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## AUDIT COMMITTEE (SBDC)

**VENUE: ROOM 6, CAPSWOOD, OXFORD ROAD, DENHAM**

Jim Burness

## Director of Resources

To: The Audit Committee (SBDC)

Mr Bradford  
Mr D Smith  
Mrs Gibbs  
Mr Hogan  
Mr Hollis  
Mr Sangster

## Audio/Visual Recording of Meetings

Please note: This meeting might be filmed, photographed, audio-recorded or reported by a party other than South Bucks District Council for subsequent broadcast or publication.

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**Interim Director of Services:** Anita Cacchioli



## **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 19 January 2017.

**(5 - 8)**

3. **Update on Standards Framework**

To consider the report of the Monitoring Officer.

**(9 - 10)**

*Appendix 1*

**(11 - 19)**

4. **Review of Standards Work Programme 2017/18**

To note the work programme.

**(20 - 22)**

5. **Understanding how the Audit Committee gains assurance from Management**

To consider the report of the Director of Resources.

**(23)**

*Appendix 1*

**(24 - 25)**

*Appendix 2*

**(26 - 29)**

6. **Certification of Claims and Returns Annual Report 2015-16**

To consider the report of Ernst & Young LLP.

**(30 - 38)**

7. **Internal Audit Progress Report 2016/17**

To consider the report of TIAA.

**(39 - 46)**

8. **Audit Strategic Plan 2017/18 to 2019/20 and Annual Plan 2017/18**

To consider the report of TIAA.

**(47 - 69)**

9. **Audit Work Programme**

To receive the current work programme of the Audit Committee.

**(70)**

10. **Any Other Business**

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

The next meeting is due to take place on Wednesday, 5 July 2017

## **AUDIT COMMITTEE**

### **Meeting - 19 January 2017**

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

Also Present: Mr Andrew Brittain (Ernst & Young)  
Mr Chris Harris (TIAA)

Apologies for absence: Mrs Gibbs and Mr Hollis

#### **27. MINUTES**

The minutes of the meeting held on 29 September 2016 were confirmed and signed by the Chairman.

#### **28. APPOINTMENT OF INDEPENDENT PERSON**

The Committee received a report which asked Members to consider arrangements for the appointment of an Independent Person following the re-advertising of the vacancy.

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. The role was duly advertised in the local press and on the Council's website. One application was received from Mr Gareth Hopkins and a copy of his application form and references were attached as a confidential appendix to the report. The monitoring officer had interviewed Mr Hopkins and was satisfied that he met the statutory criteria referred to in 3.1 of the report and that as a magistrate and former solicitor he also had the necessary skills and competencies required for the role.

Having considered the application received from Mr Hopkins, the Committee accordingly

**RECOMMENDED** to Council that the appointment of Mr Gareth Hopkins as the Council's second Independent Person for a term of 5 years be agreed.

#### **29. ANNUAL REVIEW OF THE CODE OF CONDUCT AND COMPLAINTS PROCEDURE**

The Committee received a report which asked Members to consider whether the Code of Conduct and Complaints Procedure adopted by the Council in accordance with the Localism Act 2011 remains fit for purpose.

Members welcomed the review of the Council's Code of Conduct and Complaints Procedure, as a duty under the Localism Act 2011 and as a mechanism to help continue high standards across both councils. It was understood that the frameworks apply to both principle councils

and parishes and that the Monitoring Officer can and does give informal advice to town and parish clerks. The monitoring officer had received 4 formal complaints under the procedure all concerning parish/town councillors. The procedure had only proceeded past stage 1 in two cases and only one of these reached stage 3 with a report submitted to the Committee in 2014.

In response to a question, the Monitoring Officer advised that the complaints monitoring form helps ensure the Council's commitment to equality and non-discrimination.

Members commented that Gerrards Cross Town Council was now a Town Council rather than a Parish Council and that this should be reflected in the Complaint procedure form.

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

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

**30. REVIEW OF PROTOCOL ON ROLE OF THE MONITORING OFFICER**

The Committee received a report which asked Members to consider whether the protocol on the role of the monitoring officer adopted by the Council remains fit for purpose.

Members noted the key duties assigned to the role of Monitoring Officer, as well as the internal processes adopted for checking the legal basis of council reports and documents.

Having reviewed the protocol on the role of monitoring officer, the Committee were of the opinion that it remains fit for purpose and agreed the minor amendment in paragraph (m) of the protocol which reflects a change of name.

**RESOLVED** that the protocol on the role of monitoring officer adopted by the Council remains fit for purpose and that the minor amendment in paragraph (m) of the protocol which reflects a change of name be agreed.

**31. STANDARDS WORK PROGRAMME**

The Committee noted the Standards Work programme.

**RESOLVED** that the report be noted.

**32. INTERNAL AUDIT PROGRESS REPORT 2016/17**

The Committee considered an Internal Audit progress report from TIAA, including details of progress against the 16/17 annual plan and actions completed since the last report to Committee.

Members were pleased to hear that good progress was being made on the council's audit programme and welcomed news that most audits would either be completed or ready in draft form in time for the Committee's March meeting. It was acknowledged that the planned HR audit was being postponed until early 2018, due to the fact new IT systems were being put in place across both councils which make sufficient data collection not possible at the present time.

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

33. **EXTERNAL AUDIT PLAN 2016/17**

The Committee received the External Audit Plan 2016/17 which set out how they intended to carry out their responsibilities as the Council's external auditor in 2016/17.

Members noted the key risks within the audit plan, which were standard financial statement and value for money risks. Members acknowledged that no changes were being made to the external audit process used previously or to the fees the council would incur for EY's services (£42,399 + £20,895 for certification of the housing benefit subsidy). Members clarified the methodology used to state materiality (£700,240) and the percentage amount (5% or £35,012) of any uncorrected audit misstatements EY may communicate as part of the external audit.

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

34. **APPOINTMENT OF EXTERNAL AUDITORS**

The Committee received a report which asked Members to consider whether to recommend to Council the preferred process for appointment of External Auditors from 2018/19.

Following the demise of the Audit Commission, Members noted the need to confirm a framework for the appointment of an external auditor. Two options were detailed, including the Council signing-up to the new national Public Sector Audit Appointments (PSAA) framework which is supported by the LGA, or running its own procurement including setting-up its own committee and independent person to appoint an external auditor.

In the discussion which followed, with regards to the PSAA option, Members were advised that fees were relative to size of membership and that a contract would last for five years initially. Furthermore, if the Council's current status change significantly, it was confirmed that such an outcome would be acknowledged in the contract and that PSAA would be able to appoint external auditors to successor authorities.

Following the discussion and having considered the benefits of signing-up to PSAA, the Committee accordingly

**RECOMMENDED** to Council that this Council opts into the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

35. **CODE OF CORPORATE GOVERNANCE**

The Committee were asked to consider whether to recommend to Council the approval of a new Joint Code of Corporate Governance that had been updated in line with the latest CIPFA / SOLACE guidance.

Members acknowledged the need to update the Council's Code of Corporate Governance in line with guidance issued by The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). Members were advised that no fundamental changes to the code had been proposed but that the new guidance requires councils to clearly demonstrate integrity and openness.

Having considered the proposed new Joint Code of Corporate Governance, the Committee accordingly

**RECOMMENDED** to Council that the new Joint Code of Corporate Governance be approved.

36. **AUDIT WORK PROGRAMME**

The Committee noted the Audit Work programme.

**RESOLVED** that the report be noted.

37. **ANY OTHER BUSINESS**

None

38. **EXCLUSION OF PUBLIC**

39. **APPOINTMENT OF INDEPENDENT PERSON - PART II APPENDIX**

Members considered this item with Agenda item 28: Appointment of Independent Person.

The meeting terminated at 6.51 pm



<b>SUBJECT:</b>	Update on Standards Framework
<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 compliance with requirements of the standards framework and review current notification documents.

### RECOMMENDATION

**That the Committee note the current position, review the notification form for disclosable pecuniary and non-pecuniary interests and consider any further action that may be required.**

### 2. Reasons for Recommendations

To ensure the Council meets its statutory duty of promoting and maintaining high standards of conduct amongst its members

### 3. Content of Report

- 3.1 As members are aware the standards framework introduced by the Localism Act 2011 requires all elected members to notify the monitoring officer of their disclosable pecuniary interests (DPI's), within 28 days of taking office and thereafter within 28 days of any changes to their DPIs. Furthermore, under the Council's code of conduct members are also required to notify the monitoring officer of their personal interests within 28 days of taking office and again to notify any changes within 28 days. Both sets of interests must be open to public inspection and published on the Council's website. A copy of the current notification form is attached to this report for ease of reference.
- 3.2 The monitoring officer reported to this Committee in March 2016 that all new and returning councillors had returned their notification forms by the due date. The details were then entered into the Council's modern.gov system and appear below each councillor's contact details on the website. The monitoring officer has received notification of changes from councillors since then and their respective entries have been updated accordingly.
- 3.3 The monitoring officer has prepared a notification form for general use between ordinary elections. This includes guidance notes and a glossary of terms, examples of the types of interest under each category and a separate space for members to record their DPI's and those of their spouse /partner. The monitoring officer would welcome members' feed back on the form.
- 3.4 Officers are making arrangements to enable Members to update their interests' pages on the modern.gov system by logging into the extranet and some members have already taken

advantage of this facility. Guidance on how to use this facility will be circulated in the Members' Bulletin once this is available, as well as a reminder for members to check that their register entries remain accurate and up to date.

- 3.5 The monitoring office is also responsible for maintaining and publishing the registers of interests for members and co-opted members of the 12 town and parish councils in the District. These registers have now been compiled and will be published on the Council's website under the respective town/parish council's name, as well as on the respective town/parish council's own website, if they have one.

#### **4. Consultation**

Not applicable at this stage

#### **5. Options**

Members may wish to suggest changes to the notification form and request further updates on compliance with the framework. .

#### **6. Corporate Implications**

Financial – The cost of preparing or amending any forms or guidance would be met from within existing budgets

Legal – As set out in the report

Risks issues – Members could be at risk of prosecution or complaints if they fail to comply with the Localism Act requirements for declaration of pecuniary and non-pecuniary interests. The Council's decisions would be at risk of challenge if they are taken with bias or pre-determination

Equalities - None specific

#### **7. Links to Council Policy Objectives**

There are no direct links to the Council's main policy objectives. But the Council has a duty under the Localism Act 2011 to promote and maintain high standards of conduct by its members. Ensuring that all members understand their obligations under the Council's code of conduct is a matter of good governance and is important in preserving the confidence of local communities.

#### **8. Next Steps**

Guidance on how members can use modern.gov to update their own interests' page will be circulated and the monitoring officer will make any amendments to the notification form suggested by the Committee.

<b>Background Papers:</b>	None except those referred to in the report
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**APPENDIX 1****SOUTH BUCKS DISTRICT COUNCIL****Guidance Note on Completing the Notification of Members Interests**

PLEASE READ THIS GUIDANCE BEFORE YOU COMPLETE THE ATTACHED FORM

**If you have any queries you can contact the monitoring officer Joanna Swift or one of the deputy monitoring officers Anna Dell and Sue Markham whose contact details are given at the end of this note.**

**Introduction**

1. Under the Localism Act 2011 the Council has a duty to promote and maintain high standards of conduct by its members. In discharging this duty the Council must adopt a code dealing with the conduct expected of councillors. This code is included in your induction pack and is also published on the Council's website. The code requires councillors to disclose certain personal interests in a public register and at council meetings.
2. The Localism Act also requires all councillors to notify the Council's monitoring officer (for town and parish councillors this is done via the Clerk) of certain pecuniary interests prescribed by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. You must do this within 28 days of becoming a member of the Council. Failure to do is a criminal offence and could lead to prosecution and disqualification from office.
3. The monitoring officer must establish and maintain a register of members' interests, make this available for inspection at the Council offices and publish it on the Council's website.
4. This guidance explains what pecuniary and personal interests you need to disclose in the register and includes the necessary notification form for you to complete. You will receive separate guidance about declaring interests at meetings during the induction programme.

**Disclosable Pecuniary Interests**

5. There are 7 categories of pecuniary interests that you must disclose in the register. Detailed information is provided on the notification form but the general headings are as follows :
  - Employment - your employment, office, trade, profession or vocation
  - Sponsorship - details of any sponsorship you received towards your election or in carrying out your duties as a councillor
  - Contracts - any contracts with the Council
  - Land - your land ownership or interests in land within the Council's area
  - Licences - any licences of land in the Council's area
  - Corporate Tenancies - any interest in tenancies with the Council
  - Securities – stocks and shares in businesses with a place of business or land in the Council's area
6. The Localism Act defines a disclosable pecuniary interest to include your own interests AND the interests of your spouse or civil partner, a person with whom you are living as husband

and wife or with whom who are living as if you were civil partners. This is why the form requires you to disclose information under the heading "Your spouse or partner" in each category. However, you are only required to disclose any pecuniary interests which you are aware that your spouse or partner have.

7. The Act makes it an offence to provide information which is false or misleading or be reckless as to whether the information is true and not misleading. Failure to comply can lead to prosecution and disqualification. Therefore it is vital that you complete the information on these 7 categories of pecuniary interests as fully and accurately as possible. If you have no interest under a particular category please put "None" in the appropriate space.

### **Personal Interests under the Code of Conduct**

8. The Council's code of conduct requires you to disclose certain personal interests in the public register to ensure transparency in the Council's decision-making processes. There are 5 categories of personal interests under the following headings:
  - Appointments to Outside Bodies – bodies to which you are appointed or nominated by the Council
  - Public Bodies – bodies exercising public functions of which you are a member or in a position of general control or management
  - Charitable Bodies – bodies directed to charitable of which you are a member or in a position of general control or management
  - Pressure Group and Political Parties – bodies who seek to influence 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
  - Gifts and Hospitality – any person from whom you have received a gift or hospitality worth more than £50 by virtue of your office as a councillor
9. Unlike pecuniary interests your spouse or partner's personal interests DO NOT need to be disclosed. It is just your own personal interests. If you fail to disclose any of these interests you will be in breach of the code of conduct, could be liable to a complaint under the Council's formal complaints procedure and an investigation by the monitoring officer.

### **Sensitive Interests**

10. The Localism Act provides an exception to the requirement for your pecuniary or personal interests to be disclosed on the public register where the nature of the interest is such, that the monitoring officer considers disclosure could lead to you, or a person connected with you, being subject to violence or intimidation. If you consider that you have an interest that qualifies under this exception you will need to inform the monitoring officer in writing when you return your form and give details of why your interest is sensitive.

### **Completing the Notification Form**

11. The form includes explanatory notes about the information you need to include under each category of interest. A glossary of words and definitions is also appended. Please sign and date the form before returning it to the monitoring officer.

**Monitoring Officer Contact Details**

12. If you have any queries about what you need to disclose or how to complete your notification form please contact the monitoring officer Joanna Swift or one of her deputies, Sue Markham and Anna Dell. Their contact details are as follows:

**Joanna Swift - Head of Legal & Democratic Services**

Capswood  
Oxford Road  
Denham

**UB9 4LH**

**Email:** [joanna.swift@southbucks.gov.uk](mailto:joanna.swift@southbucks.gov.uk)

**Tel:** 01494 732761

**Mob:** 07595 087093

**Sue Markham – Principal Solicitor**

**Email:** [sue.markham@southbucks.gov.uk](mailto:sue.markham@southbucks.gov.uk)

**Tel:** 01895 837326

**Anna Dell - Principal Solicitor**

**Email:** [anna.dell@southbucks.gov.uk](mailto:anna.dell@southbucks.gov.uk)

**Tel:** 01895 837232

**CHILTERN DISTRICT COUNCIL**  
**REGISTER OF MEMBERS' INTERESTS**  
**GENERAL NOTICE OF REGISTRABLE INTERESTS**

I, (full name) (Please print)

a Member of (authority)

Chiltern District Council**PART 1 – Disclosable Pecuniary Interests**

<b>1. Employment, office, trade, profession or vocation</b>	
Any employment, office, trade, profession or vocation carried on for profit or gain.  <b>State the name of your employer/company and job title</b>	Member
	Spouse/partner
<b>2. Sponsorship</b>	
Any payment or provision of any other financial benefit (other than from the Council) made or provided within the last 12 months in respect of any expenses incurred in carrying out your duties as a member or towards your election expenses  <b>State the name the body making the payment</b> Note: This includes any payment or financial benefit from a Trade Union	Member
	Spouse/partner

Classification: OFFICIAL

<b>3. Contracts</b>	
<p>Any contract (which has not been fully discharged) for the provisions of goods, services or the execution of works made between the Council and you or a firm in which you are a partner, a company of which you are a remunerated director or a company in whose securities you have a beneficial interest.</p> <p><b>Give a description of the contract</b></p>	Member
	Spouse/partner
<b>4. Land</b>	
<p>Any land in the Council's area in which you have a beneficial interest. This will include your place of residence if you own or rent it and it is within the Council's area. It also includes any property from which you receive rent, or of which you are the mortgagee.</p> <p><b>Give the address/description of the land</b></p>	Member
	Spouse/partner
<b>5. Licences</b>	
<p>Any land in the Council's area for which you have a licence (alone or jointly with others) to occupy for a month or longer. This will include any allotments that you use.</p> <p><b>Give the address/description of the land</b></p>	Member
	Spouse/partner

Classification: OFFICIAL

Classification: OFFICIAL

<b>6. Corporate Tenancies</b>	
<p>Any tenancy where to your knowledge the landlord is the Council and the tenant is a body in which you are a partner, a company of which you are a remunerated director or a company in whose securities you have a beneficial interest.</p> <p><b>Give a description of the tenancy</b></p>	Member
	Spouse/partner
<b>7. Securities</b>	
<p>A body who to your knowledge <b>has a place of business or land in the Council's area</b>, and in whom you have a beneficial interest in a class of securities that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital of that body or if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you have a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p> <p><b>List the names of any companies, industrial and provident societies or other bodies corporate that (to your knowledge) are active in the Council's area.</b></p> <p><b>You do not need to state the extent of your interest.</b></p>	Member
	Spouse/partner

Classification: OFFICIAL



Classification: OFFICIAL

**PART 2 – Other Personal Interests**

You are only required to disclose your own personal interests under the headings listed below.  
Please state “none” where appropriate

<b>8. Membership of other bodies</b>	
<p>8.1 Any body of which you are a member or in a position of general control or management and to which you are <b>appointed or nominated by the Council</b>. Note: These will be need to be added after Annual Council</p> <p><b>Give the names of the body/ies</b></p>	
<p>8.2 Any body exercising functions of a public nature of which you are a member or in a position of general control or management. This will include other local authorities of which you are a member. It also includes government agencies, public health bodies, council-owned companies and school governorships</p> <p><b>Give the names of the body/ies</b></p>	
<p>8.3 Any body directed to charitable purposes of which you are a member or in a position of general control or management. This will include membership of any registered charities such as Rotary or Lions. Membership of masonic organisations which are registered charities with the Charities Commission will also fall within this category.</p> <p><b>Give the names of the body/ies</b></p>	
<p>8.4 Any body 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. This will include any lobby group, local pressure group or resident's association,</p> <p><b>Give the names of the body/ies</b></p>	

Classification: OFFICIAL

Classification: OFFICIAL

**9. Disclosure of Gifts and Hospitality**

Any person from whom you have received a gift or hospitality worth more than an estimated value of £50 which you have received by virtue of your office – including brief details of the gift/hospitality received.

<b>Date of receipt of Gift/ Hospitality</b>	<b>Name of Donor</b>	<b>Reason and Nature of Gift/Hospitality</b>

Dated:

Signed:

Classification: OFFICIAL

## Glossary of Words and Definitions

“beneficial interest” is one where the owner of the interest is entitled to benefit from the asset concerned. Such an interest can arise directly through the legal ownership of an asset or indirectly where you are the beneficiary of a trust. It excludes those who hold assets under a trust **but are not beneficiaries** of that trust.

“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;

‘Disclosable Pecuniary Interest’ as a pecuniary interest of a description which is specified in regulations made by the Secretary of State and which is either an interest of the Member’s or an interest of Member’s spouse or civil partner, a person with whom the Member is living as husband and wife or a person with whom the Member is living as if they were civil partners, and the Member is aware that the other person has the interest.

“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;

“member” includes a co-opted member;

“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.

the “nominal value” of shares is usually the face value on the share certificate when issued (in contrast to the “market value” which can often be considerably more but may be less)

# **SOUTH BUCKS DISTRICT COUNCIL**

## **STANDARDS WORK PROGRAMME**

### **2017/2018**

		2017	2018		
	Contact	05.07.17	28.09.17	18.01.18	15.03.18
<b>05.07.17</b>					
<ul style="list-style-type: none"> <li>Complaints Monitoring Report 2016/17</li> <li>Review of Policy on Gifts and Hospitality</li> <li>Guidance for Directors of Companies fully/partly owned by the public sector</li> </ul>	Joanna Swift Joanna Swift Joanna Swift	X X X			
<b>28.09.17</b>					
<ul style="list-style-type: none"> <li>Annual Review of Code of Conduct and Complaints Procedure</li> <li>Committee on Standards in Public Life Annual Report</li> <li>Procedure at Hearings Sub-Committee</li> </ul>	Joanna Swift Joanna Swift Joanna Swift		X X X		
<b>18.01.18</b>					
<ul style="list-style-type: none"> <li>Update on Standards Framework</li> <li>Review of Guidance on Dispensations</li> </ul>	Joanna Swift Joanna Swift			X X	

15.03.18					
<ul style="list-style-type: none"><li>Review of member training on Standards Issues</li></ul>	Joanna Swift			X	
<ul style="list-style-type: none"><li>Work programme 2018/19</li></ul>	Joanna Swift			X	

<b>SUBJECT:</b>	Understanding how the Audit Committee gains assurance from Management	
<b>REPORT OF:</b>	Director of Resources	Jim Burness
<b>RESPONSIBLE OFFICER</b>	Head of Finance	Rodney Fincham
<b>REPORT AUTHOR</b>	Head of Finance 01494 732260	Rodney Fincham rodney.fincham@southbucks.gov.uk
<b>WARD/S AFFECTED</b>	All	

## 1. Purpose of Report

- 1.1 To consider the response to the External Auditor's request for information on how the Audit Committee gains assurance from Management.

### RECOMMENDATIONS

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

## 2. Report

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

## 3. Next Step

- 3.1 Once agreed, the Chair of the Audit Committee will then be requested to sign the formal response.

<b>Background Papers:</b>	None
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Cllr Malcolm Bradford  
South Bucks District Council  
Capswood  
Oxford Road  
Denham  
Bucks  
UB9 4LH

24 February 2017

Ref: SBDC/TWCG  
Your ref:

Direct line: 011 8928 1167

Email: [abrittain@uk.ey.com](mailto:abrittain@uk.ey.com)

Dear Councillor Bradford

## **Understanding how the Audit Committee gains assurance from management**

Auditing standards require us every year to update our understanding of your arrangements for overseeing management processes and arrangements formally. I therefore ask for a response to the following questions.

1. How does the Audit Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes for:
  - ▶ Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - ▶ Identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
  - ▶ Communicating to employees its view on business practice and ethical behavior (for example by updating, communicating and monitoring against the Authority code of conduct);
  - ▶ Encouraging employees to report their concerns about fraud; and
  - ▶ Communicating to you the processes for identifying and responding to fraud or error?
2. How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
3. Is the Committee aware of any:
  - ▶ Breaches of, or deficiencies in, internal control; and
  - ▶ Actual, suspected or alleged frauds during 2016/17?
4. Is the Committee aware of any organisational or management pressure to meet financial or operating targets?



5. How does the Audit Committee gain assurance that the Authority has complied with all relevant laws and regulations? Are you aware of any instances of non-compliance during 2016/17?
6. Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements?
7. How does the Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Thank you for your assistance. We would appreciate your response by 30 April 2017 if possible. If you have any queries about this letter please contact Susan Gill, Manager, at [SGill4@uk.ey.com](mailto:SGill4@uk.ey.com).

Thank you for your assistance.

Yours sincerely



Andrew Brittain  
Executive Director  
For and on behalf of Ernst & Young LLP  
United Kingdom

Andrew Brittain  
Executive Director  
Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1YE

Date 16 March 2017

Dear Andrew,

### **How the SBDC Audit Committee gains Assurance from Management**

In reply to your letter dated 24<sup>th</sup> February 2017, I would provide the following responses.

*1) How does the Audit Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes for:*

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

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

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

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

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

The Audit Committee receives an annual Corporate Fraud Report, as well as regular updates, and has the opportunity to question specific cases.

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

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

- Employee Code of Conduct
- Protected Disclosure (Whistleblowing) Policy
- Anti-Fraud, Bribery & Corruption Policy.

The Council also has a Value framework.

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

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

The Audit Committee is aware that the Council has a Protected Disclosure (Whistleblowing) Policy which allows employees to report concerns to their line manager, the Audit Fraud and Error Reduction Manager, the Chief Executive, the Director of Resources, or the Leader of the Council. Anonymous allegations will also be considered.

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

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

The Audit Committee receives regular updates on frauds, as well as at least an annual Corporate Fraud Report.

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

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

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

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

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

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

### *3b) Is the Committee aware of any actual, suspected or alleged fraud during 2016/17?*

Internal Audit provide regular update reports to the Audit Committee and apart from Benefit claimant fraud, there have been no known issues during 2016/17.

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

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

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

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

### *5a) How does the Audit Committee gain assurance that the Authority has complied with all relevant laws and regulations?*

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

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

And by:

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

### *5b) Are you aware of any instances of non-compliance during 2016/17?*

I am not aware of any material instance of non-compliance during 2016/17.

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

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

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

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

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

The Committee reviews the financial statements and the Annual Governance Statement for the year ended.

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

I hope this response covers all your questions, but if you require any further clarification please contact me.

Yours sincerely

**Cllr Malcolm Bradford**  
**Chair of SBDC Audit Committee**

# Certification of claims and returns annual report 2015-16

South Bucks District Council

13 February 2017

Ernst & Young LLP



Building a better  
working world

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Direct line: 0118 928 1167  
Email: [ABrittain@uk.ey.com](mailto:ABrittain@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2015-16 South Bucks District Council**

We are pleased to report on our certification work on South Bucks District Council's 2015-16 claims, which we summarise here.

### **Scope of work**

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

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

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

### **Summary**

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £15,706,364. We met the submission deadline. We issued a qualification letter; details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due: it increased by £653.

Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee on 16 March 2017.

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

Yours faithfully

**Andrew Brittain**  
Executive Director  
Ernst & Young LLP  
Enc



Contents

1. Housing benefits subsidy claim.....1

2. 2015-16 certification fees.....3

3. Looking forward.....4

## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£15,705,711
Amended/Not amended	Amended – subsidy increased by £653
Qualification letter	Yes
Fee – 2015-16	£19,280
Fee – 2014-15	£27,860

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

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

Extended and other testing identified errors which the Council amended had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

### Testing of the initial sample and 40+ identified:

#### Non-HRA rebate cases:

- 1 case where childcare costs were miscalculated
- 1 case where earnings were miscalculated
- 1 incorrect offset for change of address

A check of all such cases was carried out and the claim form was amended.

#### Rent allowance cases

- 1 case with both over- and under-payment because of incorrect assessment of self-employed earnings. The overpayment was £1.96. We therefore had to carry out 40+ testing and identified a further 2 overpayments totalling £2.95. We also found 3 underpayments and 1 case where the error made no difference to subsidy. The extrapolated impact of the error is £5, if the DWP decides to claw it back.
- 1 case where the Council had overpaid benefit as a result of failing to apply the appropriate Social Sector Size Criteria (SSSC) rules: this is also known as the "spare bedroom allowance". We also found this issue last year. We therefore had to carry out 40+ testing but no further failures were identified. The extrapolated impact of the error is £13,342, if the DWP decides to claw it back.
- 1 case where the Council had underpaid benefit as a result of incorrect rent liability being used. This was due to a rounding issue when converting monthly to weekly rent after deduction of ineligible service charges: we also raised this issue last year. 40+

testing identified 2 further overpayment failures. The extrapolated impact of the error is £366, if the DWP decides to claw it back.

**Modified schemes:**

- 1 minor overpayment. A check of all such cases was carried out and the claim form was amended.

**Testing of the errors identified in 2014-15:**

- Initial testing did not identify any errors relating to non-dependants. However, there was a prior year qualification within this cell or related cells relating to this type of error, and the DWP requires us to complete 40+ testing in these cases. We found 1 underpayment but did not need to carry out any further work.

All these amendments and extrapolations were reported to the DWP in the qualification letter. The net impact on the claim was to increase it by £653, with a total extrapolation of £13,713 which the DWP may decide to claw back from the Council.

## 2. 2015-16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2015 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	19,280	19,280	27,860

No changes to the 2015-16 fees are being proposed.

The fee level is set by referring to the actual fee for two years previously, adjusted for the 25% "discount" arising from the last of the savings made through the final Audit Commission regime negotiations. The level of work has reduced from that undertaken in 2013-14.

### 3. Looking forward

The duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £20,895. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:  
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

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

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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**South Bucks District Council**

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**Internal Audit Progress Report**

**2016/17**

**Audit Committee – 16 March 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 17 February 2017.

## 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	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM*
Main Accounting	Substantial	16/12/16	10/01/17	11/01/17	0	0	2	1
Energy Efficiency Grant	Substantial	07/02/17	07/02/17	08/02/17	0	0	0	0
Debtors	Reasonable	03/01/17	08/02/17	13/02/17	0	1	2	1
Creditors	Substantial	20/12/16	05/01/17	06/01/17	0	0	2	1

\*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).
- Waste - joint service between CDC and Wycombe D.C. (The previous year's follow up was concluded late in 2016/17 – audit to be undertaken in 2017/18)
- Complaints and Compliments (the new system is not yet in place – audit to be undertaken in 2017/18)
- HR – Absence Management (new system not yet embedded – audit to be undertaken in 2017/18)
- HR – Recruitment (new system not yet embedded – audit to be undertaken in 2017/18)

#### **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 risk management project continues and further posters are to be displayed 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	In progress	Audit commenced 23 February 2017
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 July 2016	
Information Governance/Data Quality	1	9	Final report issued October 2016	
Health & Safety – internal arrangements	1	8	Draft report issued February 2017	
Licensing	1	10	Final report issued October 2016	
Environmental Health	1	10	Final report issued December 2016	
Absence Management	1	8	Cancelled	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	In progress	Audit delayed
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	Cancelled	New system not yet embedded
Leisure Contracts	2	8	Draft report issued February 2017	
Waste-Joint Service Chiltern and Wycombe	2	8	Cancelled	To be undertaken in 2017/18
Budgetary Control	2	8	Final report issued October 2016	
ICT - Information risk management	2	10	In progress	Audit Delayed

System	Planned Quarter	Days	Current Status	Comments
ICT - Network project implementation	3	10	In progress	Audit Delayed
ICT - Mobile / agile working	3	10	In progress	Audit Delayed
Main Accounting	3	8	Final report issued January 2017	
Governance	3	9	In progress	
Procurement	3	8	In progress	
Debtors	3	10	Final report issued January 2017	
Council Tax and NDR	3	20	Draft report issued February 2017	
Cash and Bank	3	9	Draft report issued February 2017	
Benefits	3	10	Draft report issued February 2017	
Council Tax Support	3	10	Draft report issued February 2017	
Creditors	3	10	Final report issued January 2017	
Payroll	3	13	Draft report issued February 2017	
Complaints and Compliments	3/4	6	Cancelled	
Follow up	4	10	Ongoing	To be undertaken during quarter 1 of 2017/18
Car Parking	4	11	Planned start date end February 2017	
Risk Management Assistance	3/4	10	Ongoing risk management assistance	
Counter Fraud	4	8	In progress	
Disabled Facilities Grants	TBA	5	Final report issued July 2016	
Housing DECC Grants – energy efficiency	TBA	20	Final report issued February 2017	Additional days agreed

System	Planned Quarter	Days	Current Status	Comments
<b><u>Farnham Park Trust</u></b>				
Bar	1	5	Audit now planned to start in March 2017	
Academy	1	0	Cancelled	Academy closed
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: **Debtors**

Date issued: **February 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	Sample testing of 30 sundry debtor invoices highlighted five cases where the request forms had been completed by individuals without the requisite authority as per the authorised signatory list. In addition, sample testing of 30 credit notes highlighted 3 cases where the request forms had been completed by individuals without the requisite authority.	Sundry debtor invoices and credit notes to be raised only upon receipt of requests which have signed off by an appropriately authorised officer.	2	<i>This will be raised in the next Finance Training and staff entering debtor invoices will be asked to check the authorised signatory list before input.</i>	08/02/17	Finance Manager



## **Chiltern and South Bucks District Councils**

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**Audit Strategic Plan 2017/18 to 2019/20 and Annual Plan  
2017/18**

**Audit Committee – 16 March 2017 (South Bucks)**

## Internal Audit Annual Plan

### INTRODUCTION

This Annual Plan is drawn up in accordance with the Terms of Reference of TIAA and the Internal Audit Strategic Plan.

### AUDIT STRATEGY METHODOLOGY

We adopt a risk based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, previous internal audit work for the two organisations, external audit recommendations together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. The Strategy will be based predominantly on our understanding of the inherent risks facing the Councils and those within the sector and has been developed with senior management and Committee.

### INTERNAL AUDIT ANNUAL PLAN

The rolling strategic plan is set out in Annex A. The Annual Plan (Annex B) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews. The rolling strategic plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Audit (and Standards) Committee mid-way through the financial year or should a significant issue arise.

The planned time set out in the Annual Plan for the individual reviews includes: research, preparation and issue of terms of reference, production and review of working papers and reports and site work. The timings shown in the Annual Plan assume that the expected controls will be in place.

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of the Director of Resources and additional time will be required to carry out such testing. Chiltern and South Bucks Councils are responsible for

taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

### AUDIT COMMITTEE RESPONSIBILITY

It is the responsibility of the Audit (and Standards) Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

### REPORTING

**Assignment Reports:** A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of the Public Sector Internal Audit Standards (PSIAS).

**Progress Reports:** Progress reports will be prepared for each Audit (and Standards) Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

**Annual Report:** An Annual Report will be prepared for each year in accordance with the requirements set out in the Public Sector Internal Audit Standards (PSIAS). The Annual Report will include our opinion of the overall adequacy and effectiveness of the Councils governance, risk management and operational control processes.

### SATISFACTION QUESTIONNAIRES

A satisfaction questionnaire will be issued with each final report to comply with our ISO requirements. An annual client satisfaction survey will also be issued with the annual report with the feedback received from these survey(s) being used to develop staff and the service we provide.



## LIAISON WITH THE EXTERNAL AUDITOR AND OTHER ASSURANCE PROVIDERS

We will liaise with the Councils External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

## BACKGROUND

Chiltern and South Bucks District Councils provide local government services to their respective districts. A regular internal audit of these services is required by the Accounts and Audit Regulations 2015

## ASSURANCE MAPPING

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance mapping process is set out in Annex C.

## AUDIT REMIT

The Audit Remit (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within each Council and defines the scope of internal audit activities and ensures compliance with the PSIAS.

## CONFLICT OF INTEREST

We are not aware of any conflicts of interest and should any arise we will manage them in line with PSIAS requirements, the Councils requirements and TIAA's internal policies.

## PERFORMANCE

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed within time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	95%
	Final report issued within 10 working days of receipt of responses.	95%
Professional Standards	Compliance with Public Sector Internal Audit Standards.	100%

## KEY CONTACT INFORMATION

Name	Contact Details
Name: Chris Harris Job Title: Audit Director	Email address: chris.harris@tiaa.co.uk Phone number: 07766115439
Name: Jonathan Sims Job Title: Client Manager	Email address: jonathan.sims@tiaa.co.uk Phone number: 07719298657
Name: Paul Jones Job Title: Senior Auditor	Email address: paul.jones@tiaa.co.uk Phone number: 07773195167

## LIMITATIONS AND RESPONSIBILITY

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

## RELEASE OF REPORT

The table below sets out the history of this plan.

Date plan issued:	17 <sup>th</sup> February 2017
Date final plan issued;	24 <sup>th</sup> February 2017

## Rolling Strategic Plan

Review Area	Risk Ref	Type	Days Required			2020/21	2021/22
			2017/18	2018/19	2019/20		
<b>Corporate</b>							
Governance		Assurance	8	8	8	8	8
Risk Management		Assurance	8	-	8	-	8
Procurement		Assurance	-	8	-	-	-
Counter Fraud		Assurance	-	8	-	8	-
Complaints and Compliments		Assurance	6	-	6	-	6
Performance Management/Efficient Working		Assurance	-	8	-	8	-
Contracts		Assurance	10	-	9	-	8
Information Governance/Data Quality		Assurance	8	-	8	-	8
Freedom of Information		Assurance	-	8	-	-	8
Data Protection		Assurance	8	-	8	-	8
Business Continuity		Assurance	7	-	-	8	-
Emergency Planning		Assurance	6	-	-	6	-
Health and Safety – Internal Arrangements		Assurance	-	-	7	-	-
South Bucks – New Company		Assurance	-	8	8	8	8
Purchase Cards		Assurance	8	8	8	8	8
Expenses		Assurance	8	8	8	8	8
<b>Finance</b>							
Main Accounting		Assurance	7	7	7	7	7
Payroll		Assurance	12	11	11	11	11
Accounts Receivable (Debtors)		Assurance	9	8	8	8	8
Accounts Payable (Creditors)		Assurance	9	8	8	8	8
Benefits		Assurance	13	13	13	13	13
Council Tax Support		Assurance	13	13	13	13	13
Council Tax and NDR		Assurance	20	20	20	20	20

Cash and Bank		Assurance	8	7	7	7	7
Treasury Management		Assurance	8	7	7	7	7
Budgetary Control		Assurance	-	7	-	7	-
<b>ICT</b>							
Targeted Audits to be agreed and reported to the next Audit (and Standards) Committee		Assurance	24	24	24	24	24
<b>Health and Housing</b>							
Housing Allocations and Homelessness		Assurance	-	9	-	8	-
Temporary Accommodation		Assurance	9	-	8	-	8
Housing Section 106		Assurance	-	8	-	9	-
Environmental Health		Assurance	-	8	-	9	-
Licensing		Assurance	-	-	8	-	-
Disabilities Facilities Grant		Assurance	5	5	5	5	5
<b>Community Services</b>							
Grants		Assurance	-	8	-	8	-
Leisure Contract		Assurance	-	-	8	-	-
Safeguarding		Assurance	-	8	-	-	8
<b>Environmental Services</b>							
Health and Safety – Contractor Arrangements		Assurance	-	8	-	8	-
Grounds Maintenance		Assurance	8	-	-	7	-
Waste services (Chiltern, Wycombe and South Bucks)		Assurance	11	-	11	-	11
Environmental Services Contracts		Assurance	-	-	10	-	-
Car Parking		Assurance	7	-	7	-	7
Property and Asset Management		Assurance	-	8	-	8	-
Cemeteries		Assurance	8	-	-	7	-
Commercial Rents/debt recovery		Assurance	8	-	8	-	8
<b>Sustainable Development</b>							

Planning Development and Enforcement		Assurance	-	11	-	11	-
Building Control			-	8	-	-	8
<b>Legal and Democratic Services</b>							
Land Charges		Assurance	-	8	-	-	8
Electoral Registration		Assurance	-	-	-	8	-
External Solicitors/Court Costs		Assurance	-	-	6	-	-
<b>Human Resources</b>							
Absence Management		Assurance	8	-	8	-	8
Recruitment		Assurance	8	-	-	8	-
Equalities		Assurance	-	8	-	-	-
Harmonised Policies and Procedures		Assurance	8	-	-	7	-
iTrent Payroll System (HR Module)		Assurance	6	-	-	-	6
Performance Monitoring		Assurance	-	-	7	-	-
<b>Other</b>							
Follow up			10	10	10	10	10
Risk Management Assistance			10	10	10	10	10
Annual Report			2	2	2	2	2
Audit Management			22	22	22	22	22
		<b>Sub total</b>	<b>330</b>	<b>330</b>	<b>326</b>	334	317
<b>Farnham Park Trust</b>							
Stores/shop		Assurance	5	5	5	5	5
Bar		Assurance	5	5	5	5	5
Management Support		Assurance	2	2	2	2	2
		<b>Total</b>	<b>12</b>	12	12	12	12

## Annual Plan – 2017/18

Quarter	Audit	Risk Ref	Type	Days	Rationale
	<b>CORPORATE</b>				
1	Governance		Assurance	8	<p><u>Rationale:</u> Reputationally the identification and recording of Gifts and/or Hospitality is fundamental to the governance arrangements at the Councils.</p> <p><u>Scope:</u> The review will consider the following key areas:</p> <ul style="list-style-type: none"> <li>• The gifts and hospitality policy and procedures;</li> <li>• Implementation of the requirements of the Bribery Act 2010 into the Members Code of Conduct;</li> <li>• That Members are recording gifts and hospitality in accordance with Council Policy</li> </ul>
1	Risk Management		Assurance	8	<p><u>Rationale:</u> A periodic review to test the appropriateness and effectiveness of the risk management arrangements at Chiltern and South Bucks Councils. .</p> <p><u>Scope:</u> The review will include:</p> <ul style="list-style-type: none"> <li>• assess the effectiveness of the controls that mitigate the risk for a number of the key operational risks identified.</li> <li>• challenge the risk management process and how managers/risk owners use risk management for everyday decision making.</li> </ul>
2	Complaints and Compliments		Assurance	6	<p><u>Rationale:</u> Following a governance audit in 2015/16 it was noted that following the many service reviews and staff changes the complaints and compliments procedure had fallen into disrepute. It has been agreed to review this aspect of the work again in 2016/17.</p> <p><u>Scope:</u> To review the following:</p> <ul style="list-style-type: none"> <li>• The policy and procedures for managing Complaints and Compliments.</li> <li>• The monitoring arrangements</li> <li>• The reporting arrangements to senior management and to Members.</li> <li>• The lessons learned and action plans arising from any complaints and compliments.</li> </ul>

Quarter	Audit	Risk Ref	Type	Days	Rationale
	Contracts		Assurance	10	<p><b>Rationale:</b> The letting of Contracts is an important and high value part of an authorities activities and a periodic audit is required to confirm contracts have been let in accordance with approved policies and procedures.</p> <p><b>Scope:</b> The audit will cover the following key areas:</p> <ul style="list-style-type: none"> <li>To review a sample of contracts and confirm they have been set up/let in accordance with Council (and EU) regulations.</li> <li>To interview line managers responsible for the various properties owned and/or managed by the Council.</li> <li>To review the inspection process of properties owned and/or managed by the Council.</li> <li>To review Standing Orders and all procedures relating to works undertaken by contractors at Council managed properties.</li> </ul>
	Information Governance/Data Quality		Assurance	8	<p><b>Rationale:</b> Compliance with Information Governance legislation is fundamental to the Councils in how it protects data.</p> <p><b>Scope:</b> The review will cover the following key areas:</p> <ul style="list-style-type: none"> <li>Management arrangements exist to ensure compliance with legislation. The information governance roles including the SIRO and Information Governance Officer have been clearly defined and an information governance group (or similar) monitors ongoing information governance issues;</li> <li>Policies and procedures are in place to govern the management of data and systems including a formally adopted information security and data quality policy;</li> <li>Process controls exist to ensure that manual records are stored securely in structured filing systems and are available, if required;</li> <li>Data sharing and third party data processing protocols are in place which ensures that responsibilities for data transferred to and from third parties are clearly defined.</li> </ul>
	Data Protection		Assurance	8	<p><b>Rationale:</b> Data protection is a high risk area for the Councils and can create reputational as well as financial cost. A periodic audit is therefore undertaken to provide assurance that the Councils data protection arrangements are working well.</p> <p><b>Scope:</b> The audit will cover the following key areas:</p> <ul style="list-style-type: none"> <li>review the data protection arrangements to include the Council's policies and procedures</li> <li>assess the training and awareness of data protection relating to key staff</li> <li>review the security of personal data held by the Council</li> </ul>

Quarter	Audit	Risk Ref	Type	Days	Rationale
	Business Continuity		Assurance	7	<p><b>Rationale:</b> It is important for the Councils business to be able to continue in the event of a major incident. A periodic audit is therefore undertaken to provide assurance that business continuity plans are in existence and that they would provide business as usual if an incident occurred</p> <p><b>Scope:</b> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the business continuity planning process and ensuring that the Council is resilient to disruptive events that may impact upon the organisation. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>• Business Continuity risks are adequately addressed in Corporate and Operational Risk Registers;</li> <li>• Appropriate Corporate and Service Continuity Plans are in place, which are regularly reviewed and readily accessible;</li> <li>• Business Impact Assessments are completed on a regular basis;</li> <li>• Resources required to execute the Plans are adequate and available;</li> <li>• Adequate training is provided to officers to ensure they are fully aware and understand their responsibilities in the event of an incident occurring;</li> <li>• Business Continuity Plans are periodically tested to ensure their effectiveness, with lessons learned incorporated into the planning process.</li> </ul>
	Emergency Planning		Assurance	6	<p><b>Scope:</b> The following key areas will be reviewed:</p> <ul style="list-style-type: none"> <li>• The Councils have prepared an emergency plan which: (i) identifies the types of hazard which may affect the District; (ii) is regularly updated; (iii) specifies the method of raising the alarm; and (iv) has provision for coordinating emergency services.</li> <li>• Staff identified to manage the emergency plan have been adequately trained.</li> <li>• Emergency simulations should be held on a regular basis.</li> <li>• An appropriate Emergency Control Centre is available which is fit for purpose</li> <li>• Resources required to execute the plan are adequate and available.</li> </ul>
	Purchase Cards		Assurance	8	<p><b>Rationale:</b> This is a high profile expense and one that Members have asked for a regular audit to be undertaken.</p> <p><b>Scope:</b> To assess the adequacy and effectiveness of the internal controls in place in the Councils for the distribution, monitoring and managing of the Councils Purchasing Cards.</p> <p>The audit will focus on the following key areas:</p>



Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>Adequate and effective procedures are in place for the appropriate management of Purchasing Cards to include the authorisation of credit card expenditure,</li> <li>Spending limits are proportionate and appropriate;</li> <li>Purchases are in accordance with agreed procedures;</li> <li>Purchases for officer (and Member) expenses are in accordance with approved expenses procedures</li> <li>Credit card statements are reconciled and correctly allocated to budgets on a timely basis.</li> </ul> <p>As part of the audit an analysis will be made of the types of items being purchased using the purchase cards based on a sample of cards in use.</p>
	Expenses		Assurance	8	<p><b>Rationale:</b> This is a high profile expense and one that Members have asked for a regular audit to be undertaken</p> <p><b>Scope:</b> To assess the adequacy and effectiveness of the internal controls in place in the Councils for the managing and processing of mileage and expense claims. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Adequate and effective procedures are in place for the processing of expense claims;</li> <li>The authorisation of expense claims is restricted to appropriate personnel;</li> <li>Officer (and Member) expense claims are authorised and processed in accordance with approved procedures;</li> <li>VAT is reclaimed where appropriate and all relevant receipts are retained to support claims made; and</li> <li>Expenses are correctly allocated to budgets on a timely basis.</li> </ul> <p>As part of the audit an analysis will be made of the types of items being reimbursed based on a sample of claims</p>
	<b>FINANCE</b>				
	Main Accounting		Assurance	7	<p><b>Rationale:</b> This is the main financial ledger and an important system for the Councils which is audited annually.</p> <p><b>Scope:</b> To assess the adequacy and effectiveness of the internal controls in place at the Councils for the financial accounting system (Integra). The review will focus on the following areas:</p>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>Access to Integra is restricted to authorised personnel only and the system is appropriately backed up;</li> <li>Financial information is produced which meets all legal/reporting requirements on a timely basis;</li> <li>Journal entries are supported by adequate narrative, with appropriate separation of duties in place;</li> <li>New ledger codes/amendments are supported by appropriate authorisation;</li> <li>Suspense accounts are regularly reviewed and cleared; and</li> <li>Opening balances are brought forward promptly and accurately.</li> </ul>
	Payroll		Assurance	12	<p><u>Rationale:</u> Due to the high volume of transactions and the expenditure involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the Payroll function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Recommendations from the previous audit report have been implemented;</li> <li>Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>System access is restricted to authorised personnel only;</li> <li>Payroll data is supported by proper documentation, properly authorised, and subject to satisfactory segregation of duties; and</li> <li>Reasonableness checks and regular reconciliations are carried out.</li> </ul>
	Accounts Receivable (Debtors)		Assurance	9	<p><u>Rationale:</u> Due to the high volume of transactions and the income involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the Debtors function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Recommendations from the previous audit report have been implemented;</li> <li>Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>System access is restricted to authorised personnel only;</li> </ul>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>Invoices and credit notes are raised following appropriate authorisation, and are actioned promptly and accurately;</li> <li>Regular reconciliations are carried out between the sales ledger module and the general ledger control account;</li> <li>Regular reviews of outstanding debtors are undertaken using aged debtor listing, with arrears action carried out promptly in accordance with procedures; and</li> <li>Write-offs are approved by senior officers in accordance with procedures</li> </ul>
	Accounts Payable (Creditors)		Assurance	9	<p><u>Rationale:</u> Due to the high volume of transactions and the expenditure involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the Creditors function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Recommendations from the previous audit report have been implemented,</li> <li>Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>System access is restricted to authorised personnel only;</li> <li>New supplier set up/amendments to supplier details are subject to satisfactory segregation of duties;</li> <li>Payments are supported by proper documentation, properly authorised, correctly coded, and subject to satisfactory segregation of duties; and</li> <li>Regular reconciliations are carried out between the purchase ledger module and the general ledger control account.</li> </ul>
	Benefits		Assurance	13	<p><u>Rationale:</u> Due to the high volume of transactions and the expenditure involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To review and test the controls in place at the Council for the Housing Benefits function. The review will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Appropriate policies and procedures are in place for managing the Benefits process.</li> <li>Access to the Benefits system is restricted and adequately controlled.</li> <li>Standard variables/parameters are independently reviewed at the start of the year.</li> <li>Benefits are properly due and correctly calculated, with appropriate sample checks carried out.</li> </ul>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>• Payment runs are subject to independent review and authorisation prior to payment.</li> <li>• System performance is monitored and Benefits data regularly reconciled.</li> <li>• Overpayments are identified and promptly followed up.</li> <li>• Write-offs are approved by senior officers in accordance with authorised procedures</li> </ul>
	Council Tax Support		Assurance	13	<p><u>Rationale:</u> Due to the high volume of transactions and the expenditure involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To review and test the controls in place at the Council for the Council Tax Support function. The review will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>• Appropriate policies and procedures are in place for managing the Council Tax Support process.</li> <li>• Access to the Council Tax Support system is restricted and adequately controlled.</li> <li>• Standard variables/parameters are independently reviewed at the start of the year.</li> <li>• Council Tax Support is properly due and correctly calculated, with appropriate sample checks carried out.</li> <li>• Payment runs are subject to independent review and authorisation prior to payment.</li> <li>• System performance is monitored and Council Tax Support data regularly reconciled.</li> <li>• Overpayments are identified and promptly followed up.</li> <li>• Write-offs are approved by senior officers in accordance with authorised procedures</li> </ul>
	Council Tax and NDR		Assurance	20	<p><u>Rationale:</u> Due to the high volume of transactions and the income involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To review the adequacy and effectiveness of the controls in place at the Council for the management of the Council Tax and Business Rates (Non – Domestic Rates (NDR)) function. The audit will focus on the following:</p> <ul style="list-style-type: none"> <li>• There are up to date documented procedures for Council Tax and NDR;</li> <li>• System access is adequately controlled;</li> <li>• The correct charges have been applied;</li> <li>• Regular reconciliations are carried out with Valuation Office listings;</li> <li>• Discounts and exemptions are approved by authorised staff and</li> </ul>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<p>supported by documentary evidence;</p> <ul style="list-style-type: none"> <li>Refunds are appropriately approved and authorised prior to payment;</li> <li>Arrears are promptly identified and pursued and any write offs are valid and authorised;</li> <li>Suspense accounts are regularly cleared and any exception reports are regularly reviewed; and</li> <li>Systems are adequately monitored and reconciled</li> </ul>
	Cash and Bank		Assurance	8	<p><u>Rationale:</u> Due to the high volume of transactions and the income involved this is a high risk area and subject to an annual audit</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Councils for managing the Income (Cash &amp; Bank) function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Recommendations from the previous audit report have been implemented;</li> <li>Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>System access is restricted to authorised personnel only;</li> <li>Adequate controls are in place to ensure amounts received are accurately and promptly banked;</li> <li>Adequate security is in place to manage all cash received and banking arrangements;</li> <li>Regular reconciliations are carried out between the cash receipting system, the general ledger and the Councils bank accounts; and</li> <li>All items posted to suspense accounts are checked and regularly cleared.</li> </ul>
	Treasury Management		Assurance	8	<p><u>Rationale:</u> This is an important area for the Councils and one that Members have expressed that an annual audit should be undertaken.</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Councils for managing the Treasury Management function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>System access is restricted to authorised personnel only and adequate security is in place to manage all treasury management arrangements;</li> <li>Appropriate controls are in place for identifying surplus funds available for investment and selecting appropriate investments in accordance with the</li> </ul>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<p>Council's treasury management strategy;</p> <ul style="list-style-type: none"> <li>• Payments of interest and/or principal are appropriately monitored, correctly received and accurately recorded on the Council's finance system;</li> <li>• Regular reconciliations are undertaken for all treasury management transactions; and</li> <li>• Regular monitoring reports are produced for Senior Management and Members in relation to treasury management transactions.</li> </ul>
	<b>ICT</b>				
	Targeted Audits to be agreed and reported to the next Audit (and Standards) Committee		Assurance	24	A full plan for ICT audits will be reported to the next Audit (and Standards) Committee.
	<b>Health and Housing</b>				
	Temporary Accommodation		Assurance	9	<p><u>Rationale:</u></p> <p><u>Scope:</u></p>
	Disabilities Facilities Grants		Assurance	5	<p><u>Rationale:</u> An annual audit which is a central government requirement</p> <p><u>Scope:</u> To examine all income and expenditure and to confirm money spent is in accordance with the Grant conditions</p>
	<b>Environmental Services</b>				
	Ground Maintenance		Assurance	8	<p><u>Rationale:</u> This is a periodic audit to give assurance over how the Councils manage their Ground Maintenance contractor</p> <p><u>Scope:</u> To review the control systems in place to manage the grounds maintenance contract. (This is a joint contract with South Bucks, Chiltern and Wycombe Councils)</p> <p>In particular to review:</p>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>Contract payments to the contractor</li> <li>Control of variations to the contract</li> <li>Complaints</li> <li>Arrangements to renew or extend the existing contract</li> <li>Monitoring of the contract</li> <li>Compliance with the contract conditions and specification</li> </ul>
	Waste Services (Chiltern, Wycombe and South Bucks)		Assurance	11	<p><u>Rationale:</u> This is a joint service with Wycombe and is audited periodically. The review is primarily around the contract monitoring and management arrangements as this service is run by a private contractor.</p> <p><u>Scope:</u> Examine and test the controls which manage the Waste Collection contract to include review of:</p> <ul style="list-style-type: none"> <li>Policy and procedures</li> <li>Client Monitoring Framework</li> <li>Payments</li> <li>Works orders and variations</li> <li>Performance management, penalties and complaints</li> <li>Recharge and funding arrangements</li> <li>Governance</li> <li>Recycling arrangements/targets</li> </ul>
	Car Parking		Assurance	7	<p><u>Rationale:</u> Car Parking income is an important contribution to the Council's finances and periodic auditing confirms it is being properly accounted for.</p> <p><u>Scope:</u> The review will include the following key areas:</p> <ul style="list-style-type: none"> <li>To assess the adequacy and effectiveness of the internal controls in place relating to the collection, recording and banking of all car parking income.</li> <li>To include an assessment of the process for the recovery of income.</li> <li>To ensure that income received is adequately protected from loss</li> </ul>
	Cemeteries			8	<p><u>Rationale:</u> This is a periodic audit to test the systems at the cemeteries and to give assurance that all processes are working as required.</p> <p><u>Scope:</u> The audit will consider and review the following key areas:</p>

Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>the Councils policy and procedures with regard to the cemeteries</li> <li>the cemetery records and procedures for their maintenance and storage</li> <li>the cemetery health and safety issues</li> <li>the staffing levels at the cemeteries are adequate</li> <li>income is correctly accounted for</li> </ul>
	Commercial Rents/Debt Recovery		Assurance	8	<p><b>Rationale:</b> Commercial Rents are becoming a major income stream for Council's and an annual audit is required to provide assurance that all rents are collected in accordance with the rental/lease agreement</p> <p><b>Scope:</b> The review will consider the following key areas:</p> <ul style="list-style-type: none"> <li>The current portfolio of commercially rented properties and how these are managed/verified are accurate within the management system.</li> <li>To establish and confirm that all commercial rents are appropriately recorded with trigger dates for rent reviews in place.</li> <li>To establish that the database of commercial properties is accurate and up to date.</li> <li>To sample test a number of commercial properties to confirm that rents are paid in accordance with their agreement</li> </ul>
	<b>Human Resources</b>				
	Absence Management		Assurance	8	<p><b>Rationale:</b> This is a periodic audit that has not been undertaken for some time.</p> <p><b>Scope:</b> The audit will review the following key areas:</p> <ul style="list-style-type: none"> <li>The Councils absence and sickness policy and procedures</li> <li>Roles and responsibilities for managing absence</li> <li>Monitoring and recording of absence</li> <li>Reporting and follow up action</li> </ul>
	Recruitment		Assurance	8	<p><b>Rationale:</b> This is a periodic audit that has not been undertaken for some time.</p> <p><b>Scope:</b> The audit will cover the following key areas:</p> <ul style="list-style-type: none"> <li>Policies and procedures</li> <li>Approval processes</li> <li>Selection processes</li> <li>Advertising and openness</li> </ul>



Quarter	Audit	Risk Ref	Type	Days	Rationale
					<ul style="list-style-type: none"> <li>• Shortlisting</li> <li>• Interview and selection</li> <li>• Pre-employment checks</li> <li>• Employment contracts</li> <li>• Complaints</li> </ul>
	Harmonised Policies and Procedures		Assurance	8	<p><b>Rationale:</b> With Chiltern and South Bucks having a single work stream for all services it is important that the HR policies and procedures are harmonised and provide appropriate direction for resources</p> <p><b>Scope:</b> The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>• A review of the new harmonised policies and procedures for HR to confirm they are appropriate, comprehensive and fit for purpose</li> </ul>
	iTrent Payroll System (HR Module)		Assurance	6	<p><b>Rationale:</b> The Councils have recently invested in a new HR system which is a part of the iTrent Payroll application who manage human resources. This is an important system for the Council and assurance over its integrity and application have been requested.</p> <p><b>Scope:</b> The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>• Procedures for the operation and management of the iTrent HR module</li> <li>• Transfer of data from the existing system to the new iTrent system</li> <li>• Reconciliation of all personnel on the iTrent system with the Payroll system</li> <li>• Ongoing management and monitoring arrangements for the HR module</li> </ul>
	<b>Farnham Park Trust</b>				
	Stores and shop		Assurance	5	<p><b>Rationale:</b> This is a high risk area for the Trust and is audited annually</p> <p><b>Scope:</b> A cradle to grave audit of stock identified, purchased, held and sold at the Trust (The South Buckinghamshire). This will include:</p> <ul style="list-style-type: none"> <li>• The effective identification and purchase of stock;</li> <li>• An adequate system of control of stock held pending sale</li> </ul> <p>A sound system of sales including restocking</p>

Quarter	Audit	Risk Ref	Type	Days	Rationale
	Bar		Assurance	5	<p><b>Rationale:</b> The Council have recently taken back in-house the running of the bar at the South Buckinghamshire and an early audit has been requested by management.</p> <p><b>Scope:</b> The audit will focus on the following key issues:</p> <ul style="list-style-type: none"> <li>• An understanding of the Licensing Act 2003</li> <li>• Policy and procedures for the bar to include type of stock to be sold and purchasing arrangements</li> <li>• Staff training and whether any hold a qualification recognised by the British Institute of Innkeepers</li> <li>• Security arrangements for bar stock and takings</li> <li>• CCTV coverage and retention arrangements</li> <li>• Security of premises and lock up arrangements</li> <li>• Stock take arrangements</li> <li>• Banking arrangements</li> <li>• Pricing Policy</li> <li>• Member/Chief Officer approvals</li> </ul>
	Management Support			2	Time to be spent providing advice and assistance to the General Manager on matters relating to governance, control and risk.
	<b>Other</b>				
1	Follow up			10	An annual audit to review recommendations made through the year and to capture any previous outstanding recommendations from earlier audit reports
1	Risk Management Assistance			10	Ongoing assistance to the two Councils on risk management
4	2017/18 Annual Report			2	Preparation of the annual assurance report for each Council

Quarter	Audit	Risk Ref	Type	Days	Rationale
1-4	Management, Quality Assurance and Support			22	This time includes attendance at Audit Committee meetings and overall contract management.
			<b>Total days</b>	<b>342</b>	

## Assurance Mapping

### Corporate assurance risks

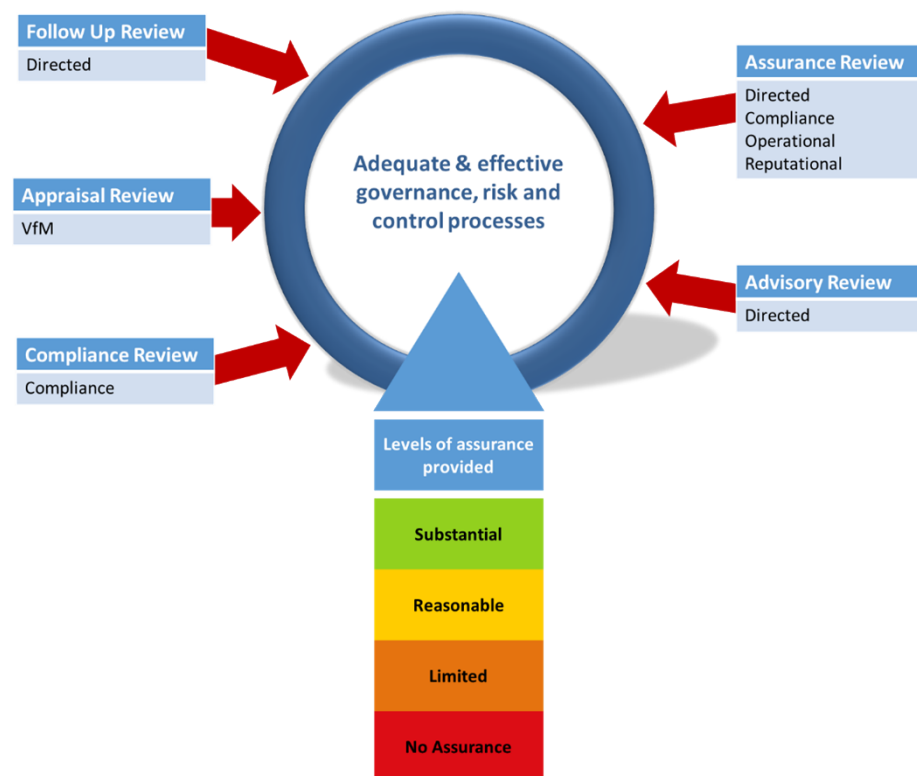
We consider four corporate assurance risks; directed; compliance; operational and reputational. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

### Assurance assessment gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

### Types of audit review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.



## Audit Remit

### Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Councils framework of governance, risk management and control. TIAA is responsible for giving assurance to Chiltern and South Bucks Councils Audit (and Standards) Committee on the adequacy and effectiveness of the Councils risk management, control and governance processes.

### Scope

All Chiltern and South Bucks Councils activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that the Councils management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the Audit (and Standards) Committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

### Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS.

### Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of Chiltern and South Bucks Councils and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance

policies.

### Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within the Councils and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the Audit (and Standards) Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with the Councils management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

### Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2003.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

**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.

Topic	Frequency	Mar 17	Jun 17	Sept 17	Jan 18	Mar 18
<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 Annual 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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