



## **Audit and Standards Committee**

**Thursday, 19 March 2020 at 6.00 pm**

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

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

Item

1. Evacuation Procedure
2. Apologies for Absence
3. Minutes (*Pages 5 - 6*)

To approve the minutes of the Audit and Standards Committee held on 14 January 2020.

4. Declarations of Interest
5. Standards Procedures for Buckinghamshire Council and Update on the LGA Model Code (*Pages 7 - 10*)

*Appendix 1: Buckinghamshire Council's Code of Conduct (Pages 11 - 20)*

*Appendix 2: Buckinghamshire Council's complaint procedure (Pages 21 - 24)*

*Appendix 3: LGA Board Meeting report (Pages 25 - 40)*

6. Complaints Monitoring Report 2019/20 (*Pages 41 - 44*)
7. Annual Governance Statement 2019/20 (*Pages 45 - 52*)

*Appendix 1 (Pages 53 - 56)*

*Appendix 2 (Pages 57 - 58)*

*Appendix 3 (Pages 59 - 60)*

*Appendix 4 (Pages 61 - 64)*

8. Interim Progress Report (*Pages 65 - 72*)
9. Annual Internal Audit Report (*Pages 73 - 78*)
10. Follow Up Report of all Outstanding Recommendations (*Pages 79 - 84*)
11. EY Audit Planning Report (*To Follow*)
12. Exclusion of the Public (if required)

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

**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 and Standards Committee**

Councillors: D Anthony (Chairman)  
G Hollis (Vice-Chairman)  
P Griffin  
L Hazell  
P Hogan  
R Sangster

T Dobson, Independent Person

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## **AUDIT AND STANDARDS COMMITTEE**

### **Meeting - 14 January 2020**

Present: D Anthony (Chairman)  
P Griffin and P Hogan

Apologies for absence: G Hollis and R Sangster

#### **26. MINUTES**

The minutes of the Audit and Standards Committee held on 23 October 2019 were approved and signed by the Chairman as a correct record.

#### **27. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **28. STANDARDS WORK PROGRAMME**

The Committee received the Standards Work Programme. Members were informed that the proposed Code of Conduct and complaints procedures for Buckinghamshire Council would be considered at the next meeting on 19 March 2020.

**RESOLVED** that the Standards Work Programme be agreed.

#### **29. INTERNAL AUDIT - INTERIM PROGRESS REPORT**

The Committee received the Internal Audit interim progress report from TIAA which showed the progress of audits undertaken since the previous meeting.

Members were informed that nine audits had been completed since the last meeting in October 2019. Equalities and Governance had been deleted from the Annual Audit Plan and a Contractor Health and Safety audit had been added. Risk Management training had been delivered to managers, with the latest training having been carried out in October 2019. The Committee noted that the majority of audit work for 2019/20 had been completed and all outstanding audits were on track for completion before the end of the year.

In response to a question, Members were advised that valuation work had been completed for the Farnham Park Trust and all recommendations made had been implemented.

**RESOLVED** that the report be noted.

#### **30. EXTERNAL AUDIT - CERTIFICATION OF CLAIMS & RETURNS ANNUAL REPORT**

This item was withdrawn from the agenda.

**31. FARNHAM PARK CHARITY - OUTTURN AND ACCOUNTS 2018/19**

The Farnham Park Charitable Trust accounts 2018/19 were presented to the Committee for approval. The main figures were summarised in a table on page 21 of the agenda pack. The overall deficit for the year was £152k, which was a significant improvement on the previous year, with the majority of the deficit arising from the playing fields.

The Committee were informed that the golf operation had performed well, with an increase in income on the previous year and a saving on expenditure. However, the golf catering service had returned a deficit of £75k, which was part of a general downward trend in the golf catering industry where golfers were not staying for refreshments after playing. There had also been a shortfall in the number of corporate and private bookings.

As in previous years, the playing fields were responsible for the majority of the deficit. Members were informed that two of the buildings had been closed as they were at the end of their useful lives. It was noted that, without significant investment in the playing fields, the Trust would struggle to break even in future years.

In response to a question from a Member regarding options for investment, the Committee were informed that several options had been considered by the Trust's Advisory Panel. These included consolidating the existing buildings at the playing fields into a single facility, and providing artificial 3G sports pitches on site to meet local demand for junior football and senior hockey. The Committee also noted that the new Buckinghamshire Council would be undertaking a leisure strategy review in its first year, which would potentially include examining options for the playing fields.

In response to a query, it was advised that the vast majority of Local Authorities provided playing pitches at a loss, due to the high costs of maintenance.

Wilkins Kennedy Audit Services attended the meeting and it was confirmed that no issues had been found during the external audit. The Committee were advised that some fixed assets had been fully depreciated but were still in use, and it was recommended that this be reviewed going forward to extend the depreciation period for plant machinery in particular.

**RESOLVED** that the 2018/19 accounts for the Farnham Park Charitable Trust be formally agreed.

**32. AUDIT WORK PROGRAMME**

The Committee received the Audit Work Programme.

**RESOLVED** that the Audit Work Programme be agreed.

The meeting terminated at 6.28 pm

|                            |   |
|----------------------------|---|
| <b>SUBJECT</b>             | Standards Procedures for Buckinghamshire Council and Update on the LGA Model Code   |
| <b>RELEVANT MEMBER</b>     | Chairman of Audit & Standards Committee   |
| <b>RESPONSIBLE OFFICER</b> | Monitoring Officer- Joanna Swift<br><a href="mailto:joanna.swift@chilternandsouthbucks.gov.uk">joanna.swift@chilternandsouthbucks.gov.uk</a> Tel : 01494 732761 |
| <b>REPORT AUTHOR</b>       | Edwina Adefehinti:edwina.adefehinti@chilternandsouthbucks.gov.uk<br>Tel : 01895 837377  |
| <b>WARD/S AFFECTED</b>     | None  |

### 1. Purpose of Report

- 1.1 To inform the Committee about the standards arrangements in place for members of Buckinghamshire Council.
- 1.2 To update members on progress with a Model Code of Conduct being drafted by the Local Government Association.

### RECOMMENDATION:

1. The Committee is invited to note the information in this report regarding the Code of Conduct and complaints procedure for Buckinghamshire Council.
2. The committee authorises the Monitoring Officer to respond to the Local Government Association Consultation, in consultation with the Chairman of this Committee.

### 2. Reasons for Recommendations

- 2.1 To ensure that the Committee is aware of the newly adopted Code of Conduct and complaints procedure for Buckinghamshire Council.
- 2.2 To enable the Monitoring Officer to respond to the Local Government Association Consultation on the drafting of the new model code of conduct, giving members the opportunity to input into the proposed model code of conduct being produced by the Local Government association.

### 3 Content of Report

- 3.1 As members are aware both principal and local Councils have a statutory duty under the Localism Act 2011 to promote and maintain high standards of conduct amongst their elected and co-opted members and to adopt a code governing member conduct. Principal Council must also have arrangements in place for dealing with any complaints that members may have breached the code of conduct. Any complaints that town or parish councillors have breached their council's code of conduct are covered by the principal Council's arrangements.
- 3.2 Under the Act and accompanying statutory regulations members must disclose any pecuniary interests (DPI's) held by themselves or their spouse/partners in items of Council business. Failure to disclose a DPI is a criminal offence.

**THE CODE OF CONDUCT**

- 3.3 The Act gives Councils discretion over the contents of their code of conduct provided that it accords with the following 7 principles of conduct in public life: -
- selflessness
  - integrity
  - objectivity
  - accountability
  - openness
  - honesty
  - leadership
- 3.4 Buckinghamshire Council must have a code of conduct in place for 1 April 2020 and this was adopted as part of the Council's Constitution at the Shadow Authority meeting on 27 February. A copy is attached at Appendix 1. The Constitution also included the new Council's arrangements for dealing with complaints and this is attached at Appendix 2. The code largely follows the model adopted by South Bucks District Council and includes the requirement for members to disclose non-pecuniary personal and prejudicial interests, in addition to the statutory DPI's.
- 3.5 The complaints procedure is also similar to the arrangements at South Bucks adopting a three stage approach.

**LOCAL GOVERNMENT ASSOCIATION DRAFT MODEL CODE OF CONDUCT**

- 3.6 The Local Government Association's ("LGA") have recently issued an update on progress with preparing a Model Code of Conduct in line with the following recommendation in the Committee on Standards in Public Life report published on 30 January 2019 "*The Local Government Association should create an updated model code of conduct, in consultation with representative bodies of Councillors and officers of all tiers of local government in consultation with representatives of following the recommendations of the Committee of Standards in Public Life report published on 30 January 2019*".
- 3.7 The Board of the LGA at its meeting on 11 September 2019 (report attached as Appendix 3) considered and agreed to commence work on a Model Code ahead of central government's response to the recommendations of the report. This work is part of a wider programme of work on civility in public life and in response to rising local government concern about the increasing incidence of public, member-to-member and officer/member intimidation and abuse and overall behavioural standards and expectations in public debate, decision making and engagement.
- 3.8 The LGA consider that if the code is completed before any government response, Local Authorities will still be able to adopt the Code. However, some of the recommendations in the CSPL report, for example the power to suspend councillors, will require legislation which means that these provisions cannot be included in the Model Code.
- 3.9 The LGA confirmed the next stages of the review process and will publish the draft consultation code following the LGA board meeting in March.



### Summary of Model Code drafting timetable/milestones

- 3 February – 2 March preparation of draft code and report for LGA Board
- Wednesday 11 March – Draft Code to Board for consideration and approval for consultation
- W/C 16 March – launch of consultation period (6 weeks takes us up to Friday 24 April)
- W/C 16 March – Round table discussion with key stakeholders (including LGO)
- *RISK* – Thursday 26 March start of pre-election period for local government elections
- Friday 24 April – close of consultation
- Monday 27 April – Friday 15 April (3 weeks) review of consultation findings and final drafting
- *Note* – Thursday 7 May local government elections
- Friday 15 May – deadline for final draft from Hoey Ainscough
- w/c 18 May – Drafting of report for Board /final edits to code
- Monday 25 May – LGA deadline for submission of report for Board
- Wednesday 3 June – Final copy to Board for approval
- W/C 8 June – LGA design and print and final editing for launch
- Tuesday 30 June – Launch at first day of LGA conference, Harrogate

#### 4. Consultation

Not applicable.

#### 5. Options (if any)

The report is for noting and information

#### 6. Corporate Implications

Reports must include specific comments addressing the following implications:

- 6.1 Financial- None
- 6.2 Legal – As set out in the report
- 6.3 Risks issues – None
- 6.4 Equalities - None

#### 7. Unitary Implications (if applicable)

The standards arrangements for the new Unitary Council form part of the Constitution and will be reviewed by the new Council's Standards Committee who will have this responsibility from 1 April 2020.

#### 8. Links to Council Policy Objectives

Whilst there is no direct link to the Council's main objectives the monitoring of complaints contributes to ensuring good governance.

|                           |   |
|---------------------------|---|
| <b>Background Papers:</b> | None except those referred to in the report |
|---------------------------|---|

#### Appendices

- Appendix 1 – Buckinghamshire Council's Code of Conduct
- Appendix 2- Buckinghamshire Council's complaint procedure
- Appendix 3- LGA Board meeting report

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## 2. Code of Conduct for Councillors

### Part 1 – General Provisions

#### *Introduction*

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

#### *Scope*

- 2.3. This Code of Conduct applies to you whenever you are acting in your capacity as a member of Buckinghamshire Council, including: –
  - a. at formal meetings of the Council, its Committees and Sub-Committees, its Cabinet and Panels
  - b. when acting as a representative of the authority
  - c. in taking any decision as a Cabinet member or a Ward Councillor
  - d. in discharging your functions as a Ward Councillor
  - e. at briefing meetings with officers
  - f. at site visits and
  - g. when corresponding with the authority other than in a private capacity
- 2.4. Where you act as a representative of the Council:-
  - a. on another authority, you must when acting for that authority, comply with that other authority's code of conduct; or
  - b. on any other body, you must, when acting for that other body, comply with this Code of Conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject
- 2.5. Where you are acting as a co-opted member of a Council Committee or Sub-Committee or Board or Panel of the Council
- 2.6. When using social media or the internet and/or in relation to your online presence if you refer in any way to your role as a councillor or could reasonably be perceived as acting in any of the above capacities when doing so.

#### *General Obligations*

- 2.7. You must –
  - a. provide leadership to the Council and communities within its area, by personal example and
  - b. respect others and not bully any person
  - c. recognise that officers (other than political assistants) are employed by and serve the whole Council

- d. respect the confidentiality of information which you receive as a councillor and member –
  - i not disclose confidential information to third parties unless required by law to do so or where there is a clear and over-riding public interest in doing so; and
  - ii not obstruct third parties' legal rights of access to information
- e. not conduct yourself in a manner which is likely to bring the council into disrepute
- f. use your position as a councillor in the public interest and not for personal advantage
- g. act in accordance with the Council's reasonable rules on the use of the resources of the Council for private or political purposes
- h. exercise your own independent judgement, taking decisions for good and substantial reasons –
  - i attaching appropriate weight to all relevant considerations including, where appropriate, public opinion and the views of political groups
  - ii paying due regard to the advice of officers, and in particular to the advice of the statutory officers, namely the Head of Paid Service, the Section 151 Officer and the Monitoring Officer and
  - iii stating the reasons for your decisions where those reasons are not otherwise apparent
- i. account for your actions, particularly by supporting the Council's scrutiny function
- j. ensure that the Council acts within the law.

## Part 2 – Interests

### *Personal Interests*

- 2.8. In addition to the statutory requirements under the Act in relation to Disclosable Pecuniary Interest's (DPI's) and as set out in Paragraphx below and save for the subject interest already having been declared as a DPI and the statutory provisions complied with, the following Paragraphs 5 to 8 shall also apply.
- 2.9. You have a personal interest in any business of the Council where either-
- a. it relates to or is likely to affect –
    - i Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the Council;
    - ii Any body –
      - 2.9.a.ii.1. Exercising functions of a public nature
      - 2.9.a.ii.2. Directed to charitable purposes; or
      - 2.9.a.ii.3. 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;
  - b. Any person or body who employs or has appointed you;
  - c. The interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;

- d. A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected by the decision;
- 2.10. In sub-paragraph 2.8 b. above, a relevant person is –
- a. A member of your family or any person with whom you have a close personal association; or
  - b. Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
  - c. Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
  - d. Any body of a type described in sub-paragraph 2.9 a. i or ii.

#### *Disclosure of Personal Interests*

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

#### *Prejudicial Interest Generally*

- 2.17. Subject to sub-paragraph (2), where you have a personal interest in any business of the council you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- 2.18. You do not have a prejudicial interest in any business of the council where that business—
  - a. does not affect your financial position or the financial position of a person or body described in paragraph 5;
  - b. does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 5; or

- c. relates to the functions of the council in respect of—
  - i an allowance, payment or indemnity given to members;
  - ii any ceremonial honour given to members; and
  - iii setting council tax or a precept under the Local Government Finance Act 1992.

*Prejudicial Interests Arising in Relation to Overview and Scrutiny Committees*

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

*Effect of Prejudicial Interests on Participation*

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

*Disclosable Pecuniary Interest*

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

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

### Part 3 – Registration of Members’ Interests

#### *Registration or Disclosure of Members’ Interests*

- 2.23. Subject to paragraph 102, you must, within 28 days of your election or appointment to office register in the council’s register of members’ interests, maintained under Section 29 of the Act, details of any DPI which you or your spouse or civil partner (or person with whom you are living as spouse or civil partner) may have, together with your personal interests where they fall within a category mentioned in paragraph 5(1) (a), by providing written notification to the council’s monitoring officer.
- 2.24. Failure to register or disclose any DPI in accordance with section 30(1) or 31(2), (3) or (7) of the Act, or participating in any discussion or vote in contravention of section 31(4) of the Act, or taking any steps in contravention of section 31(8) of the Act, is a criminal offence and risks a fine not exceeding level 5 on the standard scale (currently £5,000) or disqualification as a member for a period not exceeding 5 years.
- 2.25. Subject to paragraph 12, you must, within 28 days of becoming aware of any new DPI and/or personal interest or change to any DPI and/or personal interest registered under paragraph (1), register details of that new DPI and/or personal interest or change by providing written notification to the council’s monitoring officer.
- 2.26. Subject to Paragraph 12, you are required to disclose the existence and nature of any DPI when it arises at a meeting even where already registered in the Register or pending registration so the minutes can be duly noted.

#### *Sensitive Interest*

- 2.27. Where you consider that you have a sensitive interest (whether or not a DPI), and the council’s monitoring officer agrees, if the interest is entered in the Council’s register, copies of the register that are made available for inspection and any published version of the register, must not include details of the interest (but may state that the member has an interest the details of which are withheld under section 32 (2) of the Act) and any public declaration required need only state the fact an interest arises without further detail.
- 2.28. You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer a sensitive interest, notify the Council’s monitoring officer asking that the interest be included in the Council’s register of members’ interests.
- 2.29. In this Code, “sensitive interest” means an interest, the nature of which is such that you and the Council’s monitoring officer consider that disclosure of the details of the interest could lead to you, or a person connected with you, being subject to violence or intimidation.

#### *Dispensations*

- 2.30. On a written request made to the Council’s Monitoring Officer, the Council may grant a dispensation for you to participate in a discussion and vote on a matter at a meeting even if you have a DPI or a prejudicial interest and that you be relieved of the obligation to otherwise withdraw from the room in which the matter is being considered if the Council considers that the number of members otherwise prohibited from taking part in the meeting would be so great a proportion of the body transacting the business that it would impede the transaction of the business; or the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote on the business; or it is in the interests of the inhabitants in the

Council's area to allow you to take part or that without the dispensation the Councils Executive would be prohibited from participating in the matter or it is otherwise appropriate to grant a dispensation.



Appendix ADisclosable Pecuniary Interests

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

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

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

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

For this purpose –

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

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

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

“M” means a member of a relevant authority;

“member” includes a co-opted member;

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

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

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

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

Gifts and Hospitality

- 2.31. In addition to the registration of interests, the Council requires councillors to register any gifts and hospitality worth £25 or more they have received with the Monitoring Officer.
- 2.32. Councillors must:
- a. register any gifts and hospitality with the Monitoring Officer within 28 days of being elected or appointed to office.
  - b. register any gifts and hospitality within 28 days of the Authority's Code of Conduct being adopted.
  - c. register any gifts and hospitality with the Monitoring Officer within 28 days of receiving them.
  - d. declare any gifts and hospitality at any meeting of the authority at which they are present, where a relevant matter is being considered.
  - e. register any gifts and hospitality declared at a meeting, within 28 days of disclosing it.
  - f. Details on how councillors should register interests and gifts and hospitality can be obtained from X

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### 3. Process for the Investigation of Complaints against Councillors

#### *Context*

- 3.1. The Council is committed to promoting and maintaining high standards of conduct amongst its councillors and has adopted a Code of Conduct setting out the conduct it expects of its councillors as they carry out that role.
- 3.2. A copy of the Council's Code of Conduct for Councillors is set out in Part I Section 2 of this Constitution. It is also available for inspection on the Council's website.
- 3.3. The Code applies to councillors when they go about the work of the Council or their role as a councillor. The Council will not investigate complaints relating to a councillor's private life.
- 3.4. If anyone thinks a councillor has not complied with the Council's Code of Conduct for Councillors (or in relation to Town and Parish councillors has not complied with their Town or Parish Code of Conduct) a complaint can be made to the Monitoring Officer who will consider the complaint in the following way.

#### How We Deal with Complaints

##### *Initial Assessment*

- 3.5. The Monitoring Officer will carry out an Initial Assessment to determine whether the complaint is within the Code of Conduct and whether, having regard to the referral criteria below it should be progressed.

##### *Stage One*

- 3.6. If the Monitoring Officer determines that the complaint should be progressed we will tell the councillor that you are complaining about that we have received a complaint and provide them with details of your complaint which may include a copy – unless you have requested confidentiality (in which case your details will not be disclosed unless and until your request for confidentiality has been considered – see further below).
- 3.7. The councillor will be invited to respond within 20 working days – including in their response any suggestion to resolve the complaint.
- 3.8. Details of the response will be made available to you and you will be asked if you are satisfied – if yes, no further action will be taken or the action proposed by the councillor will proceed; if not, you will be asked if you wish your complaint to be considered further under Stage Two

##### *Stage Two*

- 3.9. In most cases your complaint will be considered by the Council's Monitoring Officer, or their Deputy, or by the Monitoring Officer and the Chairman/Vice- Chairman of the Councils Standards and General Purposes Committee if considered appropriate due to the seriousness of the alleged behaviour. An Independent Person may be consulted and their views taken into account. An Independent Person will be consulted if a referral for investigation is deemed appropriate or if the complaint can't be resolved informally. This will happen within an average of 20 working days of the date of the commencement of Stage Two.

##### *Stage Three*

- 3.10. If the decision at Stage Two is to investigate the complaint, the Monitoring Officer will appoint an investigator whose report will be considered by the Hearings Sub-Committee

of the Council's Standards and General Purposes Committee– or in some cases to the full Committee – who will decide whether a breach has taken place and if so the appropriate remedy, a formal hearing is necessary to determine whether a breach has occurred and/or the appropriate remedy, if and what any further action is appropriate.

*Referral Criteria*

- 3.11. Whilst each allegation will be considered on its individual merits, the following "Referral Criteria" will be used to decide whether to accept a complaint and as factors for consideration at each stage of the process.
- a. the public benefit in investigating the alleged complaint
  - b. the availability and cost of resources with regard to the seriousness of the alleged matter
  - c. is the information submitted, sufficient to make a decision as to whether to refer for investigation?
  - d. is the councillor complained about still a serving councillor?
  - e. is the complaint the same as or similar to a previous complaint?
  - f. the time passed since the alleged conduct occurred
  - g. the complaint involves conduct too trivial to warrant further action
  - h. does the complaint appear to be malicious, politically motivated or tit for tat?
  - i. whether the matter complained of is an individual act or part of a continuous pattern of behaviour which should be cumulatively considered
  - j. steps taken or proposed to remedy the action complained of
  - k. the complainant's view of the action taken or proposed.
- 3.12. The relevant parties will be kept informed at all stages of the complaint. Further details are available on the Council's website.
- 3.13. There is no right of appeal under any stage of this complaints procedure.
- 3.14. The remedies available may include –
- a. informal resolution (ie where a formal remedy may not be appropriate but a resolution is considered advisable. This is not limited to but may take the form of an apology or an explanation) (this may be by recommendation only)
  - b. Report to Council
  - c. Formal letter to subject councillor
  - d. Formal censure by motion
  - e. Recommendation to Leader/Group Leader or Town/Parish Council as applicable, that the councillor is removed from Special Responsibilities – i.e. Cabinet/Committees/Outside Bodies.
  - f. Press release or other publicity.
- 3.15. Please note the Council has no authority to withhold allowances or to suspend or remove a Councillor from office.
- 3.16. All decisions should be published unless the subject Member requests non-publication where it is found that the code of conduct has not been breached.

- 3.17. \* An **Independent Person** is someone who has been appointed by the Council under Section 28 of the Localism Act 2011. Independent Persons must be appointed through a process of public advertisement, application and appointment by a positive vote of a majority of all members of the Council – i.e. by full Council.
- 3.18. A Person is considered not to be ‘independent’ if:-
- a. they are or have been in the previous 5 years an elected or co-opted member or officer of the District Council or any Parish in the area an elected or co-opted member of any committee or sub-committee of the District Council or any Parish in the area or
  - b. they are a relative or close friend of a current elected or co-opted member or officer of the District Council or any Parish in the area – or any elected or co-opted members of any committee or sub-committee of such a Council.

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## Civility in public life – project proposal

### Purpose of report

For direction.

### Summary

- This report sets out a proposed programme of work entitled 'civility in public life' to address the concerns raised by our membership around intimidation of those in public office and also the concerns about the standards of public and political discourse and debate.
- Leadership Board are asked to provide comment on the paper and its proposals.
- Officers are looking for a steer on:
  - the objectives of the programme
  - the elements of the programme and their delivery

### Recommendation/s

- That the work programme is endorsed and adopted

### Action/s

- Officers will modify the work programme as directed and once agreed
- Officers will deliver the agreed work programme

**Contact officer:** Abigail Gallop  
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## Civility in public life – project proposal

### Introduction

1. Members of the LGA, WLGA, COSLA and NI have all expressed concerns about the increasing intimidation of councillors, the increasing toxicity of debate and the impact on the democracy of our country, particularly on the decision-making processes that affects our local communities. There are calls for the LGA to coordinate a programme of work, and it is proposed that the LGA takes this on through a programme of work entitled 'Civility in Public Life'. This paper sets out a number of initial outline proposals.
2. So far, the LGA has:
  - Developed a toolkit for enabling women, carers and parents to become councillors, which addresses some of the above issues.
  - Launched a guide for councillors on handling intimidation
  - Discussed the issue at Leadership Board
  - Issues an informal call for evidence through the political groups
  - Submitted evidence to parliamentary debates
  - Held sessions at the 2019 LGA annual conference

### Background

1. One of the most pressing concerns facing the conduct of public life at the moment is the increasing incidents of intimidation and abuse by members of the public against councillors. These attacks risk the personal safety of our members, undermine local democracy and decision-making, and can put off prospective candidates from standing. Intimidation and physical threats of violence against councillors are a real and growing concern in every area of the country. Whilst debate and having different views is all part of a healthy democracy; abuse, public intimidation and threats are designed to undermine democratic decision making by generating fear in those who represent it.
2. Intimidation, abuse and harassment of councillors is a crime, as it would be towards any member of the public. However, reports from LGA members indicate that there is not a consistent response from the police across the country and that there is confusion about reporting, support, the legislation, and the broader impacts for our society and democracy.
3. We need a wider discussion with our citizens on how they involve themselves in public debate. We collectively need to be clear that abuse, harassment, intimidation and violence is not the way for anyone to engage in modern-day politics.



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4. Concern has also been raised about incidents of intimidation within councils, involving councillors as well as officers. If we expecting decent standards of behaviour from members of the public when they engage with councillors, then good standards of behaviour need to be modelled within the council.

### **Purpose**

5. The purpose of the programme is:
  - To address the intimidation of local government members and officers
  - To address standards of public discourse
  - To address standards of political discourse and behaviour in public office
  - To provide support and advice to councils and councillors

### **Objectives**

6. The LGA's objectives in embarking on this programme of work are:
  - 6.1. To articulate what local government believes are good standards for anyone engaging in public and political discourse and debate, and what is needed to achieve these standards.
  - 6.2. To show leadership at a local, national, UK-wide and international level in good standards of political debate, engagement and decision-making, demonstrating the positive impact it can have.
  - 6.3. To understand the scale and impact of intimidation and abuse behaviour our membership is experiencing.
  - 6.4. To challenge the 'new-norms' of intimidation, abuse, threats and aggressive behaviour by many engaging in political and public discourse.
  - 6.5. To demonstrate the impact that intimidation and abusive behaviour in our political system and from the general public has on our democratic system, and recommendations for achieving positive debate and public engagement in local decision-making.
  - 6.6. To support its member councils in addressing intimidation and abuse.
  - 6.7. To enhance the reputation of local government and local politicians, and encourage more people to become councillors by addressing the issues of intimidation and abuse.
  - 6.8. To support all democratically elected local representatives in delivering their best on behalf of their local communities.

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6.9. To build on the good practice that already exists within member councils.

### Scope

7. It is proposed that the scope of this work encompasses local government members and officers, given the increasing reports that those both elected and employed in public office are experiencing intimidation and abuse due to their public-facing roles. As such, it is proposed that the LGA engages with member-led partner organisations as well as officer-led partners organisations such as SOLACE and Lawyers in Local Government.
8. It is also proposed that the LGA works with its counterparts in Wales, Scotland and Northern Ireland, as members of the WLGA, COSLA and NILGA have expressed similar concerns to members of the LGA. This provides the opportunity for a powerful message that local government does not accept that its councillors or staff should accept intimidation and abuse because of their roles in public life, which it is undermining our democratic structures and public services, and that national action is urgently required.

### LGA Leadership

9. The LGA is in a position to provide leadership through:
  - Engaging in positive political discourse
  - Challenging poor political discourse
  - The application of consistent and high standards for all public office
  - Emphasising the benefits of becoming a councillor, encouraging prospective candidates to stand for public office and encouraging a diversity in candidates
  - Demonstrating the positive outcomes that can be achieved through civil and respectful debate, discussion and decision-making within and between political parties
  - Accepting and promoting a council duty of care for the wellbeing, safety and security of councillors
  - Facilitating a pan-UK local government response

### Opportunities and risks

10. Undertaking this programme of work offers the LGA the opportunity to demonstrate leadership; to central government, to local government and to the public, on standards in public debate and engagement. It also provides the opportunity for the LGA to respond

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to concerns raised by our membership, our UK colleagues in Wales, Scotland and Northern Ireland, as well as central government.

11. There are increasing opportunities for the LGA to engage and promote our messages with partners and stakeholders in addressing issues of public discourse and intimidation. The Committee on Standards in Public Life has undertaken research in this area and reported a number of recommendations and the Cabinet Office has now developed a 'defending democracy' work programme. Parliament has debated the toxicity of debate in the House of Lords and the House of Commons, and the APPG on Women in Parliament is specifically addressing the issue of intimidation and threats against politicians. The Jo Cox Foundation is working with the political parties on a joint approach to tackling intimidation, and the LGA has approached them to work at the local level as well as the national level.
12. There is also the opportunity to utilise the potential within the review of the member model code of conduct to address issues of public intimidation, care and support of councillors, and the promotion of good standards of political and public debate for all those in public office.
13. However, there is a risk that the LGA will receive criticism from those who feel their political culture is being threatened. In addition, addressing issues of intimidation, especially on social media, and raising the profile of the LGA as leaders in this area may draw the attention of the people who undertake such activity. The LGA will need to acknowledge this risk, determine if it is willing to draw the attention of those who post abuse on social media sites and apply appropriate safeguards. The nature of any public-facing communication will need to be carefully considered.

### **Components of the proposed programme of work**

14. It is proposed that the LGA focuses on three elements – prevention, support and challenge:

#### **Prevention**

- 14.1. Improvement support and guidance for our member authorities, building on our existing improvement and leadership programmes and the guide for councillors on handling intimidation
- 14.2. Desktop research into the prevalence, impact, good practice and international action on the intimidation of those in public office.

#### **Support and intervention**

- 14.3. The development of policy and legislative proposals with partners, government and stakeholders that address intimidation and standards of public

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discourse, particularly with a view to gaining a more consistent and robust response from the police and Crown Prosecution Service (CPS). This includes the proposal for a new criminal offence for intimidating a person in public office and engagement with Police Crime Commissioners (PCCs).

14.4. Exploring the potential for an informal council 'duty of care' towards its councillors as good practice.

14.5. A revision of the local government model code of conduct (appendix 1) with a view to promoting it as standard for all in public office.

### **Challenge**

14.6. The development of a pan-UK commitment and public statement for discussion at the UK Forum for the leaders of all the UK local government associations taking place in November 2019.

14.7. Exploring opportunities for a public and political-facing campaign.

### **Oversight**

15. It is proposed that a small member-led steering group oversees the civility in public life work programme to provide ongoing insight and commentary and where operational decisions can be made. Significant decisions and updates will be brought back to Leadership Board. It is proposed that this group consists of one nominated representative from each of the political groups.

### **Prevention - improvement and support**

16. There is the opportunity, through the LGA's existing improvement and support programme for councillors, to include issues relating to intimidation and standards of public and political discourse.

17. This could be extended to include more specific support and training for members around safety, security and utilisation of social media. We have had reports of members being advised to come off social media if they are experiencing intimidation and abuse, but social media is an increasingly important and relevant way of engaging residents, voters and the general public on important issues. The focus should be on empowering members to be savvy on social media and creating a safe and positive online environment rather than restricting the ability of councillors to engage in this important form of communication. This will also link across the policy work stream.

18. This support could include a statement for websites and social media indicating the standards of communication expected and the consequences should engagement fall

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short. This has been adopted by some MPs, including Harriet Harmon, as well as the Royal Family.

### **Prevention - research**

19. It would be useful, in terms of supporting our messages and providing support to our members, to improve our understanding of the experiences our councillors are having and the impact on both them as individuals and on our democratic systems. The sessions at the LGA Annual Conference in July 2019 revealed a worrying level and intensity of intimidation and abuse, with experiences shared by both newly appointed councillors as well as long serving councillors; from both men and women, from across backgrounds, cultures and political party.
20. It would also be useful to establish more examples of good practice from our member councils, and also across the UK and in other countries.

### **Support and intervention - policy development and stakeholder engagement**

21. The Cabinet Office has recently consulted on changes to electoral law so that individuals who intimidate candidates during a local election would lose their right to stand for election. The same consultation also highlighted that there is existing legislation that should apply to incidents of intimidation. However, evidence from our members indicate that there is a varied approach being applied by police across the country. Statements such as being 'fair game' for abuse, for it 'not being in the public interest' to prosecute and that it is acceptable for individuals to be abusive to those who take on public office is undermining the ability of our local councillors to carry out their public duties and feel protected.
22. As such, the LGA will develop further proposals, including exploring the potential for an offence in criminal law for intimidating a person in public office. This would extend the offence currently proposed by Government within electoral law that simply restricts a person from standing for election as a penalty for intimidating a candidate. Addressing these issues would be a priority for the work programme.
23. The Cabinet Office has developed a 'defending democracy' programme and the Home Office is also exploring the issue of intimidation on social media. Government has also recently consulted on an 'online harms' white paper which seeks to address online intimidation and the Jo Cox Foundation is working across government on a joint approach to tackling intimidation. It will be important that the experiences and views of local politicians is also considered in this work.
24. Another issue that has been raised by councils is the cost associated with increased security for members. Whilst national politicians receive funding from parliament for their

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personal security, and can have security advisers to review their household arrangements, there are no such provisions for local politicians, many of whom will have a similar profile or levels of engagement with the general public. In some cases the police have paid for security arrangements, and in others the council has paid, but the landscape is not clear. The issue of responsibility and funding for personal safety and security also needs to be addressed and clarified.

25. It is proposed that the LGA convene a working group to help develop proposals around addressing the intimidation of councillors, and all those in public office. This would include stakeholders such as MHCLG, the Home Office, PCCs, SOLACE, Lawyers in Local Government, SOLACE, etc.

### **Support and intervention - exploring an informal council 'duty of care' for councillors**

26. Alongside confusion about paying for personal safety and security, there has been confusion about the degree of support councils should and can give their councillors in instances of intimidation and abuse, particularly as they are not employees and as such don't fall within employment law – and whether the provision of support crosses the line into political interference. Some councils do open up their employee support packages to members, and others do not, and there will be a cost implication for councils.
27. The WLGA has had a conversation with its members regarding this issue and they have informally agreed to provide support to their members alongside the support they give to their employees.
28. Discussions with members has resulted in the proposal for an informal 'duty of care' that councils could adopt to make clear the support they can and will give their members, and to encourage such provision of support.
29. Endorsing an informal duty of care would require:
- A clear commitment from the LGA that they support an informal 'duty of care' to councillors as good practice.
  - Engagement with the sector regarding the implications of such an approach.
  - A recognition that there may be a cost implication and engagement with the sector on this.
  - Engagement with representative organisations such as SOLACE and Lawyers in Local Government to better understand the implications and gain support.
  - The provision of guidance to help councils differentiate between political intervention and the provision of support to councils who may be experiencing intimidation.

### **Support and intervention - a revision of the member model code of conduct**





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30. Please see section 2 on reviewing the model code of conduct for more detailed proposals.

### **Challenge - pan-UK local government initiative**

31. The UK Forum for the leaders of all the UK local government associations taking place in November 2019 provides the opportunity to develop and launch a powerful message that local government does not accept that its councillors or staff should accept intimidation and abuse because of their roles in public life, which it is undermining our democratic structures and public services, and that national action is urgently required. This could be in the form of a commitment and/or public statement.
32. We could then encourage other organisations and representative groups to support the public statement.

### **Challenge - a public and political facing campaign**

33. The LGA could explore the appetite and opportunity for public-facing media-based resources to help councils communicate the best ways to engage with councils and councillors. For example, short videos to encourage people to think about how best to communicate their issues to councils rather than, for example, sending abusive communications via twitter.
34. The LGA could also promote its messages around good standards in political discourse and local impact of intimidation of councillors, any joint pan-UK statement and its revised model code of conduct to national politicians and political parties.

## **Section 2 - Civility in Public Life - the review of the model code of conduct**

### **Why is the model code of conduct being reviewed?**

35. The LGA is undertaking a review of the member model code of conduct in response to the recommendations made by the Committee on Standards in Public Life, but also in response to rising local government concern about the increasing incidence of public, member-to-member and officer/member intimidation and abuse and overall behavioural standards and expectations in public debate, decision making and engagement.
36. The LGA aims to develop a code that benchmarks a standard for all public office and for those engaged in public discourse and debate. It will set out the duties and expectations of persons in public office as well as their rights, particularly their right to be protected from abuse and intimidation resulting from their undertaking of public office.

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37. The LGA's objectives in reviewing the model code of conduct are to:

- Articulate what local government believes are good standards for all in public office
- Show leadership in good standards of conduct for those in public office, both elected and as employees
- Achieve consensus between the stakeholders affected by local government conduct
- Support its member councils and partners in achieving good standards of conduct
- Produce a code that is fit for purpose, useful and held in high regard
- Enhance the reputation of local government and local politicians
- Support the good running of councils
- Support all democratically elected local representatives to deliver their best on behalf of their local communities
- Build on the good practice that already exists within member councils

### Why the LGA?

38. The LGA is well placed to lead on the review and renewal of the model code of conduct because, as set out in the articles of association of the Local Government Association, the LGA's objects are:

- to support, promote and improve local government in England and Wales
- to represent, wherever possible by consensus, the interests of Member Authorities to national governments, to Parliament, to political parties, to European and other international institutions and to other bodies, and to negotiate on behalf of local government
- to formulate policies to support the improvement and development of local governance, effective management in local authorities and the enhancement of local democracy in England, Wales and elsewhere
- to provide forums for discussion of matters of common interest and/or concern to Member Authorities, including groups of Member Authorities, and a means by which **joint views may be formulated and expressed**
- to endeavour to give democratically elected local representatives from different political groups the opportunity to contribute to the Association's work and to the development of policies which represent, as far as possible, **consensus between the political groups and between groups of Member Authorities**
- to support all democratically elected local representatives of Member Authorities

39. The LGA also has the responsibility to speak for all Member Authorities in matters of local government in general or which concern all Member Authorities.

40. In this way, the LGA is well placed to bring together the different stakeholders under the umbrella of local government to achieve understanding and consensus, which will be vital for the adoption and success of any reviewed and renewed code of conduct. It will

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be important to understand, respect and bring together the range of views on the code of conduct if it is to be successful.

#### **How will the LGA review the model code of conduct?**

41. The LGA aims to work collaboratively with a range of officer and member stakeholders in a spirit of co-production. As such, the LGA will engage with the representative organisations set out in section 4 and also with officers and members across the country.
42. The LGA is using the existing model code of conduct (Appendix 1) as baseline and seeking to achieve the objectives set out in section 43 of this paper.
43. The LGA will gather evidence and opinion on what is needed in an updated and fit-for-purpose code, including considering the review into local government ethical standards undertaken by the Committee on Standards in Public Life and the evidence submitted to the review. The LGA will research the existing local bespoke codes currently used by councils across the country and will work with elected members and officers to consider and evaluate good practice.
44. The LGA will seek to identify good practice codes from the range of tiers of government, other sectors, and organisations that address important issues for local government and public office.
45. The LGA will hold a workshop with members, officers and representative organisations during this period as part of the broader LGA Civility in Politics work. This workshop will also present an opportunity for an exchange of ideas, developing an understanding of the different stakeholders' views with the aim of co-production, collaboration and consensus.
46. From this exercise a collection of suggested propositions for inclusion in the final model code will be presented to the LGA Leadership Board. Following the outcome of the Leadership Board consideration, a draft model code will be prepared for consultation.
47. The form of consultation will need further discussion and will be determined by how the model code develops. The LGA will use its existing methods of research, communication and engagement with its membership, partners and stakeholders. This could include conferences, round tables, regional meetings, online forums, etc, with the aim of achieving as wide a sector engagement as is possible.
48. It is proposed that the consultation period should be a minimum of 8 weeks.
49. The outcome of the consultation and a draft final model code will be presented to the LGA Leadership Board for final discussion and approval. It is recommended that Leadership Board put forward the final model code, as part of its broader work on Civility



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in Politics, to the LGA General Assembly, held at the LGA annual conference in July, for adoption.

### **Who will the LGA work with to review the model code of conduct?**

50. It will be important, if the review of the model code of conduct is going to result in a consensus about good standards in public office and the generation of a code that members and officers consider attainable and workable, that organisations that represent smaller family groupings within local government form part of the creation, adoption and promotion of the code, in a spirit of co-production. As such, the LGA will seek to engage with:

- The National Association of Local Councils (NALC)
- County Council's Network (CCN)
- District Council's Network (DCN)
- SOLACE
- Lawyers in Local Government
- Association of Democratic Services Officers
- Society of Local Councils Clerks
- Monitoring Officers Network

51. The LGA will also seek the views of MHCLG, the Home Office and the Committee on Standards in Public Life.

### **How will a final renewed code of conduct be agreed?**

52. The structures of the LGA mean that the final sign-off of the code on behalf of the LGA and its member authorities will be the responsibility of the LGA's Board of Directors / Leadership Board, which they will do on behalf of all member authorities in local government. The LGA will also seek, in a spirit of consensus and collaboration, for NALC, CCN, DCN, SOLACE, Lawyers in Local Government, the Association of Democratic Services Officers, the Society of Local Councils Clerks, Monitoring Officers Network, and MHCLG to also endorse the revised model code of conduct. It is also proposed to take the updated model code of conduct to LGA General Assembly at the July 2020 annual conference.

53. The LGA's work on the model code of conduct will provide an opportunity for the LGA to review its own procedures.

### **Developing consensus in the development and adoption of a renewed model code of conduct**

54. For the model code of conduct to have traction with the sector, it will need to address the expectations, views, opinions and experiences of members and officers, recognise the

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value of good political discourse and how trust in local government is affected by conduct. The LGA's organisational structures mean that agreement is on behalf of local government, rather than a single interest group within the local government structure and family.

55. Members at the LGA have expressed their view that, as individuals whose behaviour is being modelled in the code of conduct, it is essential that they oversee and are fully involved in its development and can sign up to it. The LGA has championed the value of peer-to-peer review and support, and we will embrace those principles in the review of the code. It is in the interests of the LGA and all elected members that the office of local councillor is imbued with trust and a high degree of ethics so that their role and decisions can be robustly defended. It is also important in the continued recruitment of future councillors.
56. Members at the LGA want to ensure that the code will be compatible with upholding the country's democratic principles and structures, and on-going political representation for their residents. They want to see an equal expectation of conduct between members and officers, between members, with the general public, and with others in public office such as Police Crime Commissioners and MPs, so that all are clear about the expected behaviour and the procedures should their behaviour fall short.
57. Members at the LGA also want to ensure that the code is not used as a tool that could remove members on grounds that may not follow natural justice or that it is abuse for personal or political gain by members, officers or the general public. The code needs to provide safeguards for both members and officers.
58. We want to achieve a shift in attitudes that sees the code of conduct as a tool to support members in achieving good standards in public office, rather than a tool that simply penalises poor behaviour. The code should be a way of supporting members who have been subjected to poor behaviour by members and/or staff and/or the general public.
59. It is also important that the impact on staff and the running of the council, should a member's behaviour fall short of what is expected of public office, is given due weight in any review, and that the code provides the tools to address such behaviour.
60. For the code to be successful we need to seek to build consensus, with the primary objective that the code articulates the standards that are expected for anyone in public office or working for the public.
- 61. Outline timetable**
- September 2019 – discussion with Leadership Board
  - October 2019 – research begins

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- November/December 2019 – research and engagement with stakeholders and councils including LGA workshop
- January 2020 – creating of proposal draft code and discussion with Leadership Board on 22 January
- February/March/April 2020 – consultation with member authorities and stakeholders
- May 2020 - bringing together draft code
- June 2020 – draft code to Leadership Board on 3 June for final discussion and approval
- July 2020 – final code launched at LGA General Assembly

### **Implications for Wales**

62. The LGA has worked jointly with the WLGA in the development of its ‘guide for councillors on handling intimidation’ and in the associated session at the LGA 2019 annual conference. The WLGA is keen to work with the LGA on the issue of intimidation, and its Chair, Cllr Debbie Wilcox, has been active on the issue.
63. Cllr Wilcox has set up a diversity in local government group with the leaders of all councils in Wales. Part of its remit is to look at culture in councils and political respect.
64. The WLGA has also engaged with its monitoring officers and all have agreed informally that their councillors will be supported and have the same access to support as employees.
65. The WLGA is hosting the UK Forum for lead members of the UK local government associations on 2<sup>nd</sup> and 3<sup>rd</sup> November in Cardiff.

### **Financial Implications**

66. This work programme would be met from existing budgets.

### **Next steps**

67. Officers will take on board the comments and direction and revise the programme accordingly.



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## Appendix 1

### **Illustrative text for code dealing with the conduct expected of members and co-opted members of the authority when acting in that capacity**

You are a member or co-opted member of the [name] council and hence you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Accordingly, when acting in your capacity as a member or co-opted member - You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.

You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

When carrying out your public duties you must make all choices, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, on merit.

You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.

You must be as open as possible about your decisions and actions and the decisions and actions of your authority and should be prepared to give reasons for those decisions and actions.

You must declare any private interests, both pecuniary and non-pecuniary, including your membership of any Trade Union, that relate to your public duties and must take steps to resolve any conflicts arising in a way that protects the public interest, including registering and declaring interests in a manner conforming with the procedures set out in the box below.

You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.

[Click here to enter text.](#)

[Click here to enter a date.](#)

Item no.

### **Registering and declaring pecuniary and non-pecuniary interests**

You must, within 28 days of taking office as a member or co-opted member, notify your authority's monitoring officer of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners.

In addition, you must, within 28 days of taking office as a member or co-opted member, notify your authority's monitoring officer of any disclosable pecuniary or non-pecuniary interest which your authority has decided should be included in the register or which you consider should be included if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life. These non-pecuniary interests will necessarily include your membership of any Trade Union.

If an interest has not been entered onto the authority's register, then the member must disclose the interest to any meeting of the authority at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'.<sup>1</sup>

Following any disclosure of an interest not on the authority's register or the subject of pending notification, you must notify the monitoring officer of the interest within 28 days beginning with the date of disclosure.

Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State. Additionally, you must observe the restrictions your authority places on your involvement in matters where you have a pecuniary or non-pecuniary interest as defined by your authority.

<sup>1</sup> A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.



|                            |   |
|----------------------------|---|
| <b>SUBJECT</b>             | Complaints Monitoring Report 2019/2020  |
| <b>RELEVANT MEMBER</b>     | Chairman of Audit & Standards Committee – Councillor David Anthony  |
| <b>RESPONSIBLE OFFICER</b> | Monitoring Officer- Joanna Swift<br><a href="mailto:joanna.swift@chilternandsouthbucks.gov.uk">joanna.swift@chilternandsouthbucks.gov.uk</a> Tel : 01494 732761 |
| <b>REPORT AUTHOR</b>       | Edwina Adefehinti:edwina.adefehinti@chilternandsouthbucks.gov.uk<br>Tel : 01895 837377  |
| <b>WARD/S AFFECTED</b>     | None  |

### 1. Purpose of Report

This report informs the Committee about complaints received by the monitoring officer in 2019/20 that members have breached the code of conduct.

#### RECOMMENDATION:

**That the complaints information for 2019/20 is noted.**

### 2. Reasons for Recommendations

It is good practise for the Council to review the complaints received about members on a regular basis and consider any action required to address issues raised.

### 3. Content of Report

3.1 The Committee monitors complaints on an annual basis due to the historically low number of complaints made against elected and co-opted members of local authorities in South Bucks District.

3.2 As the Committee is aware from 1 July 2012 the responsibility for assessing, investigating and hearing complaints about member conduct was passed to principal councils under the Localism Act 2011, together with the discretion to adopt local arrangements. The Committee reviewed these arrangements in 2019. Although the Localism Act removed the responsibility for South Bucks District Council to ensure high standards of conduct amongst town and parish councils in the district, any complaints that town or parish councillors may have breached their council's code of conduct are also dealt with under this complaints procedure.

3.3 There are a total of 219 elected and co-opted members of the district/town parish councils in South Bucks and historically the number of formal complaints about councillors has been low. However, there was a spike in the complaints received about district councillors in 2018/19 related mainly to a particular development proposal. I am pleased to report that in the current financial year the number of complaints received about district councillors has reduced (by 70%) and there have been no formal complaints about town/parish councillors.

3.4 The position for 2019/20 is set out in the following table, together with the figures for 2018/19 by way of comparison.

| Authority             | 2019/2020 | 2018/2019 |
|-----------------------|-----------|-----------|
| SBDC                  | 3         | 6         |
| Town/ Parish Councils | 0         | 4         |

|       |   |    |
|-------|---|----|
| Total | 3 | 10 |
|-------|---|----|

3.5 In addition to the number of complaints received, it is useful to consider the type/nature of the allegations being made and this is shown in the table below. Members should note that complaints can fall into more than one category.

| Nature of allegation  | Number of allegations |      |
|---|-----------------------|------|
|   | Town/Parish Councils  | SBDC |
| a) Failure to treat others with respect/bullying                                  |                       | 2    |
| b) Bringing the Council into disrepute  |                       | 3    |
| c) Using position for personal advantage  |                       | 1    |
| d) Failure to register a pecuniary interest                                       |                       |      |
| e) Failure to disclose a pecuniary/prejudicial interest and withdraw from meeting |                       | 2    |
| f) Failure to register a non-pecuniary interest                                   |                       |      |
| g) Other*   |                       | 3    |
|   |                       |      |

3.6 Details of the other allegations are as follows:

- Failure to exercise independent judgement, taking decisions for good and substantial reasons
- Failed to show leadership to the council and local communities
- .
- Failure to refrain from exercising executive functions.
- Seeking improperly to influence a decision about business
- Mis-use of position, not acting in the public interest

#### 4. Consultation

Not applicable.

#### 5. Options (if any)

The report provides a factual summary of the complaints received.

#### 6. Corporate Implications

Reports must include specific comments addressing the following implications:

- 6.1 Financial- None
- 6.2 Legal – As set out in the report
- 6.3 Risks issues – None
- 6.4 Equalities - None

#### 7. Unitary Implications (if applicable)

Responsibility for assessing, investigating and hearing complaints about member conduct will transfer to the Unitary Authority from 1 April 2020.

**8. Links to Council Policy Objectives**

Whilst there is no direct link to the Council's main objectives the Council has a statutory obligation to adopt a Code of Conduct.

**9. Next Steps**

This is the last complaints monitoring report for South Bucks District Council.

|                           |   |
|---------------------------|---|
| <b>Background Papers:</b> | None except those referred to in the report |
|---------------------------|---|

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|                            |   |
|----------------------------|---|
| <b>SUBJECT:</b>            | <b>Annual Governance Statement 2019/20</b>                            |
| <b>REPORT OF:</b>          | <b>Director of Resources</b>  |
| <b>RESPONSIBLE OFFICER</b> | <b>Jim Burness Director of Resources</b>                              |
| <b>REPORT AUTHOR</b>       | Jim Burness, 01494 732940<br>jim.burness@chilternandsouthbucks.gov.uk |
| <b>WARD/S AFFECTED</b>     | All   |

## 1. Purpose of Report

- 1.1 The purpose of this report is to provide Members with sufficient evidence so that they can:
- conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control, and
  - approve the statutory Annual Governance Statement for 2019/20.

### RECOMMENDATION

1. **Members are asked to:**
- **review the assurances provided,**
  - **consider whether there are any other significant gaps in control / assurance; and then**
  - **approve the Annual Governance Statement.**

## 2. Background

- 2.1 Governance is defined as:

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

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

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

2.2 The Accounts and Audit Regulations 2015 require that the system of internal control is reviewed at least once a year and that a Governance Statement is produced and included in the annual Statement of Accounts. The actual requirement is as follows:

*3. A relevant authority must ensure that it has a sound system of internal control which*

*(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*

*(b) ensures that the financial and operational management of the authority is effective; and*

*(c) includes effective arrangements for the management of risk.*

*6.(1) A relevant authority must, each financial year*

*(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and*

*(b) prepare an annual governance statement;*

*(2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must*

*(a) consider the findings of the review required by paragraph (1)(a)*

*(i) by a committee; or*

*(ii) by members of the authority meeting as a whole; and*

*(b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of*

*(i) a committee; or*

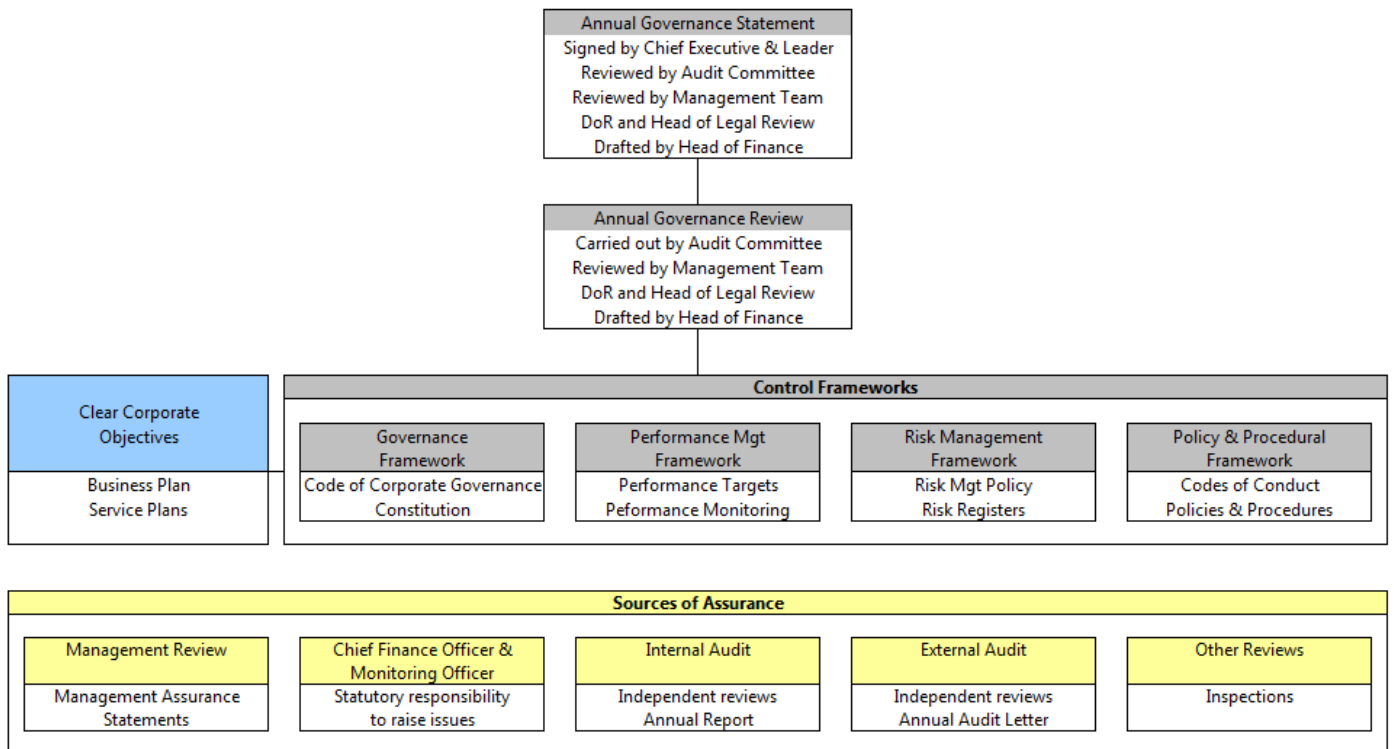
*(ii) members of the authority meeting as a whole.*

### **3. Responsibility for Undertaking the Review**

3.1 The terms of reference for the Audit & Standards Committee encompass the responsibility, on behalf of the Authority, to conduct the review of internal control and be responsible for reviewing the Annual Governance Statement.

**4. Overall Framework**

4.1 The diagram below summarises the Authority’s Corporate Governance Assurance Framework.



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

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

**5. Review of Governance Framework**

5.1 The review of the Governance Framework can be undertaken by following 8 steps as set out in the following table.

|   | Requirement  | Comment  |
|---|--|--|
| 1 | Establish principal statutory obligations and corporate objectives, and put in place effective Corporate Governance and Performance Management arrangements. | This has been met by: <ul style="list-style-type: none"> <li>• Establishing the Council’s aims and objectives.</li> <li>• Producing the Business Plan and Service plans.</li> <li>• Producing the other plans and strategies within the organisation.</li> <li>• Adopting a Code of Corporate Governance.</li> <li>• Implementing a Performance Management Framework.</li> </ul> Further details with regard to meeting this requirement are included in Appendix 1. |
| 2 | Identify principal risks to achievement of objectives.   | This has been met by the production of strategic and operational risk registers.<br>Further details with regard to meeting this requirement are included in appendix 2.  |
| 3 | Identify and evaluate key controls to manage principal risks.  | This is met as the risk registers require risks to be assessed and mitigating controls identified.<br>Further details with regard to meeting this requirement are included in Appendix 3.  |
| 4 | Obtain assurances on effectiveness of key controls.  | This is met as it occurs throughout the year as part of the ongoing management of the organisation. However for the purpose of the annual review of internal control it is useful to summarise the key sources of assurance and this is done in section 6 of this report below.  |
| 5 | Evaluate assurances and identify gaps in control / assurances.   | See section 7 of this report below.  |
| 6 | Draw up an action plan to address weaknesses and ensure continuous improvement of the system of Corporate Governance.  | The actions to be taken to address the weaknesses identified are detailed in the Draft Annual Governance Statement.  |
| 7 | Produce Annual Governance Statement.   | Draft statement included as Appendix 4.  |
| 8 | Report to Members.   | This report meets this requirement.  |



**6. Sources of Assurances**

6.1 The following table summarises the five key sources of assurance, and the assurances obtained from these sources for 2019/20.

| <b>Source of Assurance</b>                                       | <b>Comment from Guidance</b>  | <b>Assurance Obtained</b>   |
|--|---|---|
| Management and Member Review                                     | Managers should routinely monitor and review the internal controls as an integral part of the risk management process.  | <p>Officers are: guided by the Council's aims and objectives; operate within the Council's rules and regulations; produce service plans; maintain risk registers; and regularly report on progress to Senior Officers and Members. Risks are reviewed at the monthly Management Team and Heads of Service meeting.</p> <p>For 2019/20 all Heads of Service were required to complete a Management Assurance Return to highlight any known weaknesses in internal control. For the two areas where the Head of Service role is vacant the Assurance Return was covered by the Director of Resources.</p> |
| The Role of the Chief Finance Officer and the Monitoring Officer | The statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis.   | During the year no significant issues have been raised by either the Chief Finance Officer (Director of Resources) or the Monitoring Officer (Head of Legal & Democratic Services).   |
| Internal Audit   | The relevant body is likely to take assurance from the work of Internal Audit as the Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to include in the annual Internal Audit report an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. Therefore provided the body can satisfy itself that Internal Audit operates to the standards set out in the Code, the relevant body is justified in taking assurance from this opinion. | <p>The 2019/20 Annual Internal Audit Report contains Internal Audit's Annual Opinion. This states that</p> <p><i>'In my opinion, Chiltern District Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.'</i></p>   |

| Source of Assurance                     | Comment from Guidance  | Assurance Obtained  |
|---|--|---|
| External Audit                          | External Audit are another potential source of assurance on the operation of internal controls although it should be noted that the audit reports / management letters will not cover the full range of activities and risks, and that external auditors are not required to form an opinion on the effectiveness of the relevant body's corporate governance procedures or its risk and control procedures. | To date External Audit have not raised any significant issues of concern with Management.   |
| Other Review Agencies and Inspectorates | The system of internal control covers the whole of the Authority's operations. Aspects of these operations are subject to independent external review and these reports also provide the body with relevant assurance.   | Full Public Sector Network (PSN) compliance has been maintained. This has been based in part on external cyber security testing of the Council's network. |

**7. Gaps in Control and Governance Assurances**

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

**8. Annual Governance Statement**

- 8.1 A draft Annual Governance Statement is included as Appendix 4.
- 8.2 Members are asked to review the draft Annual Governance Statement and consider whether changes are needed.

**9. Corporate Implications**

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

**10. Links to Council Policy Objectives**

10.1 This report relates to the Authority’s Corporate Governance Framework which underpins the effective operation of all the Council’s activities.

**11. Next Step**

11.1 As the Council will cease to exist on 31<sup>st</sup> March 2020, it will be for the Chief Executive and Leader of the Buckinghamshire Council formally to sign off the Annual Governance Statement and this will be published in the Annual Statement of Accounts.

11.2 The Statement will be reviewed by external audit as part of their audit review process.

|                           |      |
|---------------------------|------|
| <b>Background Papers:</b> | None |
|---------------------------|------|

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

Changes since last year are shown in blue.

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

| <b>Requirement B – There is a mechanism in place to establish corporate objectives.</b>  |  |   |
|--|--|---|
| Suggested measure  | Evidence   |   |
| B1 - Consultation with stakeholders on priorities and objectives.  | The Authority works within the Local Strategic Partnership framework and has consulted on its priorities.<br><br>In addition for any major service changes (e.g. waste services, parking charges) the Authority has a well-established record of consultation. | ✓ |
| B2 - The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation). | <a href="#">The Refreshed Joint Business Plan 2019 -2020 was approved by Cabinet on 19<sup>th</sup> March 2019.</a>  | ✓ |
| B3 - Priorities and objectives are aligned to principal statutory obligations and relate to available funding.                   | The Authority's priorities encompass the organisation's statutory obligations and the Business Plan is set based on an understanding of the available resources.   | ✓ |
| B4 - Objectives are reflected in departmental plans and are clearly matched with associated budgets.                             | Individual service plans are produced for each service area in line with the actions agreed in the Business Plan, and the budget implications of the actions are considered as part of the budget setting process.   | ✓ |
| B5 - The Authority's objectives are clearly communicated to staff and to all stakeholders, including partners.                   | The Authority's objectives are cascaded to all staff via team meetings and are published in the Business Plan.<br><br>Key objectives for the year ahead are also mentioned as part of the annual staff briefings.  | ✓ |

| <b>Requirement C – Effective corporate governance arrangements are embedded within the Authority.</b> |   |   |
|---|---|---|
| Suggested measure   | Evidence  |   |
| C1 - Code of corporate governance established.  | The Authority adopted a new Code of Corporate Governance in March 2017.<br><br>The code is based on the revised CIPFA / SOLACE framework document for corporate governance in local authorities.                    | ✓ |
| C2 - Review and monitoring arrangements in place.   | Officer and Member consideration of the Annual Governance Statement effectively covers this issue.  | ✓ |
| C3 - Committee charged with Governance responsibilities.  | The Audit & Standards Committee is charged with corporate governance responsibilities.  | ✓ |
| C4 - Governance training provided to key officers and all members.                                    | All staff have an induction which includes information about Governance eg the Staff Code of Conduct etc.<br><br>Training is provided as part of the induction process for Members following the Council elections. | ✓ |
| C5 - Staff, public and other stakeholder awareness of corporate governance.                           | The Annual Statement of Accounts is available on the website. The Intranet also provides access for staff and Members to key policies and statements.   | ✓ |

| <b>Requirement D – Performance management arrangements are in place.</b>  |  |   |
|---|--|---|
| Suggested measure   | Evidence   |   |
| D1 - Comprehensive and effective performance management systems operate routinely.  | There is a clearly defined performance management framework within the organisation.   | ✓ |
| D2 - Key performance indicators are established and monitored.  | Key performance indicators are established and reported to Cabinet and Overview on a regular basis.  | ✓ |
| D3 - The authority knows how well it is performing against its planned outcomes.  | Performance against all performance indicators and key service objectives are reported to Cabinet on a regular basis.  | ✓ |
| D4 - Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes. | When drawing up service plans previous and relative performance is considered.   | ✓ |
| D5 - The authority continuously improves its performance management.  | <p>The Authority is continuing to develop and improve its performance driven culture.</p> <p><a href="#">There is a workforce strategy that is consistent across SBDC and CDC.</a></p> <p>A workforce planning framework was introduced in early 2018.</p> | ✓ |



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

Changes since last year are shown in blue.

| <i>Requirement – The Authority has robust systems and processes in place for the identification and management of strategic and operational risk</i> |   |   |
|--|---|---|
| Suggested measure  | Evidence  |   |
| 1 - There is a written strategy and policy in place for managing risk.   | The Authority has a Risk Management Policy and Risk Management Strategy.  | ✓ |
| 2 - The authority has implemented clear structures and processes for risk management, which are successfully implemented.                            | An annual report on Risk Management is considered by the Audit & Standards Committee each year.<br><br>Strategic risks are identified by Senior Officers and considered by both Overview and Cabinet.<br><br>Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting.<br><br>Operational risks registers are maintained by each service and recorded on Covalent.<br><br>The major budget / financial risks are identified as part of the annual budget setting process and included in the budget reports to Members. | ✓ |
| 3 - The authority has developed a corporate approach to the identification and evaluation of risk, which is understood by all staff.                 | There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet.   | ✓ |
| 4 - The authority has well defined procedures for recording and reporting risk.  | There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet.   | ✓ |
| 5 - The authority has well established and clear arrangements for financing risk.  | Risk financing is of limited relevance to the Authority.<br>However where appropriate insurance cover is obtained to mitigate risks.  | ✓ |
| 6 - The Authority has developed a programme of risk management training for relevant staff.  | Staff induction includes appropriate risk awareness training.<br><br>During the course of the year the risk training has been provided to managers.<br><br>Risk Management is part of the Middle Managers Development Programme.  | ✓ |
| 7 - The corporate risk management board (or equivalent) adds value to the risk management process.   | Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting.   | ✓ |

| Suggested measure   | Evidence  |   |
|---|---|---|
| 8 - A Corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice. | The Authority does not have an officer dedicated to risk management work. Instead risk management is championed by the Director of Resources and risk management work is picked up by other officers on an ad hoc basis, and for senior managers it is part of the core competencies for their roles. <a href="#">Internal Audit annual looks at the operation of risk management as part of the Audit Plan</a> | ✓ |
| 9 - Managers are accountable for managing their risks.  | All risks are allocated to named officers and they are responsible for managing these.  | ✓ |
| 10 - Risk management is embedded throughout the authority.  | Risk management is considered to be reasonably well embedded.   | ✓ |
| 11 - Risks in partnership working are fully considered.   | Key risks related to significant partnerships or contracts are identified as part of the risk management process.   | ✓ |
| 12 - Where employed, risk management information systems meet users' needs.   | The Covalent performance management system includes the risk registers and adequately meets the Council's current requirements.   | ✓ |

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

| <i>Requirement – The Authority has a robust system of internal control which includes systems and procedures to mitigate principal risks</i> |  |   |
|--|--|---|
| Suggested measure  | Evidence   |   |
| 1 - There are written financial regulations.   | The Authority has formal written Financial Procedure Rules.  | ✓ |
| 2 - There are written contract standing orders.  | The Authority has formal written Contract Procedure Rules.   | ✓ |
| 3 - There is a whistle blowing policy.   | The Authority has a Protected Disclosure Policy (Whistleblowing).  | ✓ |
| 4 - There is a counter fraud and corruption policy.  | The Authority has an Anti-Fraud, Bribery and Corruption Policy.  | ✓ |
| 5 - There are codes of conduct in place.   | There is a Member code of conduct.<br>There is an employee code of conduct.<br>Articles are occasionally included in Staff News to remind members and officers about these.<br>Dignity at work policy. | ✓ |
| 6 - A register of interests is maintained.   | A register of interests is maintained and regularly updated.   | ✓ |
| 7 - Where a scheme of delegation has been drawn up, it has been approved and communicated to all relevant staff.                             | Delegated matters are detailed in the Constitution, which is widely available.   | ✓ |
| 8 - A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff.                              | A CDC / SBDC Joint Procurement Strategy was agreed in 2014. It is available to staff and members online on the CDC website.  | ✓ |
| 9 - Business / service continuity plans have been drawn up for all critical service areas.   | Work continues to ensure that there are robust service recovery plans for all areas, and that these reflect the joint teams and that these plans have been tested.                                     | ✓ |
| 10 - The corporate / departmental risk registers include expected key controls to manage principal risks.                                    | The annual service plans require internal controls to be listed for all risks.   | ✓ |

| Suggested measure  | Evidence   |   |
|--|--|---|
| 11 - Key risk indicators have been drawn up to track the movement of key risk and are regularly monitored. | Key risks are regularly monitored and reviewed and where appropriate these are linked with the corporate performance management arrangements.<br><br>Strategic risks are assessed pre and post mitigation actions and the post mitigation assessment acts as the target risk.                                | ✓ |
| 12 - The authority's internal control framework is subject to regular independent assessment.              | Internal Audit regularly reviews the internal control framework.   | ✓ |
| 13 - A corporate Health & Safety Policy has been drawn up.   | The Authority has a Health & Safety Policy, which is available on the intranet.  | ✓ |
| 14 - A corporate complaints policy / procedure has been drawn up.  | The Authority has a general complaints Procedure.<br><br>There is also a Member complaint procedure and form on the website.   | ✓ |
| 15 - The Council has policies and procedures in place to ensure compliance with data protection laws.      | The Council has a Corporate Information Officer and complies with data protection rules, and FoI requirements.<br><br>The Authority has an Information Governance Group that maintains an overview of Information Management and its development.  | ✓ |
| 16 - The Council has policies and procedures in place to maintain IT security.                             | The Council has an Information Security Policy along with various other supporting IT policies (eg username and password policy). It is fully PSN compliant.   | ✓ |
| 17 - The Council has policies and procedures in place to maintain good Information Asset management.       | The Council has information asset management policies and procedures, and has a corporate Information Governance Group.<br><br>Information Governance roles are identified in the organisation and work is in hand to review and update Information Asset Registers and disposal and retention arrangements. | ✓ |

## Appendix 4: Annual Governance Statement 2019/20

### 1) Scope of Responsibility

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

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

South Bucks District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the CIPFA / SOLACE *Delivering Good Governance in Local Government Framework 2016*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

### 2) The Purpose of the Governance Framework

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

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

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2020..

### 3) The Governance Framework

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

- overseeing the implementation and monitoring of the operation of the Code and Risk Management Strategy;
- reviewing the operation of the Code and Risk Management Strategy in practice; and
- ensuring that there is an effective internal audit function.

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

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

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

### 4) Role of the Chief Finance Officer

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

The Chief Financial Officer:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;

- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- Must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

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

### **5) Review of Effectiveness**

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

For 2019/20 this review has been undertaken by the Audit & Standards Committee and included carrying out an assessment of the SBDC internal control framework.

We have been advised of the results of the review of the effectiveness of the governance framework by the Audit & Standards Committee.

**6) Main Governance Issues**

The assessment of material governance issues has to reflect the fact that after the 31 March South Bucks DC will cease to exist. Therefore any governance issues have to reflect the transition to the new unitary Buckinghamshire Council. The following are the main governance issues.

The following is the main governance issue.

| ISSUE  | ACTION  |
|--|---|
| <p>In the transition to the Buckinghamshire Council the identification and understanding of the material service risks currently being managed by the Council</p>  | <p>Initial risk registers in service plans for the new Council informed by legacy authorities managers.</p> <p>Day one key authority wide risk register in place co-ordinated by the Corporate Risk Manager and agreed by the Corporate Management Team</p> |
| <p>There needs to be an effective and sufficiently comprehensive scheme of delegations as part of the new Constitutional arrangements for the new Council to ensure any actions are properly authorised and risk of procedural challenge minimised (e.g. Env Health, Planning etc)</p> | <p>The Constitution for the new Council contains provision to put in place all the appropriate delegations, and these are appended to the formal document and made publicly accessible.</p>   |
| <p>The business continuity arrangements for district services moving to new systems (e.g. SAP) and new operational service arrangements and management. Existing business continuity plans in many areas will no longer be effective</p>   | <p>Review of business continuity plans, with prioritisation:</p> <ul style="list-style-type: none"> <li>• Services to vulnerable people</li> <li>• Essential organisational infrastructure elements (e.g. ICT )</li> </ul>                                  |

In addition, as shown in the Council’s Statement of Accounts, the Council has estimated its long term pension fund liability in accordance with International Accounting Standard 19 (Employee benefits). The IAS19 requirements do not impact on the Council’s financial performance but do ensure that the Council’s net Pension Fund liability is recognised in the balance sheet. The net liability as at 31 March 2020 is £XX.Xm but the financial position remains healthy because the liabilities actually arise over a long period and the deficit on the pension fund will be made good through increased contributions into the fund over the remaining working life of employees. The level of contributions required is assessed by the scheme actuary.

From 1 April 2020 the Council’s pension fund assets and liabilities will be consolidated with all the other District and County ones into the Buckinghamshire Council pension fund



**South Bucks District Council**

**Internal Audit Progress Report 2019/20**

**Audit and Standards Committee –**

**19 March 2020**

**FINAL**

**2019/20**

February 2020

## INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at Chiltern and South Bucks District Councils as at 20 February 2020.

## PROGRESS AGAINST THE 2019/20 ANNUAL PLAN

2. Our progress against the Annual Plan for 2019 -20 is set out in Appendix A. The results of finalised audits for 2019/20 with Priority 1 or 2 recommendations are shown at Appendix B.

## EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

3. We have identified no 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

4. The table below sets out details of audits finalised since the previous meeting of the Audit and Standards Committee on 14 January 2020.

| Review                              | Evaluation  | Key Dates    |                    |                | Number of Recommendations |   |   |    |
|-------------------------------------|-------------|--------------|--------------------|----------------|---------------------------|---|---|----|
|                                     |             | Draft issued | Responses Received | Final issued   | 1                         | 2 | 3 | OE |
| <b><u>2019/20 Audit Reports</u></b> |             |              |                    |                |                           |   |   |    |
| Complaints and Compliments          | Reasonable  | 20/11/19     | 18/12/19           | 20/12/19       | -                         | 2 | 1 | 3  |
| Emergency Planning                  | Substantial | 24/11/19     | 13/12/19           | 17/12/19       | -                         | - | - | -  |
| Contractor Health and Safety        | Reasonable  | 19/11/19     | 11/12/19           | 12/12/19       | -                         | - | 5 | -  |
| Payroll                             | Substantial | 13/02/20     |                    | Still at draft | -                         | - | - | -  |
| Cash and Bank                       | Substantial | 19/02/20     |                    | Still at draft | -                         | - | - | -  |
| Treasury Management                 | Substantial | 19/02/20     |                    | Still at draft | -                         | - | - | 1  |
| Leisure contract                    | Substantial | 19/02/20     |                    | Still at draft | -                         | - | - | -  |

|                                |            |          |  |                |   |   |   |   |
|--------------------------------|------------|----------|--|----------------|---|---|---|---|
| Commercial Rents/Debt Recovery | Reasonable | 19/02/20 |  | Still at draft | - | - | 2 | - |
|                                |            |          |  |                |   |   |   |   |

\*OEM = Operational Effectiveness Matters (these are good practice suggestions that have arisen during the audit)

Copies of the finalised reports (recommendations only) where priority one or two recommendations have been made are attached at Appendix B.

### CHANGES TO THE ANNUAL PLAN 2019/20

6. The following changes have been made to the Annual Internal Audit Plan for 2019/20:
  - 1) Delete Equalities – 8 days (Audit not a priority in 2019/20)
  - 2) Add Contractor Health and Safety audit – 8 days
  - 3) Delete Governance – 8 days (Audit not required as Council will not exist beyond 31 March 2020)

### FRAUDS/IRREGULARITIES

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

### LIAISON

8. We liaise with EY and provide reports and working paper files, as required.  
We have regular client meetings with the Audit, Fraud and Error Reduction Manager and Head of Finance.

### PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

9. We have not made any Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report

### RISK MANAGEMENT

10. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager 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.

Appropriate training has been developed and is been delivered to all middle managers. The latest training has been given to managers during October 2019.

## **RESPONSIBILITY/DISCLAIMER**

11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Progress against the Annual Plan for 2019/20

| System                                    | Planned Quarter | Days | Current Status   | Comments               |
|---|-----------------|------|--|------------------------|
| Governance                                | 3               | 0(8) |  | <b>Audit cancelled</b> |
| Complaints and Compliments                | 2               | 6    | Final report issued 20 December 2019   |                        |
| Performance Management/Efficient Working  | 1               | 8    | Final report issued 16 October 2019  |                        |
| Contracts - Novation                      | 1               | 9    | In progress  |                        |
| Information Governance/Data Quality       | 3               | 8    | Final report issued 28 November 2019   |                        |
| Subject Access Requests                   | 2               | 8    | Final report issued 15 October 2019  |                        |
| Emergency Planning                        | 2               | 8    | Final report issued 17 December 2019   |                        |
| Health and Safety – Internal Arrangements | 2               | 7    | In progress  |                        |
| Purchase Cards                            | 1               | 8    | Final report issued 18 September 2019  |                        |
| Expenses                                  | 1               | 8    | Final report issued 21 October 2019  |                        |
| Main Accounting                           | 3               | 7    | Final report issued 6 December 2019  |                        |
| Payroll                                   | 3               | 11   | Draft report issued 13 February 2020   |                        |
| Accounts Receivable (Debtors)             | 3               | 8    | Final report issued 5 December 2019  |                        |
| Accounts Payable (Creditors)              | 3               | 8    | Final report issued 5 December 2019  |                        |
| Benefits and Council Tax Support          | 1               | 13   | CDC – final report issued 15 July 2019.<br>SBDC–final report issued 1 October 2019     |                        |
| Council Tax and NDR                       | 1               | 25   | CDC – final report issued 9 August 2019.<br>SBDC – final report issued 15 October 2019 |                        |
| Cash and Bank                             | 3               | 7    | Draft report issued 19 February 2019   |                        |

| System  | Planned Quarter | Days | Current Status                        | Comments   |
|---|-----------------|------|---------------------------------------|--|
| Treasury Management                                     | 3               | 7    | Draft report issued 19 February 2020  |  |
| ICT – Annual Network Audit                              | 2               | 6    | Final report issued 9 July 2019       |  |
| ICT – Network Infrastructure                            | 2               | 6    | Final report issued 9 July 2019       |  |
| ICT – Information Management                            | 2               | 6    | Final report issued 30 August 2019    |  |
| Housing Allocations and Homelessness/Temp Accommodation | 2               | 8    | In progress                           |  |
| Disabilities Facilities Grant                           | 1               | 5    | Final report issued 1 July 2019       |  |
| Leisure Contract  | 2               | 8    | Draft report issued 19 February 2020  |  |
| Waste services (Chiltern, Wycombe and South Bucks)      | 2               | 11   | In Progress                           |  |
| Car Parking   | 2               | 7    | Final report issued 10 September 2019 |  |
| Commercial Rents/debt recovery                          | 1               | 8    | Draft report issued 19 February 2020  |  |
| Equalities  | 3               | 0(8) |                                       | Audit Cancelled  |
| Contractor Health & Safety audit                        | 3               | 8    | Final report issued 12 December 2019  |  |
| Risk Management Assistance                              | 1-4             | 15   | All work complete for 2019 / 20       | <b>This provides risk management assistance to officers throughout the year including risk workshops</b> |
| <u><b>Farnham Park</b></u>                              |                 |      |                                       |  |
| Leases  | 1               | 6    | Final report issued 7 November 2019   |  |

**KEY:**

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

## Recommendations – Priority 1 and 2 Only

Audit Report: Complaints and Compliments  
Report Issued: 20 December 2019

| Rec. | Risk Area  | Finding  | Recommendation  | Priority | Management Comments   | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|--|---|----------|---|-------------------------------------|---------------------------------|
| 1    | Compliance | Sample testing of 10 complaints highlighted three cases where the Stage 1 response had not been provided within the 10 day target timeframe. In one case the letter that was sent did include an apology for the delay, although it was noted that the complainant had not previously been advised that there would be a delay to the formal response. In another case it was noted that there had been various phone calls with the complainant, however a formal response was not sent until approximately seven weeks after the initial complaint. In the third case, the complainant chased this up after a month having not received a response, and at the time of the audit a response had still not been provided. | Officers be reminded of the importance of formally responding to complaints within the prescribed timeframes. Where these timeframes are unlikely to be met, complainants should be advised in advance of any delays. | 2        | <p><i>When complaints are forwarded to the relevant officer the text surrounding this will be improved to make it clear to the officer of the time frames – so the Service Level Agreement (SLA) we are operating under – and what processes that should be adhered to should there be a delay and the SLA not met.</i></p> <p><i>This understand can be included in any procedure notes that are issued to officers around complaints.</i></p> | 31/12/19                            | Simon Vockins                   |

| Rec. | Risk Area  | Finding   | Recommendation  | Priority | Management Comments  | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|---|---|----------|--|-------------------------------------|---------------------------------|
| 2    | Compliance | Sample testing highlighted three stage 1 responses which did not include all elements of the standard wording relating to how the complainant could escalate the matter to a Stage 2 complaint if they were still unhappy with the response. For example, the name of the Head of Service was provided but no details of how to contact them. In a further case, the stage 2 response contained a reference to the ability to refer the matter further to the Local Government Ombudsman, but did not include details of how to do this in accordance with the standard template wording. | Officers be reminded of the need to include all relevant details in complaint responses as per the complaints template in order to ensure that complainants are provided with appropriate information as to how the complaint has been dealt with and their ability to escalate the matter further if they are still unsatisfied. | 2        | <p><i>These need to be checked when they are returned to ensure that all fields within the template are completed.</i></p> <p><i>Work can also be undertaken on the template to make sure officers are well aware of their obligation.</i></p> | 31/12/19                            | Simon Vockins                   |

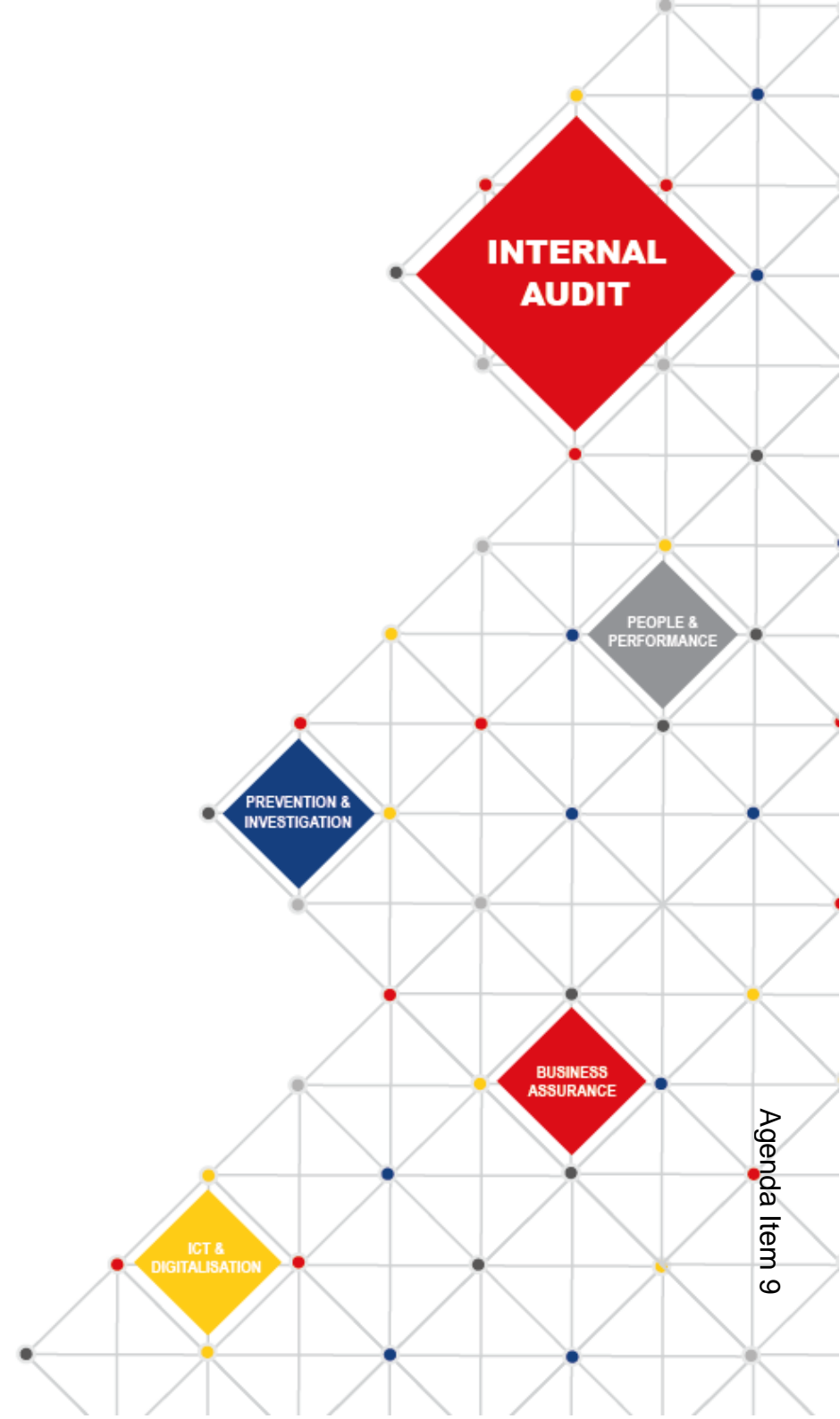


**South Bucks District Council**

**Internal Audit Annual Report**

**2019/20**

**FINAL**



# Internal Audit Annual Report

## INTRODUCTION

This is the 2019/20 Annual Report by TIAA on the internal control environment at Chiltern District Council. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation’s framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

### HEAD OF INTERNAL AUDIT’S ANNUAL OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of Chiltern District Council’s risk management, control and governance processes. In my opinion, Chiltern District Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

## INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2019/20 Annual Audit Plan approved by the Audit and Standards Committee was for 330 days of internal audit coverage in the year (to include Chiltern District Council). During the year there were several changes to the Audit Plan and these changes were approved by the Audit and Standards Committee.

The majority of the planned work has been carried out and the reports have been issued (Annex A).

## ASSURANCE

TIAA carried out or are in the process of carrying out and finalised some 19 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council’s objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

| Assurance Assessments | Number of Reviews | Previous Year |
|-----------------------|-------------------|---------------|
| Substantial Assurance | 10                | 13            |
| Reasonable Assurance  | 9                 | 1             |
| Limited Assurance     | -                 | -             |
| No Assurance          | -                 | -             |

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our finalised and draft audit work carried out in 2019/20.

| Urgent | Important | Routine |
|--------|-----------|---------|
| -      | 12        | 24      |

**AUDIT SUMMARY**

**Control weaknesses:** There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

**Recommendations Made:** We have analysed our findings/recommendations by risk area and these are summarised below.

| Risk Area    | Urgent | Important | Routine |
|--------------|--------|-----------|---------|
| Directed     | -      | -         | 7       |
| Compliance   | -      | 8         | 22      |
| Operational  | -      | 4         | -       |
| Reputational | -      | -         | -       |

**Operational Effectiveness Opportunities:** One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

| Operational |
|-------------|
| 5           |

**INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT**

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

**PERFORMANCE AND QUALITY ASSURANCE**

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

| Performance Measure  | Target | Attained |
|--|--------|----------|
| Completion of Planned Audits (inc. drafts)                         | 100%   | 86%      |
| Audits Completed in Time Allocation                                | 100%   | 100%     |
| Final report issued within 10 working days of receipt of responses | 95%    | 100%     |
| Compliance with Public Sector Internal Audit Standards             | 100%   | 100%     |

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent five year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

**RELEASE OF REPORT**

The table below sets out the history of this Annual Report.

|                     |              |
|---------------------|--------------|
| Date Report issued: | 2 March 2020 |
|---------------------|--------------|

# Annexes

## Annex A

### Actual against planned Internal Audit Work 2019/20

| System                                    | Type      | Planned Days | Actual Days | Assurance Assessment | Comments    |
|---|-----------|--------------|-------------|----------------------|-------------|
| Governance                                | Assurance | 0(8)         | 0           |                      | Cancelled   |
| Complaints and Compliments                | Assurance | 6            | 6           | Reasonable           | Final       |
| Performance Management/Efficient Working  | Assurance | 8            | 8           | Substantial          | Final       |
| Contracts - Novation                      | Assurance | 9            | 9           |                      | In progress |
| Information Governance/Data Quality       | Assurance | 8            | 8           | Reasonable           | Final       |
| Subject Access Requests                   | Assurance | 8            | 8           | Reasonable           | Final       |
| Emergency Planning                        | Assurance | 8            | 8           | Substantial          | Final       |
| Health and Safety – Internal Arrangements | Assurance | 7            | 7           |                      | In progress |
| Purchase Cards                            | Assurance | 8            | 8           | Substantial          | Final       |
| Expenses                                  | Assurance | 8            | 8           | Reasonable           | Final       |
| Main Accounting                           | Assurance | 7            | 7           | Substantial          | Final       |
| Payroll                                   | Assurance | 11           | 11          | Substantial          | Draft       |
| Accounts Receivable (Debtors)             | Assurance | 8            | 8           | Substantial          | Final       |
| Accounts Payable (Creditors)              | Assurance | 8            | 8           | Substantial          | Final       |
| Benefits and Council Tax Support          | Assurance | 13           | 13          | Substantial          | Final       |
| Council Tax and NDR                       | Assurance | 25           | 25          | Substantial          | Final       |
| Cash and Bank                             | Assurance | 7            | 7           | Substantial          | Draft       |
| Treasury Management                       | Assurance | 7            | 7           | Substantial          | Draft       |
| ICT – Annual Network Audit                | Assurance | 6            | 6           | Reasonable           | Final       |

|   |           |      |    |                  |             |
|---|-----------|------|----|------------------|-------------|
| ICT – Network Infrastructure                            | Assurance | 6    | 6  | Reasonable       | Final       |
| ICT – Information Management                            | Assurance | 6    | 6  | Reasonable       | Final       |
| Housing Allocations and Homelessness/Temp Accommodation | Assurance | 8    | 8  |                  | In progress |
| Disabilities Facilities Grant                           | Assurance | 5    | 5  | Substantial      | Final       |
| Leisure Contract  | Assurance | 8    | 8  | Substantial      | Draft       |
| Waste services (Chiltern, Wycombe and South Bucks)      | Assurance | 11   | 11 |                  | In progress |
| Car Parking   | Assurance | 7    | 7  | Substantial      | Final       |
| Commercial Rents/debt recovery                          | Assurance | 8    | 8  | Reasonable       | Draft       |
| Equalities  | Assurance | 0(8) | 0  |                  | Cancelled   |
| Contractor Health & Safety audit                        | Assurance | 8    | 8  | Reasonable       | Final       |
| Risk Management Assistance                              | Assurance | 15   | 15 | No opinion given |             |
| <b><u>Farnham Park</u></b>                              | Assurance |      |    |                  |             |
| Leases  | Assurance | 6    | 6  | Reasonable       | Final       |
|   |           |      |    |                  |             |

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## Chiltern and South Bucks Councils

Follow Up Report of all Outstanding  
Recommendations

Page 79

**2019/20**

February 2020

## Executive Summary

### INTRODUCTION

- This final follow up review by TIAA of all outstanding internal audit report recommendations has established the management action that has been taken in respect of the priority 1, 2 and 3 recommendations arising from the internal audit reviews listed below at Chiltern and South Bucks District Councils. Unless otherwise specified, these were joint audit reviews for both Chiltern and South Bucks.

| Review   | Date of Final Report | Recommendations Made                                      | Comments    |
|--|----------------------|---|-------------|
| New Chiltern Car Park                                  | 20 August 2019       | Four priority three recommendations.                      |             |
| Council Tax and NDR (Chiltern)                         | 17 October 2019      | No recommendations  | N/A         |
| Council Tax and NDR (South Bucks)                      | 15 October 2019      | Two priority three recommendations                        | Implemented |
| Housing Benefits and Council Tax Support (Chiltern)    | 15 July 2019         | No recommendations  | N/A         |
| Housing Benefits and Council Tax Support (South Bucks) | 1 October 2019       | One priority three recommendation                         | Implemented |
| Waste Services   | 10 October 2018      | Three priority two and six priority three recommendations |             |
| Planning Development and Enforcement                   |                      | Three priority two and one priority three recommendation  |             |
| ICT - GDPR   | 1 November 2019      | Three priority two recommendations                        |             |



|  |                  |   |  |
|--|------------------|---|--|
| Governance                               | 11 April 2019    | Three priority three recommendations                    |  |
| Housing Section 106                      | 2 July 2019      | Three priority two recommendations                      |  |
| Payroll                                  | 3 May 2019       | One priority three recommendation                       | Implemented                                  |
| Procurement                              | 4 June 2019      | Two priority two and two priority three recommendations |  |
| Follow up – Temporary Accommodation      | 5 April 2019     | One priority three recommendation                       | Implemented                                  |
| ICT Annual Network Audit                 | 9 July 2019      | Five priority two recommendations                       |  |
| Overtime Arrangements                    | 9 May 2019       | Four priority three recommendations                     |  |
| Project Management                       | 8 July 2019      | One priority three recommendation                       | New Unitary will take up this recommendation |
| Complaints and Compliments               | 20 December 2019 | Two priority two and one priority three recommendation  |  |
| Performance Management/Efficient Working | 16 October 2019  | One priority three recommendation                       |  |
| Contracts Novation                       |                  |   | Audit in progress                            |
| Information Governance/Data Quality      | 28 November 2019 | One priority two and two priority three recommendations |  |

|   |                   |  |                   |
|---|-------------------|--|-------------------|
| Subject Access Request                    | 15 October 2019   | One priority two and one priority three recommendation |                   |
| Emergency Planning                        | 17 December 2019  | No recommendations                                     | N/A               |
| Health and Safety – internal arrangements |                   |  | Audit in progress |
| Purchase Cards                            | 18 September 2019 | Three priority three recommendations                   |                   |
| Expenses                                  | 21 October 2019   | Three priority three recommendations                   |                   |
| Main Accounting                           | 6 December 2019   | No recommendations                                     | N/A               |
| Payroll                                   |                   | No recommendations                                     | N/A               |
| Accounts Receivable                       | 5 December 2019   | One priority three recommendation                      |                   |
| Accounts Payable                          | 5 December 2019   | One priority three recommendation                      |                   |
| Cash and Bank                             |                   | No recommendations                                     | N/A               |
| Treasury Management                       |                   | No recommendations                                     | N/A               |
| ICT – Annual Network Audit                | 9 July 2019       | Two priority two recommendations                       |                   |

|   |                   |                                     |                   |
|---|-------------------|-------------------------------------|-------------------|
| ICT – Network Infrastructure                            | 9 July 2019       | Three priority two recommendations  |                   |
| ICT – Information Management                            | 30 August 2019    | Two priority two recommendations    |                   |
| Housing Allocations and Homelessness/Temp Accommodation |                   |                                     | Audit in progress |
| Disabilities Facilities Grant                           | 1 July 2019       | Two priority three recommendations  |                   |
| Leisure Contract  |                   | No recommendations                  | N/A               |
| Waste Services (Chiltern, Wycombe and South Bucks)      |                   |                                     | Audit in progress |
| Car Parking   | 10 September 2019 | No recommendations                  | N/A               |
| Commercial Rents/Debt recovery                          |                   | Two priority three recommendations  |                   |
| Contractor Health and Safety Audit                      | 12 December 2019  | Five priority three recommendations |                   |
| Farnham Park Leases                                     | 7 November 2019   | Three priority two recommendations  |                   |
|   |                   |                                     |                   |
|   |                   |                                     |                   |

**KEY FINDINGS**

- 2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss.
- 3. **The work to follow up recommendations is very much work in progress and will continue until the end of the financial year. On the 31 March 2020 a final follow up report will be produced which clearly identifies what recommendations have been implemented and the position of those that are outstanding.**

**SCOPE AND LIMITATIONS OF THE REVIEW**

- 4. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
- 5. 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.
- 6. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

**RELEASE OF REPORT**

- 7. The table below sets out the history of this report.

|                           |                  |
|---------------------------|------------------|
| Date final report issued: | 24 February 2020 |
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South Bucks  
District Council  
Audit planning report  
Year ended 31 March 2020

March 2020



Building a better  
working world



Private and Confidential  
Members of the Audit and Standards  
Committee  
South Bucks District Council  
Capswood  
Denham UB9 4LH

March 2020

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 Audit and Standards Committee with a basis to review our proposed audit approach and scope for the 2019/20 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 Provisional Audit 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. Our planning procedures remain ongoing; we will inform the Audit and Standards Committee if there are any significant changes or revisions once we have completed these procedures, and provide an update to the members of the committee.

This report is intended solely for the information and use of the Audit and Standards Committee and management. It 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 19 March 2020, as well as to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Andrew Brittain

For and on behalf of Ernst & Young LLP

# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and further guidance (updated April 2018)" issued by PSAA sets out additional requirements with which auditors must comply, 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 and Standards Committee and management of South Bucks District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we may tell the Audit and Standards Committee, and management of South Bucks District Council, the 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 and Standards 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 2019/20 audit strategy





# Overview of our 2019/20 audit strategy

The 'dashboard' below summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Standards Committee with an overview of our initial risk identification for the forthcoming 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   |
|--|---------------------------------|-------------------------------|---|
| Risk of fraud in revenue and expenditure recognition | Fraud risk/<br>Significant risk | No change in risk or focus    | 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.  |
| 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 to prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.  |
| Pension valuation                                    | Inherent risk                   | No change in risk or focus    | The material nature of the Council's net pension liability, and the basis on which it is valued, means that small changes in assumptions when valuing this liability can have a material impact on the financial statements. This means that the balance is susceptible to misstatement.  |
| Property valuations                                  | Inherent risk                   | No change in risk or focus    | The material nature of the Council's non-current assets, and the basis on which they are valued, means that small changes in assumptions when valuing these assets can have a material impact on the financial statements. This means that the balances are susceptible to misstatement.  |
| Unitary council formation                            | Inherent risk                   | New risk identified this year | The demise of the District Council on 31 March 2020 will affect the Council's staff capacity, with potential impact on its ability to produce a materially correct set of accounts. Also, in the approach to full unitary formation, there is a risk that focusing on the "shadow" unitary authority could have a negative impact on planned early audit work, which aims to reduce pressure during the peak workflow period in June. |
| Group accounting                                     | Inherent risk                   | No change in risk or focus    | The Council's wholly owned property subsidiary, Consilio (set up in 2017), begun trading in 2018/19. Whilst the 2018/19 consolidation was simple, we expect this to become more complex as Consilio enters into an increasing number of material transactions, thus making the preparation of the financial statements more complicated.  |

# Overview of our 2019/20 audit strategy

## Materiality

Planning  
materiality  
£906k

Materiality has been set at £905,800, which represents 2% of the prior year's gross expenditure on provision of services.

Performance  
materiality  
£679k

Performance materiality has been set at £679,350, which represents 75% of planning materiality.

Audit  
differences  
£45k

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund) greater than £45,290. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Standards Committee.

# Overview of our 2019/20 audit strategy

## Audit scope

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

- our audit opinion on whether the financial statements of South Bucks District Council (Group and council) give a true and fair view of the financial position as at 31 March 2020 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 in its use of resources.

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.

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

Taking the above into account, and as set out in this audit plan, our professional responsibilities require us to assess independently the risks associated with providing an audit opinion, and to undertake appropriate procedures in response. Our Terms of Appointment with PSAA allow them to vary the fee depending on "the auditors' assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on areas such as the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years, and the expansion of factors affecting the value for money conclusion. Therefore to the extent that any of these - or any other risks - are relevant in the context of South Bucks District Council's audit, we will discuss the impact on the scale fee with management.

There have been no changes to your audit team for the 2019/20 audit, with Andrew Brittain remaining as your Engagement Lead, and Malcolm Haines and Asad Khan as your Audit Manager and Senior Auditor.



02

# Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by \*) 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 identified during the audit.

|   |  |   |
|---|--|---|
| <p>Misstatements due to fraud or error*</p>   | <p><b>What is the risk?</b></p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 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.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p> | <p><b>What will we do?</b></p> <p>Our procedures include:</p> <ul style="list-style-type: none"> <li>• asking management about risks of fraud and the controls to address those risks;</li> <li>• understanding the oversight given by those charged with governance of management's processes over fraud; and</li> <li>• considering the effectiveness of management's controls designed to address the risk of fraud.</li> </ul> <p>We also perform mandatory procedures regardless of specifically identified fraud risks, including:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>• assessing accounting estimates for evidence of management bias; and</li> <li>• evaluating the business rationale for significant unusual transactions.</li> </ul> <p>As well as our overall response, we specifically consider where these risks may occur, and identify separate fraud risks as necessary.</p> |
| <p><b>Financial statement impact</b></p> <p>Misstatements that occur in relation to the risk of fraud and error could materially affect the income and expenditure accounts. While there are no statutory financial performance targets in local government, management remains under pressure to ensure that the Council balances its annual budgets as central funding continues to reduce.</p> |  |   |

## Our response to significant risks (continued)

Risk of fraud in revenue and expenditure recognition\*

### What is the risk?

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.

We consider the primary focus of this risk to be related to the inappropriate capitalisation of revenue expenditure. Our audit procedures will be focused on the Council's asset base and REFCUS (revenue expenditure funded from capital under statute) balances.

### What will we do?

We plan to:

- review and test revenue and expenditure recognition policies;
- review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- develop a testing strategy to test material revenue and expenditure streams, and review and test any material revenue cut-off at the year end;
- review in-year financial capital projections and compare them to the year-end position; and
- review capital expenditure on property, plant and equipment at the lower testing threshold to ensure that it meets the relevant accounting requirements for capitalisation.

### Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. These accounts had the following balances in the 2018/19 accounts, and we expect similar gross totals in 2019/20.

Income Account: £19.9m

Expenditure Account: £30.3m

## Other areas of audit focus

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. These may be key audit matters which we will include in our audit report.

| What is the risk/area of focus?  | What will we do?  |
|--|---|
| <p><b>Valuation of Land and Buildings</b></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 must 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 any work performed by the Council's external valuers (Wilks, Head &amp; Eve), including the adequacy of the scope of their work, their professional capabilities, and the results;</li> <li>• sample test key asset information used by the valuers (e.g. building floor areas to support valuations based on price per square metre);</li> <li>• consider using our valuation experts if necessary to gain the required assurance;</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 2019/20 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 that accounting entries have been correctly processed in the financial statements,</li> </ul> <p>We aim to audit as much of the asset balances as possible during March and April 2020, before the peak pressure period in June, and have a plan to deliver this. Should the Council be unable to facilitate this as planned, there is risk that we may not be able to give our audit opinion by the desired deadline, as Council staff depart or take up positions at the new unitary authority.</p> |

## Other areas of audit focus

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. These may be key audit matters which 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 in its financial statements about its membership of the Local Government Pension Scheme administered by Buckinghamshire County Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on its balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by its actuary, Barnett Waddingham.</p> <p>Accounting for the scheme involves significant estimation and judgement, so management engages an actuary to perform the calculations on its behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and on 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 for South Bucks District Council;</li> <li>• assess the work of the Pension Fund actuary, including the assumptions 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 relevant reviews by the EY actuarial team; and</li> <li>• review and test the accounting entries and disclosures made in the Council's financial statements for IAS19.</li> </ul> |
| <p><b>Group accounting</b></p> <p>The Council's wholly owned property subsidiary, Consilio (set up in 2017), begun trading in 2018/19, when the council produced consolidated group accounts for the first time; however, the accounting was straightforward given the low level of transactions, which essentially consisted of one material property purchase. If the level of activity has increased in 2019/20 then the financial statements will become more complex to produce, adding pressure on the Council's diminishing capacity.</p>   | <p>We will:</p> <ul style="list-style-type: none"> <li>• Clarify the scope of group accounting for the financial statements;</li> <li>• Vouch directly any material transactions to gain assurance;</li> <li>• Audit the consolidation of Consilio Properties and the preparation of the Group financial statements; and</li> <li>• Liaise as appropriate with the auditors of Consilio Properties.</li> </ul>  |



## Other areas of audit focus

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. These may be key audit matters which we will include in our audit report.

### What is the risk/area of focus?

Formation of Bucks Unitary Council and demise of South Bucks District Council on 31 March 2020.

The demise of the District Council on 31 March 2020 will affect the Council's staff capacity, with potential impact on its ability to produce a materially correct set of accounts. Also, in the approach to full unitary formation, there is a risk that focusing on the "shadow" unitary authority could have a negative impact on planned early audit work, which aims to reduce pressure during the peak workflow period in June.

The Council currently has the level of resource required to deliver the financial statements and to respond to the audit team during its visit in June. However, there is very little room for manoeuvre in these arrangements should any key individuals leave their roles in the meantime. Planned early audit work has already slipped because of reduced staff capacity at the Council and there is now little room for manoeuvre in terms of contingency and mitigation. Both EY and the Council therefore need to ensure that necessary resources are available to deliver the audit by the end of July at the latest. After this, it will be difficult for the Unitary Authority to staff the work required to deliver the opinion.

### What will we do?

We will:

- audit the balances of PPE (Property, Plant and Equipment) in mid-March, which means that only 'top up' procedures will be required in June;
- arrange an audit visit in April to test the year-end balances on Debtors and Creditors, and Cash and Bank transactions. Cash and bank reconciliations are currently two months behind: they need to be up-to-date before we can carry out our testing;
- complete work on income and expenditure balances started in February 2020 where we await responses to our initial testing samples and associated queries;
- audit the Council's accounting policies and 2019/20 annual governance statement (AGS) before our year end visit;
- audit any known exit packages in April, as soon as the information is available;
- complete 'walkthroughs' of the business rates, cash, bank, payroll, housing benefits and council tax accounting systems. These have been started but queries are currently awaiting responses from key contacts;
- audit the balances of government grants and precepts. Again, this work is under way but we await key contact responses; and
- audit early any other balances that can be identified before our year-end visit. These will be identified by ongoing discussion between the Audit Manager and the Council's Accountancy Manager;

Failure to deliver the above work before June could endanger our ability to give the audit opinion in line with the desired deadline.



# 03

## Value for Money Risks





## Background

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

For 2019/20 this is based on the overall evaluation criterion:

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

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

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

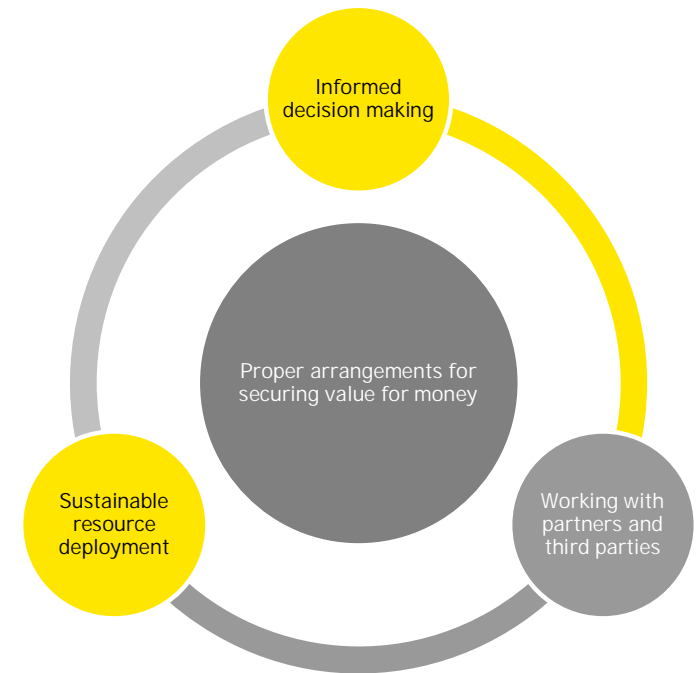
In considering the Council’s proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that it is already required to have, and to report on through documents such as the annual governance statement.

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

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

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money. It also enables us to determine the nature and extent of any further work necessary. If we do not identify any significant risks, we do not need to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues identified, and how likely the issue is to be of interest to local taxpayers, the Government and other stakeholders. We have identified no significant risks. However, assessing VFM risk is an ongoing process, and we will keep this provisional conclusion under review i.e. should the Council experience service delivery or significant capacity problems relating to the transition to the Unitary, then we will revisit our conclusion accordingly. Should our work identify any risk, we will issue a supplement to this plan to Management and those charged with governance.





04

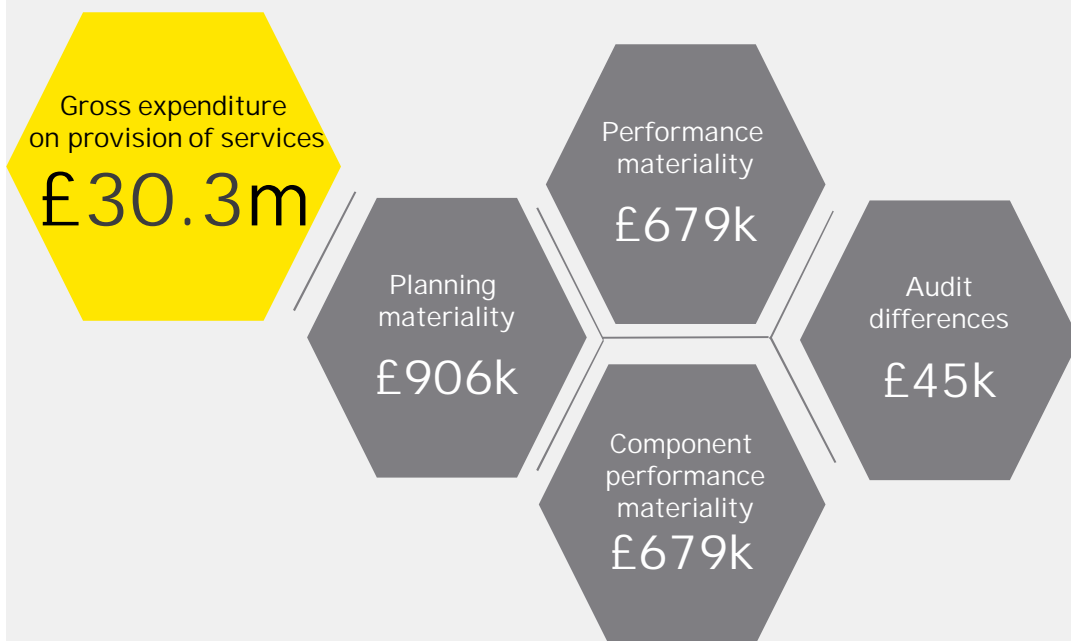
# Audit materiality



# Materiality

## Materiality

For planning purposes, materiality for 2019/20 has been set at £905,800. This represents 2% of the Council's prior year gross expenditure on provision of services (from the audited 2018/19 financial statements). It will be reassessed throughout the audit process. 2% is considered the sector 'norm' for a local government body with a similar risk profile to South Bucks District Council. We have provided supplemental information about audit materiality in Appendix D.



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

## Key definitions

**Planning materiality** – the amount above 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 £679,350, which represents 75% of planning materiality.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed 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 where they have an effect on income or relate to other comprehensive income.

**Other uncorrected misstatements**, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and any corrected misstatements, will be communicated insofar as they merit the attention of the Audit and Standards Committee, or are important from a qualitative perspective.

**Specific materiality** – We have set a materiality of £1k for remuneration disclosures, related party transactions, members' allowances, and exit packages. This reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements. We also note that the public interest in these areas dictates that misstatements are reported exactly.

**Group materiality** – we have initially set group materiality at the same level as our main audit performance materiality.



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).

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;
- entity-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 Statement; 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 must 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 2019/20 we plan to follow a substantive approach to the audit. We have concluded that this is the most efficient way to obtain the level of audit assurance needed 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 the Council's financial data, in particular journal entries. These tools:

- help to identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Are more likely to identify 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 to the Audit and Standards Committee.

Internal audit:

We will meet the Head of Internal Audit, and 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, if they raise issues that could have an impact on the financial statements.



## Scoping the group audit

### Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. Significant components: A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. Not significant components: The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below. There is no longer a concept of 'out of scope' and we will design 'other procedures' over these locations that address the risk of material misstatement.

### Scoping by Entity

We have yet to scope the group audit and we will do so based upon the predicted year end balances of Consilio. We will then report to against the group risk as laid out at page 12 of this report.

### Scope definitions

**Full scope:** locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

**Specific scope:** locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

**Review scope:** locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

**Specified Procedures:** locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

**Other procedures:** For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.



06

# Audit team



## Use of specialists

The core audit team is lead by Andrew Brittain, Associate Partner and Malcolm Haines as Manager. Asad Khan, Senior, will lead the fieldwork.

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 we use EY or third party specialists for the current year are:

| Area                             | Specialists   |
|----------------------------------|---|
| Valuation of Land and Buildings* | EY Valuations Team  |
| Pensions disclosure              | EY Actuaries<br>PWC report for the NAO on the 4 LGPS actuaries  |
| Management's specialists         | External valuer: Wilks, Head and Eve<br>Actuary: Barnett Waddingham<br>NDR Appeals provision: Analyse Local<br>Group Auditor: Wilkins Kennedy |

\* We are currently waiting for the Council's land and buildings valuations and will employ our valuations team depending on any risk identified in those balances.

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 the specialist's work; and
- assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

# Audit timeline





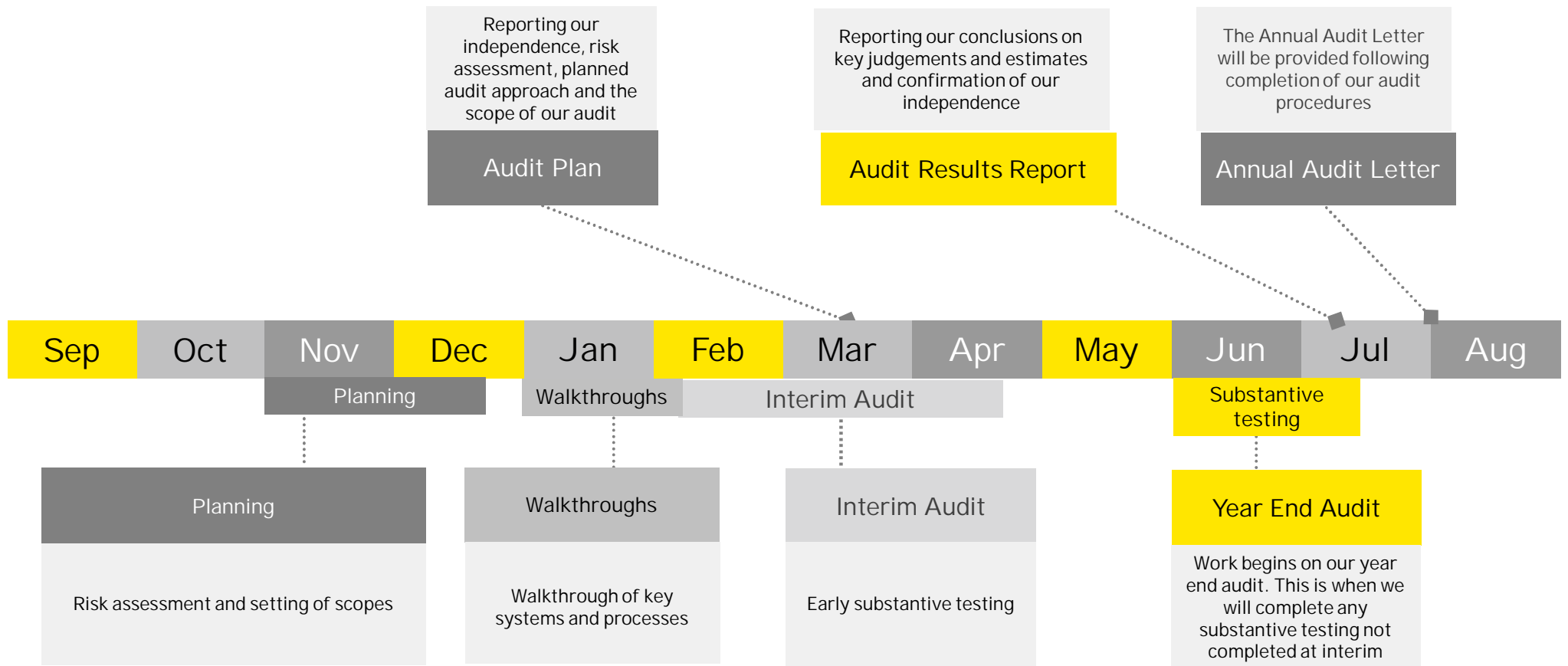
# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables that we have agreed to provide to the Committee through the 2019/20 audit cycle.

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





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 the Council’s governance on matters in which it has an interest.

### Required communications

| Planning stage  | Final stage  |
|---|--|
| <ul style="list-style-type: none"> <li>▶ Any principal threats to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between the Council, its affiliates and directors, and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]</li> </ul> | <ul style="list-style-type: none"> <li>▶ In order for the Council to assess the integrity, objectivity and independence of the firm and each covered person, 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 have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place 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 in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Written confirmation that all covered persons are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and the Council’s 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 must communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of any safeguards, for example when accepting an engagement to provide non-audit services.

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

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

## 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 the Council's policy.

### Overall Assessment

Overall we consider that the safeguards adopted appropriately mitigate the principal threats identified, so we confirm that EY is independent and the objectivity and independence of Andrew Brittain - the 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 in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council. At the time of writing, there are no long outstanding fees.

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

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 the Council's policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, no non-audit services have been undertaken, therefore the current ratio of non-audit fees to audit fees is zero. 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 the Council. 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, 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.



## Relationships, services and related threats and safeguards

### 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 in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report

### Other threats

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

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

### EY Transparency Report 2019

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 30 June 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)



09

Appendices



# Appendix A

## Fees

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

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 requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

|  | Planned fee<br>2019/20 | Scale fee<br>2019/20 | Final Fee<br>2018/19 |
|--|------------------------|----------------------|----------------------|
|  | £                      | £                    | £                    |
| Total Fee - Code work  | 32,647 (Note 3)        | 32,647               | 37,173 (Note 1)      |
| Total audit  | tbc                    | 32,647               | 37,173               |
| Non-audit services; certification of annual Housing Benefit form MPF720A | 9,915                  | 9,915                | 26,019 (Note 2)      |
| Total fees   | tbc                    | 42,562               | 63,192 (tbc)         |

All fees exclude VAT

(1) The 18/19 Code work includes an additional fee of £4,536, which relates to additional work reviewing McCloud pension adjustments and extra work required to gain assurance over group disclosures and accounting. We have agreed the variation with officers, but are awaiting approval from PSAA

(2) The final fee includes the cost of extended testing (£16,104) which was required to gain sufficient assurance per DWP certification requirements. For 2019/20 the planned fee represents only the base fee, i.e. it does not include any extended testing.

(3) For 2019/20, the scale fee will be affected by a range of factors (see page 7) which will result in additional work. We highlight the following areas where we anticipate a variation to the scale fee:

- The additional risks presented by several areas of the Council's financial statements which require additional audit procedures and the potential need to engage specialists. This includes, but is not limited to work in relation to the valuation of PPE and the net pension liability.
- Additional work that will be required to address the value for money risks identified.
- In addition, we are in an unprecedented period of change. A combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge. As an illustration, 85 organisations within the PSAA regime had not yet received their 2018/19 audit opinion as at the end of January 2020.
- This in combination, is requiring us to revisit with PSAA the basis on which the scale fee was set. The factors behind this are explained in more detail on the following pages.

Any fee presented is based on the following assumptions:

- officers meeting the agreed timetable of deliverables;
- our accounts opinion and value for money conclusion being unqualified;
- appropriate quality of documentation is provided by the Council; and
- the Council has an effective control environment.

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

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

## Fees

A combination of factors mean that we do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity. In order to assist you to understand the reasons behind this, we have summarised the key factors below.

### Summary of key factors

1. Status of sector. Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
  - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. Audit of estimates. There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
  - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. Regulatory environment. Other pressures come from the changing regulatory landscape and audit market dynamics:
  - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
  - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

# Fees

## Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
  - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
  - We acknowledge that all local authorities are also facing challenges to retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis. We noted specifically with respect to South Bucks, the impact and risk that the unitary authority process is having in this regard.




## Next steps

- In light of recent communication from PSAA, we will need to quantify the impact of the above to be able to accurately re-assess what the baseline fee is for the Council should be in the current environment. Once this is done we will be able to discuss at a more detailed level with you.

## Appendix B

# Required communications with the Audit and Standards Committee



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

|                                     |   |  Our Reporting to you  |
|-------------------------------------|---|---|
| Required communications             |  What is reported?   |  When and where  |
| Terms of engagement                 | Confirmation by the Audit and Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.  | Audit Planning Report (this report) and Audit Results Report (July 2020).<br><br>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  | Audit Planning Report and Audit Results Report.<br><br>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.   | Audit planning report   |
| Significant findings from the audit | <ul style="list-style-type: none"> <li>• Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Any significant difficulties encountered during the audit</li> <li>• Any significant matters arising from the audit that were discussed with management</li> <li>• Written representations that we ask for</li> <li>• Expected modifications to the audit report</li> <li>• Any other matters significant to the oversight of the financial reporting process.</li> </ul> | Audit results report  |
| Representations                     | Written representations requested from management and/or those charged with governance  | Audit results report  |

## Appendix B

# Required communications with the Audit and Standards Committee (continued)



### Our Reporting to you

| Required communications |  What is reported?  |  When and where |
|-------------------------|--|--|
| Going concern           | Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <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 for any uncorrected misstatement to be corrected</li> <li>• Corrected misstatements where significant</li> <li>• Material misstatements corrected by management</li> </ul>   | Audit results report   |
| Fraud                   | <ul style="list-style-type: none"> <li>• Enquiries of the Audit and Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud identified by us, or information 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 entity'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> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>       | Audit results report   |

## Appendix B

# Required communications with the Audit and Standards Committee (continued)

### Our Reporting to you

| Required communications                    |  What is reported?   |  When and where |
|--|---|--|
| Independence                               | <p>Communication of all significant facts and matters bearing on EY's objectivity and independence, and that of all individuals involved in the audit,</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the Council 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 (if applicable)   |
| Consideration of laws and regulations      | <ul style="list-style-type: none"> <li>• Audit findings of non-compliance where this is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off"</li> <li>• Asking the Audit and Standards Committee about possible instances of non-compliance with laws and regulations where they may have a material effect on the financial statements and that the Audit and Standards Committee may know about</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   |
| 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<br>Audit results report  |
| Certification work                         | Summary of certification work undertaken  | HBAP Letter  |
| 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>• Any circumstances identified affecting the form and content of our auditor's report</li> </ul>   | Audit results 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 the procedures below.

#### Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures 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 sufficient appropriate audit evidence on the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, whether the Audit and Standards Committee reporting process appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

## Additional audit information (continued)

### Purpose and evaluation of materiality

To determine whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate (and in light of the surrounding circumstances), could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation 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 the Committee its expectations of our detection of misstatements in the financial statements.

Materiality determines:

- the locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- 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, we cannot anticipate all the circumstances that could ultimately influence our judgement on 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.