



## **Audit Committee (SBDC)**

**Thursday, 18 January 2018 at 6.00 pm**

**Room 6, Capswood, Oxford Road, Denham**

### **A G E N D A**

Item

1. Election of Chairman
2. Appointment of Vice-Chairman
3. Apologies for absence  
To receive any apologies for absence.
4. Minutes (*Pages 3 - 8*)  
To confirm the minutes of the meeting held on 28 September 2017.
5. Declarations of Interest  
To receive any declarations of interest
6. Interim Progress Report (*Pages 9 - 22*)
7. Strategic Plan 2018/19 to 2020/21 and Annual Internal Audit Plan 2018/19 (*Pages 23 - 48*)
8. EY Annual Grant Certification Report (*Pages 49 - 58*)
9. EY Annual Audit Plan (*Pages 59 - 94*)

10. Audit Work Programme (*Pages 95 - 96*)  
To receive the current work programme of the Audit Committee.
11. Update on Standards Framework (*Pages 97 - 98*)  
*Appendix 1: Register of Interests Notification Form (Pages 99 - 108)*
12. Review of Guidance on Dispensations (*Pages 109 - 110*)  
*Appendix 1: Criteria for Granting Dispensations 2013 (Pages 111 - 112)*  
*Appendix 2: Application for Dispensation 2013 (Pages 113 - 114)*
13. Standards Work Programme (*Pages 115 - 116*)  
To receive the current Standards work programme.
14. Freedom of Information Management and RIPA Annual Report (*Pages 117 - 126*)  
Report to be noted.
15. Any Other Business  
To consider any other business which the Chairman decides is urgent.

**Note:** All reports will be updated orally at the meeting if appropriate and may be supplemented by additional reports at the Chairman's discretion.

**Membership: Audit Committee (SBDC)**

Councillors: D Anthony  
P Griffin  
L Hazell  
P Hogan  
G Hollis  
R Sangster  
T Dobson (Independent Person)  
G Hopkins (Independent Person)

**Date of next meeting – Thursday, 15 March 2018**

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**AUDIT COMMITTEE (SBDC)**

**Meeting - 28 September 2017**

Present: D Smith (Chairman)  
D Anthony and G Hollis

Apologies for absence: R Sangster

**15. MINUTES**

The minutes of the meeting held on 5 July 2017 were confirmed and signed by the Chairman.

**16. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**17. ANNUAL REVIEW OF CODE OF CONDUCT AND COMPLAINTS PROCEDURE**

The Committee considered whether the code of conduct and complaints procedures adopted by the Council in accordance with the Localism Act in 2011, remained fit for purpose. The Committee were advised that it was good practise for the Council to review its adopted policies and procedures on a regular basis to ensure they remained relevant and effective. The annual review had been brought forward following comments made by the Local Government Ombudsman in a recent decision.

The Committee was advised that the monitoring officer had reviewed the current complaints procedure in the light of best practise elsewhere and the revisions as set out in section 3.12 of the report had been recommended.

The monitoring officer reported that failure to declare disclosable pecuniary interests was an offence under section 34 of the Localism Act. Complaints that a Member may have failed to disclose a DPA are investigated by the police. In consultation with the Economic Crime Unit at Thames Valley Police and with other monitoring officers in Buckinghamshire the draft protocol attached at Appendix 3, Annex 7 was recommended for dealing with complaints.

The Committee agreed that the monitoring officer pursue the feasibility of calling upon a duly appointed Independent Person from another authority in Buckinghamshire whose input could be sought should both the Council's own independent persons be unavailable due to illness or a conflict of interest.

Following a detailed discussion, it was **RESOLVED** by the Committee that:

1. The code of conduct remained fit for purpose.
2. The arrangements for dealing with complaints be revised as set out in Appendix 3.
3. The revised assessment criteria at Appendix 3, Annex 3 be agreed.

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4. The proposed procedure for Hearing Committees at Appendix 3, Annexes 5 and 6 be agreed.
5. The draft protocol with Thames valley Police at Appendix 3, Annex 7 for reporting alleged breaches of disclosable pecuniary interests be noted.
6. The Monitoring Officer in consultation with the Chairman of the Committee and the Independent person be authorised to agree the final version of the protocol.

**18. COMMITTEE ON STANDARDS IN PUBLIC LIFE ANNUAL REPORT**

The Committee considered the Committee for Standards in Public Life (CSPL) Annual Report for 2016-17 and it's Forward Plan for the coming year.

It was **RESOLVED** by the Committee that:

1. The report be noted.
2. No formal submission of comments from the Audit Committee be required.

**19. GUIDANCE FOR COUNCILLORS AND OFFICERS ON OUTSIDE BODIES**

The Committee considered a report on proposed guidance for members and officers who were appointed to outside bodies. The guidance was to ensure high ethical standards were maintained and that members and officers were aware of their responsibilities and duties when they were appointed to outside bodies.

The draft guidance note appended to the report set out the most important responsibilities and issues. Should any member or officer have any particular query it was recommended that they contact the Head of Legal and Democratic Services.

During discussion, the Committee was advised that with any local authority wholly owned company it was expected that any potential areas of conflict would be identified in that company's particular business plan and a protocol implemented at that time to mitigate the risk.

It was **RESOLVED** that the Guidance Note attached to the report as an appendix be agreed.

**20. STANDARDS WORK PROGRAMME**

It was **RESOLVED** that the Standards Work Programme be noted.

**21. INTERIM PROGRESS REPORT ON INTERNAL AUDIT**

The Committee considered an Internal Audit progress report from TIAA. Changes made to the audit plan for 2017/18 were noted on page 99 of the agenda pack. The ICT audit plan for 2017/18 was now set out in the report and Risk Management training for officers was to take place in October / November 2017. The intention was for as many of the internal audits to be finalised before 31 March 2018 as far as practical.

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The Committee were advised that due to the fairly limited sales at the golf club shop and the bar being well managed at Farnham Park it was no longer felt that an internal audit needed to take place annually to look at these areas.

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

**22. FOLLOW UP OF INTERNAL AUDIT RECOMMENDATIONS REPORT**

The Committee considered a follow up of Internal Audit recommendations report from TIAA.

None of the recommendations were said to be concerning and positive progress was reported. 40 recommendations were being implemented, 3 were in the process of being implemented and 4 had a revised target date. A further fifteen had not yet reached their implementation date.

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

**23. COMPARISON OF ASSURANCE LEVELS**

The Committee received comparison of assurance levels which dated back to 2012/13. It was summarised that a positive trend remained and officers' good work was recognised by the Committee.

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

**24. INTERNAL AUDIT - ASSURANCE REVIEW OF TEMPORARY ACCOMMODATION**

The Committee considered an assurance review of temporary accommodation audit report from TIAA. The executive summary could be seen on page 134 of the agenda pack and the overall assurance level was said to be 'reasonable'.

It had been highlighted in a recent report of the National Audit Office that nationally there had been an upturn in cases where Local Authorities accepted a duty to accommodate. The Local Government Ombudsman was placing fines on Local Authorities who had been extending the use of B&B use.

A Task and Finish group of the Overview & Scrutiny Committee had been established to look into the management of temporary accommodation, following concerns about levels of arrears and write offs related to this area.. The Committee were encouraged to look at the report and attend the Overview and Scrutiny Committee on 16 October 2017 when the report of the group would be discussed.

The number of homelessness cases where the council had a duty to accommodate had substantially increased from 2013/14 to 2015/16 and longer was being spent in nightly accommodation before suitable move on accommodation was available. The Committee was advised that in 2018/19 Parliament was intending to bring into force a new homelessness reduction act which could also bring in further procedures that affect the Council. Schemes were being explored including a private rented leasing scheme and developing council owned assets in an attempt to end nightly B&B costs as much as practicable.

The Committee discussed whether those choosing not to pay the Council charge of £25 per week could be seen as making themselves intentionally homeless and were advised that as a Local Authority the Council had legal responsibilities to provide accommodation. It was clarified that tenants were expected to pay £25 per day with housing benefit of a maximum £150 per week reducing the charge to a net £25 per week. However, if upon assessment an individual was not paying the charge when there were no circumstances preventing their payment of the charge, ending the duty to provide accommodation could be considered. Each case would be dealt with on its own merit.

The Committee were advised that systems were now in place to ensure that anyone going into temporary accommodation would have a housing benefit application completed alongside a Housing Officer. It was acknowledged that housing benefit would not cover the full debt but would bring in some funds to offset costs. There had historically been issues with clients' documentation holding the payment of this benefit; however a housing officer would now follow this up. It was confirmed that housing benefit was paid direct to the Local Authority to offset the costs incurred by the Local Authority.

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

## 25. **EXTERNAL AUDIT RESULTS REPORT**

Andrew Brittain and Sue Gill presented the external audit results report for the year ended 31 March 2017. The executive summary covered the key areas and the Committee was pleased to be informed that all procedures carried unqualified opinions and no significant issues were discovered.

There were no audit issues in relation to revenue recognition, management override and property valuation. It was explained to members that following EY Pensions team and PwC's review of the actuary's work there was no indication of management bias found in the actuary's estimate. Barnett Waddingham were aware that that the major accountancy firms did have concerns around their methodologies used to derive the discount rate and RPI inflation assumptions. Further discussions between Barnett Waddingham and the four accountancy firms were to be held to avoid the possibility of unacceptable assumptions being made in future years, which may give risk to issues being raised in audit letters.

The external audit team were able to confirm that the timetable for the preparation and approval of accounts was to be brought forward for the 2017/18 financial year and draft accounts would need to be prepared by 31 May 2018 and the publication of the audited accounts by 31 July 2018. The Committee was pleased to be advised that these timescales were worked to this year successfully which puts the officers and audit team in a positive position for this change next year.

The audit fee was discussed with Members. There was no proposed fee listed for the grant certification fee as this element depended on how much work was required although the Committee was advised that it was not estimated to be significantly different from previous years.

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The Finance Department were thanked for producing a high quality set of working papers and Ernst and Young were grateful for the cooperation in bringing the timetable forward in preparation for next year.

It was **RESOLVED** that the content of the External Audit results report be noted and the Management Representation letter be signed by the Director of Resources and the Chairman of the Audit Committee.

**26. STATEMENT OF ACCOUNTS 2016/17**

In accordance with the Account and Audit Regulations, the Final Statement of Accounts for 2016/17 was presented to the Audit Committee for approval.

The following key points were highlighted to the Committee:

- The net cost of services was now shown by portfolio and had reduced from £9.9 million last year to £7.4 million.
- Earmarked reserves increased by £3.6m, mainly due to in year contributions to reserves relating to section 106 commuted sums.
- In terms of cashflow the authority decreased the amount of cash (and cash equivalents) that it holds by £373k.
- The revenue support grant of £436k would be £57k next year then would cease altogether.
- The pension deficit increased by £6.1m, mainly linked to actuarial assumptions such as the change to the discount rate.
- Revaluation reserve balance increased by £5.1m due to revaluations, largely linked to Council owned car parks.
- In relation to Movement in reserves the general fund balance had reduced by £1.4m.
- A pool had been formed with AVDC, Chiltern District Council and Bucks Fire to reduce the amount of the business rate growth levy. The levy payable was £186k which was a saving of £71k.

It was **RESOLVED** that the accounts be approved by the Audit Committee and signed by the Chair of the Audit Committee to signify the completion of the Authority's approval process.

**27. FARNHAM PARK CHARITY - OUTTURN & ACCOUNTS 2016/17**

Members received and considered a report containing information on the financial outturn for the Charity's activities in 2016/17, and to formally present the Charity's financial accounts for the year.

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

The Committee was pleased to note the improving performance of the golf side of the operation.

The level of income that was hoped to be achieved through weddings was unlikely to materialise due to the size of the facility with people often liking the venue but being

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deterred by the limit on guests. The Committee was advised that changes had been made to the Oak room to make it a much more acceptable venue.

It was explained that the main element of the deficit had arisen from the Playing Fields which was why the Council were actively looking at options to reconfigure the facilities provided in order to improve them and make the Playing Fields more financially sustainable. The existing buildings would not be refurbished as they were at the end of their useful lives; rather it was likely that the buildings would be consolidated into a single more efficient fit for purpose building, with some income generation potential.

It was **RESOLVED** that

1. The report be noted.
2. The Audit Committee formally approve the 2016/17 accounts.

**28. MANAGEMENT REPORT - FARNHAM PARK SPORTS FIELDS**

The Committee received the Management Report, prepared by Wilkins Kennedy, setting out their findings and recommendations on various matters which came to their attention during the course of the audit of the Charity accounts of Farnham Park Sports Fields for year ended 31 March 2017 as outlined in the report.

It was **RESOLVED** that the Chairman of the Audit Committee be authorised to sign and date the Letter of Representation on behalf of the Charity Trustee.

**29. ANY OTHER BUSINESS**

There was no other business at this point.

**30. AUDIT WORK PROGRAMME**

It was **RESOLVED** that the Audit Work Programme be noted.

The meeting terminated at 8.05 pm





## South Bucks District Council

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### Internal Audit Progress Report

2017/18

Audit Committee – 18 January 2018

**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 5 January 2018.

**PROGRESS AGAINST THE 2017/18 ANNUAL PLAN**

2. Our progress against the Annual Plan for 2017-18 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**

5. The table below sets out details of audits finalised since our last report to the Audit Committee for 2017/18. 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*
Governance	Reasonable	3.7.17	9.10.17	11.10.17	-	1	1	-
Contracts and Procurement	Substantial	31.10.17	18.12.17	20.12.17	-	-	3	1
Emergency Planning	Substantial	13.9.17	19.9.17	21.9.17	-	1	1	-
Main Accounting	Substantial	7.11.17	13.11.17	15.11.17	-	-	1	-
Waste Services – Health and Safety	Limited	5.12.17	4.1.18	5.1.18	1	10	7	-
Commercial Rents/Debt Recovery	Substantial	12.8.17	18.10.17	20.10.17	-	-	-	1
HR – Harmonised Policies and Procedures	Substantial	19.6.17	20.9.17	22.9.17	-	-	1	-
HR – iTrent Payroll HR module	Substantial	22.6.17	20.9.17	22.9.17	-	-	-	-

**CHANGES TO THE ANNUAL PLAN 2017/18**

6. The following changes have been made to the audit plan for 2017/18
- Temporary Accommodation – an additional 6 days to allow for additional work to be undertaken for this audit.
  - Risk Management Assistance – an additional 5 days to allow risk workshops to take place during the year.
  - Waste – Health and Safety audit – an additional 15 day audit
  - Information Governance/Data Quality – 8 day audit deleted (audit completed in 2016/17)
  - Risk Management audit – 8 day audit deleted (risk management assistance provided throughout year)
  - Council Tax and NDR audit – an additional 3 days (audits undertaken as separate audits)
  - Waste – Health and Safety Follow up audit – an additional 4 day audit
  - Business Continuity audit – 7 day audit deleted (will now be done in Quarter 1 of 2018/19)
  - Absence Management audit – 8 day audit deleted (will now be done in Quarter 1 of 2018/19)
  - Farnham Park – Bar – 5 day audit deleted
  - Farnham Park – Shop and Stores – 5 day audit deleted
  - Farnham Park – Leases – an additional 6 day audit (this audit has now been cancelled from 2017/18 and will be undertaken as part of the 2018/19 audit plan)

**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 one Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report. This is shown in Appendix B – Waste Services (Health and Safety) audit.

## RISK MANAGEMENT

11. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager meet on a regular basis to discuss and action Risk Management matters for both Councils.

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

Appropriate training has been developed and has been delivered on "Risk Management in a Changing Environment" for all middle managers.

## DISCLAIMER

12. 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 2017/18

System	Planned Quarter	Days	Current Status	Comments
Governance – Gifts and Hospitality	1	8	Final report issued October 2017	
Disabled Facilities Grants	1	5	Final report issued July 2017	
Cemeteries	1	8	Audit has commenced	In Progress
HR - Harmonised Policies and Procedures	1	8	Final report issued September 2017	
HR - iTrent Payroll System (HR Module)	1	6	Final report issued September 2017	
Expenses	1	8	Final report issued July 2017	
Ground Maintenance	1	8	Audit has commenced	In Progress
Risk Management	1	8	Cancelled	Audit cancelled as risk management assistance provided throughout year
Complaints and Compliments	2	6	Final report issued August 2017	
Temporary Accommodation	2	18	Final report issued August 2017	
HR - Absence Management	2	8	Cancelled	Audit cancelled. Will be done Q1 2018/19
Purchase Cards	2	8	Draft report issued January 2018	
HR - Recruitment	3	8	Draft report issued January 2018	
Main Accounting	3	7	Final report issued November 2017	
Payroll	3	12	Planned start date 08/01/18	
Accounts Receivable (Debtors)	3	9	Draft report issued December 2017	
Accounts Payable (Creditors)	3	9	Draft report issued December 2017	
Contracts and Procurement	3	10	Final report issued December 2017	

System	Planned Quarter	Days	Current Status	Comments
Information Governance/Data Quality	3	0(8)	Deleted	Deleted (previous audit completed in 2016/17)
Data Protection	3	8	In progress	
Business Continuity	3	0(7)	Cancelled	Audit cancelled. Will be done Q1 2018/19
Emergency Planning	3	6	Final report issued September 2017	
Benefits	3	13	In progress	
Council Tax Support	3	13	In progress	
Council Tax and NDR	3	20	Council Tax draft report issued Nov 17 NDR draft report issued Sept 17	
Cash and Bank	3	8	In progress	
Treasury Management	3	8	Planned start date 29/01/18	
ICT – Network Controls	2	7	Draft report issued November 2017	
ICT - Telecomms	3/4	7	In progress	
ICT – Mobile/Agile Working	4	7	In progress	
ICT – Information and Data Storage	2	3	In progress	
Waste Services (Chiltern, Wycombe and South Bucks)	3	11	Planned start date February 2018	
Waste Services (Health and Safety)	3	15	Final report issued January 2018	New audit
Waste Services (H & S) – Follow up	4	4	Planned start date February 2018	New audit
Car Parking	4	7	Planned start date February 2018	
Commercial Rents/Debt Recovery	4	8	Final Report Issued October 2017	
Farnham Park - Leases	3/4	2(6)	Cancelled	New Audit but subsequently cancelled
Farnham Park - Bar	3	0 (5)	Cancelled	

System	Planned Quarter	Days	Current Status	Comments
Farnham Park – Store and Shop	3	0 (5)	Cancelled	
Follow up		10		
Risk Management Assistance	ongoing	15		

KEY:

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

## Audits Finalised since last Audit Committee

Title of review: **Governance**

Date issued: **October 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	<p>Review of the registers of the existing staff declarations indicated that these do not record:</p> <ul style="list-style-type: none"> <li>• whether the gift/hospitality presents either no, potential, actual or perceived conflicts of interest;</li> <li>• the relationship of the person giving the gift to the authority employee;</li> <li>• the reason for the gift and hospitality; and</li> <li>• the department of the Council receiving the gift and hospitality.</li> </ul>	<p>The harmonised CDC/SBDC register of staff declarations of gifts and hospitality be reviewed to include the omissions identified in this report, with the objective of demonstrating transparency to all the Councils' stakeholders.</p>	2	Completed	04/07/17	HR Manager



Title of review: **Emergency Planning**

Date issued: **September 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	Inspection of the combined strategic risk register found that the risk for a critical incident and the mitigating controls surrounding Emergency Planning are not included.	Combined Strategic Risk Register to be reviewed to recognise the potential incident triggers and Emergency Planning controls which the Councils have, and will, put in place.	2	Done.	19/09/17	Head of Healthy Communities

Title of review: **Waste Services – Health and Safety**

Date issued: **January 2018**

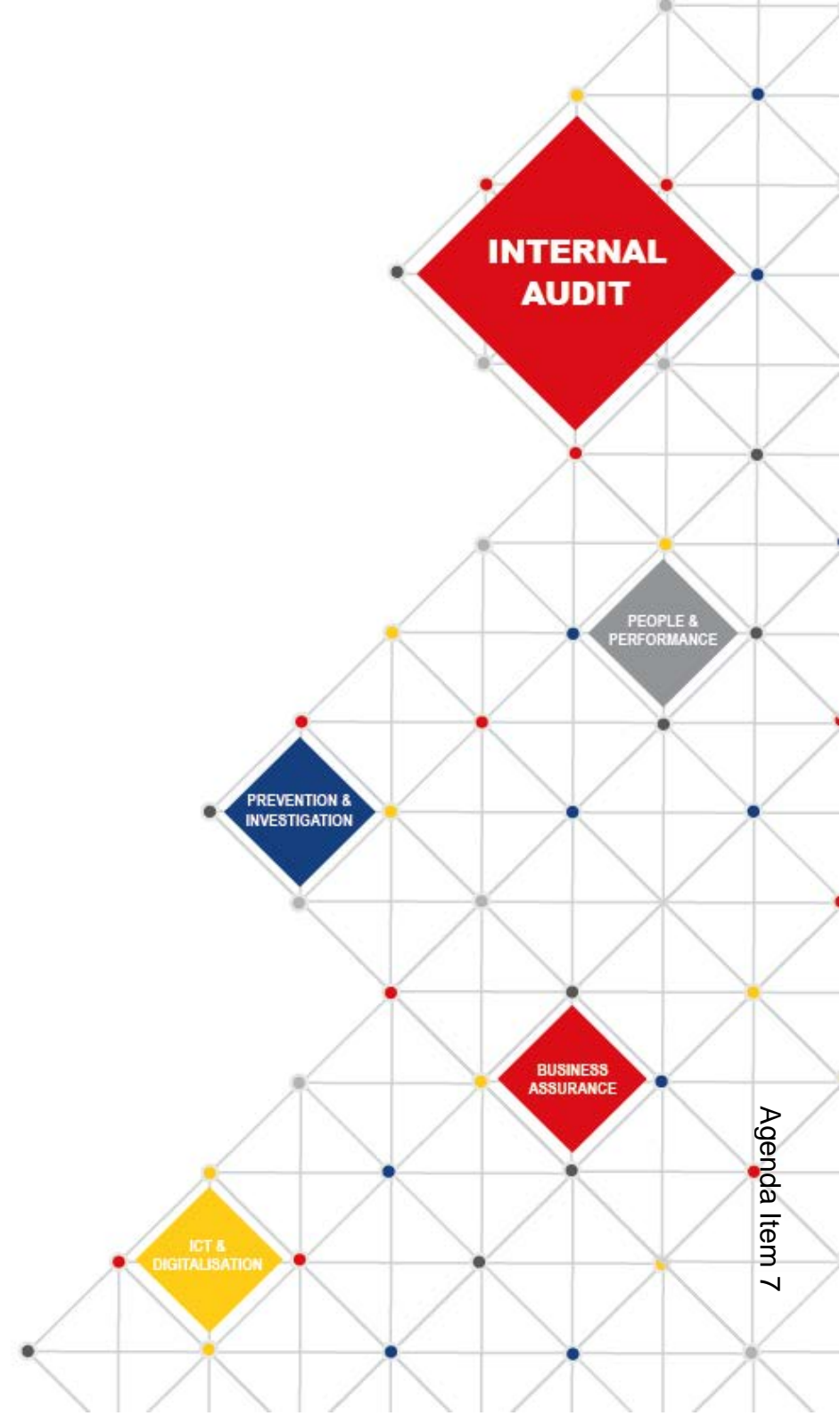
Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
15	Compliance	The Claylane site was cluttered and untidy. (Not Serco related.) Enforcement of strict site rules should be considered for occupants and the public.	The Serco Depot site in High Wycombe is in need of substantial housekeeping by the management company to ensure safety can be maintained.	1	<i>Serco have raised concerns at contract meetings regarding the Clay Lane depot. These have been raised with WDC and the Estates Department will be tasked with undertaking this work</i>	End March 2018	Neil Stannett Environmental Health Manager /RW Contract Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	A waste management strategy was not clearly evidenced during the review. Supporting policies were provided, however none fully detailed the council's strategy thereby clearly setting out its management arrangements.	The waste management leads to draft a corporate waste strategy, setting out the overarching legal requirements, scope, resources and arrangements that are in place.	2	<i>Strategic aims were set out in the specification documents for each of the tendering processes. Staff resources for the client team were set out in the recent shared service review, October 2016, and contractor resources are set out in contract documents. The authorities are also signed up to the Buckinghamshire Municipal Waste Management Strategy. Overarching legal requirements are set out in the Service Plan. A corporate strategy can be drafted prior to tendering or contract extension. As such it is felt that the suggested strategy is not needed at this time and Management and Officer resources would be better spent on projects with a higher H&amp;S impact.</i>	2019	SG Waste Services Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	The Council had evidenced a contractor policy that was last updated in December 2014. Since then changes have occurred and needs to be included within the policy. The policy should also provide more details around monitoring and reference all appropriate documentation.	Review the Management of Contractors policy and update for recent changes to include the contractor management cycle, detail roles of responsible parties identified, reference contractor health and safety documents and explain in sufficient details the streams and resources for monitoring.	2	<i>Policy to be reviewed and updated as required.</i>	<i>Review by end quarter 1 2018/19</i>	CM Head of Environment & Glynis Channell
6	Compliance	Serco risk assessments revealed that not all controls were being noted, such as for example PPE. Risk assessments also did not have clear file names and were difficult to locate from the reference numbers without additional information.	Serco to provide a referencing index for its risk assessments for the contractor and ensure that risk assessments include all necessary controls.	2	<i>Referencing index to be created</i>	<i>End Jan 2018</i>	RW Contract Manager
8	Compliance	Currently there is a limited inspection and audit process in place. It is not targeted, strategic or coordinated to ensure the full range of risks and tasks are monitored. To achieve this the waste team need to undertake an audit needs analysis. (ANA) This should include triangulation of risks, incidents and complaints. The ANA should focus primarily on both quality and safety.	Prepare an audit needs analysis which will inform the annual audit/inspection plan.	2	<i>This had already been recognised by Managers and an annual H&amp;S plan is to be developed to ensure that the full range of risks and tasks are monitored in a timely manner, together with the delivery of necessary training. Contract Monitoring Officers will be involved in this process.</i>	<i>An ANA to be prepared by end of Feb 2018 and an implementation plan in place by May 2018</i>	RW & EC Contract Managers

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Compliance	The team of inspectors currently undertakes random uncoordinated inspections. With the aid of an audit needs analysis a targeted annual audit and inspection plan can be drafted and monitored.	Prepare an annual audit inspection plan which will, once agreed with the Head of Environment, form the spine of auditing and inspections for the year.	2	<i>An inspection plan has already been introduced for the team of Contract Monitoring Officers, with weekly inspections now taking place with results recorded and communicated with contractors, and follow up actions noted.</i>	As above	As above
11	Compliance	The Serco site at London Road was well managed, clean and tidy. Pedestrian segregation improvements were observed and these appear to be ongoing. Clear pedestrian crossing markings and safety aids such as barriers and signage could further support safety efforts.	Site improvements to the London Road site to include consideration for pedestrian safety, public access through additional signage, lighting, and proactive CCTV monitoring as detailed within the report.	2	<i>Plans are currently being drawn up for completion of further site health and safety improvements including re-surfacing and relining of pedestrian walkways, and crossings.</i>	Completed 24 December 2017	RW Contract Manager
12	Compliance	A visit to the Biffa depot at Burnham was also undertaken. The only concern noted at the depot was the lack of segregation between the pedestrian walkway close to the office which was in very close proximity to the working vehicles. This should be reviewed.	Review the pedestrian and vehicle segregation across the Burnham Biffa site to ensure that working vehicles are separated from other traffic and pedestrians walking on site.	2	<i>The issue had already been raised by Biffa. A formal instruction to undertake the work was issued on 25/8/17 and is being arranged.</i>	End Jan 2018	EC Contract Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
14	Compliance	The Serco Depot at the Claylane Booker site in High Wycombe was a large and complex site. A site risk assessment was not evidenced considering the multi-site approach which is in close proximity to Serco operations.	Undertake a risk assessment of the multi occupancy Serco Depot site in High Wycombe and its operations and carefully appraise the risks verses the benefits.	2	<i>Serco have raised concerns at contract meetings regarding the Clay Lane depot. These have been raised with WDC and the Estates Department will be tasked with undertaking this work</i>	<i>End January 2018</i>	<i>Neil Stannett Environmental Health Manager /RW Contract Manager</i>
16	Compliance	Serco demonstrated its willingness and commitment to site safety and as a high risk operational site occupant requires regular effective cooperation and support from the Council's management company. This appeared lacking and site meetings were not deemed regular or sufficient.	The management company to engage face to face with Serco and the Council at least monthly to ensure the site remains in a good orderly state.	2	<i>Serco have raised concerns at contract meetings regarding the Clay Lane depot. These have been raised with WDC and the Estates Department will be tasked with undertaking this work</i>	<i>End January 2018</i>	<i>Neil Stannett Environmental Health Manager /RW Contract Manager</i>
18	Compliance	The council evidenced that it is dynamic and forward thinking in utilising cost effective technology to support health and safety risk management. In this regards, all BIFFA vehicles are now equipped with 360 cameras. There are inherent risks operating heavy duty vehicles, which would be more effectively controlled utilising 360 cameras.	Develop a business case to further enhance safety and driver awareness by installing 360 cameras across all heavy duty vehicles in use by the council, applying a systematic cost effective approach.	2	<i>Agree that 360 degree cameras would be of benefit on all large vehicles. Business case to be submitted for consideration.</i>	<i>End March 2018</i>	<i>Sally Gordon – Head of Waste</i>



# 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 proprietary risk based approach (GUARD) to determining your audit needs each year which includes reviewing your risk register and risk management framework, previous internal audit work for the organisation, the Regulatory Framework and assessment of South Bucks and Chiltern Councils, 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. The resultant risk analysis underpinning your Audit Plans is set out at Annex A.

## Internal Audit Strategic and Annual Plan

The rolling strategic plan is set out in Annex B. The Annual Plan (Annex C) 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 Committee throughout the financial year.

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 Councils and additional time will be required to carry out such testing. South Bucks and Chiltern 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 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 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 South Bucks and Chiltern 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

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

South Bucks and Chiltern 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 D.

## Audit Remit

The Audit Remit (Annex E) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within South Bucks and Chiltern Councils 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.

## Key Assurance Risk Areas (KARAS)

We have identified 5 'Key Assurance Risk Areas' upon which our audit planning process for South Bucks and Chiltern Councils will be built. For each audit assignment we will identify to which of the KARAs it is aligned. This then enables our Annual Report to set out our assessment of which, if any, of the individual KARAs the Council is most exposed and equally important how this compares with our other similar clients. The KARA initiative enables the provision of additional assurance to the Council in that as well as a Council specific assurance assessment we are also able to place this assurance assessment in the context of comparable processes at other organisations.

KARA	Rationale
Probity and Statutory non-compliance	Assurance over core compliance risks.
High impact risks	Targets high risks at the Council and risks emerging from elsewhere.
Customer satisfaction	Assurance that the Council is delivering high-quality services to its customers.
Major change	Pro-active work to ensure planned changes do not cause disruption or damage the Council's internal control framework.
Operational delivery	Assurance on efficiency and effectiveness of the Council's service delivery.

## 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 in 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%

## 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.

<b>Date plan issued:</b>	January 2018
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## 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: 07976 815945

Annex A: GUARD Risk Analysis

As part of the audit planning process an assessment of key risks has been completed, to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed. These are summarised by priority below.

INTERNAL RISKS

EXTERNAL RISKS

INTERNAL RISKS			EXTERNAL RISKS		
HIGH	MEDIUM	LOW	LOW	MEDIUM	HIGH
<p><i>Project Management</i></p> <hr/> <p><i>Being General Data Protection Regulation ready</i></p> <hr/> <p><i>Failing to maintain adequate policy and procedures</i></p> <hr/>			<p>SPECIFIC RISKS TO SOUTH BUCKS AND CHILTERN COUNCILS</p>	<p><i>Loss of Central Government grant</i></p> <hr/> <p><i>Increase Changes to Interest Rates</i></p> <hr/> <p><i>HS2</i></p> <hr/>	
<p><i>Funding</i></p> <hr/> <p><i>Service delivery</i></p> <hr/> <p><i>Recruitment challenges</i></p> <hr/>				<p>EMERGING CHALLENGES FROM OUR CLIENT BASE</p>	<p><i>Central Government Funding</i></p> <hr/> <p><i>Cyber Crime</i></p> <hr/> <p><i>Other fraudulent activity</i></p> <hr/>

Annex B: Annual Plan – 2018/19

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
3	Governance	Assurance	8	<p><u>Rationale:</u> This is a high priority area and subject to an annual audit</p> <p><u>Scope:</u> To be agreed with Director of Resources for 2018/19 audit</p>	
2	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>	
1	Procurement	Assurance	8	<p><u>Rationale:</u> This is a regular audit to provide assurance that the Council's procurement and contracting procedures are sound and working well.</p> <p><u>Scope:</u> The audit will examine the following key areas:</p> <ul style="list-style-type: none"> <li>• The control framework is adequate to ensure that procurement and contracts are issued in compliance with the Council's Constitution, policies and procedures.</li> <li>• Procurement and Contracts are undertaken to support an efficient procurement and contracting process.</li> <li>• Appropriate systems and practices are in place for the sound management of procurement and contracts.</li> <li>• Appropriate records are maintained, in particular the Contracts Register and compliance with the Transparency Code.</li> <li>• Appropriate monitoring and post implementation review takes place to confirm that value for money has been achieved</li> </ul>	
3	Counter Fraud	Assurance	8	<p><u>Rationale:</u> Potential fraudulent activity both internal and external is a real risk for the public sector and a periodic audit should be undertaken to assess the Council's preparedness.</p> <p><u>Scope:</u> The focus of the review will be determined in discussions with the Director of Resources.</p>	
3	Data Protection (GDPR)	Assurance	8	<p><u>Rationale:</u> Failure to comply with the new General Data Protection Regulations could mean very substantial fines. An assurance audit to assess compliance with the Regulations will help to identify any weakness or omission.</p>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				<p><u>Scope:</u> To review compliance with the General Data Protection Regulations (GDPR).</p> <p>The review will directly assess how compliant the Council is with the GDPR. This will include key elements such as (but not limited to):</p> <ul style="list-style-type: none"> <li>• Privacy Impact Assessments</li> <li>• Data Subject rights (e.g. Right to be forgotten)</li> <li>• Data Classification and Asset management</li> <li>• Data Security</li> <li>• Breach Management</li> <li>• Governance</li> <li>• Consent</li> <li>• Data Controllers &amp; Processors</li> </ul>	
2	Business Continuity	Assurance	7	<p><u>Rationale:</u> Business Continuity is essential for maintaining essential services to the community and Business Continuity Plans need to be tested to confirm they are resilient and able to provide continuation of business as usual. A periodic audit will provide assurance that Services will continue as required after a disruption.</p> <p><u>Scope:</u> The review will 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 per the Strategic and Operational risk registers have action plans to mitigate risk;</li> <li>• Appropriate Corporate and Service Continuity plans are in place, which are regularly reviewed and readily accessible to staff;</li> <li>• Business Impact Assessments are completed on a regular basis;</li> <li>• Staff and additional financial 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; and</li> <li>• Business Continuity Plans are periodically tested to ensure their effectiveness, with lessons learned being integrated into the planning process</li> </ul>	
1	Purchase Cards	Assurance	8	<p><u>Rationale:</u> This is a high profile expense and one that Members have asked for a regular audit to be undertaken.</p>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				<p><u>Scope:</u> 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> <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>	
1	Expenses	Assurance	8	<p><u>Rationale:</u> This is a high profile expense and one that Members have asked for a regular audit to be undertaken</p> <p><u>Scope:</u> 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>	
2	Project Management	Assurance	8	<p><u>Rationale:</u> Project Management is a high risk and a periodic assurance audit will help identify any weakness in the management of projects.</p> <p><u>Scope:</u> The audit will consider the following key areas:</p> <p>The project management framework including Project Management Toolkit, procedures/templates and guidance covering project management activities;</p>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				<p>Review of a sample project from the initial stages through to when the project is in progress covering:</p> <ul style="list-style-type: none"> <li>• Project Initiation Document (PID)</li> <li>• Initial plan</li> <li>• Risk and Issues logs</li> <li>• Budgetary control</li> <li>• Quality log</li> <li>• Stakeholder Analysis and Communications Plan</li> <li>• Resource management</li> <li>• Approval of projects by Committee/Council</li> <li>• Monitoring of the operational and financial progress of projects by Project Team/Committee/Council; and</li> <li>• Escalation of project risks from individual project risk logs/registers, corporate risk register and strategic risks, as appropriate.</li> </ul>	
3/4	Main Accounting	Assurance	7	<p><u>Rationale:</u> This is the main financial ledger and an important system for the Councils which is audited annually.</p> <p><u>Scope:</u> 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> <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> </ul> <p>Opening balances are brought forward promptly and accurately.</p>	
3/4	Payroll	Assurance	15	<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> </ul>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				<ul style="list-style-type: none"> <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> <p>In addition, a full examination of the total data held will be reviewed using data analytics techniques.</p>	
3/4	Accounts Receivable (Debtors)	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 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> <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>	
3/4	Accounts Payable (Creditors)	Assurance	8	<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</li> </ul>	



Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				duties; and <ul style="list-style-type: none"> <li>Regular reconciliations are carried out between the purchase ledger module and the general ledger control account</li> </ul>	
3/4	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> <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>	
3/4	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</li> </ul>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				authorised procedures	
3/4	Council Tax and NDR	Assurance	25	<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 Business Rates and Council Tax functions. The audit will focus on the following:</p> <ul style="list-style-type: none"> <li>• There are up to date documented procedures for Business Rates/Council Tax;</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 supported by documentary evidence;</li> <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> <p>In addition, a full examination of the total data held will be reviewed using data analytics techniques</p>	
3/4	Cash and Bank	Assurance	7	<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 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 Council's bank account; and</li> <li>• All items posted to suspense accounts are checked and regularly cleared.</li> </ul>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
3/4	Budgetary Control	Assurance	7	<p><u>Rationale:</u> This is a periodic audit to provide assurance over the budgetary Control process.</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for the management of the financial budget for the Council. The review will focus on the following areas:</p> <ul style="list-style-type: none"> <li>• Adequate policies and procedures are in place and accessible to all relevant staff;</li> <li>• Budgets are comprehensive, with realistic assumptions, and are appropriately approved;</li> <li>• Budgets are loaded into the ledger completely and accurately;</li> <li>• Budgets are allocated to individuals at an appropriate level, with monitoring responsibilities clearly outlined;</li> <li>• Budget monitoring reports are provided on a timely basis;</li> <li>• Reasonable variance levels are set which trigger action and explanation; and</li> <li>• Budget virements are subject to appropriate authorisation</li> </ul>	
2	ICT Audits – Annual Network Audit	Assurance	6	<p><u>Rationale</u> To provide ongoing assurance about the quality of controls that operate at the core of the network, including password strength and how users are provided with network accounts and how these are then monitored for changes (e.g. leavers and movers), in order to provide assurance that the PSN requirements are being met..</p> <p><u>Scope</u> A review of the operating controls over the network infrastructure, including :</p> <ul style="list-style-type: none"> <li>• Network security policy;</li> <li>• External penetration testing;</li> <li>• Firewall administration access rights;</li> <li>• Firewall password security settings;</li> <li>• Review of firewall rules;</li> <li>• Failover protection;</li> <li>• Patching of firewall appliances; and</li> <li>• Intrusion prevention</li> </ul>	
2	ICT Audits –Members IT Support	Assurance	6	<p><u>Rationale</u> To ensure that the there are no IT security, or data risks associated with use of ICT equipment by members.</p>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				<u>Scope</u> A review which analyses the security of and use of ICT equipment issued to members, including set-up and configuration, data security controls, password management, information movement.	
2	ICT Audits – GDPR	Assurance	6	<u>Rationale</u> To ensure that the Council has recognised the changes – including the increased penalties for non-compliance - associated with the new GDPR legislation and is compliant with the new requirements.  <u>Scope</u> A review which verifies that policy and procedure changes have been made, key roles and responsibilities have been assigned – e.g. information asset owners and data controllers – and that resources have been assigned and a programme of user awareness and training has taken / is taking place.	
2	ICT Audits – Cyber Resilience	Assurance	6	<u>Rationale</u> To ensure that there is an appropriate level of resilience from cyber-attack, including the range of preventive measures in place and also the extent and quality of the backup / recovery arrangements.  <u>Scope</u> A review will consider the following:- <ul style="list-style-type: none"> <li>• Information Risk Management Regime</li> <li>• Secure configuration</li> <li>• Network security</li> <li>• Managing user privileges</li> <li>• User education and awareness</li> <li>• Incident management</li> <li>• Malware prevention</li> <li>• Monitoring</li> <li>• Removable media controls</li> <li>• Home and mobile working</li> <li>•</li> </ul>	
2	ICT Audits – User Access to Business Systems	Assurance	8	<u>Rationale</u> To ensure that the procedures for allocating user accounts to a selection of significant business applications ensure that those users have only the required access to perform the functions associated with their current role and that the	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				<p>principal of 'least privilege' is adopted.</p> <p><u>Scope</u> A review which captures starters, leavers, changes and amendments to user account activities and also the active control processes for managing the user populations. The review will also capture and analyse the existence and use of privileged user accounts within each application selected to determine the numbers in existence for reasonableness and how these 'superuser' accounts are maintained and used. Where possible we will use CAATS to extract and analyse user data to enhance this audit review.</p>	
2	ICT Audits – Customer Experience	Advice	6	<p><u>Rationale</u> To ensure that this most significant programme/project in the year ahead is properly and appropriately managed to ensure a successful outcome.</p> <p><u>Scope</u> An advisory review – likely on a 'call-off' basis as the project unfolds - which provides concurrent guidance and instruction about how the key aspects should be designed, and/or implemented. This could be (but is not restricted to) project management, system integration testing, user security model (application access control configuration), change control processes, data cleansing, data migration (control and testing), Data migration (reconciliation), data migration (security), interface security and data (or interface) error handling.;</p>	
2	Housing Homelessness and Temporary Accommodation	Assurance/follow up	8	<p><u>Rationale:</u> Following concerns at South Bucks Council a full internal audit was conducted into homelessness and temporary accommodation. This audit will follow up on the recommendations made last year</p> <p><u>Scope:</u> This will be a follow up on recommendations made last year into homelessness and temporary accommodation.</p>	
1	Housing Section 106	Assurance	8	<p><u>Rationale:</u> Management of Section 106 assets is a key function which receives a periodic audit</p> <p><u>Scope:</u> The review will considered the following arrangements for the entering into, and monitoring of, Section 106 Agreements:</p> <ul style="list-style-type: none"> <li>• The determination and monitoring of financial contributions, including the schemes funded as a result of the receipt of such contributions.</li> <li>• The policy and procedure in place for Planning arrangements for Section 106</li> <li>•</li> </ul>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
1	Disabilities Facilities Grant	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>	
1	Safeguarding	Assurance	6	<p><u>Rationale:</u> This is a periodic audit into an area that has significant reputational risk.</p> <p><u>Scope:</u> The review will consider the following key areas:</p> <ul style="list-style-type: none"> <li>• Appropriate policies and procedures are in place;</li> <li>• Risks are appropriately captured within service area business plans, with a relevant action plan in place;</li> <li>• A training programme is in place to raise awareness of Safeguarding and Prevent issues; and</li> <li>• Adequate reporting mechanisms are in place to keep senior management and Members informed.</li> </ul>	
2	Chiltern Pools	Assurance	8	<p><u>Rationale:</u> This is a significant development for Chiltern Council and an early audit will help support the project</p> <p><u>Scope:</u> To review the business case and progress to date to confirm that PRINCE 2 principles are being followed and the project is on course. There will be a requirement to review the documentation produced to date to confirm PRINCE 2 compliance.</p>	
2	Health and Safety – Contractor Arrangements	Assurance	8	<p><u>Rationale:</u> This is a periodic review to assess the Councils (and Contractors) compliance with Health and Safety regulations for Contractors engaged with the Councils</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place in Environmental Services for the management of Contractor Health &amp; Safety arrangements. The review will focus on:</p> <ul style="list-style-type: none"> <li>• a review of the controls in place for H&amp;S arrangements for contractors;</li> <li>• a review of the policies and procedures for H&amp;S for contractors;</li> <li>• the monitoring arrangements for H&amp;S;</li> <li>• risk management of H&amp;S;</li> <li>• reporting arrangements for contractor H&amp;S</li> </ul>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
2	Property and Asset Management	Assurance	8	<p><u>Rationale:</u> This is a periodic audit which has not been audited for some time.</p> <p><u>Scope:</u> The audit will review the following:</p> <ul style="list-style-type: none"> <li>• Policy, Procedures and Legislation;</li> <li>• Reviewing inspection regimes;</li> <li>• Council Offices and in particular the management and maintenance of               <ol style="list-style-type: none"> <li>i) Capswood – South Bucks main office, and</li> <li>ii) Chiltern DC offices at King George V</li> </ol>               to include life span, cost of upkeep v cost of disposal                fit for purpose now and into the future                Subletting arrangements             </li> </ul>	
2	Planning Development and Enforcement	Assurance	11	<p><u>Rationale:</u> This is a periodic audit to provide assurance over the Planning Development and Enforcement process.</p> <p><u>Scope:</u> The audit will include the following keys areas of activity:</p> <ul style="list-style-type: none"> <li>• The policy and procedures to include the Legal, Organisational and Management arrangements</li> <li>• Enforcement Notices</li> <li>• Inspections and Monitoring</li> <li>• Appeals</li> <li>• Data and Information Security</li> <li>• Risk and how this is managed</li> </ul>	
1	Building Control	Assurance	8	<p><u>Rationale:</u> Building Control is an important local authority activity which has not been audited for some time.</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for the building control function. The audit will focus on the following areas:</p> <ul style="list-style-type: none"> <li>• Up to date policies/procedures are in place and accessible, which are compliant with current legislation.</li> <li>• Building control fees are in line with the Building Local Authority Charges Regulation 2010, and are reviewed regularly and presented to Committee for approval.</li> <li>• Applications are assessed in accordance with designated timescales</li> </ul>	

Quarter	Audit	Type	Days	Rationale & Scope	Prog Ref
				by appropriately qualified personnel, and only processed upon receipt of the correct fee. <ul style="list-style-type: none"> <li>• Appropriate, accurate and complete records of applications are maintained.</li> <li>• Building control income is received in full, and reconciled to the general ledger with any exceptions investigated</li> </ul>	
<b><u>FARNHAM PARK</u></b>					
1	Leases	Assurance	6	<u>Rationale:</u> The leases at Farnham Park are due for review and an audit is appropriate for 2018/19 <u>Scope:</u> To be agreed with the General Manager at Farnham Park and the Director of Resources	
<b><u>MANAGEMENT AND FOLLOW UP</u></b>					
1-4	Follow-up	Follow up	10	<u>Rationale:</u> This is an annual review of the recommendations made during the year to confirm that there has been progress to implement them. <u>Scope:</u> All recommendations made during the year are reviewed to confirm what progress has been to implement them as agreed in the action plan	
1-4	Risk Management Assistance	Assistance	10	Time spent by Audit Director on providing ongoing assistance with Risk Management for the Councils	
4	2018/19 Annual Report	Management	2	Preparing the Annual Assurance report	
1-4	Management & Planning	Management	<u>22</u>	Time spent on managing the contract, liaison meetings, preparation for and attending Audit Committees and other management duties.	
<b>Total days</b>			<b><u>332</u></b>		



## Annex C: Rolling Strategic Plan

Review Area	KARA Risk 2018/19	Type	Days Required					
			2017/18	2018/19	2019/20	2020/21	2021/22	
<b>Corporate</b>								
Governance	Probity and Statutory non-compliance	Assurance	8	<b>8</b>	8	8	8	
Risk Management	Probity and Statutory non-compliance	Assurance	-	<b>8</b>	-	8	-	
Procurement	Probity and Statutory non-compliance	Assurance	-	<b>8</b>	-	-	-	
Counter Fraud	Probity and Statutory non-compliance	Assurance	-	<b>8</b>	-	8	-	
Complaints and Compliments		Assurance	6	-	6	-	6	
Performance Management/Efficient Working		Assurance	-	-	8	-	-	
Contracts		Assurance	10	-	9	-	8	
Information Governance/Data Quality		Assurance	-	-	8	-	-	
Freedom of Information		Assurance	-	-	8	-	-	
Data Protection (GDPR)	Probity and Statutory non-compliance	Assurance	8	<b>8</b>	8	-	8	
Business Continuity	Probity and Statutory non-compliance	Assurance	-	<b>7</b>	-	8	-	
Emergency Planning		Assurance	6	-	-	6	-	
Health and Safety – Internal Arrangements		Assurance	-	-	7	-	-	
South Bucks – New Company		Assurance	-	-	8	-	-	
Purchase Cards	Probity and Statutory non-compliance	Assurance	8	<b>8</b>	8	8	8	
Expenses	Probity and Statutory non-compliance	Assurance	8	<b>8</b>	8	8	8	
Project Management	Probity and Statutory	Assurance	-	<b>8</b>	-	8	-	

	non-compliance						
<b>Finance</b>							
Main Accounting	Probity and Statutory non-compliance	Assurance	7	7	7	7	7
Payroll	Probity and Statutory non-compliance	Assurance	12	15*	11	15	11
Accounts Receivable (Debtors)	Probity and Statutory non-compliance	Assurance	9	8	8	8	8
Accounts Payable (Creditors)	Probity and Statutory non-compliance	Assurance	9	8	8	8	8
Benefits	Probity and Statutory non-compliance	Assurance	13	13	13	13	13
Council Tax Support	Probity and Statutory non-compliance	Assurance	13	13	13	13	13
Council Tax and NDR	Probity and Statutory non-compliance	Assurance	20	25*	20	25	20
Cash and Bank	Probity and Statutory non-compliance	Assurance	8	7	7	7	7
Treasury Management		Assurance	8	-	7	-	7
Budgetary Control	Probity and Statutory non-compliance	Assurance	-	7	-	7	-
<b>ICT</b>							
Targeted Audits to be agreed and reported to the next Audit (and Standards) Committee	Probity and Statutory non-compliance	Assurance	24	-	12	18	18+++++++ ++---
Annual Network Audit	Probity and Statutory non-compliance	Assurance		6	6	6	6
Members IT Support	Probity and Statutory non-compliance	Assurance		6			
GDPR	Probity and Statutory non-compliance	Assurance		6			
Cyber Security	Probity and Statutory non-compliance	Assurance		6			
Business Systems	Probity and Statutory non-compliance	Assurance		8			
Customer Experience	Probity and Statutory non-compliance	Advice		6			
IT Strategy		Assurance		-	6		

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<b>Health and Housing</b>							
Housing Homelessness and Temporary Accommodation	Operational Delivery and follow up	Assurance	-	8	-	8	-
Temporary Accommodation		Assurance	15				
Housing Section 106	Operational Delivery	Assurance	-	8	-	8	-
Environmental Health		Assurance	-	-	-	8	-
Licensing		Assurance	-	-	8	-	-
Disabilities Facilities Grant	Operational Delivery	Assurance	5	5	5	5	5
<b>Community Services</b>							
Grants	Customer satisfaction	Assurance	-	-	6	-	-
Leisure Contract		Assurance	-	-	8	-	-
Safeguarding	Operational Delivery	Assurance	-	6	-	-	6
<b>Environmental Services</b>							
Health and Safety – Contractor Arrangements	Operational Delivery	Assurance	-	8	-	8	-
Grounds Maintenance		Assurance	8	-	-	7	-
Waste services (Chiltern, Wycombe and South Bucks)		Assurance	11	-	11	-	11
Waste Services – Health and Safety		Assurance	15	-	-	-	-
Waste Services – Health and Safety Follow up		Follow up	4				
Environmental Services Contracts		Assurance	-	-	10	-	-
Car Parking		Assurance	7	-	7	-	7
Property and Asset Management	Probity and Statutory non-compliance	Assurance	-	8	-	8	-

Cemeteries		Assurance	8	-	-	7	-
Commercial Rents/debt recovery		Assurance	8	-	8	-	8
<b>Sustainable Development</b>							
Planning Development and Enforcement	Operational Delivery	Assurance	-	11	-	11	-
Building Control	Operational Delivery		-	8	-	-	8
<b>Legal and Democratic Services</b>							
Land Charges		Assurance	-	-	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			15	10	10	10	10
Annual Report			2	2	2	2	2
Audit Management			22	22	22	22	22
<b>Sub total</b>			<b>337</b>	<b>326</b>	<b>344</b>	322	273

<b>Farnham Park Trust</b>							
Stores/shop/bar		Assurance		-	6	-	6
Other TBA		Assurance		-	-	6	-
Leases		Assurance	2	6	-	-	-
		<b>Grand Total</b>	<b>339</b>	<b>332</b>	350	328	279

- \* Additional days to enable a comprehensive review of key databases using Data Analytics techniques.

## Annex D: Assurance Mapping (For Information)

### Corporate Assurance Risks

We consider four corporate assurance risks; directed; compliance; operational and reputational, and tailor the type of audit accordingly. For all types of audit we also taken into account value for money considerations and any linkages to the organisational Assurance Framework. 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.

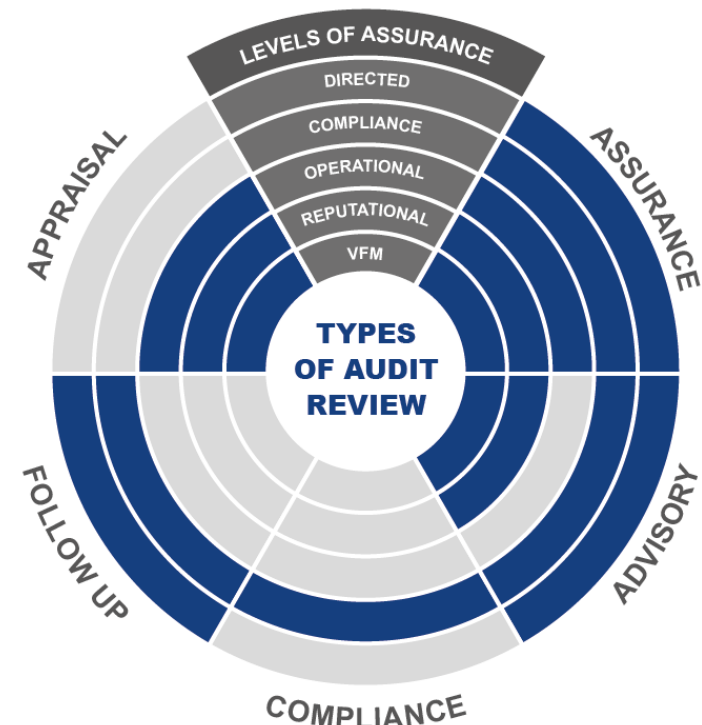
#### LEVELS OF ASSURANCE PROVIDED



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### 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.



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## Annex E: Audit Remit (For Information)

### 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 South Bucks and Chiltern Councils on the adequacy and effectiveness of the Councils risk management, control and governance processes.

### Scope

All South Bucks and Chiltern 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 board, audit 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 the 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 Section 151 holder.

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.

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# Certification of claims and returns annual report 2016-17

South Bucks District Council

11 December 2017

Ernst & Young LLP





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Dear Members

## **Certification of claims and returns annual report 2016-17 South Bucks District Council**

We are pleased to report on our certification work on South Bucks District Council's 2016-17 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 2016-17, 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 2016-17 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £15,409,142. 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 £51.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2016-17 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are 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 18 January 2018.



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

Yours faithfully

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

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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£15,409,142
Amended/Not amended	Amended – subsidy increased by £51
Qualification letter	Yes
Fee – 2016-17	£24,985
Fee – 2015-16	£19,280

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

- 2 cases where benefit was underpaid because earned income was miscalculated. As the error could have led to overpayment, all earned income cases were checked.
- 1 case where benefit was overpaid because tax credits had not been applied correctly.
- 2 cases where benefits were overpaid because of incorrect treatment of a service charge.

The claim form was amended for the first two errors, and an extrapolation was done for the third. The extrapolated impact of the error is £329, if the DWP decides to claw it back.

#### Rent allowance cases

- 1 case where benefit was overpaid because of incorrect treatment of quarterly income. All other relevant cases were checked and the claim was amended.
- 1 case where benefit was overpaid because of Local Housing Allowance (LHA) miscalculation. All other relevant cases were checked and the claim was amended.
- 1 case where the end date of the claim was incorrect, and 1 case of Standard Rate of Retirement Pension (SRP) underpayment. As these errors could only result in underpayment, we reported this in the qualification letter but did no further work.
- 2 cases (1 overpayment, 1 underpayment) because of incorrect assessment of earned income. The overpayment was £0.05. We therefore had to carry out 40+ testing: no

further errors came to light. The extrapolated impact of the error is £1, if the DWP decides to claw it back.

**Modified schemes:**

- We identified no issues in our review of modified schemes.

**Testing of errors identified in 2015-16:**

- Initial testing did not identify any errors relating to self-employed earnings. 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 6 errors, but none had an impact on subsidy paid. We reported this in the qualification letter.
- Initial testing did not identify any errors relating to failing to apply the appropriate Social Sector Size Criteria (SSSC) rules: this is also known as the “spare bedroom allowance”. 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. No further failures were identified.
- Initial testing found 2 errors in calculation of benefit relating to monthly rent, an area which we had already identified would require 40+ testing from our findings in previous years. The total error found was £258.74, and the extrapolated impact is £402, if the DWP decides to claw it back.

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 £51, with a total extrapolation of £732 which the DWP may decide to claw back from the Council.

## 2. 2016-17 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2016-17, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are available on the PSAA's website ([www.psa.co.uk](http://www.psa.co.uk)).

Claim or return	2016-17	2016-17	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	24,985	20,895	19,280

We propose an extra fee of £4,090 this year to cover the increase in 40+ testing required to comply with DWP requirements.

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.

### 3. Looking forward

#### 2017/18

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

The Council's indicative certification fee for 2017/18 is £19,280. This was set by PSAA and is based on final 2015/16 certification fees.

Details of individual indicative fees are available at the following web address:

<https://www.psa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

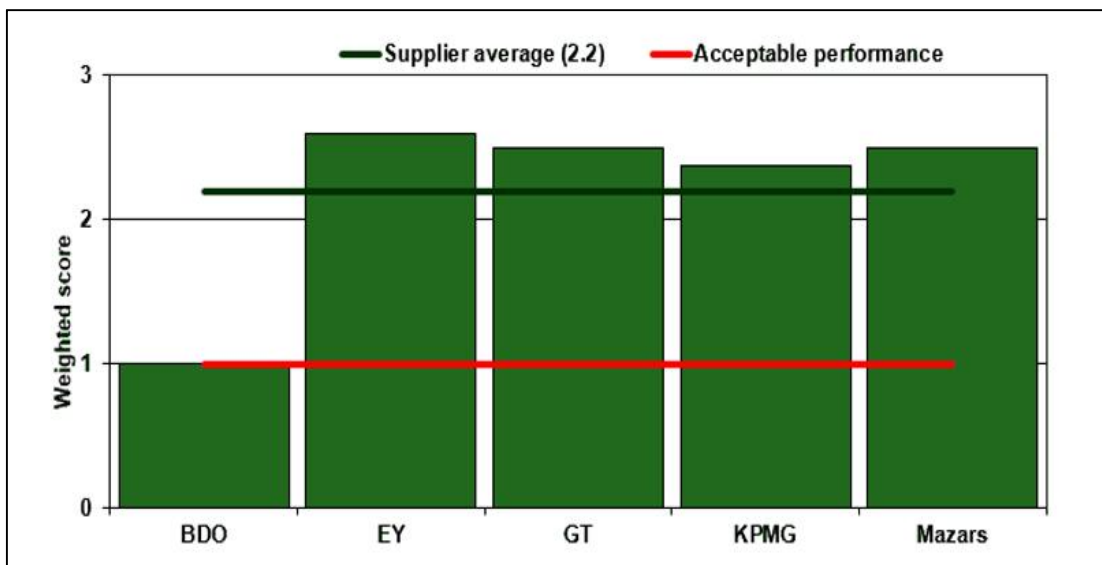
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director of Resourcing before seeking any such variation.

#### 2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published around January 2018.

We would be pleased to undertake this work for you and are currently in discussion with officers to provide a competitive quotation.

We currently provide HB subsidy certification to 106 clients through our specialist Government & Public Sector team. We provide a high quality service and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we scored highest of all providers, with an average score of 2.6 (out of 3).



As we also expect PSAA to appoint us your statutory auditor in December 2017, we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.



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South Bucks  
District Council  
Audit planning report  
Year ended 31 March 2018

18 January 2018



Building a better  
working world



Private and Confidential

18 January 2018

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

Dear Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Committee with a basis to review our proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

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

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

We welcome the opportunity to discuss this report with you on 18 January 2018 as well as to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Andrew Brittain  
Associate Partner

For and on behalf of Ernst & Young LLP

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Appendices



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of South Bucks District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of South Bucks District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of South Bucks District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

# Overview of our 2017/18 audit strategy



# Overview of our 2017/18 audit strategy

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

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Risk of Management Override	Fraud risk	No change in risk or focus	Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.  In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.
Valuation of Land and Buildings	Other risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

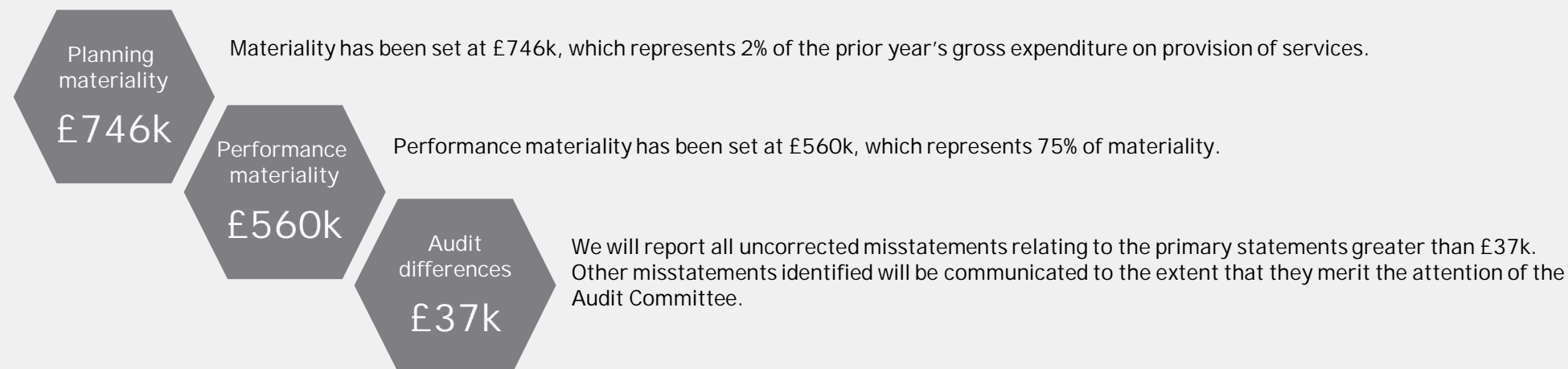
# Overview of our 2017/18 audit strategy

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

Pension Liability Valuation	Other risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary, Barnett Waddingham.</p> <p>Accounting for this scheme involves significant estimation and judgement, so management engages an actuary to undertake the calculations on its behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on management's use of experts and the assumptions underlying fair value estimates.</p>
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## Materiality



Agenda Item 9



# Overview of our 2017/18 audit strategy

## Audit scope

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

- § Our audit opinion on whether the financial statements of South Bucks District Council give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and
- § Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

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

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

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

- § Strategic, operational and financial risks relevant to the financial statements;
- § Developments in financial reporting and auditing standards;
- § The quality of systems and processes;
- § Changes in the business and regulatory environment; and,
- § Management's views on all of the above.

This means that our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.



02

# Audit risks



## Our response to significant risks

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

<p>Risk of fraud in revenue and expenditure recognition</p>	<p><b>What is the risk?</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p><b>What will we do?</b></p> <ul style="list-style-type: none"> <li>• Review and test revenue and expenditure recognition policies</li> <li>• Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias</li> <li>• Develop a testing strategy to test material revenue and expenditure streams</li> <li>• Review and test revenue cut-off at the period end date</li> <li>• Review in-year financial projections and compare to year-end position.</li> <li>• Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised</li> </ul>
<p><b>Financial statement impact</b></p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts.</p>		

## Our response to significant risks (continued)

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

### Risk of Management Override

#### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

#### Financial statement impact

We have assessed that the risk of management override is most likely to affect the estimates in the financial statements, such as year end accruals, provisions and asset valuations. These impact both on the Balance Sheet and Income Statement.

#### What will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Reviewing accounting estimates for evidence of management bias.
- Evaluating the business rationale for significant unusual transactions.

# Audit risks

## Other areas of audit focus

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

What is the risk/area of focus?	What will we do?
<p>Valuation of Land and Buildings</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• Consider the work performed by the Council's valuers (Wilks, Head &amp; Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;</li><li>• Sample test key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre);</li><li>• Consider the annual cycle of valuations to ensure that assets have been valued within a five-year rolling programme as required by the Code for PPE, and annually for IP. We also consider if there are any specific changes to assets communicated to the valuer;</li><li>• Review assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated;</li><li>• Consider changes to useful economic lives as a result of the most recent valuation; and</li><li>• Test accounting entries have been correctly processed in the financial statements,</li></ul>

## Other areas of audit focus (continued)

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

What is the risk/area of focus?	What will we do?
<p><b>Pension Asset Valuation</b></p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary Barnett Waddingham.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Undertake IAS19 protocol procedures assisted by the pension fund audit team to obtain assurances over the information supplied to the actuary in relation to South Bucks District Council;</li> <li>• Assess the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used. We do this by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors - and considering any relevant reviews by the EY actuarial team; and</li> <li>• Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.</li> </ul>



# 03

## Value for Money Risks





## Background

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

For 2017/18, this is based on the overall evaluation criterion:

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

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

- § Take informed decisions;
- § Deploy resources in a sustainable manner; and
- § Work with partners and other third parties.

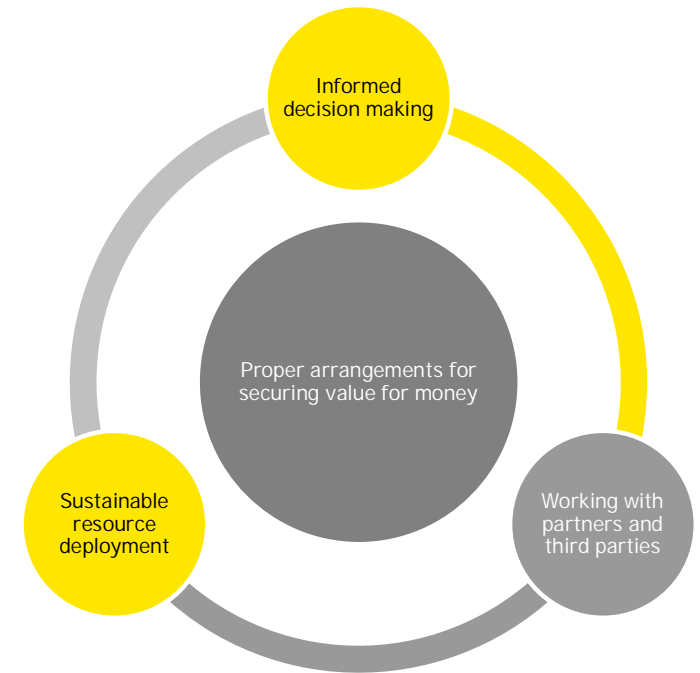
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have, and to report on through documents such as your annual governance statement.

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

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

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

Our risk assessment has therefore considered both the potential financial impact of any issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. We have found no significant risks which we view as relevant to our value for money conclusion.







04

# Audit materiality



# Materiality

## Materiality

For planning purposes, materiality for 2017/18 has been set at £746k. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix D.



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

## Key definitions

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

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £560k which represents 75% of planning materiality. The rationale for using 75% is that we anticipate finding few or no errors during the audit. This expectation arises from our experience of the Council in the previous year.

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

**Other uncorrected misstatements**, such as reclassifications and misstatements in the cash flow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Committee, or are important from a qualitative perspective.

**Specific materiality** – We have set a materiality of £1,000 for remuneration disclosures, related party transactions, members' allowances and exit packages. This is because these areas are more sensitive for users of the financial statements.



05

# Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

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

We issue an audit report that covers:

#### 1. Financial statement audit

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

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

#### Procedures required by standards

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

#### Procedures required by the Code

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

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

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

## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2017/18 we plan to follow a substantive approach to the audit, as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools;

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

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

Internal audit:

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



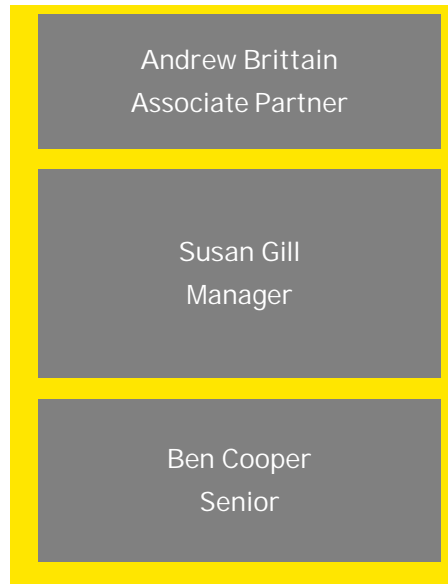
06

# Audit team



# Audit team

Audit team structure:



## Use of specialists

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

Area	Specialists
Valuation of Land and Buildings	Wilks, Head and Eve - RICS Registered Valuers
Pensions disclosure	EY Actuaries PWC Actuary commissioned by NAO Barnett Waddingham - Actuary

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

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

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





# 07 Audit timeline





# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2017/18.

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

Audit phase	Timetable	Audit Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes. Walkthrough of key systems and processes	November 2017		
	January 2018	Audit Committee: January 2018	Audit Planning Report
Interim audit testing	February to March 2018	Audit Committee: March 2018	Interim audit update
Year end audit Audit Completion procedures	May to June 2018		
	July 2018	Audit Committee: July 2018	Audit Results Report Audit opinions and completion certificates
Conclusion of reporting	August 2018	Audit Committee: November 2018	Annual Audit Letter
Housing Benefit Claim	April to November 2018		Certified Claim
Reporting on Certification work	December 2018	Audit Committee: January 2019	Annual certification work report



08

# Independence



## Introduction

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

### Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ Any principal threats to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ Any safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and your audit team, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to consider relationships with the Council, its directors and senior management, its affiliates, and its connected parties and any threats to integrity or objectivity, including those that could compromise independence. We are also required to disclose any safeguards that we have, and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged for them;</li> <li>▶ Written confirmation that all team members are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

During the audit we are also required to communicate with you whenever we make any significant judgements about threats to objectivity and independence, and the appropriateness of safeguards, e.g. when accepting an engagement to provide non-audit services.

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

We ensure that the total amount of fees that EY and our network firms have charged for the provision of services during the reporting period are disclosed.

## Relationships, services and related threats and safeguards

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

### Overall Assessment

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

### Self interest threats

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

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

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

At the time of writing, no non-audit services have been undertaken. No additional safeguards are required.

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

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

### Self review threats

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

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

### Management threats

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

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

## Relationships, services and related threats and safeguards

### Other threats

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

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

## Other communications

### EY Transparency Report 2017

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2017 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2017>



09

# Appendices





# Fees

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

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Planned fee 2017/18	Scale fee 2017/18	Final Fee 2016/17
	£	£	£
Total Fee - Code work	42,399	42,399	42,399
Other non-audit services not covered above (Housing Benefits)	19,280	20,895	24,985*
<b>Total fees</b>	<b>63,294</b>	<b>63,294</b>	<b>63,294</b>

*All fees exclude VAT*

The audit fee covers:

- ▶ Audit of the financial statements
- ▶ Value for money conclusion
- ▶ Whole of Government Accounts.

For South Bucks District Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- ▶ The overall level of risk for the audit of the financial statements is not significantly different from the previous year;
- ▶ Officers meet the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion is unqualified;
- ▶ Appropriate quality documentation is provided by the Council;
- ▶ There is an effective control environment;
- ▶ Prompt responses are provided to our draft reports.

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

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

*\* This figure includes £4,090 for extra work needed on Housing Benefit certification. The Council has agreed this but it is still going through formal PSAA processes for confirmation*

## Appendix B

# Regulatory update

In previous reports to the Audit Committee, we highlighted the issue of regulatory developments. The following table summarises progress on implementation:




Earlier deadline for production and audit of the financial statements from 2017/18	
Proposed effective date	Effective for annual periods beginning on or after 1 April 2017.
Details	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.
Impact on South Bucks District Council	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>We are holding faster close workshops for clients in December 2017 and January 2018 to facilitate early discussion and sharing of ideas and good practice.</p> <p>We are working with the Council on ideas arising from the workshop, for example:</p> <ul style="list-style-type: none"> <li>• Streamlining the Statement of Accounts, removing all non-material disclosure notes;</li> <li>• Bringing forward key externally provided information such as IAS 19 pension information, asset valuations;</li> <li>• Providing training to departmental finance staff regarding the requirements and implications of earlier closedown;</li> <li>• Rescheduling substantive testing to earlier phases of the audit to reduce year-end pressure;</li> <li>• Establishing and agreeing working materiality amounts with the Council</li> </ul>

## Appendix C



# Required communications with the Audit Committee

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




### Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report

## Required communications with the Audit Committee (continued)

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

## Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Independence	<p>Communication of all significant facts and matters that bear on the objectivity and independence of EY and all audit team members</p> <p>Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• Any principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>• Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit results report
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report
Representations	Written representations we request from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> <li>• Key audit matters included in our auditor's report</li> <li>• Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report
Fee Reporting	<ul style="list-style-type: none"> <li>• Breakdown of fee information when the audit plan is agreed</li> <li>• Breakdown of fee information at the completion of the audit</li> <li>• Any non-audit work</li> </ul>	Audit planning report and Audit results report
Certification work	Summary of certification work undertaken	Certification report

## Additional audit information

### Other required procedures during the course of the audit

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

Our responsibilities as required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements (either from fraud or error), design and perform audit procedures considering those risks, and obtain enough appropriate audit evidence to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining enough appropriate audit evidence on the financial information of the services provided by the Council to express an opinion on the financial statements.
- Reading other information contained in the financial statements, reviewing how the Audit Committee reporting appropriately addresses matters we have brought to the Committee's attention, and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

### Purpose and evaluation of materiality

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

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

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

**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	Jan 18	Mar 18	Jul 18	Sept 17	Jan 19
<b>Risk Management</b>						
Risk Management Update	Annual					
<b>Assurance Statements</b>						
Annual Governance Report	Annual					
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					
Comparision 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					

Classification: OFFICIAL

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<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 and provide any comments/feedback on the notification form for disclosable pecuniary and non-pecuniary interests and the process for updating their interests.**

### 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. This form was reviewed by the Committee in 2017 and 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 current version is attached to this report for ease of reference.
- 3.2 The monitoring officer is pleased to report all councillors, including the councillors who were elected in 2017 are up to date with their register of interest forms. The details are kept in the Council's modern.gov system and appear below each councillor's contact details on the website. Members are now able to update their details electronically via the extranet and details of the process have been circulated with councillors' weekly Bulletin. If members have comments on the notification form or procedure for updating their interests, the monitoring officer would welcome feedback.

- 3.3 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 the forms received published on the Council's website under the respective town/parish council's name. Clerks have been reminded about these requirements including publication of the registers on the 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

Any suggested changes/feedback from members will be pursued.

<b>Background Papers:</b>	None except those referred to in the report
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**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 purposes 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

**SOUTH BUCKS DISTRICT COUNCIL**

**REGISTER OF MEMBERS' INTERESTS**

**GENERAL NOTICE OF REGISTRABLE INTERESTS**

I, (full name) (Please print)

--

a Member of (authority)

South Bucks District Council
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**PART 1 – Disclosable Pecuniary Interests**

<b>1. Employment, office, trade, profession or vocation</b>	
<p>Any employment, office, trade, profession or vocation carried on for profit or gain.</p> <p><b>State the name of your employer/company and job title</b></p>	<p>Member</p>
	<p>Spouse/partner</p>
<b>2. Sponsorship</b>	
<p>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</p> <p><b>State the name the body making the payment</b> Note: This includes any payment or financial benefit from a Trade Union</p>	<p>Member</p>
	<p>Spouse/partner</p>
<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
<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</p>	Member

<p>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>	<p>Spouse/partner</p>
<p><b>7. Securities</b></p>	
<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>	<p>Member</p> <p>Spouse/partner</p>



**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>.</p> <p>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>	
<b>9. Disclosure of Gifts and Hospitality</b>	

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:

## 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)

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

### 1. Purpose of Report

This report considers whether the current procedures for granting dispensations to members remains fit for purpose.

#### RECOMMENDATION

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

### 2. Reasons for Recommendations

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

### 3. Content of Report

- 3.1 Under section 33 of the Localism Act a dispensation may be granted to enable a member who has a disclosable pecuniary Interest (DPI) or a prejudicial interest in an item of Council business to participate in the following circumstances:-
- That so many members have a DPI that it would impede the transaction of business i.e. the meeting would be inquorate
  - That without a dispensation the political balance of the meeting would be so upset as to alter the outcome
  - That the Council considers a dispensation is in the interests of the persons living in the District
  - That without a dispensation no member of the Cabinet would be able to participate on the matter
  - That the Council considers that it is otherwise appropriate to grant a dispensation
- 3.2 As dispensations are usually needed quite speedily and between Committee/meeting cycles, the Council agreed in July 2012 to delegate authority to grant dispensations to the monitoring officer in consultation with the Chairman or Vice-Chairman (if appointed) of this Committee in consultation with the Independent Person. Criteria for the granting of dispensations, together with guidance for members and an application form were agreed by the Standards Committee in September 2012 and last reviewed in March 2016. These documents are appended to this report and are available on the intranet.

- 3.3 Members applied for dispensations en bloc in respect of the Council Tax setting in February 2016 and a special proforma was used for this purpose. The dispensation covers tax setting from 2016 to 2019. Because the exemption contained in the previous statutory Code of Conduct for members when setting Council Tax was not replicated in the DPI Regulations there is a risk that members liable to pay SBDC Council Tax could have a DPI. The number of members with a DPI means the Council meeting would be inquorate. Whilst the legal position is open to interpretation other authorities in the County and elsewhere have arranged for dispensations to be granted to their members. As failure to disclose a DPI is a criminal offence the monitoring officer has advised that members liable to pay South Bucks DC Council Tax should apply for a dispensation.
- 3.4 The procedure appears to work effectively in relation to the Council Tax setting dispensations. As there have been no changes to the relevant legislation since the documentation was last reviewed the monitoring officer considers it remains fit for purpose. However, as matter of good practise both the procedure and associated documentation should continue to be subject to annual review.

#### 4. Consultation

Not applicable at this stage

#### 5. Options

The Committee has the option of proposing changes to the guidance and this would be the subject of wider consultation with members before formal consideration by Full Council.

#### 6. Corporate Implications

Financial - None

Legal – As set out in the report

Risks issues – None

Equalities - None

#### 7. Links to Council Policy Objectives

Whilst there is no direct link to the Council's main objectives the adoption and regular review of guidance on dispensations supports arrangements to ensure good governance of the Council.

#### 8. Next Steps

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

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

## SOUTH BUCKS DISTRICT COUNCIL

## Criteria for Granting Dispensations – Adopted September 2013

In determining whether to grant a request for a dispensation Section 33 of the Localism Act 2011 (the Act) has to be considered.

Under Section 33(2) of the Act a Council may grant a dispensation to a member or co-opted member of an authority only if, after having had regard to all the relevant circumstances, it considers that:-

- (a) without the dispensation the number of persons prohibited from participating in any particular business would be so great a proportion of the Council as to impede the transaction of the business
- (b) without the dispensation the representation of different political groups on the Council would be so upset as to alter the likely outcome of any vote relating to the business
- (c) the granting of the dispensation is in the interests of persons living in the Council's area
- (d) without the dispensation each member of the Council's Executive would be otherwise prohibited from participating in the business to be transacted – or -
- (e) that it is otherwise appropriate to grant a dispensation.

Under Section 33(2)(e) it has to be considered whether it is appropriate to grant the dispensation – this will involve a need to balance the interest of the member seeking the dispensation against the potential effect on the outcome of the matter if the member is unable to speak and/or vote – and in doing so seek to maintain public confidence in the conduct of Council business as well as seeking to ensure that business can continue to be conducted efficiently and effectively.

Regard shall be had to the following:-

1. **Whether the nature of the Members interest is such that to allow them to participate would not damage public confidence in the conduct of the authority's business.** For example a dispensation would not normally be granted to a Member who has a prejudicial interest arising as a result of an effect on their personal financial position or that of a relative or close associate - but would be more likely to be granted where the prejudicial interest arose from the financial effect the decision might have on a public body of which he or she was a Member.
2. **Whether the interest is common to the Member and a significant proportion of the general public?** If this is the case, a dispensation is more likely to be granted.

- 3. Is the participation of the Member in the business that the interest relates to justified by the Member's particular role or expertise?** To have the benefit of the Members expertise before making a decision may justify a dispensation being granted – even if limited to allow speaking only.
- 4. Is the business that the interest relates to about a voluntary organisation or a public body which is to be considered by a Scrutiny Committee? And is the Member's interest not a financial one?** In such circumstances it is likely that a dispensation will be granted.
- 5. Whether without the grant of the dispensation the business of the subject Council would be frustrated/halted.**



**SOUTH BUCKS DISTRICT COUNCIL  
APPLICATION FOR A DISPENSATION  
SECTION 33 - LOCALISM ACT 2011**

To: The Monitoring Officer  
South Bucks District Council  
Council Offices  
Oxford Road  
Denham  
Bucks,  
UB9 4LH  
Email: monitoringofficer@southbucks.gov.uk

<p><b>Full name of member seeking dispensation</b></p> <p><i>NOTE: the application must be submitted by the individual member seeking the dispensation</i></p>	
<p><b>Type and details of interest for which dispensation is sought</b></p> <p><i>NOTE: this would be either a Disclosable Pecuniary Interest or a Prejudicial Interest. Members should give details of the interest e.g. ownership of land/ member of outside organisation</i></p>	
<p><b>Nature and duration of dispensation sought</b></p> <p><i>NOTE: dispensations may be granted for speaking only or for speaking and voting. They may be granted to enable a member to speak or to vote or to speak and vote at a particular meeting or may be granted for a specified period of time (up to a maximum of 4 years)</i></p>	

<p><b>Reasons why you think the Dispensation should be granted (see below for the grounds under which a dispensation can be granted).</b></p> <p><i>NOTE: there is a discretion whether or not to grant the request for a dispensation see Section 33(2)(e) below.</i></p>	
--	--

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

NOTE: Under Section 33(2) of the Act a Council may grant a dispensation to a member or co-opted member of an authority only if, after having had regard to all the relevant circumstances, it considers that:-

- (a) without the dispensation the number of persons prohibited from participating in any particular business would be so great a proportion of the Council as to impede the transaction of the business
- (b) without the dispensation the representation of different political groups on the Council would be so upset as to alter the likely outcome of any vote relating to the business
- (c) the granting of the dispensation is in the interests of persons living in the Council's area
- (d) without the dispensation each member of the Councils Executive would be otherwise prohibited from participating in the business to be transacted – or -
- (e) that it is otherwise appropriate to grant a dispensation.

**SOUTH BUCKS DISTRICT COUNCIL**

**AUDIT COMMITTEE**

**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>Appointment of an Independent Person</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>Guidance for Councillors and Officers on Outside Bodies</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	
<b>15.03.18</b>					
<ul style="list-style-type: none"> <li>Review of member training on Standards Issues</li> <li>Work programme 2018/19</li> </ul>	Joanna Swift Joanna Swift			X X	

<b>SUBJECT:</b>	<i>Freedom of Information Management and RIPA Annual Report</i>
<b>REPORT OF:</b>	<i>The Chairman of the Joint Information Governance Group</i>
<b>RESPONSIBLE OFFICER</b>	<i>Director of Resources Head of Business Support</i>
<b>REPORT AUTHOR</b>	<i>Zoë Bloomfield, 01895 837357, <a href="mailto:zoe.bloomfield@southbucks.gov.uk">zoe.bloomfield@southbucks.gov.uk</a> Corporate Information Manager</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

### 1. Purpose of Report

To provide Members with an update on the public engagement with the Freedom of Information Act 2000, Environmental Information Regulations 2004, the Data Protection Act 1998, the Transparency Code of Practice, the INSPIRE Regulations, RIPA, Protection of Freedoms Act 2012.

### RECOMMENDATION

**To note the report.**

### 2. Executive Summary

This report is a reflexive analysis of the past year's FOI and EIR progress and activities in response to requests processed by the Council.

### 3. Reasons for Recommendations

This report is to inform Members about the number of requests received and the response rate.

### 4. Freedom of Information Requests

The service areas that received the most FOI requests were Healthy Communities, Business Support and Customer Services. The majority of requests are for commercial information that would be useful for businesses.

The busiest months of the year for FOIs were:

**January**

**February**

**June**

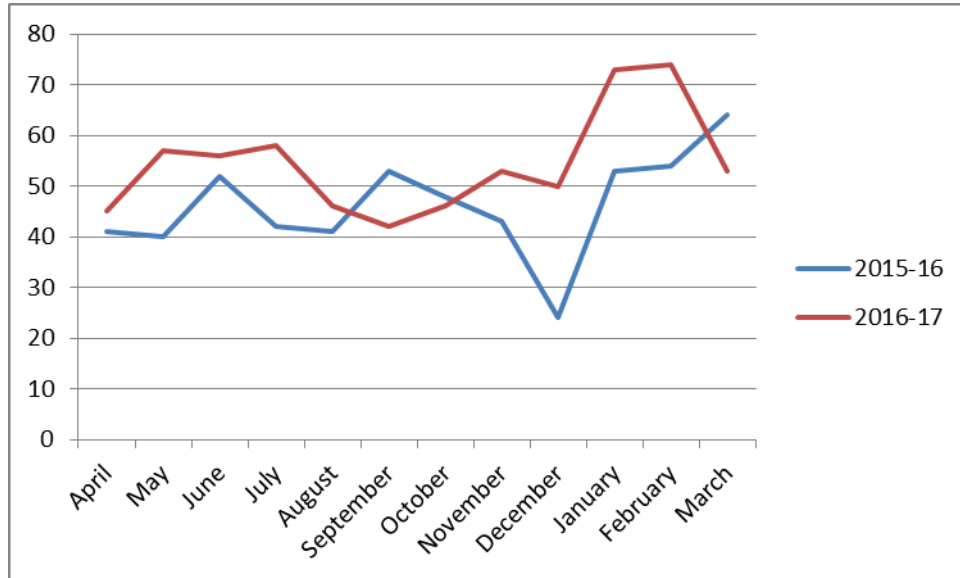
The quieter months of the year for FOIs were:

**April**  
**September**  
**October**

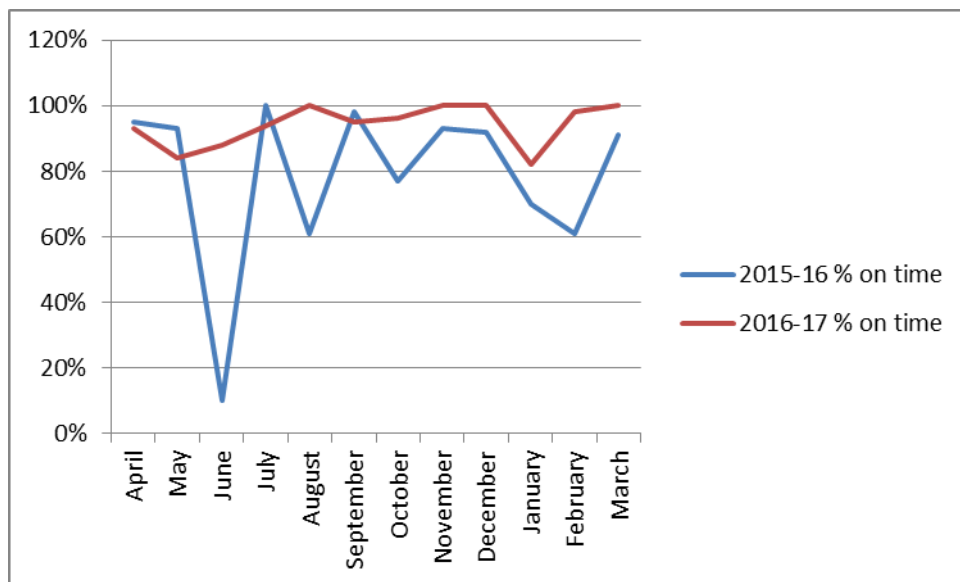
**SBDC FOI REQUESTS RECEIVED OVER THE LAST FINANCIAL YEAR**

SBDC	Financial Year 2015-2016 Number Requests	% requests Within 20 Working Days	Financial Year 2016-2017 Number Requests	% requests Within 20 Working Days
April	41	95%	45	93%
May	40	93%	57	84%
June	52	87%	56	88%
July	42	100%	58	94%
August	41	61%	46	100%
September	53	98%	42	95%
October	48	77%	46	96%
November	43	93%	53	100%
December	24	92%	50	100%
January	53	70%	73	82%
February	54	61%	74	98%
March	64	91%	53	100%
Year Totals	555	85% average	653	94% average
Requests received equals 18% increase on year 2015-2016				

**South Bucks District Council Number of Requests Received**



**South Bucks District Council % response within 20 working days**



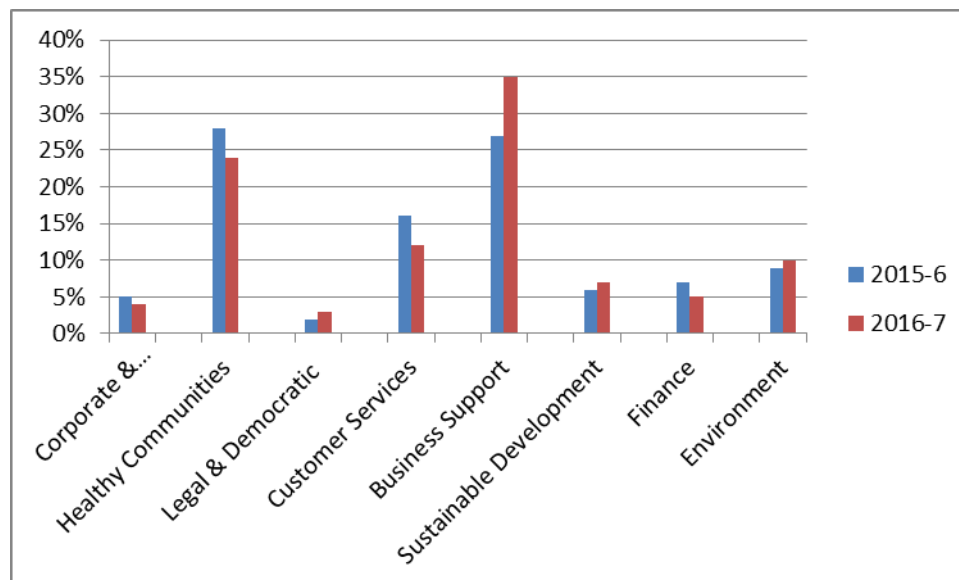
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South Bucks District Council

Breakdown of the volumes received by service area



Healthy Communities receive many requests for housing, licencing, environmental health, community safety and leisure. Business Support Officers encourage all service areas to publish and make available data sets that are frequently asked for on each Council's website. For example Licensing data is now available in electronic format and open for public inspection.

The Local Government Association (LGA) has been promoting and supporting digital transformation and transparency. The Council accordingly is increasingly publishing its data sets, to enhance proactive transparency and by making more information publicly available and to promote the effective operation of FOI in the public interest. This work is on-going.

The FOIA Code of Practice under section 45 has been updated and guidance for practitioners has now been published by the ICO. There is more emphasis on openness about certain types of information and withholding information will be harder to justify. The code provides guidance on the practice it would be desirable for public authorities to follow to meet their obligations under FOIA. Adhering to the code will result in positive benefits for an authority, and in practical terms offer good customer service.

## 5. RIPA

The Regulation of Investigatory Powers Act 2000 (RIPA) addresses human rights issues arising from the carrying out of surveillance and the accessing of communications data by local authorities and other law enforcement agencies. On the 1st September 2017, The Office of Surveillance Commissioners, The Intelligence Services Commissioner's Office and The Interception of Communications Commissioner's Office were abolished by the Investigatory Powers Act 2016. [The Investigatory Powers Commissioner's Office \(IPCO\)](#) is now responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.



Chapter 2 of Part 2 of the Protection of Freedoms Act 2012 [POFA] (sections 37 and 38) came into force on 1 November 2012. The procedure for the authorisation of local authority surveillance under the Regulation for Investigatory Powers Act 2000 (RIPA) changed and now requires magistrate's prior authorisation. There were no Regulation of Investigatory Powers Act 2000 (RIPA) investigations conducted for the year 2016 at CDC or SBDC.

## 6. Links to Council Policy Objectives

6.1 The aim is to support corporate information management policy, information governance procedures and strategy.

6.2 The objective is to inform Members and senior management of the response to statutory duties that aligns with the code of Corporate Governance ensuring openness and transparency, encouraging better community engagement and supporting economic activities, thus empowering citizens through increased access to information.

<b>Background Papers:</b>	<p><b>ICO Model Publication Scheme 2013</b>  <b>The Protection of Freedoms Act 2012 (POFA)</b>  <b>Regulation of Investigatory Powers Act 2000 (RIPA)</b>  <b>Freedom of Information Act 2000 (FOIA)</b>  <b>Environmental Information Regulations 2004 (EIR)</b>  <b>Data Protection Act 1998 (DPA)</b>  <b>EU General Data Protection Regulation (GDPR) 2016</b>  <b>Human Rights Act 1998</b>  <b>INSPIRE Regulation 2009</b>  <b>PSN Local Data Handling Guidelines (August 2014)</b>  <b>Re-use of Public Sector Information Regulations 2015 (ROPSI)</b>  <b>Local Government Transparency Code 2015</b>  <i><b>Strengthening Local Government Transparency</b></i>  <i><b>Consultation on changes to the Local Government Transparency Code 2015</b></i></p>
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## APPENDIX

Explanatory Background information for the applicable legislation

**(a) The Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR)** give rights of access to information held by public authorities. All requests are dealt with irrespective of who has sent them and why they want the information.

EIR gives access to information and there is an express presumption in favour of disclosure. The EIR is invoked when the request is for information about the environment, specifically

- The state of the elements of the environment, such as air, water, soil, land and biological diversity;
- Emissions and discharges, noise, energy, radiation, waste and other such substances;
- Measures and activities such as policies, plans, and agreements affecting or likely to affect the state of the elements of the environment;
- Reports, cost-benefit and economic analyses used in these policies, plans and agreements;
- The state of human health and safety, contamination of the food chain and cultural sites and built structures (to the extent they may be affected by the state of the elements of the environment).

Thus, requests for planning and environmental health fall under the EIR conditions.

**(b) The Data Protection Act (DPA) 1998** establishes a legal framework of rights and duties which are designed to safeguard personal data. Under Section 7(1) of the DPA an individual only has a right of access to information held about them and not to information relating to other people. It provides a right to see the information contained in personal data, rather than a right to see or have copies of the documents that include that information.

These requests are more commonly referred to as subject access requests (SARS). A data controller has 40 calendar days in which to provide the requested data. The data controller is allowed to ask for proofs of identity and charge a fee of £10. Processing can only begin once the identity is validated and payment cleared. These requests take an average of 10 working days of officer time to process, (ie £1,800 cost). They are very time intensive to process, which includes the retrieval, collation, and redaction of third-party data. If the requester is not happy with the response they can make a complaint to the ICO.

**(c) The INSPIRE Regulation 2009** provides a technical standards framework to publish geospatial information. The INSPIRE Regulations confer a statutory duty on councils to provide access to its geographical information systems (GIS) and make available via the GIS mapping technology spatial data sets relating to environment and society within its district area under the provision of the INSPIRE Regulations.

The European INSPIRE Directive requires that Member States provide public access to location based data related to the environment. Council data sets will be uploaded Data.Gov.uk to support the UK location infrastructure data. The public will be able to find, share and reuse, location data, including all data published under the INSPIRE Directive.

INSPIRE is based on a number of common principles:

- Data should be collected only once and kept where it can be maintained most effectively.
- It should be possible to combine seamless spatial information from different sources across Europe and share it with many users and applications.
- It should be possible for information collected at one level/scale to be shared with all levels/scales; detailed for thorough investigations, general for strategic purposes.
- Geographic information needed for good governance at all levels should be readily and transparently available.
- It should be easy to find what geographic information is available, how it can be used to meet a particular need, and under which conditions it can be acquired and used.

The Department of Environment, Food and Rural Affairs (DEFRA) is the lead Department in the UK for implementing the INSPIRE Directive, which they propose to do in conjunction with the UK Location Strategy. DEFRA have set up a cross-government governance body – the UK Location Council. Its responsibilities in relation to INSPIRE will include:

- Co-ordinating implementation and ongoing operations;
- Providing contact point for the European Commission;
- Compiling and submitting 3-yearly monitoring reports to EC;
- Co-ordinating UK representation to INSPIRE Committees and working groups;
- Collating material on costs and benefits of the Implementing Rules;
- Responsible for central communications;
- Providing policy and technical guidance to support public authorities in meeting their obligations;
- Promoting skills development.

Work across SBDC and CDC with support from seconded specialist AVDC GIS officer within Business Support continues in order to optimise and develop existing skills, and to benefit from local officer knowledge and to achieve publishing of required GIS datasets.

**(d) Local Government Transparency Code 2015** from the Department for Communities and Local Government (CLG) has established the Local Government Transparency Code. This code has been issued using the powers in section 2 of the Local Government, Planning and Land Act 1980 to issue a Code of Recommended Practice requiring local authorities to publish specific information and the code sets out requirements for the following categories of information which must be published:

- Spending on corporate GPC cards on quarterly basis including:
  - date of the transaction
  - local authority department which incurred the expenditure
  - beneficiary amount
  - Value Added Tax that cannot be recovered
  - summary of the purpose of the expenditure
  - merchant category (eg computers, software, etc)

- Expenditure exceeding £500 on a quarterly basis
- Procurement information

The council is required to publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details must be published: reference number; title; description of the goods and/or services sought; start, end and review dates; and local authority department responsible.

The council must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000

- Detail of money raised from parking charges
- Information in relation to trade unions including 'facility time'

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- Information on council contract and tenders to make it easier for small and medium firms to bid for work
  - Property assets
  - Local authority land

The council must publish details of all land and building assets including all service and office properties occupied or controlled by user bodies, both freehold and leasehold; any properties occupied or run under Private Finance Initiative contracts; all other properties they own or use, for example, hostels, laboratories investment properties and depots garages unless rented as part of a housing tenancy agreement; surplus, sublet or vacant properties; undeveloped land; serviced or temporary offices where contractual or actual occupation exceeds three months; all future commitments, for example under an agreement for lease, from when the contractual commitment is made.

Information to be published annually:

- Local Authority land
- Social housing assets
- Grants to voluntary, community and social enterprise organisations
- Organisation chart
- Trade union facility time
- Parking account
- Parking spaces
- Senior salaries
- Constitution
- Pay multiple
- Fraud
- Contracts register

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