

Audit and Governance Committee Agenda



Contact: Ron Schrieber, Democratic Services Officer
Telephone 01235 540306
Email: ron.schrieber@southandvale.gov.uk
Date: 11 March 2015
Website: www.whitehorsedc.gov.uk

A meeting of the

Audit and Governance Committee

will be held on Thursday, 19 March 2015 at 6.30 pm

The Lockinge, The Beacon (formerly Wantage Civic Hall), Portway, Wantage,
OX12 9BY

Members of the Committee:

Councillors

Simon Howell (Chairman)
Mohinder Kainth (Vice-Chairman)
St John Dickson
Dudley Hoddinott
Angela Lawrence

Pat Lonergan
Sandy Lovatt
Julia Reynolds
Judy Roberts
Andrew Skinner

Alternative formats of this publication are available on request. These include large print, Braille, audio, email and easy read. For this or any other special requirements (such as access facilities) please contact the officer named on this agenda. Please give as much notice as possible before the meeting.

A handwritten signature in black ink, appearing to read "M Reed".

Margaret Reed
Head of Legal and Democratic Services

Agenda

Open to the Public including the Press

Council's vision

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Notification of substitutes and apologies for absence

To record the attendance of substitute councillors, if any, who have been authorised to attend in accordance with the provisions of standing order 17(1), with notification having been given to the proper officer before the start of the meeting and to receive apologies for absence.

2. Minutes

(Pages 4 - 7)

To adopt and sign as a correct record the minutes of the meetings of the committee held on 24 September 2014 (previously circulated) and 20 January 2015 (attached).

3. Actions arising

(Pages 8 - 9)

To review the actions arising from the last two committee meetings and receive an update on progress.

4. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

5. Urgent business and chairman's announcements

To receive notification of any matters, which the chairman determines, should be considered as urgent business and the special circumstances, which have made the matters urgent, and to receive any announcements from the chairman.

6. Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

Any statements, petitions and questions from the public under standing order 32 will be made or presented at the meeting.

7. Internal audit activity report

(Pages 10 - 43)

To consider the audit manager's report.

8. Internal audit management report quarter four 2014/15

(Pages 44 - 52)

To consider the audit manager's report.

9. Internal audit annual plan 2015/16

(Pages 53 - 60)

To consider the audit manager's report, for approval.

10. Certification of claims and returns annual report 2013/14

(Pages 61 - 68)

To consider the report of the external auditor, Ernst & Young.

11. 2014/15 Audit Plan

(Pages 69 - 89)

To consider the report of the external auditor, Ernst & Young.

12. Audit and governance work programme

(Pages 90 - 91)

To review the audit and governance work programme.

Exempt information under Section 100A(4) of the Local Government Act 1972

None

Minutes

of a meeting of the

Audit and Governance Committee



held on Thursday, 22 January 2015 at 6.30 pm
at the The Lockinge, The Beacon (formerly Wantage Civic Hall), Portway,
Wantage, OX12 9BY

Open to the public, including the press

Present:

Members: Councillors Simon Howell (Chairman), Mohinder Kainth (Vice-Chairman), St John Dickson, Dudley Hoddinott, Pat Lonergan, Sandy Lovatt, Julia Reynolds, Judy Roberts and Andrew Skinner

Officers: William Jacobs, Ron Schrieber and Bob Watson

Also present: Adam Swain (Ernst & Young)

Number of members of the public: Nil

AG.27 Notification of substitutes and apologies for absence

Councillor Angela Lawrence had sent her apologies.

AG.28 Minutes

RESOLVED: to defer the approval of the minutes of the meeting held on 24 September 2014 as a correct record and to agree that the Chairman sign them as such to the next meeting.

Matters arising:

Minute 14, Actions Arising: The reconciliations update on Building Control had been deferred to the next meeting.

Minute 21, Treasury management outturn 2013/14: A councillor asked why he had not received the answer to the question raised at the last meeting. He was informed that the response had been destroyed in the fire at the Crowmarsh Gifford office. A further copy of the response would be sent to him as soon as possible.

AG.29 Actions arising

The committee considered the actions arising report.

RESOLVED: to retain the amended procedure for monitoring systemic control weaknesses on the actions arising list for one more meeting in order to test its effectiveness.

AG.30 Declarations of interest

None.

AG.31 Urgent business and chairman's announcements

The Chairman reported that the fire at the South Oxfordshire District Council offices had caused major disruption to both South and Vale services. He thanked officers for their efforts to keep services running. Particular thanks were due to Adrianna Partridge who was the business continuity manager as well as audit manager.

AG.32 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None.

AG.33 Internal audit activity report

This item was withdrawn.

AG.34 Internal audit management report quarter three 2014/2015

The committee considered the audit manager's report on management issues within the internal audit service during the third quarter of 2014/15.

The report stated that the internal audit team was now at full complement and remained on track to complete the audit plan. However, subsequent to the report's publication, the fire at the council offices meant that this was no longer possible. Ernst & Young had agreed that the internal audit plan would now focus on key audits, four of which had already been completed with the remaining four being included in the following year's plan. A report on the 2015/16 internal audit plan would be submitted to the next meeting.

RESOLVED: to note the internal audit management report for the third quarter 2014/15.

AG.35 Treasury management mid-year monitoring 2014/15

The committee considered the head of finance's report that monitored performance of the council's treasury management function for the first half of 2014/15.

The Accountancy Manager (Technical), drew attention to the key points in the report, which included the following:

- The council had recently taken the opportunity to sell its claim against the insolvent estate of Landsbanki Islands hf (LBI). This had resulted in the council recovering 92.76 per cent of the amount originally deposited with LBI in 2008.
- The average return on investments as at 30 September 2014 was well above the benchmarks set out in the Treasury Management Strategy.
- Officers were aware of the exposure risks of investing in smaller building societies. However, many of the investments listed in Appendix B had either matured or would mature shortly. Changes proposed to the Treasury management and investment strategy 2015/16 would reduce the exposure risks.
- The advantage of entering into a seven-year rather than a five-year deal with Kingston upon Hull City Council was the investment income to be gained over the additional period. It also ensured that the council had a more balanced portfolio spread of investments.
- The report provided details of the treasury activities for the first six months of 2014/15 so was, by definition, in need of updating. The Treasury management strategy report would reflect changing circumstances.

RESOLVED: to

- (a) note the treasury management mid-year monitoring report 2014/154; and
- (b) record that the committee is satisfied that the treasury management activities are carried out in accordance with the treasury management strategy and policy.
- (c) request cabinet to consider the comments of this committee and recommend council to approve the report.

AG.36 Treasury management strategy 2015/16

The committee considered the head of finance's report that reviewed the treasury management and investment strategy for 2014/15.

The proposed strategy for 2015/16 included the following changes:

- (i) To add enhanced cash funds to the list of approved investment types. Investment in such funds to be subject to counterparty lending limits as per Table 5, Appendix A.
- (ii) To add certifications of deposit to the list of approved investment types. Investment in such funds to be subject to counterparty lending limits as per Table 5, Appendix A.

The above recommendations were intended to increase the number of high quality counterparties available to the council and so allow for further diversification of the investment portfolio.

RESOLVED: to recommend Cabinet to recommend to Council to

- (a) approve the treasury management strategy 2015/16 set out in appendix A to the head of finance's report;
- (b) approve the prudential indicators and limits for 2015/16 to 2017/18 as set out in table 2, appendix A;
- (c) approve the annual investment strategy 2015/16 set out in appendix A (paragraphs 32-68) and the lending criteria detailed in table 5;
- (d) to approve the report.

AG.37 Annual audit letter

The committee considered the annual audit letter 2013/14 from the council's external auditor's, Ernst & Young.

The audit had found no deficiencies that were of sufficient importance to merit being reported.

The committee noted the report.

AG.38 Audit and governance work programme

The committee reviewed its work programme, noting the business it was due to consider at its next meetings.

The meeting closed at 7.05 pm

Audit and Governance Committee Report



19 March 2015

Report of: **Head of Finance**

Author: **Ron Schrieber**

Telephone: **01235 540306**

E-mail: ron.schrieber@southandvale.gov.uk

To: **Audit and Governance Committee**

Date: **19 March 2015**

Actions arising

Recommendation

That members note the content of the report and remove the completed actions where recommended.

Purpose of report

1. The purpose of this report is to respond on actions arising from previous committee meetings.

Strategic objectives

2. To assist the council to manage its business effectively by providing an assurance framework to monitor the overall adequacy and effectiveness of the internal control environment.

Actions arising

(a) External auditor's report	Committee Date – 24 June 2013
The committee asked the strategic director to consider consulting on the public's comprehension of council financial information.	
Comment The strategic director will consider using the citizens' panel to assess comprehension of financial information.	Action Retain on this actions arising list.

(b) Internal audit activity report	Committee Date – 17 March 2014
To change the process for monitoring systemic control weaknesses to put the onus on to heads of service to address outstanding issues and for the audit manager to update the committee on progress with the committee concentrating on high level issues.	
Comment Amended procedure introduced. At the meeting on 22 January 2015 the committee agreed to retain the amended procedure on the actions arising list for one more meeting in order to monitor its effectiveness.	Action Recommend removal from actions arising list.
(c) Internal audit activity report	Committee Date – 3 July 2014
To call the head of service to the next committee meeting to answer questions on outstanding actions from the following audits: <ul style="list-style-type: none"> • Building Control 2011/12 	
Comment The committee asked for a reconciliations update on Building Control at its next meeting. The Senior Building Control Surveyor acknowledges that there may be some gaps in processes which are currently being reviewed so that they can be addressed. Revised implementation date 31 March 2015	Action Retain on the actions arising list.
(d) Comments and complaints 2013/14	Committee Date – 24 September 2014
To include training on the corporate complaints procedure as part of the councillors' induction programme following the May 2015 elections.	
Comment This has been added to the councillors' induction training programme.	Action Retain on this actions arising list.

Audit and Governance Committee Report



19 March 2015

Report of **Audit Manager**

Author: **Adrianna Partridge**

Telephone: **01235 540389**

E-mail: **adrianna.partridge@southandvale.gov.uk**

Cabinet member responsible: **Councillor Matthew Barber**

Telephone: **07816 481452**

E-mail: **matthew.barber@whitehorsedc.gov.uk**

To: Audit and Governance Committee

DATE: 19 March 2015

Internal audit activity report quarter four 2014/2015

Recommendations

- (a) That members note the content of the report

Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity for the committee to consider. The committee is asked to review the report and the main issues arising, and seek assurance that action will be/has been taken where necessary.
2. The contact officer for this report is Adrianna Partridge, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone 01235 540389.

Strategic Objectives

3. Managing our business effectively.

Background

4. Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the Council's objectives. It assists the Council by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

5. Assurance ratings given by internal audit indicate the following:

Full assurance: There is a good system of internal control designed to meet the system objectives and the controls are being consistently applied.

Substantial assurance: There is a sound system of internal control designed to meet the system objectives and the controls are being applied.

Satisfactory assurance: There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

Limited assurance: There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

Nil assurance: Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

6. Each recommendation is given one of the following risk ratings:

High Risk: Fundamental control weakness for senior management action

Medium Risk: Other control weakness for local management action

Low Risk: Recommended best practice to improve overall control

2014/2015 Audit Reports

7. Since the last Audit and Governance Committee meeting, the following audits and follow up reviews have been completed:

Completed Audits

Full Assurance: 2

Substantial Assurance: 0

Satisfactory Assurance: 2

Limited Assurance: 2

Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
Travel and Subsistence 1415	Full	2	0	0	0	0	2	2
Petty Cash 1415	Satisfactory	8	0	0	3	3	6	6
Bank Contract 1415	Full	1	0	0	0	0	1	1
1. Payroll 1415	Limited	8	1	1	4	4	3	3
2. S106 1314 - 1415	Limited	9	3	3	4	4	2	2
Land Charges 1415	Satisfactory	6	0	0	1	1	5	5

Follow Up Reviews

	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
Cash Office 1314	Satisfactory	5	5	0	0	0
3. Temporary Accommodation (2) 1415	Limited	4	1	2	1	0

8. **Appendix 1** of this report sets out the key points and findings relating to the completed audits which have received limited or nil assurance, and satisfactory or full assurance reports which members have asked to be presented to committee.
9. Members of the committee are asked to seek assurance from the internal audit report and/or respective managers that the agreed actions have been or will be undertaken where necessary.
10. A copy of each report has been sent to the appropriate service manager, the relevant strategic director, the section 151 officer and the relevant member portfolio holder. In addition to the above arrangements, reports are now published on the council intranet and committee members are alerted by e-mail when reports are published.
11. Internal audit continues to carry out a six month follow up on all non-financial and non-key financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

Overdue Recommendations

12. **Appendix 2** of this report summarises all overdue recommendations within each service area. However, due to the Crowmarsh fire the internal audit recommendations database has not been kept up to date. The report will be circulated to the relevant service manager, heads of service, the strategic management board and the portfolio holder, and internal audit will ensure that progress against the recommendations is reported fully at the next meeting.

Financial Implications

13. There are no financial implications attached to this report.

Legal Implications

14. None.

Risks

15. Identification of risk is an integral part of all audits.

ADRIANNA PARTRIDGE
AUDIT MANAGER

1. PAYROLL 2014/2015

1. INTRODUCTION

- 1.1 This report details the internal audit review of procedures, controls and the management of risk in relation to payroll. The audit has been undertaken in accordance with the 2014/2015 audit plan agreed with the audit and governance committee of Vale of White Horse District Council (VWHDC). The audit has a priority score of 22.
- 1.2 The following areas have been covered during the course of this review to provide assurance that:
- appropriate policies and procedures are in place regarding pay which are available to relevant council staff.
 - payroll system parameters are up-to-date and appropriate.
 - amendments to standing data are appropriately authorised, documented and actioned promptly, including:
 - starters and leavers;
 - overtime;
 - additions/deductions or variations to pay, i.e. pay rises;
 - personal data.
 - data and information is held and transferred between payroll, HR and finance, securely, accurately and in a timely manner.
 - payroll reconciliations are accurate, timely and independently review.
 - payroll records are regularly reconciled with HR's establishment listing and appropriate actions are taken to address any discrepancies.

2. BACKGROUND

- 2.1 Since 1 February 2012, Capita have provided the council's payroll service from their offices based in Carlisle. Payments are made through BACS and Capita process payroll data through the 'Ingenuity At Work' system.
- 2.2 In July 2014, VWHDC paid £346,450.54 to 218 employees including councillors (VWHDC councillors' payments amounted to £23,562.18).

3. PREVIOUS AUDIT REPORTS

- 3.1 Payroll was last subject to an internal audit review in November 2013 and 6 recommendations were raised. All were agreed. A satisfactory assurance opinion was issued.
- 3.2 Following the 2013/14 audit review, five recommendations had been fully implemented and one was partly implemented. It should be noted that the partly implemented recommendation (Rec 6) from the 2013/14 audit has been revised and incorporated into this report. (Rec 3)

4. 2014/2015 AUDIT ASSURANCE

- 4.1 **Limited assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.
- 4.2 Eight recommendations have been raised in this review. One high risk, four medium risk and three low risk (Five recommendations for human resources team and three recommendations for Capita).

5. MAIN FINDINGS

5.1 Policies and Procedures

5.1.1 Internal audit identified that the council has relevant policies and procedures covering all aspects of pay. These are readily available for all staff on the council's intranet website. The hr/pay policies reviewed by internal audit were up to date and showed evidence of being updated on a regular basis. Capita have adopted a comprehensive payroll handbook which is available to all Capita staff dealing with payroll issues and is reviewed on a regular basis. Internal audit identified that there has been a change in the calculation of holiday pay in July 2014 that had been agreed by the council's hr team and the Capita payroll team. The last amendments documented in the current payroll handbook are dated as January 2014.

5.1.2 Area assurance: Satisfactory
One recommendation has been made as a result of our work in this area (Rec 1).

5.2 Payroll system parameters

5.2.1 The nominated officer responsible for maintaining payroll system (Ingenuity At Work - IAW) parameters is the Capita payroll team leader. Internal audit reviewed a sample of the budget codes and tax coded on the system and no issues were identified. Any changes made in the system parameters are authorised by the Capita payroll team leader prior to instructing the IAW IT support team to implement the changes.

5.2.2 Internal audit reviewed the IAW user access policy and identified that there is sufficient security in regards to allocating access to the payroll system. All requests are made through the Capita payroll team leader who then instructs the IT support team to set up the necessary access levels. Additional security has been implemented into the system as a user requires more than one password to gain access into the payroll records in the IAW system. Internal audit identified 2 user access names that were scheduled to be deleted in 2013/14 on the current profile list. A member of staff who left the council in August 2014 was still appearing on the user profile list.

5.2.3 Area assurance: Satisfactory
One recommendation has been made as a result of our work in this area (Rec 2).

5.3 Management of changes to data

5.3.1 The council's human resources department provide information to Capita in

regards to any amendments to data for all employees. This is done through the human resources input spreadsheets detailing the employees' current information and the action that is required from payroll. All changes sent through to Capita are checked and authorised by the business support manager or the human resources manager in her absence. Capita's payroll handbook includes detail of the procedure their staff should follow, including that all changes and/or inputs to the payroll records need to be checked by a separate payroll officer to ensure accuracy.

5.3.2 Internal audit reviewed the procedure between Capita and the council for starters (16)* and leavers (19)*; overtime (20); additions/deductions or variations to pay, i.e. pay rises (20); maternity/paternity (4)* and personal data changes (10). Five related recommendations have been made. Internal audit's observations noted that changes in the remuneration of pay is authorised through the correct channels in the human resources although this is not communicated to the head of finance as documented in the council's constitution.

5.3.3 Area assurance: Limited
Six recommendations have been made as a result of our work in this area (Recs 3-8).
*100% of sample in audit period selected

5.4 **Transfer of payroll and human resources data**

5.4.1 Vale of White Horse District Council and Capita have put in place sufficient measures to ensure that all data transfers are held and transferred securely. All information used by both parties is retrieved from password controlled systems accessible to relevant officers. A monthly payroll checklist is used in Capita to ensure that they receive and process all data received from human resources and the finance team prior to payments being made in the relevant accounts. These completed checklists are checked by a senior staff member confirming that all data processed for the respective month has taken place accurately and in a timely manner.

5.4.2 Complaints and queries raised by the council to Capita are recorded in a spreadsheet and are monitored by the Capita business leadership team on a quarterly basis.

5.4.3 Area assurance: Full
No recommendations have been made as a result of our work in this area.

5.5 **Payroll reconciliations**

5.5.1 The council's accountancy team perform monthly reconciliations which include checks to payroll postings made in the general ledger, budget codes, cost centre codes and tax codes used in the payroll process. The head of finance authorises the reconciliations with any issues identified being investigated through the hr and payroll teams.

5.5.2 Area assurance: Full
No recommendation have been made as a result of our work in this area.

5.6 Establishment lists and payroll reconciliations

5.6.1 An establishment list which records the authorised posts within the council including information of the contracted hours, grade for each post and vacant posts is retained in the council's human resources department. The previous audit recommended that this list be reconciled to the Capita payroll system on a quarterly basis through the Capita payroll team. Internal audit identified that one reconciliation took place just after the period where the majority of the pay changes take place for council employees (April 2014). As this is a labour intensive process, internal audit recommend that the number of reconciliations taking place be reduced as most irregularities can be picked up in the monthly payroll reconciliations. No other recommendations have been made as a result of our work in this area.

5.6.2 Area assurance: Satisfactory
No recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Capita payroll handbook

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All policies and procedures need to be kept up to date.</p> <p><u>Findings</u> Internal audit identified two changes in the calculation of a day's pay from the date of last audit completed in 2013/14. The first agreed change to the holiday pay calculation for leavers was 1 January 2014 and next was 1 July 2014. There is no evidence of these changes recorded in the current Capita handbook manual. It was also noted that the last review of the Capita manual took place on 22 January 2014.</p> <p><u>Risk</u> There is a risk of error in calculations of final pay leading to under or over payments being processed by the payroll staff.</p>	<p>The Capita payroll handbook should be updated as soon as possible when agreed changes have been made.</p>	<p>Payroll Team Leader (Capita)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Handbook will be updated to show the change in calculations.</p> <p>Management response: Payroll Team Leader (Capita)</p>		<p>31 January 2015</p>

PAYROLL SYSTEM PARAMETERS

2. User access of payroll system

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Regular reviews should be implemented for all systems' user</p>	<p>Capita need to ensure that all user lists for the payroll systems are reviewed on a</p>	<p>Payroll Team Leader (Capita)</p>

<p>access lists.</p> <p><u>Findings</u> Internal audit identified users on the Payroll system who did not require/use the system. These included a user who had left Capita in August 2014 and two generic read only 'audit' users which were inherited when the function moved to Capita. These generic users were scheduled to be deleted in 2013/14 audit. They were still active when the 2014/15 audit was completed.</p> <p><u>Risk</u> There is a risk of unauthorised use and access of the payroll system leading to potential fraudulent activities.</p>	<p>regular basis.</p> <p>Capita needs to ensure that the user access list is up to date i.e. leavers are deactivated as soon as possible and unused generic users must to be removed.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed User access list has been amended and leavers have been deleted.</p> <p>Management response: Payroll Team Leader (Capita)</p>		With immediate effect

MANAGEMENT OF CHANGES TO DATA

3. Starters

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> A full audit trail needs to be available for all amendments made to standing data.</p> <p><u>Findings</u> Internal audit identified that the administration of the starters' process was not being completed in accordance to the agreed procedures. A random selection of 20 starters were tested and it was identified that:</p> <ul style="list-style-type: none"> • There was no evidence for proof of identification being obtained in five out of 20 starters. • Two out of 20 did not produce photographic identification. • Five out of 20 starters received only one reference which is not in line with the agreed recruitment procedures. <p><u>Risk</u> Insufficient audit trails detailing that the starters process has been completed accurately may lead to a risk of ineligible or inappropriate personnel being employed by the council.</p>	<p>All starter processes should comply with the council's agreed policies and procedures i.e.</p> <ol style="list-style-type: none"> Evidence of proof of identification being obtained prior to start of employment. At least one of the proof of identification produced should be photographic e.g. passport or driving licence. Two references must be received for all starters and filed within the personnel records. 	Human Resources Manager
Management Response		Implementation Date
<p>Recommendation is Agreed a) Agreed. I have noted in our recruitment policy that references should be received prior to the prospective employee commencing their role except when there is a particularly short lead time from offering the</p>		With immediate effect

<p>position to start date, when they may be received after employment begins.</p> <p>b) Agreed in principle. A driving licence is not considered an acceptable document by the home office to prove someone can work in the UK. Our offers of employment are in line with home office advice and requests:</p> <ul style="list-style-type: none"> • proof of your right to work in the UK on or before your first day, by providing: <ul style="list-style-type: none"> • an original British / EEA passport. If you do not hold a British / EEA passport you will need to provide original work permit / visa documentation. or • a full birth or adoption certificate issued in the UK which includes the name(s) of at least one of the holder's parents or adoptive parents, together with an official document giving your permanent National Insurance number and your name issued by a government agency or a previous employer. <p>c) Agreed. I have amended our recruitment policy to allow for exceptional circumstances when we will accept one reference instead of two (for example if the prospective employee has been with their employer for many years, thereby nullifying the benefit of a reference prior to this).</p> <p>Management response: Human Resources Manager</p>	
--	--

4. Payroll Checks - Overtime

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Effective separation of duties should be in place for all procedures and processes.</p> <p><u>Findings</u> Internal audit identified that there is insufficient evidence to show that checks are always performed to ensure data is input accurately onto the payroll system for payment. Seven out of 20 overtime forms did not show evidence that checks had been made to ensure data had been input accurately into the payroll system by Capita.</p> <p><u>Risk</u> There is a risk of information being entered onto the payroll system in error leading to over or under payments to employees. Misuse of the payroll system which could lead to fraudulent activities.</p>	<p>Capita need to ensure that all amendments or new entries made in the payroll system show adequate separation of duties.</p>	<p>Payroll Team Leader (Capita)</p>
Management Response	Implementation Date	
<p>Recommendation is Agreed All input will be signed and dated by the administrator once input has been completed and signed and dated by the administrator checking the input</p> <p>Management response: Payroll Team Leader (Capita)</p>	<p>With immediate effect</p>	

5. Changes in remuneration policies

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> The council's constitution must be adhered to at all times.</p> <p><u>Findings</u> Internal audit identified that changes to policies affecting the remuneration of pay are being made in the human resources department with the head of human resources being informed. There is no evidence of this information being relayed to the head of finance as stated in the council's constitution.</p> <p><u>Risk</u> If the head of finance is not aware of the amendments to remuneration of pay then budget variations may not be identified promptly, resulting in unexpected overs and unders.</p>	<p>The head of human resources needs to inform the head of finance of any changes made that affect the remuneration of pay as stated in the council's constitution.</p>	<p>Human Resources Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management response: Human Resources Manager</p>		<p>With immediate effect</p>

6. Standard Overtime Form

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Overtime calculations should be consistently applied in accordance with the councils agreed methods and any variances investigated.</p> <p><u>Findings</u> Internal audit testing identified that three of the six authorised standby/call-out/out of hours overtime claims sent by the council employees to Capita were not completed using the council's standard standby/call-out/out of hours overtime forms.</p> <p><u>Risk</u> If overtime calculations are not made in a consistent manner then the council may be making under or over payments to employees.</p>	<p>a) Line managers should always adequately check and authorise overtime claims that have been submitted on the appropriate overtime form prior to being sent to Capita for processing, to ensure that claim totals are valid and completed correctly.</p> <p>b) Human resources team should engage with line managers to ensure they understand the correct process of authorising forms and the appropriate overtime form to be used.</p>	<p>Human Resources Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>a) Agreed We will re-send the correct overtime form to the Operational Management Group (after amending it as in recommendation 7).</p> <p>b) Agreed See management response a) above.</p> <p>Management response: Human Resources Manager</p>		<p>31 January 2015</p>

7. Payment for Breaks and Overtime forms

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Pay calculations for employees should be consistent and in accordance with working time directives or an alternative formally agreed formula which is advised to officers.</p> <p><u>Findings</u> Testing conducted on overtime showed that claim forms are being authorised by management without a clear identification of breaks being taken off from the time claimed as stated in the <i>European Working Time Regulations</i>.</p> <p>It was also identified that overtime is being authorised without the standard breaks being removed from the hours claimed, as specified in the European Working Time regulations. From the sample of 20 selected, a total of 25hours 30mins was paid in overtime claims that should have been deducted as a break.</p> <p>The overtime form does not allow for staff to record the start time and end time of the shift to ensure that breaks are indicated and calculated properly prior to the authorisation being given.</p> <p><u>Risk</u> If the council does not calculate pay for employees in accordance with the working time directive then, in the absence of an alternative agreement, it may be incorrectly paying employees and subject to challenge.</p>	<p>The formulas for calculating pay for employees should be reviewed and a consistent approach considered which should be suitably agreed and documented in accordance with European Working Time Regulations. Otherwise the working time directive formula should be used and applied consistently.</p> <p>All council's standard overtime forms and timesheets must allow for employees to record any breaks taken to ensure that they are correctly indicated prior to the authorisation being given to Capita for payment processing.</p>	<p>Human Resources Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed We will amend the overtime form to emphasise that breaks are not paid.</p> <p>Management response: Human Resources Manager</p>		<p>31 January 2015</p>

8. Maternity Pay

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Clear maternity pay policies and procedures in place in the council.</p> <p><u>Findings</u> Testing on maternity pay identified that the keeping in touch (kit) days were not being paid in accordance to the council's maternity leave, paternity leave and adoption policy. One out of four sample tested (100% tested for the audit period) was paid using the hours worked which is not in line with policy. The policy states that payment will be made and considered as a full day regardless of the hours worked in</p>	<p>Consideration should be given as to whether payment (over/under payments) should be recovered/paid to staff affected by the policy in place at the time of their maternity.</p> <p>The maternity/paternity pay policy should be reviewed to ensure that the policy is documented clearly to avoid misinterpretations.</p>	<p>Human Resources Manager</p>

<p>the day by the staff employee using the kit days.</p> <p><u>Risk</u> There is a risk of over and under payments in cases where the policy is not clearly outlined to staff.</p>		
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle</p> <p>The policy states that employees using a KIT day will be paid for the hours worked (less any maternity/paternity/adoption pay the individual receives that week). Distinct from this, any hours worked will be considered as a full KIT day in terms of KIT days used. For example, if someone normally works 6 hours a day and works 3 hours on a KIT day they will be paid for 3 hours (less any maternity/paternity/adoption pay the individual receives that week), although they will have 9 KIT days remaining, not 9 ½. I have reworded the policy to make this clearer.</p> <p>Management response: Human Resources Manager</p>		<p>With immediate effect</p>

2. S106, COMMUTED SUMS AND CIL 2013/2014 - 2014/2015

1. INTRODUCTION

- 1.1 This report details the follow up of the 2013/2014 internal audit investigation of S106 calculations along with a wider review of procedures, controls and the management of risk in relation to S106, commuted sums and Community Infrastructure Levy (CIL). The audit has been undertaken in accordance with the 2013/2014 audit plan agreed with the audit and governance committee of Vale of White Horse District Council (VWHDC), but extended to cover 2014/2015 as well due to changes in the planning service area. The audit has a priority score of 21. The audit approach is provided in the audit framework in Appendix 1.
- 1.2 The following areas have been covered during the course of this review to provide assurance that in respect of S106 and commuted sum agreements:
- The council has agreed, and is using, standard policies and appropriate methods for correctly calculating contributions and securing agreements with clearly identified responsibilities.
 - To ensure the council has a robust process for monitoring arrangements to ensure contributions are collected and recorded in accordance with agreed timescales.
 - To ensure that expenditure is appropriately monitored and recorded, and appropriate decision-making processes are in place for the use of contributions.
 - To ensure that there is clear documentation evidencing income and expenditure of funds, and that financial records are reconciled to their respective agreements on a regular basis.
 - To ensure that adequate reporting arrangements are in place, including details of schemes which have made contributions, that have had funds used or have funds still to be received.
- and
- There are appropriate preparations underway for the implementation of the Community Infrastructure Levy (CIL).

2. BACKGROUND

- 2.1 Section 106 of the Town and Country Planning Act 1990 provides the legislation covering the planning obligations necessary to provide the required infrastructure supporting a planned development and make the development acceptable in planning terms. The planning obligations set out within a S106 can be financial and/or 'in kind' commitments. A commuted sum is an amount paid by a developer for the council to provide the service or facility specified in a section 106 agreement rather than the developer providing it directly.
- 2.2 The Community Infrastructure Levy (CIL) is a new levy that councils can choose to charge on new developments to contribute towards infrastructure. This is not intended to replace the S106 obligations, which would still be sought for site specific measures and for affordable housing, but will be a set charge that can replace some elements of infrastructure currently negotiated within S106 agreements. As at the end of July 2014, Planning Resource listed on their website 49 authorities that had adopted CIL schedules and 130 that were in progress at various stages from preliminary draft charging schedules

to publishing an examiners report.

- 2.3 As at 11 September 2014, a total of 827 S106 agreements were recorded within the Ocella S106 module. Not all of these will have financial obligations and the agreements may include, or be with, third parties such as Oxfordshire County Council.

3. PREVIOUS AUDIT REPORTS

- 3.1 S106, commuted sums was last subject to an internal audit review in 2009/2010 and 12 recommendations were raised. All of the 12 recommendations were agreed. A limited assurance opinion was issued. In addition, an investigation into s106 calculations undertaken in June 2013 resulted in a further five recommendations. These five recommendations were also agreed.
- 3.2 The 2009/2010 audit follow up in September 2011 identified that one of the twelve recommendations had been implemented. From findings of the current review, a further six have been implemented and one is considered no longer to be relevant. One recommendation has been partly implemented and is restated together with the remaining three outstanding recommendations. (Recs 4 – 7)
- 3.2 An investigation into the calculation process in June 2013 raised a further five recommendations. Two of these have been implemented and one is no longer relevant as consultants now calculate leisure contributions. One recommendation has been partly implemented, so is restated together with the one which has not been implemented. (Recs 8 – 9)

4. 2013/2014 – 2014/2015 AUDIT ASSURANCE

- 4.1 **Limited assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.
- 4.2 Nine recommendations have been raised in this review. Three are high risk, four medium risk and two low risk. However, before finalising this report, six of the recommendations have been implemented. Two of the medium risk and one of the low risk recommendations remain with implementation dates agreed.

5. MAIN FINDINGS

5.1 Policies and procedures

- 5.1.1 The council is developing the new Local Plan 2031, which has been through the public consultation stage, and has also introduced a 'Delivering Infrastructure Strategy' which includes comparisons of CIL and S106. As part of the introduction of CIL, a S106 supplementary planning document will be developed setting out the council's approach to S106 following the introduction of CIL. In preparation for this, work is underway on a planning obligations position statement which will collate existing guidance.
- 5.1.2 Procedures are in place covering the recording and monitoring of agreements but not for the entire process from securing the agreements to expenditure of

funds.

5.1.2 **Area assurance: Limited**

No recommendations have been made as a result of our work in this area but three previous recommendations have been restated. (Recs 4, 5 and 8)

5.2 **Monitoring and income**

5.2.1 The S106/commuted sum agreements are recorded within the Ocella system which is used for planning purposes. The agreements themselves are legal documents that are recorded, held and managed by the legal team. The elements within the agreement are captured within Ocella and any contributions received are recorded through the council's Agresso financial system and then manually updated within Ocella. A listing of agreements is available on the council's intranet and also through the councils website.

5.2.2 Ten agreements were reviewed to ensure details had been correctly recorded within the Ocella system. Although significant improvements in recording agreement details was observed since 2009/10 audit, three of the ten were found to have a difference which was corrected during the review. Differences were noted in a further two cases within the intranet listing which were explained by a bug in the system that was fixed promptly. Two duplicate records were identified whilst reviewing a list of agreements. During the review arrangements for invoicing developers was reviewed and a revised process introduced.

5.2.3 **Area assurance: Satisfactory**

Two recommendations have been made as a result of our work in this area. (Recs 1 -2)

5.3 **Expenditure**

5.3.1 Council spending is recorded through the Agresso financial accounting system. There is currently no facility within the S106 module in Ocella to record expenditure details. A new module is being tested which is expected to include this functionality. Whilst evidence was seen during checks undertaken within this review that agreements are made when expenditure is passed to third parties, there is no protocol or procedure setting out how expenditure is managed.

5.3.2 **Area assurance: Limited**

No recommendations have been made as a result of our work in this area but a previous recommendation has been updated and restated. (Rec 6)

5.4 **Documentation and reconciliation**

5.4.1 The S106 officer recently undertook a reconciliation which matched income recorded in the Agresso financial system with that recorded on the Ocella system. Supporting evidence for the reconciliation was not available during the review and there does not appear to be a documented process for undertaking the reconciliations.

5.4.2 **Area assurance: Limited**

No recommendations have been made as a result of our work in this area but a previous recommendation has been restated. (Rec 7)

5.5 Reporting

5.5.1 Reporting on S106 agreements tends to be sporadic as opposed to a formal and regular process. Details of the individual agreements are recorded within an intranet listing which extracts key data from the Ocella system. This is also available through the council's internet site and agreements can be listed by the town or parish the agreement relates to, or by the relevant party for example, Oxfordshire County Council or the district council.

5.5.2 Area assurance: Satisfactory

One recommendation has been made as a result of our work in this area. (Rec 3)

5.6 CIL

5.6.1 The implementation of CIL requires key plans and policies to be in place and approved beforehand. The council is required to evidence the infrastructure requirements and carry out a viability assessment before the CIL can be progressed. The council's infrastructure requirements are set out in an Infrastructure Delivery Plan and a viability assessment which have recently been produced. The council has appointed a Community Infrastructure Officer and at the time of review, consultation was underway on a Preliminary Draft Charging Schedule which sets out proposed charging rates. The next stage will be preparation of a Draft Charging Schedule prior to independent examination.

5.6.2 Area assurance: Full

No recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

MONITORING AND INCOME

1. Recording S106

High Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Details of S106 agreements recorded in Ocella should match the agreement details.</p> <p><u>Findings</u> From review of ten S106 agreements, three differences were noted. Whilst these were corrected during the review a quality check mechanism was not in place.</p> <p>Whilst reviewing a list of agreements, two were identified that appear to be duplicate records within Ocella:-</p> <ul style="list-style-type: none">• 98V14 does not have financial duplication but appears to be recorded twice.• 00V28 appears to be recorded twice with an obligation for £22,000.	<ul style="list-style-type: none">• The possible duplications identified should be reviewed and corrected.• A method of quality checking data input to ensure all relevant agreements are captured and not duplicated should be considered.	N/A

<u>Risk</u> If incorrect amounts are recorded then incorrect advice may be given resulting in under or over payments being received.		
Management Response		Implementation Date
Recommendation is Agreed a. The two duplicates have now been deleted. b. A quality control method for data entry has been identified as part of the S106 Partnership and Process Project. A quality check of a sample of data entered into Ocella is being carried out on a monthly basis. Management response: Planning Policy Manager		Implemented

2. Payment information

Medium Risk

Rationale	Recommendation	Responsibility
<u>Best Practice</u> Details of how payments are to be made to the council for S106 agreements should be readily available. <u>Findings</u> Once officers are aware that a contribution is due an invoice can be raised. However, the council does not readily provide details to agreements holders on how payments should be made when developers are aware a trigger point has been reached. <u>Risk</u> If developers are aware that a payment is due and the council does not proactively provide details of the payment process then delays may occur in receipt of the amounts due.	Information should be made readily available to developers covering the process to follow for making payments to the council when trigger points have been reached.	N/A
Management Response		Implementation Date
Recommendation is Agreed This information has been drafted and will be made available on our website. This task is being put into the programme of the appropriate officer. Management response: Planning Policy Manager		Implemented

REPORTING

3. Internet and intranet register

Low Risk

Rationale	Recommendation	Responsibility
<u>Best Practice</u> Information for section 106 agreements including amounts due, paid and spent should be readily available. <u>Findings</u> Whilst monies received are displayed in the register of agreements, details of expenditure are not yet recorded. It is understood that the facility to record expenditure is being discussed with the software provider. <u>Risk</u> If section 106 agreement information is not readily available then the council may	When expenditure is recorded within Ocella, this should also be made available within the intranet and internet listings.	S106 Monitoring Officer

not be seen to be open and transparent.		
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>An upgrade to Ocella is required to implement this recommendation as the system currently does not have capacity to store information on expenditure. The upgrade is due to take place in January 2015. Subject to satisfactory testing of the system this information can be made available on the intranet and internet by the end of March.</p> <p>In the interim we are storing all information on financial transactions in an Access database. This allows us to record details of all S106 funds spent, who by and on what. This data can be migrated by IT to the new Ocella system once it is upgraded. In the event that the upgraded Ocella system requires further development we will investigate the creation of internet / intranet reports from the Access database. We have therefore suggested an implementation date of May 2015 to allow for a period of testing and refinement of the upgrade.</p> <p>Management response: Planning Policy Manager</p>		31 May 2015.

PREVIOUS RECOMMENDATIONS RESTATED FROM 2009/10 AUDIT

4. Calculation Model

Low Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Details of calculation methods are available as stated.</p> <p><u>Findings</u> As in the 2009/10 audit, the council publishes a Supplementary Planning Document Open Space, Sport and Recreation Future Provision which refers to a calculation model spreadsheet being available on the website. This was not available at the time of review.</p> <p><u>Risk</u> If documents detailing the calculation of developers' contributions are not publicly available as stated then the council may not be seen to be consistent in its approach.</p>	The calculation model referred to within the Supplementary Planning Document should be made available as stated within the document itself.	N/A
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>The S106 Planning Obligations Interim Statement has superseded the calculation model spreadsheet referred to in the Open Space, Sport and Recreation Future Provision SPD and provides calculations. This statement provides guidance and formula for the calculation of open space contributions.</p> <p>Management response: Planning Policy Manager</p>		Implemented

5. Procedures, Roles and Responsibilities

Medium Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Up to date procedures should be in place with clearly identified roles and responsibilities.</p> <p><u>Findings</u> Whilst standard operating procedures have been introduced covering the</p>	<p>a) Procedures should cover all stages of the s106 process including calculating, securing, and spending of monies.</p> <p>b) Roles and responsibilities should</p>	N/A

<p>recording, monitoring and invoicing of S106 agreements, procedures do not cover the entire process such as calculating and securing agreements or managing expenditure. Roles and responsibilities are not clearly defined and whilst a S106 officer has been appointed there does not appear to be a job description for the role.</p> <p><u>Risk</u> If staff are not aware of, or not using, up to date policies and procedures they may not be carrying out their duties effectively and appropriately.</p>	<p>be clearly stated.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p> <p>a. An Interim S106 Statements provide guidance to planning officers on the calculation and securing of S106 agreements. There is a SOP on expenditure protocols for the Monitoring Officer.</p> <p>b. Roles and responsibilities of officers responsible for s106 have been agreed as follows and reflected in up to date job descriptions and personal objectives.</p> <p>The Community Infrastructure Officers at South and Vale have responsibility for the management Section 106 processes including expenditure. The S106 Monitoring Officer is responsible for recording, monitoring, invoicing and making payments out in relation to S106 agreements. This clarification of roles has resulted in these members of staff driving forward and taking responsibility for improvements in the council's procedures and the information available to the public in relation to s106 and CIL.</p> <p>The case officer has responsibility for the calculation of S106 agreements in relation to specific planning applications, with other officers in Leisure, Development and Housing and County feeding in as required.</p> <p>Management response: Planning Policy Manager</p>		<p>Implemented</p>

6. Expenditure Protocol

High Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> When s106 monies are paid to third parties such as parish councils, appropriate documentation is retained supporting the expenditure and evidence sought that expenditure was appropriate and within agreed timescales.</p> <p><u>Findings</u> An expenditure protocol, as recommended in the 2009/10 audit, has not yet been implemented.</p> <p>The Ocella S106 module does not currently have a facility to record expenditure against the agreement. It is understood that a newer version of the module being tested at the time of the review may provide that facility but an implementation date is not yet known.</p> <p><u>Risk</u></p>	<ul style="list-style-type: none"> A protocol should be developed covering the requirements to demonstrate that s106 monies are expended in accordance with the terms of the agreement particularly where third parties are involved. This should include what steps are needed to identify appropriate expenditure, what documentation is required prior to making funding available and evidence in support of actual expenditure. A suitable mechanism for recording expenditure against 	<p>N/A</p>

If monies cannot be proven to have been expended in accordance with legal requirements then the council may be required to return contributions it has already spent.	individual agreements should be implemented and documented.	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>a. Expenditure procedures have been put in place and a SOP created for the Monitoring Officer. An application form has been created which can be used by third parties to apply for S106 funding.</p> <p>b. An upgrade to Ocella is our preferred method of implementing this recommendation. This upgrade should be fully operational by March 2015. Whilst we await the Ocella upgrade we are storing all information on financial transactions in an Access database. This allows us to record details of all S106 funds spent, who by and on what. This data can be migrated by IT to the new Ocella system once it is upgraded.</p> <p>Management response: Planning Policy Manager</p>		Implemented

7. Reconciliation

Medium Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> A regular reconciliation of legal agreements is undertaken to ensure all agreements are appropriately recorded within Ocella. Financial transactions are reflected within Ocella so should be subject to reconciliation within the General Ledger.</p> <p><u>Findings</u> There has been an improvement in the recording of agreements including more historic agreements than at the previous review. The S106 officer has undertaken a reconciliation to match the financial data recorded in Agresso with that in Ocella. The reconciliation was not documented and there does not appear to be an agreed process for this to be a regular task.</p> <p><u>Risk</u> If there is no reconciliation of agreements then delays may occur in resolving any income not recorded in Ocella or miscoded within Agresso.</p>	A regular reconciliation of agreements recorded within Ocella should be undertaken with general ledger transactions to ensure income is accurately recorded.	S106 Monitoring Officer
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>An exercise has been carried out to reconcile Ocella with the Financial Transaction Spreadsheet (Vale). A spreadsheet was created which matched each Ocella transaction to the Financial Transaction Spreadsheet.</p> <p>The S106 Monitoring Officer is now responsible for entering information into both Agresso and Ocella and can ensure the records match at the point of entry. An annual reconciliation will take place prior to the creation of annual S106 reports.</p> <p>Management response: Planning Policy Manager</p>		30 April 2015

PREVIOUS RECOMMENDATIONS RESTATED FROM JUNE 2013 CALCULATIONS INVESTIGATION

8. Procedure notes

High Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Adequate procedure notes should be in place and available to relevant officers.</p> <p><u>Findings</u> As per the June 2013 findings, there is still a lack of procedures for the calculation process itself. Whilst the case officer's role is clear, the roles and responsibilities of other officers involved in the s106 calculation process has not been agreed or documented.</p> <p><u>Risk</u> If procedures are not in place, there is a risk of inconsistent and inappropriate approaches being developed and implemented by officers. This could lead to operational difficulties, legal challenge and reputational implications.</p>	<p>Procedure notes should be drafted for the complete s106 process, specifically including:</p> <p>a) standard templates for use by case officers and those contributing to the s106 process to ensure consistency and adequate records are maintained;</p> <p>b) a list of agreed internal and external contacts for S106 calculations, and their responsibilities;</p> <p>c) guidance for officers/external parties on completing s106 calculations, and a requirement that all calculations should be subject to a second officer review.</p>	N/A
Management Response	Implementation Date	
<p>Recommendation is Agreed in part</p> <p>(a) Agreed. The S106 Planning Obligations Interim Statement provides formula and guidance for both officers and external parties on the completion of S106 calculations. An excel contribution calculator has been created to assist officers in their calculations.</p> <p>(b) Not Agreed. The contact details for internal and external consultees are stored in our planning database. Internal and external consultees are responsible for responding to planning application consultations, including in relation to S106 matters. It is considered that the creation of an additional list would duplicate data and risk creating inconsistencies.</p> <p>(c) Not Agreed. The S106 Planning Obligations Interim Statement provides formula and guidance for both officers and external parties on the completion of S106 calculations. A excel contribution calculator has been created to assist officers in their calculations. The S106 Partnership and Process project considered introducing a requirement to review all S106 calculations. It was found that the mistakes identified in the 2013 Audit were the result of an incorrect figure in a guidance document, rather than the result of incorrect calculations by officers. The project group decided that the existing committee and delegation structure provides sufficient review prior to a decision being made.</p> <p>Management response: Planning Policy Manager</p>	<p>a) Implemented b) N/A c) N/A</p>	

9. Standard approach to record-keeping

Medium Risk

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Adequate records should be maintained.</p> <p><u>Findings</u> Whilst there is a standard file structure</p>	<p>The standard approach to documenting and filing s106 calculations, negotiations and communications in the</p>	S106 Monitoring Officer

<p>within the electronic planning directories, this does not appear to be consistently followed. S106 agreement details were found within various folders during checks undertaken within the current review.</p> <p><u>Risk</u> If adequate records are not maintained, there is a risk that queries, errors and complaints can not be dealt with promptly and accurately</p>	<p>planning directory and on the planning website should be reinforced and followed.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed A working group will be established to determine what additional structure could be created within the Planning Application Case Folder (where confidential documents are stored) in order to enable officers to deal with queries and complaints and review previous application discussions more efficiently, and to ensure that cases can be handed on to new officers if necessary.</p> <p>Management response: Planning Policy Manager</p>		<p>31 March 2015</p>

3. TEMPORARY ACCOMMODATION 2ND FOLLOW UP

1. INTRODUCTION

- 1.1 This report details the findings from internal audit's 2nd follow-up review of temporary accommodation, including rent in advance, rent deposit bonds and rent accounting. The original fieldwork was undertaken in May, the final report was issued on 20 June 2014 and the first follow up report was issued on 9 September 2014. Further follow-up work has been undertaken in December 2014 at the request of the audit and corporate governance committee of the Vale of White Horse District Council, to ensure that progress has been made with the agreed recommendations within the timescales provided.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made seven recommendations (one high risk, two medium risk and four low risk), and all seven were agreed. A limited assurance opinion was issued.
- 2.2 At the first follow up review it was found that three had been implemented. Three were ongoing as the implementation date had not yet passed, however all remained on track to be implemented within the agreed timescale. One recommendation had not been implemented due to a request from accountancy to revise the implementation date to 31 December 2014.

3. FOLLOW UP MAIN FINDINGS

- 3.1 Of the remaining four recommendations, this review found that one has been fully implemented. The recommendation relating to the homelessness strategy has been partly implemented. The strategy has been drafted and approved by the portfolio holder. It now requires formal sign-off for public consultation. All councillors will be briefed and have the opportunity to comment during the consultation process. The process should be completed by March 2015. The recommendation for all policies and procedures to be reviewed should also be completed by March 2015. One recommendation remains not implemented due to action required from accountancy to restart the income reconciliation between the Abritas system and general ledger. Accountancy have indicated that this will commence in Q4 2014/15.

FOLLOW-UP OBSERVATIONS

STRATEGIES, POLICIES AND PROCEDURES

1. Homelessness strategy

(Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> The council has in place an up-to-date & comprehensive homelessness strategy in place.	A homelessness strategy should be in place as it is a requirement of the Homelessness Act 2002.	Housing needs manager
<u>Findings</u> Internal audit established that currently a homelessness strategy is not in place as the last the strategy expired in 2013.		

<u>Risk</u> If a homelessness strategy is not in place, there is a risk of officer not knowing the strategy on dealing with homeless cases.		
Management Response		Implementation Date
Recommendation is Agreed Completion of the Homelessness Strategy is an objective in the current service plan. A project plan is in progress to complete the Strategy by October 2014 Management response: Housing Needs Manager		October 2014
1st Follow-up observations		
Internal audit was able to view a detailed project plan, and it could be confirmed that work on the Homelessness Strategy continues with completion remaining scheduled for October.		Ongoing
2nd Follow-up observations		
The housing needs manager confirmed that the homelessness strategy has now been drafted and approved by the portfolio holder, and is awaiting sign-off to be released for consultation. Internal audit reviewed the draft strategy.		Partly implemented Revised implementation date: March 2015

2. Policies & procedures

(Low Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> All policies and procedures relating to temporary accommodation, rent deposit bonds & rent in advance are up-to-date and version controlled. <u>Findings</u> Internal audit reviewed the policies and procedures, and established that they were not up-to-date or version controlled. <u>Risk</u> If policies and procedures are not up-to-date, there is a risk of officers not working in compliance with current housing legislation.	All policies and procedures should be reviewed, updated and version controlled.	Housing needs manager
Management Response		Implementation Date
Recommendation is Agreed A review and updating of all TA policies and procedures is included within the DPR for the Lettings Team Leader. Management response: Housing Needs Manager		December 2014 (fully implemented)
Follow-up observations		
The housing needs manager confirmed that the review and updating of all TA policies and procedures is underway and is scheduled for completion by December 2014. Internal audit noted that the recovery procedure has already been re-written and approved by finance.		Ongoing
2nd Follow-up observations		
The Rent Deposit and Rent-In-Advance policy has been reviewed and updated. The Rent Recovery policy and procedures have been reviewed and updated. The remaining procedures mainly concern tenancy management and will be completed by March 2015. All policies and procedures are now version controlled.		Partly Implemented Revised implementation date: March 2015

TEMPORARY ACCOMODATION LEGISLATION REQUIREMENTS

3. Council owned properties

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All properties owned by the council are in line with the Housing Act 2004.</p> <p><u>Findings</u> Internal audit viewed 39 Grove Street and established that the house has damp and mould. If a tenant lives in a property with damp and mould there is a risk to their health, which is not in line with the Housing Act 2004.</p> <p><u>Risk</u> If the properties are not to standard, there is a risk that the tenants can sue the council.</p>	<p>A decision is made on the properties on Grove Street to either sell or renovate as the properties are currently in poor condition.</p>	<p>Housing needs manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed A further review of temporary accommodation stock, including a decision to sell or renovate Grove Street, is commencing shortly.</p> <p>Management response: Housing Needs Manager</p>		<p>TBC – depends upon the timescale of the review.</p>
Follow-up observations		
<p>A review of temporary accommodation, including Grove Street, is underway and due for completion in October. The decision on the future of the Grove Street properties will be taken following the consideration of the review recommendations.</p>		Ongoing
2nd Follow-up observations		
<p>The housing needs manager confirmed that following a review, all of the Grove Street properties are empty and will no longer be used as temporary accommodation. They have been transferred to the property team who will be taking this forward.</p>		Implemented

INCOME

4. Income reconciliation

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All supporting documentations are attached to the tenant's account on the Abris system.</p> <p><u>Findings</u> The housing needs manager stated that the income reconciliation was previously carried out by the housing needs officer (Andrew Ochia), but when he left last year, the reconciliations also stopped due to the lack of resources.</p> <p>The housing needs manager also stated that he is due to have a meeting with the principal accountant (Paul Sheppard) and is due to raise this with him, to establish if accountancy require them to undertake a reconciliation.</p>	<p>Consideration should be given in resurrecting the income reconciliation between the Abris system and general ledger.</p>	<p>Housing needs manager</p>

<u>Risk</u> If the income reconciliations are not undertaken, there is a risk of inadequate monitoring of income.		
Management Response		Implementation Date
Recommendation is Agreed Reconciliations will recommence following the accounts meeting on 7 July. Management response: Housing Needs Manager		August 2014
Follow-up observations		
The housing procedures are now in place to recommence reconciliations. However, the housing needs manager confirmed that following a meeting with Accountancy, they have requested until the end of December to establish a proportionate reconciliation frequency.		Not Implemented Revised implementation date at request of Accountancy : 31 December 2014
2nd Follow-up observations		
Accountancy confirmed that this will be addressed in Q4 2014/15.		Not Implemented Revised implementation date: 31 March 2015

Executive summary

Service Area	Head of Service	Total Number of Recs	Number of Overdue Recs	% of Overdue Recs
Corporate Strategy	Clare Kingston (Head of Corporate Strategy)	5	4	80%
Development and Housing	Debbie Taylor (Head of Development and Housing)	2	2	100%
Economy, Leisure and Property	Chris Tyson (Head of Economy, Leisure and Property)	0	0	0%
Finance	William Jacobs (Head of Finance)	18	10	56%
HR, IT and Technical Services	Andrew Down (Head of HR, IT & Technical Services)	24	18	75%
Legal and Democratic	Margaret Reed (Head of Legal and Democratic Services)	8	7	88%
Planning	Adrian Duffield (Head of Planning)	3	0	0%
Total recommendations Q4 2014/15		60	41	

Summary of overdue recommendations

Rec ID	Audit Name	Audit Year	Head of Service	Service Manager	Recommendation Name	Recommendation	Risk Rating	Implementation date	Recommendation Update	Date of Officer Update	Recommendation Status	Revised Implementation Date
66	Payroll	2014/2015	William Jacobs (Head Of Finance)	Ben Watson (Finance & Systems Manager)	1. Capita payroll handbook	The Capita payroll handbook should be updated as soon as possible when agreed changes have been made.	Medium	31/01/15				
67	Payroll	2014/2015	William Jacobs (Head Of Finance)	Ben Watson (Finance & Systems Manager)	2. User access of payroll system	Capita need to ensure that all user lists for the payroll systems are reviewed on a regular basis. <input type="checkbox"/> Capita needs to ensure that the user access list is up to date i.e. leavers are deactivated as soon as possible and unused generic users must be removed. <input type="checkbox"/>	Low	09/01/15				
68	Payroll	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	3. Starters	All starter processes should comply with the council's agreed policies and procedures i.e. <input type="checkbox"/> a) Evidence of proof of identification being obtained prior to start of employment. <input type="checkbox"/> b) At least one of the proof of identification produced should be photographic e.g. passport or driving licence. <input type="checkbox"/> c) Two references must be received for all starters and filed within the personnel records. <input type="checkbox"/>	Medium	09/01/15				
69	Payroll	2014/2015	William Jacobs (Head Of Finance)	Ben Watson (Finance & Systems Manager)	4. Payroll Checks - Overtime	Capita need to ensure that all amendments or new entries made in the payroll system show adequate separation of duties.	Medium	09/01/15				
70	Payroll	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	5. Changes in remuneration policies	The head of human resources needs to inform the head of finance of any changes made that affect the remuneration of pay as stated in the council's constitution.	Low	09/01/15				
71	Payroll	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	6. Standard Overtime Form	a) Line managers should always adequately check and authorise overtime claims that have been submitted on the appropriate overtime form prior to being sent to Capita for processing, to ensure that claim totals are valid and completed correctly. <input type="checkbox"/> b) Human resources team should engage with line managers to ensure they understand the correct process of authorising forms and the appropriate overtime form to be used. <input type="checkbox"/>	Low	31/01/15				

Rec ID	Audit Name	Audit Year	Head of Service	Service Manager	Recommendation Name	Recommendation	Risk Rating	Implementation date	Recommendation Update	Date of Officer Update	Recommendation Status	Revised Implementation Date
72	Payroll	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	7. Payment for Breaks and Overtime forms	The formulas for calculating pay for employees should be reviewed and a consistent approach considered which should be suitably agreed and documented in accordance with European Working Time Regulations. Otherwise the working time directive formula should be used and applied consistently. <input type="checkbox"/> All council's standard overtime forms and timesheets must allow for employees to record any breaks taken to ensure that they are correctly indicated prior to the authorisation being given to Capita for payment processing. <input type="checkbox"/>	High	31/01/15				
73	Payroll	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	8. Maternity Pay	Consideration should be given as to whether payment (over/under payments) should be recovered/paid to staff affected by the policy in place at the time of their maternity. <input type="checkbox"/> The maternity/paternity pay policy should be reviewed to ensure that the policy is documented clearly to avoid misinterpretations. <input type="checkbox"/>	Medium	09/01/15				
74	Travel and Subsistence	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	1. Expense Claims	A reminder should be issued to ensure that all service areas put the month and their service area on the envelope prior to submitting the receipts to Capita.	Low	31/12/14				
75	Travel and Subsistence	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	2. Processing	A reminder should be issued to all staff that they should claim their travel & subsistence within three months of the expenses incurred.	Low	31/12/14				
78	Anti-fraud and Corruption Arrangements	2014/2015	Margaret Reed (Head Of Legal And Democratic Services)	Steven Corrigan (Democratic Services Manager)	3. Whistleblowing Policy	The most recently reviewed whistleblowing policy should be uploaded on the council intranet website to ensure that all officers have up to date information of the policy and required procedures.	Low	31/10/14				
80	Anti-fraud and Corruption Arrangements	2014/2015	Margaret Reed (Head Of Legal And Democratic Services)	Steven Corrigan (Democratic Services Manager)	5. Awareness of anti-fraud and corruption arrangements and training modules.	a) The council needs to ensure that there is sufficient visibility (i.e. posters/leaflets/bulletins) across all council buildings informing staff of the anti-fraud and corruption culture throughout the workplace. <input type="checkbox"/> <input type="checkbox"/>	High	30/11/14				
85	Contract Monitoring	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	1. Contract monitoring guidance	The performance review of contractors' guidance should be reviewed & updated.	Low	31/10/14				
86	Contract Monitoring	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	2. Contract register	The contract register should be updated on a regular basis & expired contracts be taken off.	Low	09/01/15				
87	Bank Contract and Arrangements	2014/2015	William Jacobs (Head Of Finance)	Bob Watson (Accountancy Manager (Technical))	1. Actions and issues log	An actions and issues log should be introduced to capture relevant data including, but not limited to, key dates and names.	Low	09/01/15				

Rec ID	Audit Name	Audit Year	Head of Service	Service Manager	Recommendation Name	Recommendation	Risk Rating	Implementation date	Recommendation Update	Date of Officer Update	Recommendation Status	Revised Implementation Date
91	Petty Cash	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	8. Coding of claims - Abbey House	Replenishments of float balances should be recoded to the relevant individual costs centres in a timely manner once the top up cheque is raised.	Low	09/01/15				
92	Petty Cash	2014/2015	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	9. VAT - Abbey House	Reclaimable VAT is identified as part of the replenishment process and coded within the Agresso financial system to facilitate the council reclaiming amounts paid.	Medium	09/01/15				
93	Temporary Accommodation	2014/2015	Debbie Taylor (Head of Development and Housing)	Phil Ealey (Housing Needs Manager)	1. Homelessness strategy	A homelessness strategy should be in place as it is a requirement of the Homelessness Act 2002.	Medium	31/10/14	The housing needs manager confirmed that the homelessness strategy has now been drafted and approved by the portfolio holder, and is awaiting sign-off to be released for consultation. Internal audit reviewed the draft strategy.	07/01/15	Partly Implemented	31/03/15
94	Temporary Accommodation	2014/2015	Debbie Taylor (Head of Development and Housing)	Phil Ealey (Housing Needs Manager)	2. Policies & procedures	All policies and procedures should be reviewed, updated and version controlled.	Low	31/12/14	The Rent Deposit and Rent-In-Advance policy has been reviewed and updated. The Rent Recovery policy and procedures have been reviewed and updated. The remaining procedures mainly concern tenancy management and will be completed by March 2015. All policies and procedures are now version controlled.	07/01/15	Partly Implemented	31/03/15
95	Disaster Recovery	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	Simon Turner (IT Operations Manager)	1. Policies and procedures	Consider developing: <input type="checkbox"/> (a) a disaster recovery policy. <input type="checkbox"/> (b) guidance for the adding of new databases (including back up arrangements). <input type="checkbox"/>	Low	31/03/14	This is currently being reviewed.	14/08/14	Not Implemented	31/12/14
97	Disaster Recovery	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	5. Contract terms	Incorporate a section on disaster recovery testing and reporting in the legal template for council contracts with contractors with which the council has an ongoing relationship (i.e. frequent and recurring work).	Medium	31/12/13	The performance, projects and customer services manager left his post in February 2014 and progress with the review of procurement documents have not been done. This has been flagged up with contract and procurement manager (Oxford City Council) for inclusion in the review of procurement templates.	14/08/14	Not Implemented	31/03/15
105	Business Continuity	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	5. Contract terms	Incorporate a section on business continuity testing and reporting in the legal template for council contracts with contractors with which there are ongoing relationships (e.g. frequent and/or recurring work).	Medium	30/09/13				
106	Business Continuity	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	6. Contractor testing	Obtain annual assurances from third party contractors with which there are ongoing relationships (e.g. frequent and/or recurring work) on outcomes of business continuity testing.	Medium	31/03/14				
107	Business Continuity	2013/2014	William Jacobs (Head Of Finance)	Adrianna Partridge (Audit Manager)	7. Battlebox	An offsite battlebox should be used to store up to date copies of continuity plans.	Medium	31/10/13				

Rec ID	Audit Name	Audit Year	Head of Service	Service Manager	Recommendation Name	Recommendation	Risk Rating	Implementation date	Recommendation Update	Date of Officer Update	Recommendation Status	Revised Implementation Date
109	Health and safety	2013/2014	Clare Kingston (Head Of Corporate Strategy)	Sally Truman (Policy, Partnership & Engagement Manager)	All fire wardens should be appropriately trained.	Best Practice <input type="checkbox"/> All selected fire wardens have been on fire warden training. <input type="checkbox"/> <input type="checkbox"/> Findings <input type="checkbox"/> Internal audit established that there are 16 fire wardens at SODC, of which five have not had fire warden training. <input type="checkbox"/> <input type="checkbox"/> Risk <input type="checkbox"/> If fire wardens are not given appropriate training, there is a risk that the fire wardens are not sure about their responsibilities if a fire occurred. <input type="checkbox"/>	High	31/03/14	Confirmed by the Shared Health and Safety Adviser that this is on hold as the fire evacuation procedure is being reviewed at Abbey House due to the impending occupation of the building by OCC and Citizens Advice Bureau. The fire evacuation procedures will then be reviewed at Crowmarsh offices. The plan is to dispense with roll calls, divide the buildings into zones and train fire wardens to do building sweeps of their zones.	09/04/14	Not Implemented	31/12/14
110	Council fees and charges	2013/2014	William Jacobs (Head Of Finance)	Bob Watson (Accountancy Manager (Technical))	1. Key information	A standard template should be incorporated within the fee setting process to capture key information in a standard format where it is not already clearly and comprehensively stated.	Low	31/10/14	Fees and charges are a service responsibility as per SMB guidance. Accountancy can offer advice and support and this has been done as part of the recent budget setting guidance, but it is down to individual services to set their own fees and charges, the manner they see as best. It is assumed that all fees and charges are uplifted by inflation each year and if services/politicians do not want to do this, a growth bid for reduction in income must be submitted.	13/01/15	Implemented	
111	Council Fees and Charges	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	Lee Brown (IT Applications Manager)	2. Street naming and numbering	The street naming and numbering policy and charges should make it clearer that the fee relates to the notification element and not the naming and numbering of new properties.	Low	30/11/14				
112	Licensing	2013/2014	Margaret Reed (Head Of Legal And Democratic Services)	Liz Hayden (Legal, Licensing And Community Safety Manager)	1. Licensing enforcement policy	Review the licensing enforcement policy.	Low	31/12/13	A joint policy has been developed by R Draper and Ben Coleman. This has been checked by the equalities officer and is awaiting approval by the service manager.	13/01/15	Not Implemented	06/02/15
113	Licensing	2013/2014	Clare Kingston (Head Of Corporate Strategy)	Paul Holland (Environmental Protection Manager)	4. Separation of duties	Ensure there is a separation of duties from those who process and those who authorise the issue of environmental protection licences.	Medium	31/12/13	The Team Leader (Environmental Protection) advised an Administration Assistant had been appointed to undertake this work but had proved unsuitable, therefore it has been decided to wait until integration with South in February/March 2014 when a shared Administration Assistant will be available.	21/03/14	Not Implemented	31/12/14
114	Licensing	2013/2014	Margaret Reed (Head Of Legal And Democratic Services)	Robert Draper (Licensing Team Leader)	6. Performance management	a) Consider establishing a performance management statement or policy for the licensing team. <input type="checkbox"/> <input type="checkbox"/> b) Translate raw data (over the processing of applications by the licensing team) to performance statistics which can be monitored effectively. <input type="checkbox"/>	Low	01/04/14	The new Licensing software system has been delayed due to issues with the supplier. <input type="checkbox"/> Revised implementation target for 1 April 2015. Customer satisfaction levels routinely monitored for interactions with people making licensing applications.	13/01/15	Partly Implemented	01/04/15

Rec ID	Audit Name	Audit Year	Head of Service	Service Manager	Recommendation Name	Recommendation	Risk Rating	Implementation date	Recommendation Update	Date of Officer Update	Recommendation Status	Revised Implementation Date
115	Licensing	2013/2014	Margaret Reed (Head Of Legal And Democratic Services)	Liz Hayden (Legal, Licensing And Community Safety Manager)	11. Lotteries	(a) Society lottery permit renewals should be due and reminded two months prior to the anniversary of their issue. <input type="checkbox"/> <input type="checkbox"/> (b) Clarify and ensure the administration of lottery licenses is in compliance with the Small Society Lotteries (Registration of Non-Commercial Societies) Regulations (2007). <input type="checkbox"/>	Medium	31/03/14	The new system has been delayed due to issues with the software supplier. It is hope to have the new system in place for 1 April 2015. There is some debate about the legislative requirement for the renewal to be issued on the anniversary of the application or on a calendar year basis.		Not Implemented	01/04/15
116	Licensing	2013/2014	Margaret Reed (Head Of Legal And Democratic Services)	Liz Hayden (Legal, Licensing And Community Safety Manager)	12. Reconciliations	a) Income reconciliation to compare licensing records with general ledger codings should be regularly undertaken by the licensing team.	Medium	30/04/14	This work is now undertaken regularly and at quarter end.		Implemented	01/04/14
117	Lone working and Officer Security	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	Mark Gibbons (HR Business Partner)	2. Lone working training	All lone working officers should be offered lone working training.	Medium	30/09/14	the Shared HR Business Support manager confirmed that a Health & Safety training provider had been contracted to conduct lone working training in early 2014 with all relevant staff having had their training by 31st March 2014.	31/12/13	Ongoing (Date of implementation not yet passed)	30/09/14
118	Inter-council Recharges	2013/2014	William Jacobs (Head Of Finance)	Bob Watson (Accountancy Manager (Technical))	1. Policies and procedures	(a) Establish policy and procedures on when joint purchases is allowed and what inter-council recharges should then be made. <input type="checkbox"/> (b) Incorporate good practice guides in recharges guidance (e.g. use of time allocation sheets). <input type="checkbox"/> (c) Incorporate a section on key issues in recharges guidance (e.g. transferring items, low value purchases). <input type="checkbox"/>	High	31/03/14	This is now being reviewed following the move to one office. This will be implemented prior to the 2015/16 budget setting process. This will be completed by 31 October 2014. <input type="checkbox"/> <input type="checkbox"/> Not yet had the opportunity to review policy and guidance (although FPR have been updated). Still do not consider this high risk and would appreciate if the rationale for this decision to assess it so could be explained.	16/07/14	Not Implemented	31/07/15
119	Stock Control	2013/2014	Andrew Down (Head of HR, IT & Technical Services)	John Backley (Technical and Facilities Manager)	1. Reconciliations	Stock held, purchased, used and recharged is reconciled with original documents and with financial records of purchases and recharges to identify, record and resolve any anomalies.	Medium	01/10/13	Not updated during the year.	07/07/14	Not Implemented	31/12/14
120	RIPA	2013/2014	Margaret Reed (Head Of Legal And Democratic Services)	Liz Hayden (Legal, Licensing And Community Safety Manager)	1. RIPA policy and procedure	The RIPA policy and procedure should be updated to reflect current legislation and consideration should be given to including:- <input type="checkbox"/> a) <input type="checkbox"/> A requirement for members' review of RIPA activities and approval of the policy as per the revised code of practice <input type="checkbox"/> b) <input type="checkbox"/> Reference to the use of the NAFN <input type="checkbox"/> and <input type="checkbox"/> c) <input type="checkbox"/> Making the document available on the council's intranet. <input type="checkbox"/>	Low	30/04/14	Revised guidance is due on local authority's use of RIPA so the update of the policy has been delayed in order to incorporate the expected revisions. In the meantime an explanation will be added to the current policy to explain that an update is due and that RIPA can only be used for particular offences and court approval is required.	24/04/14	Ongoing (Date of implementation not yet passed)	31/12/14
121	Credit Card Usage	2013/2014	William Jacobs (Head Of Finance)	Bob Watson (Accountancy Manager (Technical))	1. Register of cards	An electronic register should be maintained of the card numbers issued to officers.	Low	30/04/14	vale credit cards are all processed online - this provides an electronic list of Vale cards and is available to all administrators of the credit card accounts.	13/01/15	Implemented	

Rec ID	Audit Name	Audit Year	Head of Service	Service Manager	Recommendation Name	Recommendation	Risk Rating	Implementation date	Recommendation Update	Date of Officer Update	Recommendation Status	Revised Implementation Date
122	Credit Card Usage	2013/2014	William Jacobs (Head Of Finance)	Bob Watson (Accountancy Manager (Technical))	2. VAT	a) VAT should only be coded for reclaim when suitable VAT invoices/receipts are provided. b) Guidance should be enhanced to advise card holders as to what constitutes appropriate VAT documentation.	Low	30/06/14	Guidance still in draft. All card holders advised of the need for proper VAT receipts.	13/01/15	Partly Implemented	31/03/15
123	Credit Card Usage	2013/2014	William Jacobs (Head Of Finance)	Bob Watson (Accountancy Manager (Technical))	3. Electronic record	An electronic record of transactions should be maintained to facilitate easier analysis of expenditure, e.g. by user.	Low	30/06/14	As per the original response, this is mainly a paper based exercise for receipts etc. The card bills are now all electronic. No further action can be completed.	13/01/15	Implemented	
124	Environmental Health and Food Safety	2013/2014	Clare Kingston (Head Of Corporate Strategy)	Diane Moore (Food & Safety Manager)	3. Procedures	Procedures should:- a) Be regularly reviewed and updated as need with the index and procedure updated to reflect the revised review date. b) Include a procedure reference that matches the index. c) Include a food alert procedure. d) Be included within the document index.	Low	31/03/14	All procedures have been reviewed	13/01/15	Implemented	
125	Environmental Health and Food Safety	2013/2014	Clare Kingston (Head Of Corporate Strategy)	Diane Moore (Food & Safety Manager)	5. Premises registration	a) The two premises without a business registration form should be reviewed and appropriate action taken.	Low	30/04/14	EH02157 is now registered. A letter has been sent to the other premises to request that a registration form is completed	09/04/14	Ongoing (Date of implementation not yet passed)	30/06/14

Audit and Governance Committee Report



19 March 2015

Report of **Audit Manager**

Author: **Adrianna Partridge**

Telephone: **01235 540389**

E-mail: **adrianna.partridge@southandvale.gov.uk**

Cabinet member responsible: **Councillor Matthew Barber**

Telephone: **07816 481452**

E-mail: **matthew.barber@whitehorsedc.gov.uk**

To: Audit and Governance Committee

DATE: 19 March 2015

Internal audit management report quarter four 2014/2015

Recommendation(s)

- (a) That members note the content of the report

Purpose of report

1. The purpose of this report is:
 - to report on management issues within internal audit;
 - to summarise the progress against the 2014/2015 audit plan up to 5 March 2015; and
 - to summarise the priorities for quarter one 2015/2016.
2. The contact officer for this report is Adrianna Partridge, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone 01235 540389.

Strategic objectives

3. Managing our business effectively.

Background

4. The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 states that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the broad resources required to deliver the plan.
5. The CIPFA Code also states that the audit committee should approve the annual internal audit plan and monitor progress against the plan. This Committee approved the 2014/2015 annual internal audit plan on 17 March 2014.

Management issues

6. The audit team is focused on completing the key financial systems audits by year end, and pending any unexpected delays the team is on track to do so. Current year planned audits which were postponed following the Crowmarsh fire have been placed in the 2015/2016 audit plan being presented at this committee meeting for approval. In addition to the planned audit work, resources have also had to be allocated to an urgent investigation which is currently in progress.
7. An auditor has been on sick leave since 9 February, and it is anticipated that this may continue for a further month. Resource requirements are being addressed.

Progress against the 2014/2015 audit plan

8. Progress against the approved audit plan has been calculated for the quarter and year to date and is summarised in **appendix 1** attached.
9. Performance figures to date are as follows:

	Target	YTD	Q1 14/15	Q2 14/15	Q3 14/15	Q4 14/15
Chargeable (identifiable client and/or specific IA deliverable)	74%	71.5%	72%	79.5%	61.5%	72.5%
Non-Chargeable (corporate, not IA deliverable)	8%	9.5%	7%	6.5%	13%	10.5%
Lost (i.e. leave, study, sickness)	18%	19.5%	21%	14%	25.5%	17%

10. As at 5 March 2015 the status of audit work against the 2014/2015 audit plan is as follows:

Planned

Strategic, operational and financial assurance work known and approved by the Audit and Governance Committee.

2014/2015	Planned	Complete	Draft	In progress	Carry forward 2015/2016
PLANNED	26	10	1	8	7
Joint	26	10	1	8	7

Adhoc

Unplanned project work based on agreed terms of reference with the audit manager (i.e. implementation of new systems) and responsive work issued and agreed by the section 151 officer, members or senior management team (i.e. investigations).

2014/2015	Requested	Complete	Draft	In progress	To commence
ADHOC	3	1	1	1	0
Joint	1	1	0	0	0
SODC	0	0	0	0	0
VWHDC	2	0	1	1	0

Follow up

Work undertaken to ensure that agreed recommendations have been implemented. The number of follow-up audits is a rolling number, all internal audit reports are followed up after six months.

2014/2015	Requested	Complete	Draft	In progress	To commence
FOLLOW-UP	33	22	0	1	10
SODC	16	11	0	0	5
VWHDC	17	11	0	1	5

Priorities for 2015/2016 quarter one (April 2015 – June 2015)

11. The priorities for quarter one are to:

- Complete the audit plan 2014/2015 and commence 2015/2016 planned audit work.
- Confirm resource requirements for the corporate services project.

- Undertake a full review of the business continuity response to the Crowmarsh fire, document lessons learnt and draft business continuity plans for the temporary accommodation.

12. Remaining 2014/2015 planned audit work can be reviewed in **appendix 2**.

Financial implications

13. There are no financial implications attached to this report.

Legal implications

14. None.

Risk implications

15. Identification of risk is an integral part of all audits.

ADRIANNA PARTRIDGE
AUDIT MANAGER

PLANNED AUDIT 2014/2015

APPENDIX 1

System Name	Status	Audit Allocation	Total Days Used	Exception Issues	Audit Opinion	No. of Recs	High	No. Agreed	Medium	No. Agreed	Low	No. Agreed	Total Not Agreed
As at 5 March 2015													
JOINT													
Procurement (24 priority score)	Carry forward 15/16	12											
SODC			0.0										
VWHDC			0.0										
Payroll (22)	Completed	32		First KFS for new auditor.									
SODC			19.5		Limited	8	2	2	4	4	2	2	0
VWHDC			19.5		Limited	8	1	1	4	4	3	3	0
Housing & Council Tax Reduction Scheme (20)	In progress	30											
SODC			0.0										
VWHDC			0.0										
Car Parks (20)	Completed	20											
SODC			9.5		Full	0	0	0	0	0	0	0	0
VWHDC			9.5		Full	0	0	0	0	0	0	0	0
Leisure Centres (20)	Carry forward 15/16	30											
SODC			0.0										
VWHDC			0.0										
National Non-Domestic Rate (19)	Draft out	20											
SODC			7.5										
VWHDC			7.5										
Council Tax (19)	In progress	20											
SODC			0.0										
VWHDC			0.0										
General Ledger (19)	In progress	20											
SODC			8.0										
VWHDC			8.0										
Sundry Debtors (19)	In progress	20											
SODC			1.5										
VWHDC			1.5										
Creditor Payments (18)	In progress	20											
SODC			5.0										
VWHDC			5.0										
Pro-Active Anti-Fraud Review (18)	In progress	20											
SODC			1.0										
VWHDC			1.0										
Travel & Subsistence (18)	Completed	20											
SODC			6.5		Full	2	0	0	0	0	2	2	0
VWHDC			6.5		Full	2	0	0	0	0	2	2	0

Anti-Fraud & Corruption Policies (18) SODC VWHDC	Completed	16	9.5 9.5	2 days over due to new auditor.	Limited Limited	6 6	1 1	1 1	3 3	3 3	2 2	2 2	0 0
Capital Management and Accounting (17) SODC VWHDC	In progress	14	0.5 0.5										
Contract Monitoring (17) SODC VWHDC	Completed	20	6.5 6.5		Full Full	3 3	0 0	0 0	0 0	0 0	3 3	2 2	1 1
Bank Contract & Arrangements (17) SODC VWHDC	Completed	8	3.0 3.0		Full Full	1 1	0 0	0 0	0 0	0 0	1 1	1 1	0 0
Treasury Management (16) SODC VWHDC	In progress	14	7.0 7.0										
Land Charges (16) SODC VWHDC	Completed	20	10.0 10.0		Satisfactory Satisfactory	6 6	0 0	0 0	1 1	1 1	5 5	5 5	0 0
Corporate Governance (16) SODC VWHDC	Completed	20	7.5 7.5		Full Full	0 0							
Receipt of Income Arrangements (15) SODC VWHDC	Carry forward 15/16	18	3.5 3.0										
Partnership Performance Monitoring (15) SODC VWHDC	Carry forward 15/16	20	0.0 0.0										
Waste Management & Recycling (15) SODC VWHDC	Carry forward 15/16	20	0.5 0.5										
Project Management (15) SODC VWHDC	Carry forward 15/16	26	0.0 0.0										
Petty Cash (14) SODC VWHDC	Completed	16	8.5 8.5		Satisfactory Satisfactory	5 8	0 0	0 0	1 3	1 3	4 6	4 6	0 0
Temporary Accommodation (14) SODC VWHDC	Completed	24	14.0 14.0	4 days over due to level of sample testing required.	Limited Limited	9 7	0 1	0 1	3 2	3 2	6 4	6 4	0 0
Development Management (10) SODC VWHDC	Carry forward 15/16	20	0.0 0.0										
IA PLANNED AUDIT TOTALS	-	520	257.5		Full Satisfactory Limited Nil	81	6	6	25	25	51	49	2

FOLLOW UP AUDITS 2013/2014

System Name	Total Days Used	Original Audit Opinion Issued	Total No. of Recs Agreed	Implemented	Partly Implemented	Not Implemented	Ongoing
SODC							
Brown Bins	0.5	Full	1	1	0	0	0
Environmental Health Food & Safety	0.5	Satisfactory	7	5	0	1	1
Health & Safety	0.5	Satisfactory	4	1	0	0	3
Inter Council Recharges	0.5	Satisfactory	5	4	0	1	0
Post Room	0.5	Satisfactory	8	6	0	0	2
RIPA	0.5	Full	3	1	1	0	1
Stock Control	0.5	Satisfactory	6	5	0	1	0
Disaster Recovery	0.5	Satisfactory	7	3	0	3	1
Cash Office	0.5	Full	1	1	0	0	0
VWHDC							
Brown Bins	0.5	Satisfactory	3	1	2	0	0
Environmental Health Food & Safety	0.5	Limited	7	5	0	0	2
Health & Safety	0.5	Satisfactory	7	1	0	1	5
Inter Council Recharges	0.5	Satisfactory	4	3	0	1	0
Post Room	0.5	Satisfactory	3	1	0	1	1
RIPA	0.5	Satisfactory	5	1	2	0	2
Stock Control	0.5	Satisfactory	4	3	0	1	0
Disaster Recovery	0.5	Satisfactory	6	2	0	3	1
Cash Office	0.5	Satisfactory	5	5	0	0	0

FOLLOW UP AUDITS 2014/2015

System Name	Total Days Used	Original Audit Opinion Issued	Total No. of Recs Agreed	Implemented	Partly Implemented	Not Implemented	Ongoing
SODC							
Temporary Accommodation	0.5	Limited	8	6	2	0	0
VWHDC							
Temporary Accommodation	0.5	Limited	7	3	0	1	3
Temporary Accommodation (2nd review)	0.5	Limited	4	1	2	1	0

OC 262

UNPLANNED WORK 2014/2015

CONSULTANCY

System Name	Status	Audit Allocation	Total Days Used	Requested By
JOINT				
Banking Services Tender	Completed	2 days	N/A	S151 Officer
SODC				
None				
VWHDC				
None				

CONTINGENCY

System Name	Status	Audit Allocation	Total Days Used	Requested By
JOINT				
None				
SODC				
None				
VWHDC				
Development Management	Draft out	10	13	Chief Executive
Beacon Banking	In progress	10	5	Head of HR, IT and Customer

SYSTEM DEVELOPMENT

System Name	Status	Audit Allocation	Total Days Used	Requested By
JOINT				
None				
SODC				
None				
VWHDC				
None				

Audit and Governance Committee Report



19 March 2015

Report of **Audit Manager**

Author: **Adrianna Partridge**

Telephone: **01235 540389**

E-mail: **adrianna.partridge@southandvale.gov.uk**

Cabinet member responsible: **Councillor Matthew Barber**

Telephone: **07816 481452**

E-mail: **matthew.barber@whitehorsedc.gov.uk**

To: Audit and Governance Committee

DATE: 19 March 2015



Internal audit annual plan 2015/2016

Recommendation(s)

(a) That members approve the internal audit annual plan 2015/2016

Purpose of Report

1. The purpose of this report is:
 - to explain the process for setting the internal audit plan and for calculating the resources available; and
 - to set out the proposed internal audit annual plan for 2015/2016.
2. The contact officer for this report is Adrianna Partridge, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone 01235 540389.

Strategic Objectives

3. Managing our business effectively.

Background

4. The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 states that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the broad resources required to deliver the plan.
5. The CIPFA Code also states that the audit committee should approve the annual internal audit plan and monitor progress against the plan.

Audit Allocation

6. The resources available to deliver the internal audit annual plan 2015/2016 are arrived at by starting with the number of days available for all posts within the team. This is then reduced by the estimated numbers of days lost through annual leave, bank holidays (planned) and sickness absence (unplanned). The remaining days available are then allocated between the various elements of work which are expected to be carried out in the year in order to deliver an effective internal audit service.
7. The calculation of days available and the allocation of days between different categories of work is attached as **appendix 1**. The different categories of work are classed as either chargeable or non-chargeable. Chargeable means the work has an identifiable client or is directly linked to the delivery of internal audit services. Non-chargeable means any other work which is not directly linked to the delivery of internal audit services (for example: admin, corporate responsibilities, training, staff briefings).

Schedule of Auditable Activity (SAA)

8. The SAA attached as **appendix 2** lists every audit which has been completed at both or either South Oxfordshire District Council and the Vale of White Horse District Councils since 2000. Each audit has been rated by the head of finance (section 151 officer) and audit manager on a number of key factors to give a priority score, and this assists in the assessment of what should be placed in the annual audit plan. Although scoring is subjective and no two people would score alike the process attempts to introduce a degree of objectivity into the assessment process. The key at the bottom of the spreadsheet explains the scoring and provides risk definitions.
9. The SAA is only one contributing factor to determining the annual audit plan, as external audit, the section 151 officer and internal audit will also make an assessment on the level of risk exposure and audit coverage across the council. In addition, service managers may request that a function within their area of responsibility is reviewed as part of the audit plan.

Internal Audit Annual Plan 2015/2016

10. The internal audit annual plan is designed and constructed in such a way to enable the audit manager to form an opinion on the adequacy of the council's control environment. This opinion forms an important independent view of the council's operations that feeds into and supports the council's annual governance statement. In accordance with shared working arrangements

agreed by both councils, the internal audit annual plan tries to ensure that each council will receive an equal allocation of the resource and audit service.

11. The proposed internal audit plan 2015/2016 is attached as **appendix 3**. Any amendments to the annual plan throughout the year will be submitted to the committee for approval.
12. The plan is essentially risk based, in that each auditable area is considered according to the level of risk exposure in terms of the councils' ability to achieve their corporate objectives. The plan is based on the schedule of auditable activity and external and internal audit's own assessment on levels of risk exposure and coverage of auditable areas in recent years.
13. It should be noted that not all aspects within a specific area are necessarily examined at each audit. Actual coverage is decided at the time of the audit in consultation with senior managers. This ensures that current issues together with recent coverage by internal audit or external bodies determine the scope of the work.
14. External audit looks to place reliance upon internal audit's work to limit its own coverage. This arrangement is dependent upon the significant financial systems being examined each year (for example, council tax, payroll) to provide assurance as to their continuing controlled operation. To avoid any unnecessary duplication of effort between the two parties, internal audit and external audit have an established on-going communication mechanism to ensure that respective plans and scope of reviews are shared.

Financial Implications

15. The audit plan can be delivered from within the approved 2015/16 budget, therefore there are no financial implications attached to this report.

Legal Implications

16. None

Risk Implications

17. Identification of risk is an integral part of all audits.

ADRIANNA PARTRIDGE
AUDIT MANAGER

Audit Allocation 2015/2016**APPENDIX 1**

DESCRIPTION (Analysis of Description Overleaf)	DAYS 2013/2014	DAYS 2014/2015	DAYS 2015/2016
Total Days Available for Internal Audit Team	951	973	988
52x5x3 - Auditor x 3FTE	780	780	780
52x5x0.8 - Audit Manager 0.8FTE	60	148	208
(Audit Manager 0.6FTE Maternity cover prev years)	111	45	
Total Lost Days for Internal Audit Team	181	179	181
Annual Leave Entitlement (planned)	121	115	105
Bank Holiday and Christmas Closure (planned)	40	44	56
Sick Leave (unplanned)	20	20	20
Total Non-Chargeable Days for Internal Audit Team	74	74	74
Training and Development	16	16	16
Admin/Corporate Issues	40	40	40
Team Meetings	18	18	18
Total Chargeable Days for Internal Audit Team	696	720	733
Audit Management	70	76	76
Adhoc Audit Advice (3 days each service area)	21	21	21
Consultancy/System Development (3 days each service area)	28	28	21
Contingency (Investigations) (5 days each service area)	35	35	35
Risk Management	0	0	8
Business Continuity Management	0	0	16
Follow Up Work 2013/2014	7	10	2
Follow Up Work 2014/2015	8	8	7
Audit Plan 2015/2016	515	520	531
Town and Parish Councils	12	22	16
Total Lost + Non-Chargeable and Chargeable Days	951	973	988
Proportion of Chargeable Days	73%	74%	74%
Proportion of Non-Chargeable Days	8%	8%	8%
Proportion of Lost Days	19%	18%	18%

Analysis of description

Lost days

- Annual leave entitlement and any carry forward from previous year.
- Bank holiday and Christmas closure (14 days per person for 15/16)
- Sick leave (estimate of 5 days per person)

Training and development

- In-house corporate training (IT, new systems, HR training programme)
- External role related training (management, fraud, audit)
- Study for professional qualifications

Administration and corporate issues

- Appraisals
- Progress and 1-2-1 meetings
- Filing
- Timekeeping (timesheets, time allocation, individual work plans)
- Staff briefings
- E-mails/correspondence
- Recruitment

Team meetings

- Internal audit, finance managers, operational managers group, directorate, portfolio.

Audit management

- Preparation and attendance at committee
- Revision of audit procedures
- Quality assurance
- Liaising with external audit
- Raising the profile of internal audit
- Attendance at corporate internal and external networking meetings
- Internal audit presence on the website and intranet at both sites
- Preparation and monitoring of the audit plan
- Budgetary control

Adhoc audit advice

- Informal responsive advice to queries from staff members

Consultancy/system development

- Formal project work based on agreed terms of reference (i.e. project member for implementation of new systems, system mapping, delivery of training to members and staff).

Contingency/investigations

- Responsive work issued and agreed by the S151 officer, audit and corporate governance committees, members or management team.

Town and parish councils

- Provision of internal audit services to town and parish councils.

Risk management and business continuity management

- Additional areas of responsibility for the audit manager.

SERVICE AREA	SERVICE TEAM	AUDIT AREA	SODC/ VWHD/J OINT	LAST PRIORITY RATING	SODC AUDIT ALLOCATION	VWHD AUDIT ALLOCATION	LAST REVIEWED	REVIEW SCORE	LAST AUDIT RATING	RATING SCORE	FINANCIAL RISK X 2	FRAUD RISK X 2	REPUTATIONAL RISK	LEGAL RISK	CORPORATE RISK	OFFICER REQUEST	PRIORITY SCORE	AUDIT PLANNING NOTES
HR, IT & Customer Services	Performance & Projects	Procurement	VWHD	Medium	0	8	2009/2010	5	Limited	2	3	3	3	1	2	1	26	Carried forward from 2014/2015 Include tender process.
HR, IT & Customer Services	Performance & Projects	Procurement	SODC	Medium	8	0	2009/2010	5	Satisfactory	1	3	3	3	1	2	1	25	Carried forward from 2014/2015 Include tender process.
Finance	Payroll	Payroll	Joint	22	18	18	2014/2015	0	Limited	2	3	3	3	3	3	1	24	KFS
Finance	Revenue & Benefits	Housing Benefits & Council Tax Reduction Scheme	Joint	20	15	15	2013/2014	1	Full	0	3	3	3	2	3	1	22	KFS
Economy, Leisure & Property	Leisure	Leisure Centres	Joint	Medium	15	15	2010/2011	4	Limited	2	3	1	3	2	2	1	22	Carried forward from 2014/2015 new contracts commenced 2014/2015.
Legal & Democratic Services	Elections, Licensing & Local Land Charges	Elections & Elections Payments	SODC	N/A	15	0	2007/2008	7	Limited	2	1	2	3	2	2	0	22	Full elections in 2015/16 and so defer to Q3/4 2015/16.
Legal & Democratic Services	Elections, Licensing & Local Land Charges	Elections & Elections Payments	VWHD	N/A	0	15	2007/2008	7	Satisfactory	1	1	2	3	2	2	0	21	Full elections in 2015/16 and so defer to Q3/4 2015/16.
Legal & Democratic Services	Elections, Licensing & Local Land Charges	Elections Payments	Joint	Medium	0	0	2011/2012	3	Satisfactory	1	3	3	2	1	2	0	21	Included with Elections.
Finance	Revenue & Benefits	Council Tax	Joint	20	10	10	2013/2014	1	Full	0	3	3	3	2	2	1	21	KFS
Finance	Accountancy	General Ledger	Joint	19	10	10	2013/2014	1	Satisfactory	1	3	3	2	1	3	1	21	KFS
Finance	Revenue & Benefits	NNDR	Joint	20	10	10	2013/2014	1	Full	0	3	3	3	2	2	1	21	KFS
Finance	Revenue & Benefits	Sundry Debtors	Joint	19	10	10	2013/2014	1	Satisfactory	1	3	3	2	2	2	1	21	KFS
HR, IT & Customer Services	ICT	ICT	VWHD	Medium	0	10	2010/2011	4	Limited	2	2	2	3	1	3	0	21	To defer to Q4 2015/16 once new ICT system has been implemented.
Finance	Accountancy	Creditor Payments	Joint	19	10	10	2013/2014	1	Full	0	3	3	2	2	2	1	20	KFS
Corporate Audits		Pro-Active Anti-Fraud Review	Joint	18	10	10	2013/2014	1	Satisfactory	1	3	3	2	1	2	1	20	KFS
Finance	Accountancy	Insurance	VWHD	22	0	10	2012/2013	2	Satisfactory	1	3	1	3	3	3	0	20	To include business continuity claims.
Finance	Accountancy	Insurance	SODC	22	10	0	2012/2013	2	Full	0	3	1	3	3	3	0	19	To include business continuity claims.
Planning	Development	S106 Commuted Sums / CIL	Joint	21	6	6	2013/2014	1	Limited	2	3	2	3	2	1	0	19	Audit manager does not consider necessary to include as comprehensive follow up in 2014/2015.
HR, IT & Customer Services	ICT	ICT	SODC	Medium	10	0	2010/2011	4	Satisfactory	1	2	2	3	0	3	0	19	To defer to Q4 2015/16 once new ICT system has been implemented.
Finance	Accountancy	Capital Management & Accounting	SODC	17	7	0	2013/2014	1	Limited	2	3	2	2	1	2	1	19	KFS
HR, IT & Customer Services	Capita	Cash Office	VWHD	19	0	8	2013/2014	1	Limited	2	3	3	2	0	2	0	19	New accommodation.
Finance	Capita	Cash Office	SODC	19	8	0	2013/2014	1	Satisfactory	1	3	3	2	0	2	0	18	New accommodation.
Legal & Democratic Services	Elections, Licensing & Local Land Charges	Licensing	Joint	17	10	10	2013/2014	1	Limited	2	2	2	3	3	1	0	18	New system.
Finance	Accountancy	Treasury Management	Joint	16	7	7	2013/2014	1	Full	0	3	2	2	2	2	1	18	KFS
Finance	Accountancy	Capital Management & Accounting	VWHD	16	0	7	2013/2014	1	Satisfactory	1	3	2	2	1	2	1	18	KFS
Finance	Accountancy	Receipt of Income Arrangements	Joint	17	10	10	2012/2013	2	Satisfactory	1	3	2	2	0	2	1	18	Carried forward from 2014/2015, revise 14/15 TOR to include cash office system upgrade (May/Jun) and do Q3/Q4.
HR, IT & Customer Services	Human Resources	HR Management	Joint	Low	10	10	2008/2009	6	Satisfactory	1	1	1	2	2	2	1	18	Requested by HR manager to look at annualised hours in 2015/16.
HR, IT & Customer Services	Human Resources	HR Recruitment Processes	Joint	High	10	10	2010/2011	4	Satisfactory	1	1	2	2	2	1	1	17	Audit manager requested for 2015/16 following payroll audit findings.
HR, IT & Customer Services	Performance & Projects	Contract Management	SODC	Medium	10	0	2008/2009	6	Satisfactory	1	1	1	2	2	2	0	17	Audit manager does not consider necessary. Leisure contract and procurement being reviewed separately in 2015/16.
Corporate Strategy	Community Partnership	Partnership Performance Monitoring	Joint	Medium	10	10	2009/2010	5	Satisfactory	1	2	0	3	1	2	1	17	Carried forward from 2014/2015.
HR, IT & Customer Services	Performance & Projects	Project Management	Joint	Medium	10	10	2010/2011	4	Satisfactory	1	2	1	2	1	2	1	17	Carried forward from 2014/2015.
Corporate Strategy	Waste	Waste Management and Recycling	Joint	Medium	10	10	2011/2012	3	Limited	2	3	0	3	1	1	1	17	Carried forward from 2014/2015.
Economy, Leisure & Property	Technical	Car Parks	Joint	20	10	10	2014/2015	0	Full	0	3	3	3	1	1	0	17	Audit manager does not consider necessary to review in 2015/16.
Corporate Strategy	Policy & Engagement	Consultation (Public & Staff)	Joint	Low	5	5	2008/2009	6	Limited	2	1	0	3	0	3	0	16	
Economy, Leisure & Property	Arts	Cornerstone	SODC	15	10	0	2012/2013	2	Satisfactory	1	3	0	3	1	3	0	16	
Corporate Strategy	Policy & Engagement	Health & Safety	Joint	18	10	10	2013/2014	1	Satisfactory	1	2	1	3	3	2	0	16	
Legal & Democratic Services	Legal	RIPA	Joint	15	5	5	2013/2014	1	Full	0	2	1	3	3	2	0	15	
Finance	Revenue & Benefits	Benefit Fraud	Joint	20	10	10	2012/2013	2	Full	0	3	2	2	1	1	0	16	
Legal & Democratic Services	Democratic Services	Gifts and Hospitality	Joint	Low	5	5	2011/2012	3	Sats/Limited	1.5	1	2	3	1	1	0	15.5	
Planning	Planning Policy	Neighbourhood Planning Grants	Joint	N/A	5	5	new area		N/A		3	1	2	1	2	1	15	Audit manager requested for 15/16.
Corporate Strategy	Waste	Brown Bins	Joint	16	10	10	2013/2014	1	Full	0	3	1	3	1	2	0	15	
Finance	Accountancy	Budgetary Control	Joint	18	5	5	2012/2013	2	Full	0	3	1	3	0	2	0	15	
HR, IT & Customer Services	Performance & Projects	Business Continuity	SODC	N/A	10	0	2013/2014	1	Satisfactory	1	3	0	3	1	3	0	15	
HR, IT & Customer Services	Performance & Projects	Business Continuity	VWHD	18	0	9	2013/2014	1	Satisfactory	1	3	0	3	1	3	0	15	

SERVICE AREA	SERVICE TEAM	AUDIT AREA	SODC/ VWHDC/ OINT	LAST PRIORITY RATING	SODC AUDIT ALLOCATION	VWHDC AUDIT ALLOCATION	LAST REVIEWED	REVIEW SCORE	LAST AUDIT RATING	RATING SCORE	FINANCIAL RISK X 2	FRAUD RISK X 2	REPUTATIONAL RISK	LEGAL RISK	CORPORATE RISK	OFFICER REQUEST	PRIORITY SCORE	AUDIT PLANNING NOTES
Finance	Accountancy	Community Loans Scheme	SODC	14	4	0	2013/2014	1	Full	0	2	2	2	1	2	0	14	
Finance	Accountancy	Credit Card Usage	Joint	14	4	4	2013/2014	1			2	3	1	1	1	0	14	
HR, IT & Customer Services	ICT	Disaster Recovery	SODC	21	10	0	2013/2014	1	Satisfactory	1	3	0	3	1	3	0	15	
HR, IT & Customer Services	ICT	Disaster Recovery	VWHDC	17	0	10	2013/2014	1	Satisfactory	1	3	0	3	1	3	0	15	
HR, IT & Customer Services	Performance & Projects	Performance Management	Joint	Low	8	8	2008/2009	6	Satisfactory	1	1	0	3	1	2	0	15	
Finance	Accountancy	Petty Cash Spot Checks	Joint	Low	3	3	2011/2012	3	Full	0	3	3	0	0	0	0	15	
HR, IT & Customer Services	Human Resources	Travel & Subsistence	Joint	18	10	10	2014/2015	0	Full	0	3	3	1	0	2	0	15	
Economy, Leisure & Property	Leisure	The Beacon	VWHDC	14	0	10	2013/2014	1	Limited	2	2	2	2	0	1	0	14	
Corporate Strategy	Waste	Cleansing Services	SODC	N/A	8	0	2007/2008	7	Satisfactory	1	1	0	3	1	0	0	14	
Finance	Accountancy	Council Fees and Charges	Joint	17	10	10	2013/2014	1	Limited	2	2	1	2	1	2	0	14	
HR, IT & Customer Services	Performance & Projects	Data Protection	Joint	N/A	5	5	2012/2013	2	Satisfactory	1	1	1	3	3	1	0	14	
Corporate Strategy	Community Partnership	Discretionary Grants	VWHDC	13	0	8	2012/2013	2	Limited	2	2	1	3	0	1	0	14	
Economy, Leisure & Property	Technical	Emergency Planning	Joint	16	5	5	2012/2013	2	Satisfactory	1	2	0	3	1	3	0	14	
Health and Housing	Environmental Protection	Environmental Protection	VWHDC	N/A	0	7	2007/2008	7	Satisfactory	1	1	0	3	1	0	0	14	
Economy, Leisure & Property	Facilities	Facilities Management	Joint	Low	7	7	2011/2012	3	Satisfactory	1	2	1	2	0	2	0	14	
Health and Housing	Housing Needs/ Advice	Housing Allocations	Joint	15	10	10	2012/2013	2	Full	0	1	2	3	2	1	0	14	
HR, IT & Customer Services	Human Resources	HR Pro System & Annual Leave Entitlement	Joint	Low	7	7	2011/2012	3	Limited	2	2	1	0	1	2	0	14	
Corporate Audits		Lone Working/ Officer Security	VWHDC	16	0	10	2013/2014	1	Satisfactory	1	2	0	3	2	3	0	14	
HR, IT & Customer Services	Performance & Projects	Risk Management	Joint	17	7	7	2012/2013	2	Satisfactory	1	2	1	3	0	2	0	14	
Planning	Planning Policy	Development Management (Previously titled Planning Control)	Joint	N/A	10	10	2012/2013	2	Full	0	1	1	3	1	2	1	13	Carried forward from 2014/2015, to cover preliminary enquiries system, performance indicators rather than fees/income which was covered in 2012/2013.
Legal & Democratic Services	Democratic Services	Anti-Fraud & Corruption Policies	Joint	18	8	8	2014/2015	0	Limited	2	1	3	2	0	1	0	13	
HR, IT & Customer Services	Human Resources	Car Loans	VWHDC	Medium	0	10	2010/2011	4	Satisfactory	1	2	1	1	1	0	0	13	
Corporate Audits		Comments & Complaints Process	SODC	Low	8	0	2008/2009	6	Satisfactory	1	1	0	3	1	0	0	13	
Corporate Strategy	Community Partnership	Discretionary Grants	SODC	13	8	0	2012/2013	2	Satisfactory	1	2	1	3	0	1	0	13	
Finance	Accountancy	Internal Recharges	Joint	16	8	8	2013/2014	1	Satisfactory	1	3	1	0	0	2	0	12	
Economy, Leisure & Property	Economic Development	Leader Project Assurance	SODC	Medium	10	0	2010/2011	4	Satisfactory	1	3	0	1	0	1	0	13	
Economy, Leisure & Property	Facilities	Post Room	Joint	16	10	10	2013/2014	1	Satisfactory	1	2	2	1	0	2	0	13	
HR, IT & Customer Services	Human Resources	Training & Development	SODC	N/A	18	0	2006/2007	7	Satisfactory	1	0	0	2	1	2	0	13	
Planning	Building Control	Building Control	Joint	Low	5	5	2011/2012	3	Satisfactory	1	2	0	2	1	1	0	12	
Corporate Audits		Comments & Complaints Process	VWHDC	Medium	0	10	2009/2010	5	Satisfactory	1	1	0	3	1	0	0	12	
Finance	Accountancy	Mortgages Administration	VWHDC	Medium	0	7	2010/2011	4	Limited	2	2	0	1	1	0	0	12	
Health and Housing	Environmental Protection	Pest Control	SODC	Low	5	0	2010/2011	4	Limited	2	1	0	3	1	0	0	12	
Economy, Leisure & Property	Facilities	Stock Control	Joint	15	10	10	2013/2014	1	Satisfactory	1	2	2	1	0	1	0	12	
HR, IT & Customer Services	Performance & Projects	Contract Management	VWHDC	17	0	10	2014/2015	0	Satisfactory	1	1	1	2	2	2	0	11	Audit manager does not consider necessary. Leisure contract and procurement being reviewed separately in 2015/16.
Economy, Leisure & Property	Economic Development	Leader Project Grant Verification	SODC	9	5	0	2013/2014	1	Full	0	3	0	1	0	1	1	10	New batch of funding.
Legal & Democratic Services	Democratic Services	Corporate Governance	SODC	16	10	0	2014/2015	0	Full	0	0	2	3	1	2	0	10	
Corporate Strategy	Policy & Engagement	Equalities and Diversity	Joint	Medium	8	8	2011/2012	3	Satisfactory	1	1	0	2	1	2	0	11	
Health and Housing	Housing Development & Regeneration	Housing Development	SODC	N/A	10	0	2007/2008	7	Satisfactory	1	0	0	3	0	0	0	11	
HR, IT & Customer Services	Performance & Projects	Information Governance	Joint	12	10	10	2012/2013	2	Satisfactory	1	0	0	3	2	3	0	11	
Economy, Leisure & Property	Leisure	Seasonal Leisure Activities	Joint	21	6	6	2012/2013	2	Full	0	2	1	2	1	0	0	11	
Economy, Leisure & Property	Facilities	Stationery System	Joint	Low	6	6	2011/2012	3	Satisfactory	1	2	1	0	0	1	0	11	
Health and Housing	Housing Needs/ Advice	Temporary Accommodation	VWHDC	14	0	12	2014/2015	0	Limited	2	1	1	3	1	1	0	11	
Finance	Accountancy	Bank Contract & Arrangements	SODC	17	4	0	2014/2015	0	Full	0	2	0	1	2	3	0	10	
Legal & Democratic Services	Democratic Services	Corporate Governance	VWHDC	16	0	10	2014/2015	0	Full	0	0	2	3	1	2	0	10	
Health and Housing	Environmental Protection	Food & Safety	Joint	8	10	10	2013/2014	1	Satisfactory	1	1	0	3	1	1	0	9	
HR, IT & Customer Services	ICT	Geographical Information Systems	Joint	Low	10	10	2008/2009	6	Satisfactory	1	0	0	0	1	2	0	10	
Legal & Democratic Services	Elections, Licensing & Local Land Charges	Land Charges	SODC	16	10	0	2014/2015	0	Satisfactory	1	2	0	3	1	1	0	10	
Health and Housing	Environmental Protection	Stray Dogs Contract	VWHDC	Low	0	10	2010/2011	4	Satisfactory	1	1	0	2	1	0	0	10	
Health and Housing	Housing Needs/ Advice	Temporary Accommodation	SODC	14	12	0	2014/2015	0	Satisfactory	1	1	1	3	1	1	0	10	
Economy, Leisure & Property	Economic Development	Tourism (Marketing Contract)	SODC	Low	5	0	2008/2009	6	Satisfactory	1	1	0	1	0	0	0	10	
Legal & Democratic Services	Elections, Licensing & Local Land Charges	VFM from CCTV Contract	Joint	Low	10	10	2009/2010	5	Satisfactory	1	1	0	1	1	0	0	10	
Corporate Strategy	Parks	Grounds Maintenance	Joint	Low	10	10	2011/2012	3	Satisfactory	1	1	0	2	1	0	0	9	
Finance	Accountancy	Petty Cash Procedures	Joint	14	5	5	2014/2015	0	Satisfactory	1	1	3	0	0	0	0	9	
HR, IT & Customer Services	Performance & Projects	Freedom of Information	Joint	11	6	6	2012/2013	2	Satisfactory	1	0	0	3	2	0	0	8	
Corporate Strategy	Policy & Engagement	Carbon Management Programme	Joint	6	10	10	2012/2013	2	Satisfactory	1	1	0	2	0	1	0	8	
Economy, Leisure & Property	Facilities	Mobile Home Parks	Joint	16	12	12	2012/2013	2	Satisfactory	1	1	0	2	0	0	0	7	

KEY: Key Financial System = annual review Carried Forward from 2014/2015 plan In 2015/16 audit plan

Review Score Number of audit years since last review.

Rating Score Full Assurance - 0 points
Satisfactory Assurance - 1 point
Limited Assurance - 2 points
Nil Assurance - 3 points

Risk Score Negligible Risk - 0 points
Low Risk - 1 point
Consequences will not be severe and any associated losses relatively small.
Medium Risk - 2 points
Risk will have a noticeable effect on services provided.
High Risk - 3 points
Risks which can leave a major impact on the operation of the council or the services.

Risk Definition

Financial - Any risk which has a potential adverse financial consequence.
Fraud - The risk of a person/persons using deception to make a personal gain which has an impact on the organisation.
Reputational - Risk of negative perception on the part of stakeholders which then has an impact on the organisation.
Legal - Risk of breaches of legislation. Any financial consequence of such a breach is scored in the financial risk element.
Corporate - Risk of operational disruption resulting from inadequate or failed internal processes, people and systems or from external events.

NB: Financial and fraud risk has been weighted (x2), due to higher level of impact if risk materialised.

JOINT	Priority Score	SODC Days	VWHDC Days
Procurement	26	8	8
Payroll	24	18	18
Housing Benefits & Council Tax Reduction Scheme	22	15	15
Leisure Centres	22	15	15
Elections & Elections Payments	22	15	15
Council Tax	21	10	10
General Ledger	21	10	10
NNDR	21	10	10
Sundry Debtors	21	10	10
ICT	21	10	10
Creditor Payments	20	10	10
Pro-active Anti-Fraud Review	20	10	10
Insurance	20	10	10
Capital Management & Accounting	19	7	7
Cash Office	19	8	8
Licensing	18	10	10
Treasury Management	18	7	7
Receipt of Income Arrangements	18	10	10
HR Management	18	10	10
HR Recruitment	17	10	10
Partnership Performance Monitoring	17	10	10
Project Management	17	10	10
Waste Management & Recycling	17	10	10
Consultation (Public & Staff)	16	5	5
Neighbourhood Planning Grants	15	5	5
Development Management	13	10	10
Leader Project Grant Verification	10	5	0
TOTAL DAYS		268	263

Priority Rating:

Audits are rated within the schedule of auditable activity taking into consideration the following factors:

- The date of the last review;
- The last assurance rating the audit area was given;
- Risk scores for the level of exposure to financial, fraud, reputational, legal and corporate risk; and
- Officer requests for a review.

This generates a priority score which, together with external and internal audit and the section 151 officer's opinion on key risk areas, drives which audits are placed in the annual audit plan.

Certification of claims and returns annual report 2013-14

Vale of White Horse District Council

29 January 2015

Ernst & Young LLP



The Members of the Audit and Governance Committee
Vale of White Horse District Council
Abbey House
Abbey Close
Abingdon
OX14 3JE

Ref: VOWH-ACR-1314

Direct line: + 44 1582 643186
Email: mwest@uk.ey.com

Dear Members

Certification of claims and returns annual report 2013-14 Vale of White Horse District Council

We are pleased to report on our certification work. This report summarises the results of our work on Vale of White Horse District Council's 2013-14 claims.

Scope of work

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

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and the submission deadlines.

Certification work is not an audit. It involves executing prescribed tests designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2013-14, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary, audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities). It is available from the Chief Executive of each audited body and the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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.

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

Summary

Section 1 of this report outlines the results of our 2013-14 certification work and highlights the significant issues.

We checked and certified one claim with a total value of £27,921,157. We met all submission deadlines. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification work are summarised in section 2. The indicative fees for 2013-14 are based on final 2011-12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification have been removed, and the fees for certification of housing benefit subsidy claims have been reduced by 12 per cent. This is to reflect the removal of council tax benefit from the scheme.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee on 19 March 2015.

Yours faithfully

Mick West
Director
Ernst & Young LLP
Enc

Contents

1. Summary of 2013-14 certification work	1
2. 2013-14 certification fees.....	2
3. Looking forward.....	3

1. Summary of 2013-14 certification work

We certified one claim in 2013-14. Our main findings are shown below.

Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£27,921,157
Limited or full review	Full
Amended	Amended – subsidy reduced by £8,691
Qualification letter	No
Fee – 2013-14	£15,488
Fee – 2012-13	£18,920
Recommendations from 2012-13:	Findings in 2013-14
Some issues were identified with the assessment of the rent for non-HRA cases, which resulted in additional testing and the claim to be amended	Similar issues were identified in the current period, with additional testing required for Non-HRA cases. Management should consider the training provided to staff to ensure that similar errors do not occur in future.

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

If testing of the initial sample identifies errors in the calculation of benefit or compilation of the claim, the certification guidance requires auditors to extend their testing. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim.

The net impact on the claim was a reduction of the subsidy reclaimed of £8,691.

2. 2013-14 certification fees

From 2012-13 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fees for 2013-14 are based on actual certification fees for 2011-12, reflecting the amount of work required by the auditor to certify the relevant claims and returns in that year. There was also a 40 per cent reduction in fees reflecting the outcome of the Audit Commission procurement for external audit services.

The 2013-14 fee for certification of housing benefit subsidy claims has been reduced from the indicative fee by a further 12% to reflect the removal of council tax benefit from the scheme.

Claim or return	2012-13	2013-14	2013-14
	Actual fee £	Indicative fee £	Actual fee £
Certification of claims and returns – annual report	£18,920	£15,488	£15,488
Total	£18,920	£15,488	£15,488

3. Looking forward

For 2014-15, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2012-13, adjusted for any schemes that no longer require certification.

The Council's indicative certification fee for 2014-15 is £16,650. The actual certification fee may be higher or lower if we need to undertake more or less work than in 2012-13 on individual claims or returns. Details of individual indicative fees are available at the following link: <http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-fees-and-work-programme/individual-certification-fees/>

We must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2012-13 fee.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission (due April 2015).

The Audit Commission currently expects that auditors will continue to certify local authority claims for housing benefit subsidy from the Department for Work and Pensions (DWP) under the arrangements developed by the Commission. The DWP has asked the Commission to prepare the auditor guidance for 2014-15. Arrangements for 2015-16 onwards are to be confirmed, but DWP envisages that auditor certification will be needed until 2016-17, when Universal Credit is expected to replace housing benefit.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Vale of White Horse DC

Year ending 31 March 2015

Audit Plan

March 2015

Ernst & Young LLP



Audit and Governance Committee
Vale of White Horse District Council
Abbey House
Abbey Close
Abingdon
OX10 3JE

4 March 2015

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit and Governance Committee with a basis to review our proposed audit approach and scope for the 2014-15 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, Standing Guidance, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

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

We welcome the opportunity to discuss this plan with you on 19 March 2015 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mick West
For and behalf of Ernst & Young LLP
Enc

Contents

1. Overview	Error! Bookmark not defined.
2. The Local Audit and Accountability Act 2014	1
3. Financial statement risks	Error! Bookmark not defined.
4. Economy, efficiency and effectiveness	4
5. Our audit process and strategy.....	6
6. Independence.....	8
Appendix A Fees.....	Error! Bookmark not defined.
Appendix B UK required communications with those charged with governance.....	Error! Bookmark not defined.
Appendix C Detailed Scopes.....	Error! Bookmark not defined.

In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and audited bodies’ (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission’s website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission’s 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

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

1. Overview

Context for the audit

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

- ▶ Our audit opinion on whether the financial statements of Vale of White Horse DC give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended;
- ▶ A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness;

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

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

We will also consider the impact, on the Council and the audit of the financial statements and value for money conclusion, of the fire that occurred at the Crowmarsh Gifford offices on 15 January 2015.

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section six.

We will provide an update to the Audit and Governance Committee on the results of our work in these areas in our Annual Results Report scheduled for delivery in September 2015.

The plan at section 5 also outlines our planned work on the certification of the housing benefits subsidy claim.

Our process and strategy

Financial statements audit

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess

each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

We aim to rely on the Council's internal controls in the key financial systems to the fullest extent allowed by auditing standards. Where control failures are identified we consider the most appropriate steps to take

To the fullest extent permissible by auditing standards, we will seek to rely on the work of internal audit wherever possible. We will review all relevant internal audit reports and consider the impact of their findings on our work.

Arrangements for securing economy, efficiency and effectiveness

Our approach to the value for money conclusion for 2014-15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place within the Council for:

- ▶ Securing financial resilience
- ▶ Challenging how the Council secures economy, efficiency and effectiveness.

We adopt an integrated audit approach, so our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Further detail is included in section 4 of this Audit Plan.

Certification work

We certify the housing benefits subsidy claim under Audit Commission certification arrangements.

2. The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 (the 2014 Act) closes the Audit Commission and repeals the Audit Commission Act 1998.

The 2014 Act requires the Comptroller and Auditor General to prepare a Code of Audit Practice. This must be laid before Parliament and approved before 1 April 2015.

Although this new Code will apply from 1 April 2015, transitional provisions within the 2014 Act provide for the Audit Commission's 2010 Code to continue to apply to audit work in respect of the 2014/15 financial year. This plan is therefore prepared on the basis of the continued application of the 2010 Code of Audit Practice throughout the 2014/15 audit.

3. Financial statement risks

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

We assess the impact on our audit approach and set out below the key areas of focus for our audit of the financial statements. A significant risk is an identified assessed risk of material misstatement that, in an auditor's judgement, requires special audit consideration. We identified no significant risks other than the general risk of management override. We also identified one other financial statement risk on which we will focus attention.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)

Our audit approach

Risk of management override

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

Our approach will focus on:

- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- ▶ Reviewing accounting estimates for evidence of management bias
- ▶ Evaluating the business rationale for significant unusual transactions

Other financial statement risks

Loss of supporting documentation

Loss of supporting documentation, that supports entries in the financial statements, following the fire at the Crowmarsh Gifford offices on 15 January 2015

Our approach will focus on:

- ▶ The Council's arrangements for addressing gaps in relevant documentation
- ▶ Obtaining alternative supporting information where original documents have been destroyed in the fire

Respective responsibilities in relation to fraud and error

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

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

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

- ▶ Identifying fraud risks during the planning stages
- ▶ Enquiry of management about risks of fraud and the controls to address those risks
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud

- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud
- ▶ Determining an appropriate strategy to address any identified risks of fraud
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.

4. Economy, efficiency and effectiveness

Our approach to the value for money conclusion is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place at Council for securing:

- ▶ Financial resilience
- ▶ Economy, efficiency and effectiveness in the use of resources

The Audit Commission *2014-15 auditor guidance on the conclusion on the arrangements to secure vfm* requires that auditors consider and assess the significant risks of giving a wrong conclusion and carry out as much work as is appropriate to enable them to give a safe conclusion on arrangements to secure value for money.

Our assessment of what is a significant risk is a matter of professional judgement, and is based on consideration of both quantitative and qualitative aspects of the subject matter in question.

For those significant risks identified by our risk assessment that are relevant to our value for money conclusion, where these risks will not be addressed by our financial statements audit work or work undertaken by the Council, Audit Commission or other review agency, we consider the need to undertake local value for money work.

At the date of this report we have not identified any significant risks for our value for money conclusion. We have identified the following area of focus for audit work.

Other value for money conclusion Risk	Impacts arrangements for securing:	Our audit approach
Managing Finances		
The current financial pressure on local authorities and the impact and necessity for continuous focus on financial resilience and use of resources represents a significant challenge over the medium term.	Economy, efficiency and effectiveness Financial resilience	Our approach will focus on: ▶ Review of the Council's Medium Term Financial Plan

We will keep our risk assessment under review throughout our audit and communicate to the Audit and Governance Committee any revisions to the specific risks identified here and any additional local risk-based work we may need to undertake as a result.

We will consider the Council's arrangements for responding to the fire at Crowmarsh including business continuity and the financial impact. We will then be in a position to update our risk assessment for the value for money conclusion.

5. Certification work for housing benefits

Certification work involves executing prescribed tests which are designed to give reasonable assurance that the Council's housing benefits claim is fairly stated and in accordance with specified terms and conditions. Certification work is not an audit.

The work necessary is determined by the Department of Works and Pensions.

Where possible we integrate our benefits certification work with our opinion and other work. We also aim to rely on the work of internal audit and benefits staff where possible.

We will report to the Audit Committee the results of our benefits certification work.

The Audit Commission has set an indicative fee for benefits certification work for each body. The indicative fee is based on actual benefits certification fees for 2012-13.

The indicative fee is based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate claims, with supporting working papers, within agreed timeframes.

6. Our audit process and strategy

6.1 Objective and scope of our audit

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

- ▶ Financial statements
- ▶ 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 a two-part audit report covering both of these objectives.

i) Financial statement audit

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

We will also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our value for money conclusion, we will rely as far as possible on the reported results of the work of other statutory inspectorates on corporate or service performance.

In examining the Council's corporate performance management and financial management arrangements, we consider the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ Arrangements for securing economy, efficiency and effectiveness - whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

6.2 Audit process overview

Our audit involves:

- ▶ Substantive tests of detail of transactions and amounts
- ▶ Reliance on the work of experts in areas such as pensions and valuations

Analytics

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

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests

- ▶ Give greater likelihood of identifying errors than random sampling techniques.

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

Internal audit

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

Use of experts

We will use specialist EY resource as necessary to help us to form a view on judgments made in the financial statements. Our plan currently includes involving specialists in pensions..

Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section three, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during 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
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO
- ▶ Reviewing and examining, where appropriate, evidence relevant to the corporate performance management and financial management arrangements, and its reporting on these arrangements.

6.3 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. We have determined that overall materiality for the financial statements of the Council is £1.1m based on 2% of gross revenue expenditure.

We will communicate uncorrected misstatements identified by the audit greater than £55,000 to you.

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

6.4 Fees

The Audit Commission has published a scale fee for all authorities. This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The scale fee for the audit is £62,839 together with an estimated fee of £16,650 for the certification of the housing benefits subsidy claim.

6.5 Your audit team

The engagement team is led by Mick West, who has significant experience on local government audits. He is supported by Adam Swain who is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team.

6.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit and Governance Committee's meeting cycle. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

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

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

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	January		Audit Fee letter
Risk assessment and setting of scopes	March	March	Audit Plan
Interim testing of transactions	March-April	July	Progress Report (if required)
Year-end audit	July-August		
Completion of audit	September	September	Audit Results Report
			Auditor's report (including our opinion on the financial statements and overall value for money conclusion)
			Audit completion certificate
			Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October	January	Annual Audit Letter

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

7. Independence

7.1 Introduction

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

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards 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; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

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

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

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

7.2 Relationships, services and related threats and safeguards

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

Self-interest threats

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

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

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the Audit Commission's Standing Guidance.

At the time of writing, we have received no fees relating to non-audit work.

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, is in this position, in compliance with Ethical Standard 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 other self-review threats at the date of this report.

Management threats

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

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.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and

independence of Mick West, the audit engagement Director and the audit engagement team have not been compromised.

7.3 Other required communications

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

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 27 June 2014 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2014>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2014-15	Actual fee 2013-14	Scale fee 2013-14	Explanation
	£	£	£	
Code work including opinion audit and value for money conclusion	62,839	62,839	61,939	Additional £900 to cover the additional work relating to business rates following the end to the NNDR certification which previously supported the opinion
Certification of housing benefits subsidy claim	16,650	15,488	15,488	
Non-audit work	No non-audit work is planned for 2014-15			

All fees exclude VAT.

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

- ▶ Officers meeting the agreed timetable of deliverables
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 5.2 above
- ▶ We can rely on the work of internal audit as planned
- ▶ The Audit Commission making no significant changes to the use of resources criteria on which our conclusion will be based
- ▶ Our accounts opinion and use of resources conclusion being unqualified
- ▶ Appropriate quality of documentation is provided by the Council and queries raised are answered effectively and promptly
- ▶ The Council has an effective overall control environment

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

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

Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission. The level of fee can vary year on year depending on the amount of testing required for the housing benefits claim. The indicative scale fee is based on the actual fee for 2012-13.

Appendix B UK required communications with those charged with governance

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

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ significant difficulties, if any, encountered during the audit ▶ significant matters, if any, arising from the audit that were discussed with management ▶ written representations that we are seeking ▶ expected modifications to the audit report ▶ other matters if any, significant to the oversight of the financial reporting process 	▶ Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ uncorrected misstatements and their effect on our audit opinion ▶ the effect of uncorrected misstatements related to prior periods ▶ a request that any uncorrected misstatement be corrected ▶ in writing, corrected misstatements that are significant 	▶ Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ a discussion of any other matters related to fraud 	▶ Report to those charged with governance
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	▶ Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ management's refusal for us to request confirmations ▶ inability to obtain relevant and reliable audit evidence from other procedures 	▶ Report to those charged with governance
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	▶ Report to those charged with governance
<p>Independence Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards 	<p>▶ Audit Plan</p> <p>▶ Report to those charged with governance</p>

Required communication	Reference
<ul style="list-style-type: none"> ▶ information about the general policies and process within the firm to maintain objectivity and independence 	
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ whether the events or conditions constitute a material uncertainty ▶ whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ the adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ breakdown of fee information at the agreement of the initial audit plan ▶ breakdown of fee information at the completion of the audit ▶ Summary of certification work undertaken 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification</p>

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Audit and governance work programme

containing Audit and Governance Committee work to be undertaken
1 JULY – 31 DECEMBER 2015



The audit and governance work programme belongs to the council's Audit and Governance Committee and sets out a schedule of work for the period shown above. It is a rolling plan, subject to change at each Audit and Governance Committee meeting; however, the council may allocate additional work.

You can make representations on any issue below. Please contact the officer shown below by 10am on the day the committee is due to meet.

Page 90

Item title	Meeting date	Lead officer	Why is it here?	Scope	Notes
Internal audit activity - first quarter 2015/16	Audit and Governance Committee 7 Jul 2015	Adrianna Partridge Email: adrianna.partridge@southandvale.gov.uk	The council audits its services through the internal audit service.	To review the outcomes from the internal audits and recommend any further actions or improvements.	This is a recurring item on every agenda.
Internal audit management - first quarter 2015/16	Audit and Governance Committee 7 Jul 2015	Adrianna Partridge Email: adrianna.partridge@southandvale.gov.uk	The committee monitors the effectiveness of the internal audit each quarter.	To monitor the management of internal audit.	This is a recurring item on every agenda.

Item title	Meeting date	Lead officer	Why is it here?	Scope	Notes
Internal audit annual report 2014/15	Audit and Governance Committee 7 Jul 2015	Adrianna Partridge Email: adrianna.partridge@southandvale.gov.uk	Each year the council's internal audit team produces an annual report to review activities over the previous year	To review internal audit activity during 2013/14	
External auditor's annual governance report 2014/15	Audit and Governance Committee 29 Sep 2015	William Jacobs Email: william.jacobs@southandvale.gov.uk	The external auditor publishes an annual governance report on the council's activities.	To consider the external auditor's annual governance report 2014/15	
Statement of accounts 2014/15	Audit and Governance Committee 29 Sep 2015	Simon Hewings Email: simon.hewings@southandvale.gov.uk	The council must produce a statement of accounts each year.	To approve the statement of accounts 2014/15	
Annual governance statement 2014/15	Audit and Governance Committee 29 Sep 2015	Ron Schrieber Email: ron.schrieber@southandvale.gov.uk	The council is required to publish an annual governance statement.	To approve the annual governance statement.	
Treasury management outturn 2014/15	Audit and Governance Committee 29 Sep 2015	Bob Watson Email: bob.watson@southandvale.gov.uk	The committee is responsible for the scrutiny of the council's treasury management activity.	To consider the treasury management outturn for 2014/15.	
Comments and complaints 2014/15	Audit and Governance Committee 29 Sep 2015	David Buckle Email: c/o Jeanette.cox@southandvale.gov.uk	The committee is responsible for monitoring the council's comments and complaints.	To review the comments and complaints received during 2014/15	