer
<b>RESPONSIBLE OFFICER</b>	Joanna Swift
<b>REPORT AUTHOR</b>	Joanna Swift
<b>WARD/S AFFECTED</b>	None

### 1. Purpose of Report

This report considers whether the protocol on the role of the monitoring officer adopted by the Council remains fit for purpose.

### RECOMMENDATION

**The Committee is invited to note the information in this report and consider whether any changes should be made to the current protocol.**

### 2. Reasons for Recommendations

It is good practise for the Council to review its adopted policies and procedure on a regular basis to ensure they remain relevant and effective.

### 3. Content of Report

- 3.1 The monitoring officer is a statutory appointment under section 5 of the Local Government and Housing Act 1989. At both South Bucks and Chiltern District Councils this role is undertaken by the Head of Legal and Democratic Services
- 3.2 The monitoring officer has a duty to report to the Council on any proposal, decision or omission by the Council, Cabinet, committee or officer which has given rise to, or would be likely to give rise to a contravention of any law or any statutory code of practice. To date it has not been necessary for the monitoring officer to make such a report. There is also a duty to report on any finding of maladministration made against the Council by the Local Government Ombudsman. Again to date it has not been necessary for the monitoring officer to make such a report.
- 3.3 The monitoring officer also serves as the guardian of the Council's Constitution and decision-making processes with responsibility for advising the Council on the legality of its decisions and providing guidance to members and officers on the Council's Constitution and its powers. Under the Council's Access to Information Rules the monitoring officer is required to ensure that the decisions of the Cabinet or of individual Cabinet members, together with reasons for those decisions, relevant officers reports and background papers are made publicly available.

- 
- 3.4 The monitoring officer works closely with the Audit Committee to assist with its role of promoting and maintaining high standards of conduct and probity within the Council. Under the Council's complaints procedure the monitoring officer decides, in consultation with the Chairman of this committee and the Council's Independent Person, whether an investigation should be held into allegations that members of the Council (and parish/town councils in the District) may have breached the members' code of conduct. The monitoring officer also deals with requests for dispensations from Council members, again in consultation with the Chairman of this Committee and the Independent Person.
- 3.5 Under the Localism Act 2011 the monitoring officer is required to establish and maintain a register of members' disclosable pecuniary interests for both district and town/parish councillors, as well as any other non-pecuniary interests required to be disclosed under the Councils' codes of conduct.
- 3.6 It is vital that the monitoring officer carries out these various responsibilities in a positive manner which seeks to enhance the overall reputation of the Council. In doing so the monitoring officer will also safeguard, so far as is possible, members and officers from legal challenge and/or criminal sanctions whilst acting in their official capacities
- 3.7 To undertake this role effectively the monitoring officer needs to develop excellent working relations with members and officers. Equally, a speedy flow of relevant information (particularly in the early stages of any decision-making by the Council) is vital; so communication needs to be two-way. To ensure that members and officers understand the role and are clear about how the monitoring officer will discharge it, the adoption of a protocol is considered to be useful best practice. Accordingly the Council adopted the protocol appended to this report in April 2013. A similar protocol was also adopted by Chiltern District Council
- 3.8 The Committee is invited to consider whether the protocol remains fit for purpose having regard to experience since its adoption and to agree the minor amendment in paragraph (m) shown in bold and underlined, which reflects a change of name.

#### 4. Consultation

Not applicable at this stage

#### 5. Options

The Committee has the option of proposing changes to the protocol which would be the subject of wider consultation with members and the senior management team before formal consideration by Full Council.

#### 6. Corporate Implications

Financial - None

Legal – As set out in the report

Risks issues – None

Equalities - None

**7. Links to Council Policy Objectives**

Whilst there is no direct link to the Council's main objectives the adoption and regular review of a protocol on the role of the monitoring officer supports arrangements to ensure good governance of the Council.

**8. Next Steps**

Consultation would be undertaken with the wider Council membership and senior management team on any proposed changes.

<b>Background Papers:</b>	None except those referred to in the report
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APPENDIX 1

South Bucks District Council

Protocol on the Role of the Monitoring Officer

Adopted on 23 April 2013 **and Revised XX January 2017**

1. The monitoring officer undertakes to discharge the responsibilities outlined in this protocol with determination and in a manner that will enhance the reputation of the Council. In general terms the monitoring officer's ability to discharge these duties depends on excellent working relations with colleagues and members but also the flow of information and access to debate particularly at early stages
2. The following arrangements and understandings between the monitoring officer and colleagues and members are designed to help ensure the effective discharge of his or her functions:
  - a. Although not a member of the Management Team the monitoring officer will have advance notice of any such meetings, agenda and reports and the right to attend and speak
  - b. Management Team and Heads of Service will alert the monitoring officer to all emerging issues of concern including legality, probity, vires and constitutional issues
  - c. The monitoring officer will have copies of all report to members
  - d. The monitoring officer will be expected to deal with allegations of members' misconduct upon receipt of a written complaint in accordance with the Council's adopted procedure for handling complaints against members
  - e. The monitoring officer will seek to establish a sound working relationship with the Council's Independent Person/s and Chairman of the Audit Committee in relation to complaints about members and will ensure that the Head of Paid Service and Chief Financial Officer have up-to-date information regarding emerging issues
  - f. The monitoring officer is expected to develop good working relationships and liaison with relevant contacts at Thames Valley Police in respect of complaints that members may have committed offences under the Localism Act 2011

- g. The Head of Paid Service, Chief Financial Officer and monitoring officer will meet as necessary to consider and recommend action in connection with any current governance issues and other matters of concern regarding probity
- h. In carrying out any investigation (whether under the Council's formal complaints' procedure or otherwise) the monitoring officer will have unqualified access to any information held by the Council and any employee and member who can assist in the discharge of their function
- i. The monitoring officer will be responsible for providing any necessary guidance and training for members on the ethical framework subject to the approval of Audit Committee
- j. The monitoring officer will report to the Council from time to time on the Constitution and any necessary or desirable changes following consultation with the Cabinet Leader, Head of Paid Service and Chief Financial Officer
- k. In consultation with the Chairman of the Council the monitoring officer may defer the making of a formal report under section 5 of the Local Government and Housing Act 1989 where another investigative body is involved.
- l. The monitoring officer will appoint a deputy and keep them briefed on emerging issues
- m. The monitoring officer will make arrangements to ensure good communications with Clerks to the Town and Parish Councils and with **Buckinghamshire and Milton Keynes Association of Local Councils** in relation to the maintenance of the registers of members' disclosable pecuniary and non-pecuniary interests and the Council's procedure for dealing with complaints about members' conduct.



**SOUTH BUCKS DISTRICT COUNCIL  
STANDARDS WORK PROGRAMME  
2016/2017**

		2016		2017	
		29.09.16	19.01.17	16.03.17	
Contact					
<b>29.09.16</b>					
<ul style="list-style-type: none"> <li>Complaints Monitoring Report 2015/16</li> <li>Appointment of Independent Person</li> </ul>	Joanna Swift Joanna Swift	X X			
<b>19.01.17</b>					
<ul style="list-style-type: none"> <li>Annual Review of Code of Conduct and Complaints Procedure</li> <li>Refresher training/workshops for members on standards issues</li> <li>Review of Protocol on Role of the Monitoring Officer</li> </ul>	Joanna Swift Joanna Swift Joanna Swift		X X X		
<b>16.03.17</b>					
<ul style="list-style-type: none"> <li>Update on Standards Framework</li> <li>Review of work programme 2017/18</li> </ul>	Joanna Swift Joanna Swift			X X	



**South Bucks District Council**

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**Internal Audit Progress Report  
2016/17  
Audit Committee – 19 January 2017**

**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 12 December 2016.
- PROGRESS AGAINST THE 2016/17 ANNUAL PLAN**
2. Our progress against the Annual Plan for 2016-17 is set out in Appendix A.
- EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES**
4. 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.

**AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2016/17**

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the year 2016/17. Final reports with priority 1 and 2 recommendations are shown at Appendix B.

Review	Evaluation	Draft issued	Key Dates			Number of Recommendations			
			Responses Received	Final issued	1	2	3	OEM*	
Expenses	Reasonable	01/11/2016	07/11/2016	10/11/2016	0	3	1	2	
Budgetary Control	Substantial	20/10/2016	21/10/2016	28/10/2016	0	1	0	2	
Licensing	Substantial	17/06/2016		13/10/2016	0	0	1	2	
Information Governance/Data Quality	Substantial	31/08/2016	07/10/2016	11/10/2016	0	0	1	0	
Environmental Health	Substantial	07/12/2016	12/12/2016	14/12/2016	0	1	1	2	

**\*Operational Effectiveness Matters**

**CHANGES TO THE ANNUAL PLAN 2016/17**

6. The following audits are additional to the annual plan:
  - Purchasing Cards.
  - Contractor Health and Safety – follow on from 15/16 audit.

- Expenses.

The following audits are deleted from the annual plan:

- Individual Electoral Registration (audit undertaken in later part of 2015/16).
- Farnham Park – Academy (Academy now closed).

#### **FRAUDS/IRREGULARITIES**

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

#### **LIAISON WITH EXTERNAL AUDIT**

8. We liaise with EY and provide reports and working paper files, as required.

#### **PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

#### **RISK MANAGEMENT**

10. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.

The current Risk Procedures/Guidance for Risk Management is being reviewed and progress is being made to display appropriate information on Risk Management throughout both Councils. This will include posters on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.

Appropriate training will also be developed and delivered during 2016/17 on “Risk Management in a Changing Environment” for all middle managers. This will be incorporated into the current personnel training programme for staff.

#### **DISCLAIMER**

11. 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.



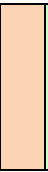


## Progress against the Annual Plan for 2016/17

System	Planned Quarter	Days	Current Status	Comments
Performance Management/Efficient Working	1	10	Planned start now January 2017	Audit delayed
Purchasing Cards	1	11	Final report issued June 2016	Additional Review to 2016/17 plan
Contractor Health and Safety – follow on	1	5	In progress	Additional Review to 2016/17 plan
Property and Asset Management	1	8	Draft report issued 20 July 2016	
Information Governance/Data Quality	1	9	Final report issued October 2016	
Health & Safety – internal arrangements	1	8	In progress	
Licensing	1	10	Final report issued October 2016	
Environmental Health	1	10	Final report issued December 2016	
Absence Management	1	8	Planned start 20 <sup>th</sup> February 2017	Request by Head of Service to postpone
Expenses	1	8	Final report issued November 2016	Additional Review to 2016/17 plan
ICT - Controls over access to the internet	2	6	Planned start January 2017	Audit delayed – Audit Planned to start early January 2017
Individual Electoral Registration	2	8	Cancelled	An audit of this system was undertaken during 2015/16 and a further audit is not required at this time
Recruitment	2	8	Planned start 20 <sup>th</sup> February 2017	Awaiting implementation of new IT system
Leisure Contracts	2	8	In progress	
Waste-Joint Service Chiltern and Wycombe	2	8	Planned start 27 <sup>th</sup> February 2017	Follow up audit now completed by Wycombe Council
Budgetary Control	2	8	Final report issued October 2016	
ICT - Information risk management	2	10	Awaiting agreement to commence from Head of ICT	Audit Delayed - Audit planned to start early January 2017

System	Planned Quarter	Days	Current Status	Comments
ICT - Network project implementation	3	10	Awaiting agreement to commence from Head of ICT	Audit Delayed - Audit planned to start early January 2017
ICT - Mobile / agile working	3	10	Awaiting agreement to commence from Head of ICT	Audit Delayed - Audit planned to start early January 2017
Main Accounting	3	8	Draft report issued December 2016	
Governance	3	9	In progress	
Procurement	3	8	In progress	
Debtors	3	10	In progress	
Council Tax and NDR	3	20	Planned start date 11 <sup>th</sup> January 2017	
Cash and Bank	3	9	Planned start date 16 <sup>th</sup> January 2017	
Benefits	3	10	In progress	
Council Tax Support	3	10	In progress	
Creditors	3	10	In progress	
Payroll	3	13	Planned start date 9 <sup>th</sup> January 2017	
Complaints and Compliments	3/4	6	Planned start February 2017	To be undertaken during quarter 1 of 2017/18
Follow up	4	10		
Car Parking	4	11	Planned start date 27 <sup>th</sup> February 2017	
Risk Management Assistance	3/4	10	In progress	
Counter Fraud	4	8	Planned start date 16 <sup>th</sup> November 2016	
Disabled Facilities Grants	TBA	5	Final Report issued 20 July 2016	
Housing DECC Grants - energy efficiency	TBA	20	In progress	Additional 10 days agreed

System	Planned Quarter	Days	Current Status	Comments
<u>Farnham Park Trust</u>				
Bar	1	5	Planned start date 11 <sup>th</sup> January 2017	
Academy	1	0		Audit Cancelled
Stores/Shop	1	5	Draft report issued September 2016	
Contingency		2		Time spent with Farnham Park Manager on control, risk and governance issues

KEY:

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



## Audits Finalised since last Audit Committee

Title of review: **Expenses** Date issued: **November 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	In eight of the 30 expenses claims selected for testing receipts had not been retained to support some or all of the expenditure incurred, indicating that these had been authorised without reference to any supporting evidence. In one further case where all receipts had been retained there was a minor discrepancy between the amount claimed and the total value of the receipts. Again this points to a lack of review by managers prior to authorisation.	Officers responsible for authorising expenses claims be reminded of the need to review supporting evidence at the time of authorisation. All claims without satisfactory and complete supporting documentation are to be rejected by authorising officers.	2	Reminder email sent to all staff, attaching procedure notes. 31/10/16.	07/11/16	Principal Accountant, Capital and Treasury
2	Compliance	In six of the 30 expenses claims tested the receipts were available, but these were not stored in a departmental shared drive in accordance with procedures. Officers were not aware of any such folders having been set up within their department and instead receipts were either retained in hard copy or in personal electronic folders. In addition, one of the officers concerned advised that they had not been told that they needed to provide receipts when claiming expenses.	Officers responsible for authorising expenses claims ensure that appropriate procedures are in place within their department for the retention of supporting evidence in line with Finance guidelines, and to ensure that all staff within their department are aware of such procedures.	2	Reminder email sent to all staff, attaching procedure notes. 31/10/16. Specific email sent to Heads of Service reminding them of requirements 28/10/16.	07/11/16	Principal Accountant, Capital and Treasury and Head of Finance

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Compliance	One expenses claim related to pure business expenditure rather than incidental expenses. The officer involved advised that ordinarily a corporate procurement card would have been used to purchase such items, but on this occasion they had used their own personal debit card instead.	Procurement arrangements be reviewed to ensure they can be utilised wherever appropriate.	2	<i>To be addressed by Chris Harris, Audit Director, TIAA, in next regular meeting with the Golf Manager.</i>	30/04/17	General Manager, The South Buckinghamshire and Farnham Park Playing Fields

Title of review: **Budgetary Control** Date issued: **October 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	Testing of virements found instances where these had not been appropriately authorised. In three cases relating to virements over £10,000, while these had been authorised by a senior officer (Head of Finance), they had not been authorised by the Director of Resources in accordance with the delegated authority limits.	All virements to be authorised by officers in accordance with their delegated authority.	2	Email to be sent to Finance staff reminding them to ensure requests for virements have appropriate sign-off before auctioning.	Immediately	Principal Accountant

Title of review: **Environmental Health** Date issued: **December 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	A sample of 19 premises were tested split between CDC and SBDC. It was confirmed that in each case the premises had undergone an inspection in line with the FSA Code of Practice requirements, however, for 11 premises this inspection fell beyond the 28 day limit following the due date. As a mitigating factor it was noted that the ability to inspect is generally within the control of the Food Business Operator rather than the Council and therefore it is not always possible to meet the inspection target date.	Ensure all inspections are carried out within the 28 day limit following the due date, in accordance with the FSA Code of Practice.	2	<i>Noted, the ability to inspect is generally within the control of the Food Business Operator rather than the Council and therefore it is not always possible to meet the inspection target date, this is despite visits out of hours, weekends etc. when organisations are trading.</i>	13/12/16	<i>Environmental Health Manager</i>

# South Bucks District Council

Year ending 31 March 2017

Audit Plan

19 January 2017

Ernst & Young LLP



Building a better  
working world

Audit Committee  
South Bucks District Council  
Capswood  
Oxford Road  
Denham  
Buckinghamshire  
UB9 4LH

19 January 2017

Dear Committee Members,

## **Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response

We welcome the opportunity to discuss this plan with the Committee on 19 January 2017 and to understand whether there are other matters which it considers may influence our audit.

Yours faithfully

Andrew Brittain  
*For and behalf of Ernst & Young LLP*  
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies’. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk)).

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

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

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

## 1. Overview

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

- ▶ our audit opinion on whether the financial statements of South Bucks District Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended;
- ▶ our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness;

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

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

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

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

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



## 2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with the Audit Committee.

Significant risks (including fraud risks)	Our audit approach
<b>Risk of fraud in revenue recognition</b>	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will</p> <ul style="list-style-type: none"> <li>▶ Review and test revenue and expenditure recognition policies</li> <li>▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias</li> <li>▶ Develop a testing strategy to test material revenue and expenditure streams</li> <li>▶ Review and test revenue cut-off at the period end date</li> <li>▶ Review in-year financial projections and compare to year-end position.</li> <li>▶ Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised</li> </ul>
<b>Risk of management override</b>	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</li> <li>▶ Reviewing accounting estimates for evidence of management bias, and</li> <li>▶ Evaluating the business rationale for significant unusual transactions</li> <li>▶ Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</li> </ul>

### 2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages;
- ▶ asking management about risks of fraud and the controls to address those risks;

- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address any identified risks of fraud; and
- ▶ performing mandatory procedures regardless of specifically identified risks.

### 3. Value for money risks

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

For 2016/17 this is based on the overall evaluation criterion:

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

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

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

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

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

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

Our risk assessment helps us to plan enough work for us to deliver a safe conclusion on arrangements to secure value for money, and enables us to determine the nature and extent of any further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders.

We have not identified any risks which we view as significant to our value for money conclusion at this point.

We will keep monitoring our assessment during the course of the year and will report back to you if there are any changes in circumstances which impact on our risk assessment.

## 4. Our audit process and strategy

### 4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ financial statements, and
- ▶ arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

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

We report to the Committee by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also:

- ▶ Review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.
- 2. **Arrangements for securing economy, efficiency and effectiveness (value for money)**

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

### 4.2 Audit process overview

Our audit involves:

- ▶ audit process overview
- ▶ assessing the key internal controls and testing the operation of controls;
- ▶ review and re-performance of the work of internal audit in relation to controls testing of Accounts Payable and Accounts Receivable;
- ▶ reliance on the work of experts on pensions and valuations; and
- ▶ substantive tests of detail of transactions and amounts.

#### Processes

Our initial assessment of the key processes across the Council has identified the following areas where we will seek to test key controls:

- ▶ Accounts Payable
- ▶ Accounts Receivable

### **Analytics**

We will use our computer-based analytics tools to enable us to capture whole populations of the Council’s financial data, in particular journal entries. These tools:

- ▶ help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests, and
- ▶ give greater likelihood of identifying errors than random sampling techniques.

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

### **Internal audit**

As in previous years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements

### **Use of specialists**

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

Area	Specialists
Property, plant and equipment	Wilks, Head and Eve
Pensions	EY Pensions team/ Barnett Waddingham
Business rates provision	Analyse Local

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

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

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

## **4.3 Mandatory audit procedures required by auditing standards and the Code**

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence

standards, the Code and other regulations. We outline below the procedures we will undertake during our audit.

#### **Procedures required by standards**

- ▶ Addressing the risk of fraud and error
- ▶ Significant disclosures included in the financial statements
- ▶ Entity-wide controls
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements
- ▶ Auditor independence.

#### **Procedures required by the Code**

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

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

## **4.4 Materiality**

In order to decide whether the financial statements are free from material error, we define materiality as the scale of an omission or misstatement that, individually or added together could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Council is £700,240 based on 2% of gross expenditure. We will communicate uncorrected audit misstatements greater than £35,012.

The amount we consider material at the end of the audit may differ from our initial decision. At this stage, however, we cannot anticipate all the circumstances that might influence our judgement. At the end of the audit we will form our final opinion by referring to anything that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

## **4.5 Fees**

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of South Bucks District Council is £42,399, together with an estimated fee of £20,895 for the certification of the housing benefits subsidy claim.

## **4.6 Your audit team**

The engagement team is led by Andrew Brittain, who is experienced in the audit of public sector bodies, and in particular of local government. Andrew is supported by Susan Gill, who is responsible for the day-to-day direction of audit work and the key point of contact for the Head of Finance.

## 4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit Committee's cycle in 2016/17.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chairman as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

<b>Audit phase</b>	<b>Timetable</b>	<b>Audit Committee timetable</b>	<b>Deliverables</b>
High level planning	<b>December 2016 to January 2017</b>	<b>19 January 2017</b>	Audit Fee Letter Audit Plan
Risk assessment and setting of scopes	<b>December 2016 to January 2017</b>	<b>19 January 2017</b>	Audit Plan
Testing routine processes and controls	<b>January 2017</b>	<b>June 2017</b>	Progress Report (if applicable)
Year-end audit	<b>June to July 2017</b>		
Completion of audit	<b>September 2017</b>	<b>September 2017</b>	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and the overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	<b>October 2017</b>	<b>November 2017</b>	Annual Audit Letter
Housing Benefit Claim	<b>June to November 2017</b>		Certified claim
Reporting on Certification work	<b>December 2017</b>	<b>January 2018</b>	Annual certification work report

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

## 5. Independence

### 5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with the Council on a timely basis on all significant facts and matters which have a bearing on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which the Council has an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ Any principal threats to objectivity and independence identified by EY including consideration of all relationships between the Council, its affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about EY’s general policies and processes to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards we have and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged for them;</li> <li>▶ Written confirmation that we are independent;</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

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

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

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

### 5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

#### **Self-interest threats**

A self-interest threat arises when EY has financial or other interests in the entity. Examples include where we have an investment in it; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.



We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and are in accordance with PSAA Terms of Appointment. No non-audit work is planned at this stage.

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

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

#### ***Self-review threats***

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

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

#### ***Management threats***

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

#### ***Other threats***

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

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

#### ***Overall Assessment***

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

### **5.3 Other required communications**

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

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016-17 £	Scale fee 2016-17 £	Outturn fee 2015-16 £	Explanation
Opinion Audit and VFM Conclusion	42,399	42,399	42,399	
<b>Total Audit Fee – Code work</b>	<b>42,399</b>	<b>42,399</b>	<b>42,399</b>	
Certification of claims and returns <sup>1</sup>	20,895	20,895	19,280	The planned fee is based on actual benefit certification fees for 2014/15 but incorporates a 25 per cent reduction
Non-audit work	0	0	0	

*All fees exclude VAT.*

The agreed fee presented above is based on the following assumptions:

- ▶ officers meet the agreed timetable of deliverables;
- ▶ there are no significant deficiencies in the operating effectiveness of the internal controls for key processes outlined in section 4.2 above;
- ▶ we can rely on the work of internal audit as planned;
- ▶ our accounts opinion and value for money conclusion are unqualified;
- ▶ the Council provides appropriate quality documentation; and
- ▶ the Council has an effective control environment.

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

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

<sup>1</sup> Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.

## Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
<p><b>Planning and audit approach</b></p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> <li>▶</li> </ul>	▶ Audit Results Report
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	▶ Audit Results Report
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	▶ Audit Results Report
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	▶ Audit Results Report
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	▶ Audit Results Report
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	▶ Audit Results Report

Required communication	Reference
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Audit Results Report</li> </ul>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Results Report</li> </ul>
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	<ul style="list-style-type: none"> <li>▶ Audit Results Report</li> </ul>
<p><b>Fee Information</b></p> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Audit Results Report</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul>
<p><b>Certification work</b></p> <ul style="list-style-type: none"> <li>▶ Summary of certification work undertaken</li> </ul>	<ul style="list-style-type: none"> <li>▶ Certification Report</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul>

**EY** | Assurance | Tax | Transactions | Advisory

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<b>SUBJECT:</b>	Appointment of External Auditors
<b>REPORT OF:</b>	Director of Resources
<b>RESPONSIBLE OFFICER</b>	Rodney Fincham, Head of Finance
<b>REPORT AUTHOR</b>	Alistair Webb, 01494 732227, <a href="mailto:awebb@chiltern.gov.uk">awebb@chiltern.gov.uk</a>
<b>WARD/S AFFECTED</b>	All

### Purpose of Report

- 1.1 To recommend to Full Council the preferred process for appointment of External Auditors from 2018/19 for an initial period of three years with the option to extend to five years.

### RECOMMENDATION

To recommend to Full Council that this Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

### Reasons for Recommendation

- 1.2 Following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime or to establish an auditor panel and conduct their own procurement exercise.
- 1.3 It is likely that a sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement we undertook by ourselves or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement.
- 1.4 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole). To comply with this regulation the Audit Committee is asked to make the recommendation above to Council.

- 1.5 If the Council chooses not to opt in it will be required to establish an auditor panel and conduct its own procurement exercise. This would be more resource intensive and lose the potential bulk buying power of the sector led procurement. It is likely this could result in a more costly service.

## Report

- 1.6 As part of closing the Audit Commission the Government moved external audit contracts to PSAA on 1 April 2015. The audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
- 1.7 In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.
- 1.8 In July 2016 PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDEA).
- 1.9 The date by which authorities will need to opt in to the appointing person arrangements is 9<sup>th</sup> March 2017.
- 1.10 The main advantages of using PSAA are set out in its prospectus and are copied below. These can also be viewed as the disadvantages if the Council was to decide to undertake its own procurement.
- Assure timely auditor appointments
  - Manage independence of auditors
  - Secure highly competitive prices
  - Save on procurement costs
  - Save time and effort needed on auditor panels
  - Focus on audit quality
  - Operate on a not for profit basis and distribute any surplus funds to scheme members.



- 1.11 If PSAA is not used some additional resource may be needed to establish an auditor panel and conduct our own procurement. Until either procurement exercise is completed it is not possible to state what additional resource may be required for audit fees for 2018/19, although it is anticipated that any increase will be minimised through using PSAA.

**Options.**

- 1.12 The Council has a duty to appoint auditors in accordance with the Local Audit and Accountability Act 2014. The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

Options:

- Opt into the PSAA procurement process
- Carry out its own procurement process.

**Links to Council Policy Objectives**

- 1.13 This report relates to the objective of Delivering cost- effective, customer- focused services.

**Next Steps**

- 1.14 To refer to full Council.

***Background Papers:***

PSAA Prospectus

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# Developing the option of a national scheme for local auditor appointments

[www.psa.co.uk](http://www.psa.co.uk)

Public Sector  
Audit Appointments

“The LGA has worked hard to secure the option for local government to appoint auditors through a dedicated sector-led national procurement body. I am sure that this will deliver significant financial benefits to those who opt in.”

– Lord Porter CBE, Chairman,  
Local Government Association

Over the next few months all principal authorities will need to decide how their auditors will be appointed in the future. They may make the appointment themselves, or in conjunction with other bodies. Or they can take advantage of a national collective scheme which is designed to offer them a further choice. Choosing the national scheme should pay dividends in quality, in cost, in responsiveness and in convenience.

Public Sector Audit Appointments Ltd (PSAA) is leading the development of this national option. PSAA is a not-for-profit company which already administers the current audit contracts. It aims to be designated by the Department for Communities & Local Government (DCLG) to operate a collective scheme for auditor appointments for principal authorities (other than NHS bodies) in England. It is currently designing the scheme to reflect the sector's needs and views.

The Local Government Association (LGA) is strongly supportive of this ambition, and 200+ authorities have already signalled their positive interest. This is an opportunity for local government, fire, police and other bodies to act in their own and their communities' best interests.

We hope you will be interested in the national scheme and its development. We would be happy to engage with you to hear your views – please contact us at [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk)

You will also find some questions at the end of this booklet which cover areas in which we would particularly welcome your feedback.

# Audit does matter

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

Imminent changes to the arrangements for appointing the auditors of local public bodies are therefore very important. Following the abolition of the Audit Commission, local bodies will soon begin to make their own decisions about how and by whom their auditors are appointed. A list of the local government bodies affected can be found at the end of this booklet.

The Local Government Association (LGA) has played a leadership role in anticipating these changes and influencing the range of options available to local bodies. In particular, it has lobbied to ensure that, irrespective of size, scale, responsibilities or location, principal local government bodies can, if they wish, subscribe to a specially authorised national scheme which will take full responsibility for local auditor appointments which offer a high quality professional service and value for money.

The LGA is supporting PSAA in its application to the Department for Communities & Local Government (DCLG) to be appointed to deliver and manage this scheme.

# PSAA is well placed to award and manage audit contracts, and appoint local auditors under a national scheme

PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA. It already carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.

The expiry of contracts will also mark the end of the current mandatory regime for auditor appointments. Thereafter, local bodies will exercise choice about whether they opt in to the authorised national scheme, or whether they make other arrangements to appoint their own auditors.

PSAA wishes to be selected to be the trusted operator of the national scheme, formally specified to undertake this important role by the Secretary of State. The company is staffed by a team with significant experience in appointing auditors, managing contracts with audit firms and setting and determining audit fees. We intend to put in place an advisory group, drawn from the sector, to give us ready access to your views on the design and operation of the scheme. We are confident that we can create a scheme which delivers quality-assured audit services to every participating local body at a price which represents outstanding value for money.

“Many district councils will be very aware of the resource implications of making their own appointment. Joining a well-designed national scheme has significant attractions.”

– Norma Atlay, President,  
Society of District Council Treasurers

“Police bodies have expressed very strong interest in a national scheme led by PSAA. Appointing the same auditor to both the PCC and the Chief Constable in any area must be the best way to maximise efficiency.”

– Sean Nolan, President,  
Police and Crime Commissioners  
Treasurers’ Society (PACCTS)

## The national scheme can work for you

We believe that the national scheme can be an excellent option for all local bodies. Early indications are that many bodies agree - in a recent LGA survey more than 200 have expressed an interest in joining the scheme.

We plan to run the scheme in a way that will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. The scheme will take away those headaches and, assuming a high level of participation, be able to attract the best audit suppliers and command highly competitive prices.

The scope of public audit is wider than for private sector organisations. For example, it involves forming a conclusion on the body’s arrangements for securing value for money, dealing with electors’ enquiries and objections, and in some circumstances issuing public interest reports. PSAA will ensure that the auditors which it appoints are the most competent to carry out these functions.

Auditors must be independent of the bodies they audit, to enable them to them to carry out their work with objectivity and credibility, and in a way that commands public confidence. PSAA plans to take great care to ensure that every auditor appointment passes this test. It will also monitor any significant proposals, above an agreed threshold, for auditors to carry out consultancy or other non-audit work to ensure that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration/joint working initiatives or within combined authority areas, if the parties consider that a common auditor will enhance efficiency and value for money.

## PSAA will ensure high quality audits

We will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.

PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the National Audit Office (NAO) to help ensure that guidance to auditors is updated when necessary.

We will include obligations in relation to maintaining and continuously improving quality in our contract terms and quality criteria in our tender evaluation method.

## PSAA will secure highly competitive prices

A top priority must be to seek to obtain the best possible prices for local audit services. PSAA's objective will be to make independent auditor appointments at the most competitive aggregate rate achievable.

Our current thinking is that the best prices will be obtained by letting three year contracts, with an option to extend to five years, to a relatively small number of appropriately registered firms in two or three large contract areas nationally. The value of each contract will depend on the prices bid, with the firms offering the best prices being awarded larger amounts of work. By having contracts with a number of firms we will be able to ensure independence and avoid dominance of the market by one or two firms.

Correspondingly, at this stage our thinking is to invite bodies to opt into the scheme for an initial term of three to five years, subject, of course, to the terms of specification by DCLG.

The procurement strategy will need to prioritise the importance of demonstrably independent appointments, in terms of both the audit firm appointed to each audited body and the procurement and appointment processes used. This will require specific safeguards in the design of the procurement and appointment arrangements.



“Early audit planning is a vital element of a timely audit. We need the auditors to be available and ready to go right away at the critical points in the final accounts process.”

– Steven Mair, City Treasurer,  
Westminster City Council

“In forming a view on VFM arrangements it is essential that auditors have an awareness of the significant challenges and changes which the service is grappling with.”

– Charles Kerr, Chair,  
Fire Finance Network

## PSAA will establish a fair scale of fees

Audit fees must ultimately be met by individual audited bodies. PSAA will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising PSAA's own costs. The changes to our role and functions will enable us to run the new scheme with a smaller team of staff. PSAA is a not-for-profit company and any surplus funds will be returned to scheme members.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk. Pooling means that everyone within the scheme will benefit from the most competitive prices. Current scale fees are set on this basis. Responses from audited bodies to recent fee consultations have been positive.

PSAA will continue to consult bodies in connection with any proposals to establish or vary the scale of fees. However, we will not be able to consult on our proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. Fees will also reflect the number of scheme participants - the greater the level of participation, the better the value represented by our scale of fees. We will be looking for principal bodies to give firm commitments to join the scheme during Autumn 2016.



# The scheme offers multiple benefits for participating bodies

We believe that PSAA can deliver a national scheme which offers multiple benefits to the bodies which take up the opportunity to collaborate across the sector by opting into scheme membership.

Benefits include:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement as opposed to a multiplicity of small procurements
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector

We understand the balance required between ensuring independence and being responsive, and will continually engage with stakeholders to ensure we achieve it.

# How can you help?

We are keen to receive feedback from local bodies concerning our plans for the future. Please let us have your views and let us know if a national scheme operated by PSAA would be right for your organisation.

In particular we would welcome your views on the following questions:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?
2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?
3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?
4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?
5. What are the key issues which will influence your decisions about scheme membership?
6. What is the best way of us continuing our engagement with you on these issues?

Please reply to: [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk)

The following bodies will be eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils in England
- district councils
- London borough councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area in England
- chief constables for an area in England
- national park authorities for a national park in England
- conservation boards
- fire and rescue authorities in England
- waste authorities
- the Greater London Authority and its functional bodies.

#### **BOARD MEMBERS**

Steve Freer (Chairman), former Chief Executive CIPFA

Caroline Gardner, Auditor General Scotland

Clive Grace, former Deputy Auditor General Wales

Stephen Sellers, Solicitor, Gowling WLG (UK) LLP

#### **CHIEF OFFICER**

Jon Hayes, former Audit Commission Associate Controller

“Maintaining audit quality is critically important. We need experienced audit teams who really understand our issues.”

– Andrew Burns, Director of Finance and Resources,  
Staffordshire County Council

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[www.psaa.co.uk](http://www.psaa.co.uk)



Public Sector  
Audit Appointments

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<b>SUBJECT:</b>	Code of Corporate Governance
<b>REPORT OF:</b>	Director of Resources
<b>RESPONSIBLE OFFICER</b>	Jim Burness, Director of Resources
<b>REPORT AUTHOR</b>	Rodney Fincham, 01494 732260 <a href="mailto:rodney.fincham@southbucks.gov.uk">rodney.fincham@southbucks.gov.uk</a>
<b>WARD/S AFFECTED</b>	All

## 1. Purpose of Report

- 1.1 To present for approval a new Joint Code of Corporate Governance, which has been updated in line with the latest CIPFA / SOLACE guidance.

### RECOMMENDATION

To recommend to Council approval of the new Joint Code of Corporate Governance.

## 2. Reasons for Recommendation

- 2.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) in conjunction with the Society of Local Authority Chief Executives and Senior Managers (SOLACE) have published updated Guidance entitled 'Delivering Good Governance in Local Government Framework 2016 Edition'.
- 2.2 To demonstrate good governance, authorities need to demonstrate that their governance structures comply with the principles contained in this guidance.
- 2.3 It is therefore appropriate to update the Council's Code of Corporate Governance in light of the new guidance.

## 3. Content of Report

- 3.1 Appendix A contains the new draft Code of Corporate Governance, which has been based on the new framework.
- 3.2 The new Code does not require any changes to the policies and procedures of the Councils. What it is seeking to achieve is to clearly demonstrate that the way the Councils operate is driven by two fundamental principles.
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.

## 4. Options

- 4.1 The Council could decide not to update its Code of Corporate Governance. However this would not be in line with good practice.

**5. Corporate Implications**

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

**6. Links to Council Policy Objectives**

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

**7. Next Step**

7.1 If approved, the Code of Corporate Governance will be present to full Council for formal approval.

<b>Background Papers:</b>	None
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**Appendix A: Code of Corporate Governance**

**Definition of Governance**

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

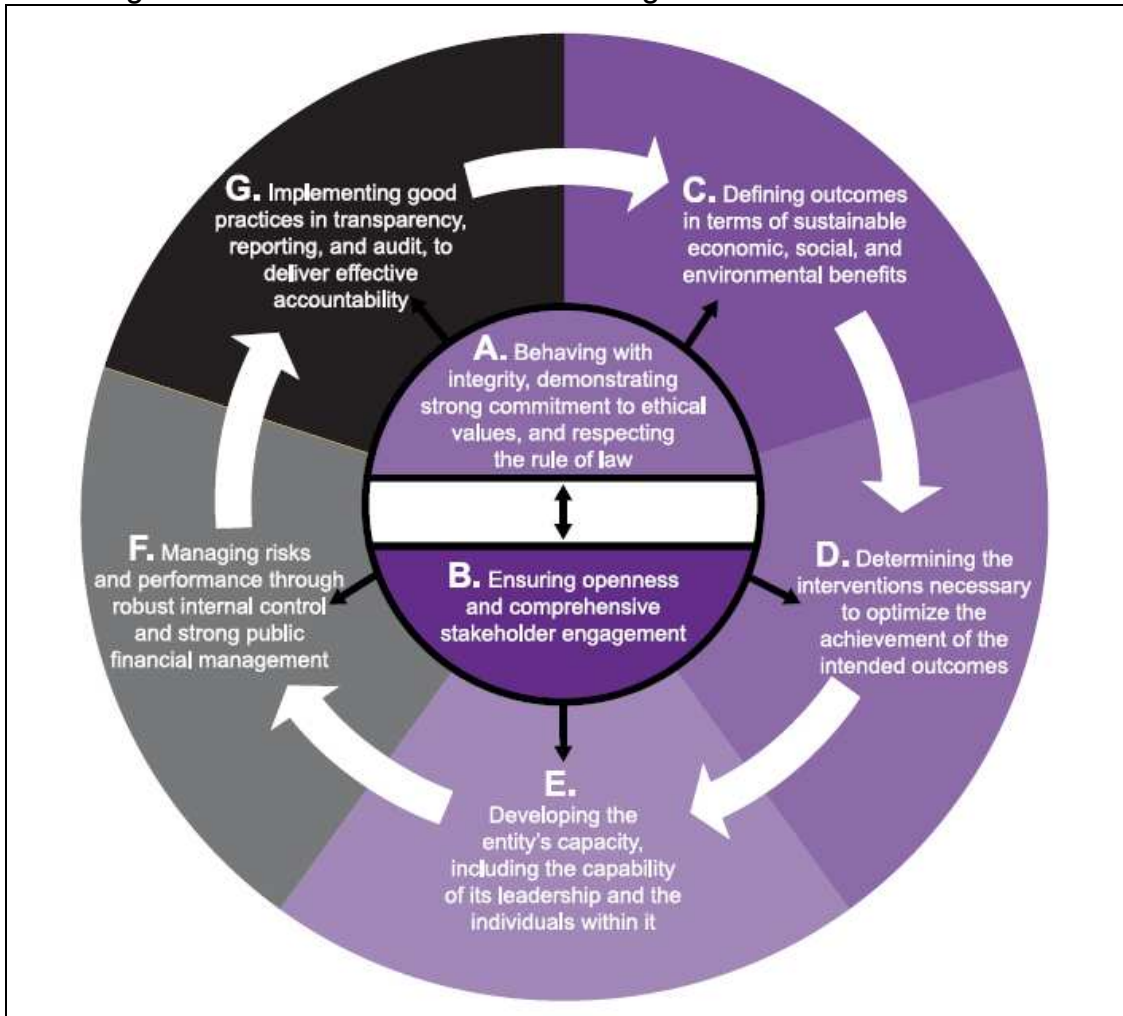
*Source: International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014).*

**Our Approach to Governance**

We believe that to deliver good governance, both the Council and individuals working for Council must try to achieve our objectives while acting in the public interest at all times.

We do this by applying the following framework where Principles A and B permeate implementation of principles C to G.

Governance Framework:  
Achieving the intended outcomes whilst acting in the Public Interest at all times.



*Source: International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014).*

Good governance is also dynamic, and we are committed to improving governance on a continuing basis through a process of evaluation and review.

## How we Deliver Good Governance

We aim to deliver good governance by carrying out the actions in the following table to meet each of the core Governance principles.

Core Principle	Actions
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p><b>Behaving with integrity</b> We will:</p> <ul style="list-style-type: none"> <li>• Maintain and enforce a Member Code of Conduct.</li> <li>• Maintain and enforce an Employee Code of Conduct.</li> <li>• Ensure new Members and staff are briefed on the Codes of Conduct.</li> <li>• Have a clear system for performance management applying to all employees.</li> <li>• Declare and record any vested interests at meetings.</li> <li>• Conduct meetings in an open and inclusive manner.</li> <li>• Ensure a committee has specific responsibility for standards matters.</li> <li>• Maintain and enforce an Anti-Fraud, Bribery and Corruption Policy.</li> <li>• Maintain an up to date register of interests for Members and staff.</li> <li>• Maintain an up to date register of gifts and hospitality.</li> <li>• Maintain a whistleblowing policy.</li> <li>• Maintain a complaints policy, taking complaints seriously, and acting on these when appropriate.</li> </ul> <p><b>Demonstrating strong commitment to ethical values</b> We will:</p> <ul style="list-style-type: none"> <li>• Set out and follow our core Values, which underpin how we behave.</li> <li>• Appoint staff based on merit alone.</li> <li>• Ensure our Contract Procedure Rules are fair, open and transparent.</li> <li>• Require our partners to act with integrity and comply with high ethical standards.</li> </ul> <p><b>Respecting the rule of law</b> We will:</p> <ul style="list-style-type: none"> <li>• Follow all applicable legislation and statutory guidance.</li> <li>• Maintain and follow our constitution.</li> <li>• Comply with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015).</li> <li>• Ensure legal advice is sought when necessary, and will formally record this advice.</li> <li>• Appoint a statutory Monitoring Officer, and support them to discharge their function effectively.</li> <li>• Ensure effective arrangements are in place for the discharge of the Head of Paid Service function.</li> </ul>



Core Principle	Actions
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p><b>Openness</b> We will:</p> <ul style="list-style-type: none"> <li>• Produce and publish an Annual Report on our performance.</li> <li>• Maintain a Freedom of Information Act publication scheme.</li> <li>• Maintain a website and publish key information about the Authority on this.</li> <li>• Formally record decisions taken, and make these available to the public.</li> <li>• Provide clear reasoning and evidence for all decisions.</li> <li>• Maintain a calendar of dates for meetings with advance notice of key decisions to be taken.</li> </ul> <p><b>Engaging comprehensively with institutional stakeholders</b> We will:</p> <ul style="list-style-type: none"> <li>• Consult institutional stakeholders when appropriate on key decisions, and listen to the feedback.</li> <li>• Maintain a communications strategy.</li> <li>• Work in an open and inclusive manner with partners.</li> </ul> <p><b>Engaging with individual citizens and service users effectively</b> We will:</p> <ul style="list-style-type: none"> <li>• Consult citizens and service users when appropriate on key decisions, and listen to the feedback.</li> <li>• Maintain a communications strategy.</li> <li>• Seek to effectively consult with vulnerable and hard to reach groups.</li> <li>• Maintain a record of public consultations.</li> </ul>
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p><b>Defining outcomes</b> We will:</p> <ul style="list-style-type: none"> <li>• Work with our partners to create a vision for the area.</li> <li>• Work with our partners to produce a Sustainable Community Strategy for the area.</li> <li>• Publish a forward looking Business Plan.</li> <li>• Produce annual service plans.</li> <li>• Regularly monitor progress with achieving our aims and objectives.</li> </ul> <p><b>Sustainable economic, social and environmental benefits</b> We will:</p> <ul style="list-style-type: none"> <li>• Consider and balance the economic, social and environmental impact of our actions.</li> <li>• Consider the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits.</li> <li>• Consider long term implications when making decisions.</li> <li>• Ensure fair access to our services for all users.</li> </ul>

Core Principle	Actions
<p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	<p><b>Determining interventions</b> We will:</p> <ul style="list-style-type: none"> <li>• Ensure alternative options are presented and objectively considered, to ensure best value is achieved. For instance in reports seeking decisions.</li> <li>• Consider the risks associated with alternative options.</li> <li>• Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources.</li> <li>• Maintain a fair and proportionate corporate enforcement policy and follow this at all times.</li> </ul> <p><b>Planning interventions</b> We will:</p> <ul style="list-style-type: none"> <li>• Operate an annual planning and control cycle to deal with strategic and operational plans, priorities and targets.</li> <li>• Engage / involve internal and external stakeholders and partners as appropriate.</li> <li>• Set and monitor key performance indicators / targets.</li> <li>• Maintain and follow a formal project management framework.</li> <li>• Be prepared to change and adapt, to deal with changing circumstances.</li> </ul> <p><b>Optimising achievement of intended outcomes</b> We will:</p> <ul style="list-style-type: none"> <li>• Balance service priorities, affordability and other resource constraints. For instance by use of our Cost, Quality and Resilience triangle.</li> <li>• Take account of the full cost of operations over the medium and longer term.</li> <li>• Consider 'social value' and comply with the Public Services (Social Value) Act 2012</li> </ul>

Core Principle	Actions
<p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods.</p> <p>A local government organisation must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole.</p> <p>Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members.</p> <p>Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p><b>Developing the entity's capacity</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Regularly review our activities, outputs and planned outcomes.</li> <li>• Improve resource use through appropriate application of techniques such as Peer Review / benchmarking.</li> <li>• Work in partnership with others, where added value can be achieved.</li> <li>• Develop a workforce plan and an organisational development strategy.</li> </ul> <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Maintain up to date job descriptions for all staff.</li> <li>• Maintain a Protocol on Member / Officer Relations.</li> <li>• Maintain an up to date scheme of delegation.</li> <li>• Invest in Member and staff training.</li> <li>• Maintain our Investors in People (IIP) accreditation.</li> <li>• Hold staff to account through regular performance reviews which take account of training or development needs.</li> <li>• Implement appropriate human resource policies.</li> </ul>

Core Principle	Actions
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes.</p> <p>Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p> <p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review.</p> <p>A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery.</p> <p>Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p><b>Managing risk</b> We will:</p> <ul style="list-style-type: none"> <li>• Consider risk as an integral part of all activities.</li> <li>• Maintain an up to date Risk Management Strategy.</li> <li>• Maintain up to date Risk Management Guidance.</li> <li>• Maintain up to date Risk Registers.</li> <li>• Allocate a senior officer with overall responsibility for risk management.</li> <li>• Maintain up to date business continuity plans.</li> <li>• Report at least annually to the Committee responsible for Risk Management.</li> </ul> <p><b>Managing performance</b> We will:</p> <ul style="list-style-type: none"> <li>• Monitor our performance and regularly report on progress.</li> <li>• Compare our performance against others by using benchmarking, cost comparisons etc.</li> <li>• Ensure an effective scrutiny function is in place. For instance we will maintain at least one scrutiny committee, independent of the executive.</li> <li>• Proactively work with / manage our contractors to ensure agreed outputs are delivered and services improved.</li> </ul> <p><b>Robust internal control</b> We will</p> <ul style="list-style-type: none"> <li>• Maintain effective internal control processes.</li> <li>• Maintain an effective internal audit service.</li> <li>• Work constructively with external audit.</li> <li>• Maintain an Audit Committee, independent of the Executive.</li> <li>• Report the audit plans and audit reports to the Audit Committee.</li> </ul> <p><b>Managing data</b> We will:</p> <ul style="list-style-type: none"> <li>• Maintain appropriate data management policies and procedures.</li> <li>• Designate a senior officer with overall responsibility for data management.</li> <li>• Maintain appropriate data protection policies.</li> <li>• Maintain appropriate data sharing protocols.</li> <li>• Maintain appropriate data quality procedures.</li> </ul> <p><b>Strong public financial management</b> We will:</p> <ul style="list-style-type: none"> <li>• Maintain an up to date Medium Term Financial Strategy.</li> <li>• Maintain up to date Financial Procedure Rules.</li> <li>• Prepare robust budgets taking account of our objectives, strategies and our medium term financial plan.</li> <li>• Carry out regular budget monitoring.</li> </ul>

Core Principle	Actions
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them.</p> <p>Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.</p> <p>Both external and internal audit contribute to effective accountability.</p>	<p><b>Implementing good practice in transparency</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Write and communicate reports for the public and other stakeholders in an understandable style.</li> <li>• Try to provide the right amount of information, striking a balance between transparency and understandability.</li> <li>• Comply with the Government's Local Government Transparency Code.</li> </ul> <p><b>Implementing good practices in reporting</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Produce and publish an Annual Report.</li> <li>• Produce and publish annual Financial Statements.</li> <li>• Produce and publish an Annual Governance Statement.</li> </ul> <p><b>Assurance and effective accountability</b></p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Act on agreed recommendations.</li> <li>• Comply with CIPFA's Statement on the Role of the Head of Internal Audit (2010).</li> <li>• Comply with Public Sector Internal Audit Standards.</li> <li>• Work constructively with inspection agencies.</li> </ul>

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**SBDC AUDIT COMMITTEE WORK PROGRAMME**

Classification: OFFICIAL

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

<b>Topic</b>	<b>Frequency</b>	<b>Jan 17</b>	<b>Mar 17</b>	<b>Jun 17</b>	<b>Sept 17</b>	<b>Jan 18</b>
<b>Risk Management</b>						
Risk Management Update	Annual					
<b>Assurance Statements</b>						
Annual Governance Report	Annual					
Standards of Conduct Report	As and when					
Update on Governance / Internal Control Issues	As and when					
<b>Internal Audit</b>						
Audit Plan	Annual					
Interim Progress Reports	Each meeting					
Follow up of Internal Audit Recommendations Report	Annual					
Comparison of Assurance Levels	Annual					
Annual Internal Audit Report	Annual					
<b>Fraud &amp; Corruption</b>						
Fraud & Corruption Annual Report	Annual					
<b>External Audit</b>						
Annual Audit Plan	Annual					
Annual Assurance Letter from Committee	Annual					
External Audit Results Report	Annual					
Certification of Claims & Returns Report	Annual					
Annual Audit Letter (Sent out by email to all Members)	-					
<b>Statement of Accounts</b>						
Approval of Main Accounts	Annual					
Approval of Farnham Charitable Trust Accounts	Annual					
<b>Other</b>						
Contract & Financial Procedure Rules	As necessary					
Training	As necessary					
Work Programme	Each meeting					

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