

Notice of Meeting



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Governance and Ethics Committee

Monday, 27th April, 2020 at 4.00 pm

This meeting will be held in a virtual format in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 (“the Regulations”).

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Date of despatch of Agenda: Friday 17 August 2020

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Moira Fraser/Stephen Chard on (01635) 519459/519045/519462

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WestBerkshire
C O U N C I L

Agenda - Governance and Ethics Committee to be held on Monday, 27 April 2020
(continued)

To: Councillors Jeff Beck (Chairman), James Cole, Jeremy Cottam (Vice-Chairman), Barry Dickens, Jane Langford, Tony Linden, Thomas Marino, David Marsh, Geoff Mayes, Andy Moore and Joanne Stewart

Substitutes: Councillors Adrian Abbs, Carolyne Culver, Lee Dillon, Steve Masters, Claire Rowles and Garth Simpson

Agenda

Part I

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| 1 | Apologies
To receive apologies for inability to attend the meeting (if any). | |
| 2 | Minutes
To approve as a correct record the Minutes of the meeting of this Committee held on 10 February 2020. | 1 - 4 |
| 3 | Declarations of Interest
To remind Members of the need to record the existence and nature of any personal, disclosable pecuniary or other registrable interests in items on the agenda, in accordance with the Members' Code of Conduct . | |
| 4 | Forward Plan
<i>Purpose: To consider the Forward Plan for the next nine months.</i> | 5 - 8 |

Standards Matters

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| 5 | Monitoring Officer's Annual Report to the Governance and Ethics Committee 2019/20 (C3687)
<i>Purpose: To provide an update on local and national issues relating to ethical standards and to bring to the attention of Members any complaints or other problems within West Berkshire.</i> | 9 - 20 |
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Governance Matters

- | | | |
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| 6 | Internal Audit Review of the Governance and Ethics Committee (GE3889)
<i>Purpose: The audit report set out the findings of the Internal Audit review of the effectiveness of the Governance and Ethics Committee which had been undertaken in response to a recommendation arising from the external review of the Internal Audit Service and its conformance with Public Sector Internal Audit Standards.</i> | 21 - 48 |
| 7 | Internal Audit - Interim Report 2019-20 (GE3690)
<i>Purpose: To update the Committee on the outcome of internal audit work carried out during Quarter Three of 2019/20.</i> | 49 - 56 |
| 8 | Internal Audit Plan 2020/23 (GE3688)
<i>Purpose: To outline the proposed internal audit work programme for the next three year period from 2020/21 to 2022/23.</i> | 57 - 94 |
| 9 | 2019/20 Financial Statements Preparation and 2018/19 Final Audit Opinion (GE3890)
<i>Purpose: This report is to inform Members of the final external audit opinion for financial year 2018/19 and of the preparation underway for the production of the 2019/20 Financial Statements.</i> | 95 - 118 |

Sarah Clarke
Service Director Strategy and Governance

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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

GOVERNANCE AND ETHICS COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 10 FEBRUARY 2020

Councillors Present: Adrian Abbs (Substitute) (In place of Andy Moore), Jeff Beck (Chairman), James Cole, Barry Dickens, Tony Linden, Thomas Marino, Steve Masters (Substitute) (In place of David Marsh), Geoff Mayes and Joanne Stewart

Also Present: Sarah Clarke (Head of Legal and Strategic Support), Shannon Coleman-Slaughter (Chief Financial Accountant), Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources), Moira Fraser (Democratic and Electoral Services Manager) and Councillor Ross Mackinnon (Executive Portfolio Holder: Finance)

Apologies for inability to attend the meeting: Councillor Jeremy Cottam, Jane Langford, Councillor David Marsh and Councillor Andy Moore

PART I

25 Minutes

The Minutes of the meeting held on 25 November 2019 were approved as a true and correct record and signed by the Chairman subject to the amendment of the following typographical errors:

Page 1, Item 17, Minutes, Final Paragraph replace the word 'mean' with 'meant'

Page 3, Item 22, Internal Audit – Interim Report 2019/20, First Paragraph replace 'updated' with 'update'.

The Chairman welcomed David Johnson from the external auditors, Grant Thornton, to the meeting.

Julie Gillhespey noted that the follow up to weak opinion of the audit of procurement cards had now been completed. Sample checks had been undertaken and the internal auditors were now comfortable that progress was satisfactory.

Officers had completed drafting the findings following the review of the Governance and Ethics Committee. Auditors would be proposing that the terms of reference for the Committee be updated and that specific training be undertaken for Committee Members on audit and risk management in particular. Moira Fraser noted that mandatory training for Governance and Ethics Committee Members was proposed in the Member Development Programme that was going to the March 2020 Council meeting.

She thanked those Members that had completed the survey which would help to inform the review.

26 Declarations of Interest

During the discussion of item 8, Risk Management – Quarter of 2019/20, Councillor Tom Marino noted that he had a personal interest in this item. As his interest was personal and not an other or disclosable pecuniary interest he determined to remain in the meeting and take part in the discussion.

27 Forward Plan

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The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4). It was agreed that the feedback from the Effectiveness of the Audit Committee would be included on the next agenda.

RESOLVED that the Governance and Ethics Committee Forward Plan be noted.

28 The Audit Findings for West Berkshire Council - Financial Year Ended 31 March 2019 (GE3828a)

The Committee considered a report (Agenda Item 5) concerning The Audit Findings for West Berkshire Council – Financial Year Ended 31 March 2019.

The purpose of the report was to provide members with the draft audit findings report provided by Grant Thornton in respect of their external review of the 2018/19 Financial Statements.

Members agreed that standing orders should be suspended in order to allow David Johnson to speak on this item.

Mr Johnson noted that the Committee had already seen previous iterations of the report. Changes were highlighted in blue text. The areas which were still under review were set out on page 15 of the agenda. He thanked colleagues in the Finance Team for the work they had put in to trying to progress these issues. He noted that the outcome of the audit of the Berkshire Fund had been delayed which had an impact on this audit. The findings had been received in late January and they were working through that report to see if there were any issues which would impact on this audit. If any substantial issues were identified they would be reported back to this Committee.

One of the key issues had been the valuation of the Council's Land and Buildings. Grant Thornton were of the opinion that the approach adopted in previous years was flawed. They had therefore requested that the Council revalue these assets which had resulted in an uplift of £65m on the Council's balance sheet. The assessment of the process adopted was marked as red not the information itself. Joseph Holmes reassured Members that the significant changes were in respect of an increase in the value of the assets in the Council's balance sheet. The Council would now be in a better position for the accounts audit for the following year.

It was anticipated that an unqualified opinion would be issued. David Johnson noted that page 47 of the agenda highlighted that it was anticipated that Grant Thornton would need to charge the Council an additional audit fee to reflect the additional work that had been done. This figure was not yet known but would be discussed with Officers in due course.

Councillor Tony Linden queried whether Mr Johnson anticipated a delay in the 2019/20 audit. Mr Johnson stated that it was never their intention to be late. The 31 July was a reporting date and not a deadline and there was no requirement to publish the documents by this date. Grant Thornton would however be reviewing their workload and resources going forward. Members queried if they anticipated an increase in the fees for the following year.

Mr Johnson stated that auditors recorded the time they spent on audit activity and they would use this information and some benchmarking data to derive the fee for the following year. The Public Sector Audit Appointment Panel could be called on to arbitrate on any disputed fees.

It was agreed that a report would be brought to the April meeting which would provide an update on the 2019/20 close down.

Standing orders were reinstated.

The Chairman thanked Officers and the Auditors for the work they had done to date.

RESOLVED that the report be noted.

29 Financial Statements 2018/19 (GE3828b)

The Committee considered a report (Agenda item 6) concerning the Financial Statements 2018/19. The purpose of the report was to provide Members with a copy of the audited financial statements for the financial year ended 31 March 2019.

Councillor James Cole noted a few typographical errors which he would raise with Officers outside of the meeting.

RESOLVED that:

The financial statements for 2018-19 be approved subject to:

- i. The completion of the Berkshire Pension Fund audit
- ii. The completion of the external auditor's work raising no further material issues raised for those charged with Governance

Authority be delegated to the Chair of the Governance & Ethics Committee, in consultation with Executive Director (Resources) for the final approval of the financial statements following points (i) and (ii) above.

30 Exclusion of Press and Public

RESOLVED that members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraphs 3, 5 and 6 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the [Local Government \(Access to Information\)\(Variation\) Order 2006](#). [Rule 8.10.4 of the Constitution also refers.](#)

31 Risk Management - Quarter 2 of 2019/20 (GE3691)

(Councillor Tom Marino declared a personal interest in Agenda item 8 by virtue of the fact that he was a member of one of the organisations referred to in the document. As his/ interest was personal and not a disclosable pecuniary interest he determined to take part in the debate and vote on the matter).

The Committee considered an exempt report (Agenda Item 8) concerning Risk Management – Quarter 2 of 2019/20.

The purpose of the report was to highlight the corporate risks considered by Corporate Board and outlined the actions that were being taken to mitigate those risks.

Members noted that there was no specific reference to the Corona Virus in the Risk Register. Officers explained that this was the risk register as at the end of Quarter Two (September 2019) which preceded the outbreak. At the request of Members it was agreed that a briefing note would be prepared for Officers and Members. It was noted that the risk around the virus was set at moderate at a national level and the Council would continue to be guided by the appropriate authorities and that it would be factored into business continuity planning as necessary.

RESOLVED that:

The current position and actions undertaken to minimise the impact for the existing 24 risks on the Corporate Risk Register (CRR) be noted, including the 6 new risks escalated from service risk registers.

The Corporate Board approved actions proposed to minimise the impact for existing risks on the Corporate Risk Register be noted.

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The current progress with risk mitigation actions be noted.

It be noted that six risks were proposed to be de-escalated from the Corporate Risk Register.

(The meeting commenced at 4.00 pm and closed at 4.56 pm)

CHAIRMAN

Date of Signature

Governance and Ethics Committee Forward Plan June 2020 – April 2021

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
15 June 2020						
1.	GE3819	Strategic Risk Register Update Q4 2019/20	To provide an update with progress.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit
2.	GE3689	External Audit Plan 2020-21	To provide Members with a copy of the External Audit Plan for 2020-21	Shannon Coleman-Slaughter	Councillor Howard Woollaston Internal Governance	Audit
27 July 2020						
3.	GE3821	Internal Audit Annual Assurance Report 2019/20	The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council.	Julie Gilhespey	Councillor Howard Woollaston Internal Governance	Audit
4.	GE3824	External Audit Fee 2020-21	To present to members the Audit Fee Letter for 2020/21 from Grant Thornton. The letter sets out the fee for the audit in line with the prescribed scale fee set by the Public Sector Audit Appointments Ltd (PSAA).	Shannon Coleman-Slaughter	Councillor Howard Woollaston Internal Governance	Audit
5.	GE3820	Summary of Draft West Berkshire Council Financial Statements 2019/20	To provide Members with the final copy of the Council's Financial Statements.	Andy Walker	Councillor Ross Mackinnon Finance	Audit
12 October 2020						
6.	GE3822	Financial Year 2019/20 Going Concern Assessment	This report summarises the management assessment of the Council continuing to operate as a going concern for the purposes of	Shannon Coleman-Slaughter	Councillor Ross Mackinnon Finance	Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/ Ethics
			producing the Statement of Accounts for 2019/20.			
7.	GE3823	Annual Governance Statement	To allow the committee to review the Annual Governance Statement before it is signed by the Leader and Chief Executive	Andy Walker	Councillor Howard Woollaston Internal Governance	Audit
8.	GE3864	Internal Audit Interim Report 2020/21	To update the Committee on the outcome of internal audit work.	Julie Gillhespey	Councillor Howard Woollaston Internal Governance	Audit
23 November 2020						
9.	GE3891	Annual Audit Letter		Joseph Holmes	Councillor Ross Mackinnon Finance	Audit
10.	GE3893	Internal Audit – Interim Report 2020-21	To update the Committee on the outcome of internal audit work	Julie Gillhespey	Councillor Howard Woollaston Internal Governance	Audit
01 February 2021						
11.	GE3892	Preparation for 2020-21 Financial Statements		Shannon Coleman-Slaughter	Councillor Ross Mackinnon Finance	Audit
12.	GE3907	Strategic Risk Register Update Q2 2020/21	To provide an update on the Strategic Risk Register as at Q2 of 2020/21.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit
19 April 2021						
13.	GE3894	Internal Audit – Interim Report 2020-21	To update the Committee on the outcome of internal audit work	Julie Gillhespey	Councillor Howard Woollaston Internal Governance	Audit
14.	GE3895	Internal Audit Plan 2021/22	To outline the proposed internal	Julie Gillhespey	Councillor Howard	Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
			audit work programme for the next three years		Woollaston Internal Governance	
15.	GE3910	Strategic Risk Register Update Q3 2020/21	To provide an update on the Strategic Risk Register as at Q3 of 2020/21.	Catalin Bogos	Councillor Howard Woollaston Internal Governance	Audit

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Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2019/20

Committee considering report:	Governance and Ethics Committee on 20 April 2020 Council on 12 May 2020
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	5 March 2020
Report Author:	Sarah Clarke
Forward Plan Ref:	C3687

1. Purpose of the Report

- 1.1 To provide an update on local and national issues relating to ethical standards and to bring to the attention of Members any complaints or other problems within West Berkshire.
- 1.2 To present the Annual Governance and Ethics Report to Full Council.

2. Recommendations

- 2.1 Members are requested to note the content of the report.
- 2.2 The report to be circulated to all Parish/Town Councils in the District for information.

3. Implications and Impact Assessment

Implication	Commentary
Financial:	There are no financial issues arising from this report. However the costs associated with external investigations may lead to a budget pressure.
Human Resource:	There are no personnel issues associated with this report.
Legal:	There are no legal issues arising from this report. The matters covered by this report are generally requirements of the Local Government Act 2000 in so far as appropriate and the Localism Act 2011 and its supporting regulations.
Risk Management:	The benefits of this process are the maintenance of the Council's credibility and good governance by a high standard of ethical behaviour. The threats are the loss of credibility of the Council if standards fall. Adherence to the requirements of the Code of Conduct also reduce the risk of the Council's decisions being subject to legal challenge.
Property:	There are no property issues associated with this report.

Policy:	Revised policy and changes to processes adopted at Council in May 2012 and reviewed in December 2013 and September 2016.			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		Business as usual.
Data Impact:		X		.
Consultation and Engagement:	Finance & Governance Group			

4. Executive Summary

- 4.1 This report is the Monitoring Officer's annual report for the Governance and Ethics Committee, which will be presented to Full Council at the Annual meeting. The report will also be circulated to all Town and Parish Councils.
- 4.2 The key findings identified in the report are:
- (a) Standards of ethical conduct across the district remain good.
 - (b) The number of gifts and hospitality declared by Members appears to be low. The number of gifts declared by directorate also appears to vary considerably.

5. Supporting Information

Introduction

- 5.1 The Localism Act 2011 was enacted on 15th November 2011 and it made fundamental changes to the system of regulation of the standards of conduct for elected and co-opted members of Councils and Parish Councils.
- 5.2 In order to ensure that the process was working effectively locally it was agreed that the Monitoring Officer would produce an annual report which would be presented to the Governance and Ethics Committee. The report would set out the number and nature of complaints received and inform Members of any other activity that was taking place around the Code of Conduct regime. It would also provide a means of updating the Committee on the progress of investigations.
- 5.3 It was also agreed that the report would be presented to Full Council at the Annual meeting and that it would be circulated to all Town and Parish Councils. This report also includes a look forward to the forthcoming Municipal Year.

Background

Governance Arrangements

- 5.4 During the Municipal Year 2019/20, the Governance and Ethics Committee was comprised of eleven members (nine District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors). The membership for 2020/21 will be agreed at the Annual Council meeting.
- 5.5 The Monitoring Officer is authorised to appoint three Independent Persons who are used on a rotational basis on the Initial Assessment Panel and Advisory Panel. The Advisory Panel comprised ten Members: two from the Conservative Party, two from the Liberal Democrat party, two from the Green Party, two parish/town councillors and two independent persons. The membership for 2020/21 will be agreed at the Annual Council meeting.
- 5.6 A revised Code of Conduct was adopted in September 2016. The Code and Governance arrangements are supported by a number of documents including:
- Terms of Reference for the Governance and Ethics Committee and Advisory Panel;
 - Gifts and Hospitality Protocol;
 - Complaints procedures for breaches of the Code of Conduct;

- Dispensations procedure;
- Social Media Protocol.

Independent Persons

- 5.7 Under Section 28 of the Localism Act 2011 the Council has a duty to ensure that it has appointed at least one Independent Person who is consulted before it makes a decision on an allegation it has determined to investigate. It was agreed at the Full Council meeting on the 27 September 2012 that the Independent Person may be consulted directly either by the person who has made the complaint or the person the complaint has been made about. Three Independent Persons have therefore been appointed in order to ensure that a conflict situation does not arise.
- 5.8 A person is not considered to be "independent" if:-
- (i) They are or have been, within the last five years, an elected or co-opted Member or officer of the Council or of any Parish Councils within this area. This also applies to committees or sub-committees of the various Councils.
 - (ii) They are a relative or close friend of a current elected, or co-opted, Member or officer of the Council or any Parish Council within its area, or any elected or co-opted member of any committee or sub-committee.
 - (iii) The definition of relative includes the candidate's spouse, civil partner, grandparent, child etc.
- 5.9 In addition The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 require provisions to be made relating to the potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer or Section 151 Officer. A panel needs to be set up to advise on matters relating to the dismissal of these Officers. The Act requires at least two Independent Persons who have been appointed under section 28(7) of the Localism Act 2011 to be appointed to the panel. The role of the Independent Persons therefore includes the requirement of this legislation.
- 5.10 James Rees, Mike Wall and Lindsey Appleton were appointed as the Council's Independent Persons for the 2019/20 Municipal Year. All three Independent Persons have agreed to remain as Independent Persons for the 2020/21 Municipal Year.
- 5.11 The Council is asked to recognise the significant contribution of the Independent Persons and thank them for their ongoing contributions.

Governance and Ethics Committee

- 5.12 The overall purpose of the Governance and Ethics Committee is to provide effective challenge across the Council and independent assurance on the risk management and governance framework and associated internal control environment to members and the public, independently of the Executive. The Governance and Ethics Committee is also responsible for receiving the annual Audit Letter and for signing off the Council's final accounts.
- 5.13 The Committee is also charged with promoting and maintaining high standards of conduct throughout the Council. They promote, educate and support Councillors (both District and Parish) in following the highest standards of conduct and ensuring that

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2019/20

those standards are fully owned locally. The roles and functions of the Governance and Ethics Committee are set out in paragraph 2.8.4 of the Constitution (Part 2 Articles of the Constitution).

5.14 At the conclusion of 2019/20 the Governance and Ethics Committee comprised the following Members:

Conservative Group (5 Members)	Jeff Beck (<i>Chairman</i>), James Cole, Tony Linden, Tom Marino, Jo Stewart
Conservative Substitutes (2 Members)	Claire Rowles, Garth Simpson
Liberal Democrat Group (3 Members)	Jeremy Cottam (<i>Vice Chairman</i>), Geoff Mayes, Andy Moore
Liberal Democrat Substitutes (2 Members)	Adrian Abbs, Lee Dillon
Green Party Group (1 Member)	David Marsh
Green Party Substitutes (2 Members)	Carolyn Culver, Steve Masters

5.15 The Governance and Ethics Committee has a special responsibility regarding the 56 Town and Parish Councils within the District. It is responsible for ensuring that high standards of conduct are met within the parishes and that all Parish and Town Councillors are aware of their responsibilities under their Codes of Conduct.

5.16 The District Councillors are therefore supported on the Governance and Ethics Committee by two co-opted Parish Councillors who are appointed in a non-voting capacity. Two substitutes non-voting parish councillors are also appointed to this Committee. During 2019/20 the Governance and Ethics Committee included the following Parish Councillors:

- Barry Dickens (co-opted non-voting Parish Councillor)
- Jane Langford (co-opted non-voting Parish Councillor)
- Lourdes Cottam (substitute co-opted non-voting Parish Councillor)
- Roger Hunneman (substitute co-opted non-voting Parish Councillor)

5.17 The Council is asked to recognise the contribution of the Parish Councillors and thank them for their contributions.

Advisory Panel

5.18 The Advisory Panel is responsible for dealing with complaints where evidence of a breach of the Code has been investigated by an independent investigator. The Advisory Panel considers the investigators report. The views of the Advisory Panel are reported to the Governance and Ethics Committee, which makes the formal decision in respect of any allegations which have been investigated where it is considered that a breach of the relevant code of conduct has occurred.

5.19 The District Councillors on the Advisory Panel were representatives of all three political groups within the Council and are not appointed in accordance with the proportionality rules. During 2019/20 the Advisory Panel comprised the following District Councillors:

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2019/20

Conservative Group (2 Members)	Alan Law, Dennis Benneyworth
Liberal Democrats (2 Members)	Owen Jeffery, Phil Barnett
Green Party Group (2 Members)	Carolyn Culver, Steve Masters

5.20 During the 2019/20 Municipal Year the following Parish Councillors were appointed to the Advisory Panel:

- Tony Renouf
- Simon Pike
- Elizabeth O' Keefe
- David Southgate

5.21 The Council is asked to thank the Parish Councillors for agreeing to be members of the Panel albeit that it has not had t meet during the 2019/20 financial year.

The Monitoring Officer

5.22 The Monitoring Officer is a statutory post and in West Berkshire rests with the Service Director Strategy & Governance. The Monitoring Officer (Sarah Clarke) in 2019/20 was supported by three deputies (Leigh Hogan, Shiraz Sheikh and Moira Fraser). The Monitoring Officer has a key role in promoting and maintaining standards of conduct. The Monitoring Officer also has a statutory responsibility to establish and maintain a register of interests for members and co-opted members of the authority. The Monitoring Officer acts as legal adviser to the Governance and Ethics Committee and Advisory Panel.

5.23 The Monitoring Officer also carries out the following functions:

- reporting on contraventions or likely contraventions of any enactment or rule of law and reporting on any maladministration or injustice where the Ombudsman has carried out an investigation;
- establishing and maintaining registers of Members' gifts and hospitality;
- maintaining, reviewing and monitoring the Constitution;
- advising Members and Parish Councillors on interpretation of the Code of Conduct;
- conducting or appointing an external investigator to look into allegations of misconduct;
- performing ethical framework functions in relation to Parish Councils;
- acting as the proper officer for access to information;
- undertaking an initial assessment, in consultation with the Independent Person, when complaints relating to alleged breaches of the Code of Conduct are received;

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- making arrangements for relevant matters to be considered by the Governance and Ethics Committee and Advisory Panel;
- advising whether Executive decisions are within the policy framework; and
- advising on vires issues and maladministration, and in consultation with the Section 151 Officer financial impropriety, probity, and budget and policy issues to all Members.

The Work of the Committee 2019 – 2020

5.24 During the 2019/20 Municipal Year the work undertaken by the Committee included:

- Consideration of the monitoring cycle for both internal and external audit.
- The Committee signed off the 2018/19 Financial Statements including the Annual Governance Statements and the final audit letter from the external auditors Grant Thornton.
- The Committee Considered Reports from Internal Audit on the work being undertaken by the Team.
- A task group has been formed to oversee and control the review of the Council's Constitution.

5.25 The Monitoring Officer, under delegated authority, granted a dispensation to all West Berkshire Councillors to speak and vote on any items pertaining to Council Tax. This dispensation would remain in place until May 2023. No other dispensations were granted during this period.

Register of Interests

5.26 Following the election in May 2019 all elected Members of West Berkshire Council completed and submitted their Register of Interest forms. These forms have been published on the Council's website. District Councillors are reminded to review their interests on a regular basis and to notify the Democratic and Electoral Services Manager of any amendments. Parish Councils are reminded via their Clerks to complete and return Declarations of Interest forms to the Monitoring Officer in order that compliance with the Localism Act 2011 is maintained.

Local Assessment of Complaints

5.27 Quarter 1 – 2019/20

During this period one complaint (NPC1/19) was received by the Monitoring Officer. This complaint pertained to a parish councillor and was later withdrawn pending the outcome of other investigations.

5.28 Quarter 2 – 2019/20

During this period five complaints were received by the Monitoring Officer. All five pertained to District Councillors. Following the initial assessments of complaints NDC2/19, NDC3/19, NDC4/19 and NDC5/19 it was determined that no further actions should be taken on these complaints. Following the initial assessment of complaint

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2019/20

NDC1/19 it was agreed that informal resolution would be the most effective way to deal with the complaint and that has been resolved in the manner suggested.

5.29 Quarter 3 - 2019/20

Three complaints were received during the third quarter of 2019/20. All three complaints NDC6/19, NDC7/19 and NDC8/19 were complaints about District Councillors. Complaint NDC8/19 was withdrawn by the Monitoring Officer, and no further action was taken on complaint NDC7/19 following the initial assessment of the complaint. Informal resolution was sought in respect of NDC6/19.

5.30 Quarter 4 - 2019/20

Five complaints have been received in during the final quarter of the year. Four of these complaints (NPC1/20, NPC2/20, NPC3/20 and NPC4/20) pertained to Parish Councillors and one pertained to a District Councillor. No further action was taken in respect of complaints NPC1/20 and NDC1/20. The other three complaints are still being processed.

Year on Year Comparison of Complaints

5.31 Table 1 – The Number of District and Parish Council Complaints received 2015/16 – 2019/20

Table 1	15/16	16/17	17/18	18/19	19/20
District Councillors	16	0	1	1	9
Parish Councillors	10	3	15	20	5
Co-Optees	0	0	0	1	0
Total	26	3	16	22	14

5.32 The number of complaints in 2019/20 represents a decrease in the number of complaints over the past two years but is just above the ten year average of thirteen complaints per annum. There were more complaints about District Councillors than there had been in the preceding four years.

5.33 Table 2 - Action Taken on Complaints received 2010/11 to 2018/19.

	15/16	16/17	17/18	18/19	19/20
No Further Action	21	1	13	14	7
Other Action	2	1	0	2	2
Investigation	1	1	1	2	0

Withdrawn/not progressed	2	0	2	4	2
Outcome Awaited	0	0	0	0	3
Total	26	3	16	22	14

5.34 Table 2 shows that, in respect of the complaints received to date during 2019/20 which have been assessed, in the majority of cases the complaint was either withdrawn or no further action was taken. To date, no complaints have been referred for investigation this Municipal Year. Two cases were resolved by some other form of action or informal resolution, which is similar to the previous year.

Learning Points Arising from Complaints

5.35 There has been a significant reduction in the number of complaints against Town and Parish Councillors, which is to be welcomed. It is also of note that of the 5 received to date, 3 relate to the same incident.

5.36 There has also however been a significant rise in the number of complaints against District Councillors, which is significantly higher than it has been for the past 4 years. This is in my opinion, reflective of the large cohort of new members that were elected to the Council following the local elections which took place in May 2019. This view appears to be supported by the fact that there was a similar spike in complaints against District Councillors during 2015/16, when local elections also took place.

5.37 There was a fairly intensive member induction process with training being provided on a number of issues following the elections. The increase in complaints may however indicate a need to provide more tailored support for new members following local elections.

5.38 A Member Development Session, which was due to be held on 25 March 2020, will be rescheduled, as early as possible in the new Municipal Year and it will aim to provide practical advice regarding process and expected conduct at meetings.

Gifts and Hospitality

5.39 The Gifts and Hospitality Protocol is incorporated into the Members Code of Conduct and is set out in Appendix H to Part 13 of the Constitution (Codes and Protocols).

5.40 Officers are also subject to restrictions on those Gifts and Hospitality that are deemed to be acceptable under the Officers' Code of Conduct, which is set out in Part 13 of the Constitution. Like Members, Officers are required to declare gifts or hospitality received.

5.41 The intention of the rules governing Gifts and Hospitality is to ensure that the Council can demonstrate that no undue influence has been applied or could be said to have been applied by any service user, supplier or anyone else dealing with the Council and its stewardship of public funds. The rules therefore set out the obligations imposed on Members and Officers to declare relevant gifts and hospitality which have been offered to or received by them.

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2019/20

- 5.42 It should be noted that in addition to the risk that there could be a perception of impropriety, the acceptance of a gift or hospitality could amount to an offence under the Bribery Act 2010.
- 5.43 The Bribery Act 2010 creates a number of offences where a gift or other benefit is given or offered, which may amount to an offence of bribing another person, and/or of being bribed. Therefore, if Members or Officers are offered a 'gift' or other benefit by a third party, this could amount to an offence not just by the person offering the gift, but also by the Member or Officer concerned and by the Council. It is important to note that offences under this legislation can be committed by a person offering a gift or reward, even if the gift is not accepted.
- 5.44 In view of the above, it is very important that both Officers and Members understand the potentially serious implications of accepting gifts when it is not appropriate to do so.
- 5.45 There were 64 declarations of hospitality received by Members during the year. This is similar to the number of declarations made in the previous year (total of 59).
- 5.46 There were 72 declarations of gifts or hospitality received by officers during 2019/20, which is a reduction from 81 in the previous year.
- 5.47 The number of gifts or hospitality received by each directorate, and the number refused can be summarised as follows:

Directorate	Number of Declarations	Number refused
People	16	0
Place	30	5
Resources	26	4

- 5.48 It is of note that the largest directorate establishment wise, i.e. People, has recorded significantly less gifts and hospitality than the others.

6. Proposals

- 6.1 Members are asked to note the content of the report.
- 6.2 It is proposed that this report also be circulated to all Town and Parish Councils for information.

7. Other options considered

- 7.1 Not to produce the report. There is no legal obligation to produce this report, so not doing so would be an option. However, it is considered that an annual report provides a good overview of work being undertaken, and may assist in identifying any significant problems or developing trends. This overview is also helpful in ensuring full transparency regarding complaints. Not producing this report is therefore not recommended as an option.

8. Conclusion

- 8.1 Overall, Members in West Berkshire maintain high standards of ethical conduct, which is to be applauded. This is demonstrated by the relatively low number of complaints. It is of note that to date, no complaints have been referred for investigation during 2019/20.
- 8.2 The number of Declarations of Gifts and Hospitality from Members appears to be low. There also appears to be a disparity in the number of items being declared by officers at a directorate level. The Monitoring Officer will re-inforce the message that all offers of gifts and hospitality must be recorded, regardless of whether they are accepted.

9. Appendices

None

Background Papers:

None

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval



Wards affected: All

Officer details:

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Job Title: Head of Legal and Strategic Support
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Internal Audit Review of Governance and Ethics Committee

Committee considering report:	Governance and Ethics Committee
Date of Committee:	Governance and Ethics – 20 April 2020
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	12 March 2020
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE3889

1. Purpose of the Report

- 1.1 The appended audit report sets out the findings of the Internal Audit review of the Effectiveness of the Governance and Ethics Committee.
- 1.2 The review was undertaken in response to a recommendation arising from the external review of the Internal Audit service and its conformance with Public Sector Internal Audit Standards.

2. Recommendation

- 2.1 That the Governance and Ethics Committee notes the contents of the audit report and considers the recommended actions therein. Also, that the Committee obtain the Chief Executive's views on the proposals and possible implications on other governance structures, prior to agreeing a formal action plan.

3. Implications and Impact Assessment

Implication	Commentary			
Financial:	None			
Human Resource:	None			
Legal:	None			
Risk Management:	No risks associated with the proposal, however one aim of the recommendations is to improve the effectiveness of the risk management process.			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities				

Internal Audit Review of Governance and Ethics Committee

Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		
Data Impact:		X		
Consultation and Engagement:	Members of the Governance & Ethics Committee; Head of Finance & Property; S151 Officer; Head of Legal and Strategic Support; Corporate Board			

4. Executive Summary

- 4.1 The appended audit report summarises the findings of Internal Audit's review of the effectiveness of the Governance and Ethics Committee.
- 4.2 The findings are based upon completion by Internal Audit of CIPFA's Best Practice Guidance Checklist, Committee members' responses to a survey issued by Internal Audit, and also by contextual data obtained from CIPFA audit committee briefing surveys.
- 4.3 Recommended actions are proposed within the audit report, which would align the Committee functions and objectives with the most recent CIPFA position statement,

Internal Audit Review of Governance and Ethics Committee

together with improving the effectiveness of their role particularly relating to oversight and challenge of the risk management and audit processes.

5. Supporting Information

Introduction

- 5.1 The appended audit report has been produced as a result of Internal Audit's (IA) review of the effectiveness of the Governance and Ethics Committee. The report considers how the Committee might approach maximising its own effectiveness by implementing key points of CIPFA's document: "Audit Committees: Practical Guidance for Local Authorities and Police" which was published in spring 2018.

Background

- 5.2 During 2018 an external assessment was carried out of the effectiveness of West Berkshire Council's IA service, and its conformance with Public Sector Internal Audit Standards. The resulting report included a suggestion that IA should consider undertaking a review of the remit and effectiveness of the Council's Governance and Ethics Committee, using the checklist from the CIPFA "Audit Committees Practical Guidance for Local Authorities and Police" (2018).
- 5.3 The Governance and Ethics Committee includes the functions of an Audit Committee. The effective operation of the Audit Committee in local government is a key element of the governance framework, in providing oversight and challenge of audit and risk management processes.
- 5.4 The CIPFA guidance highlights a number of suggestions for maximising the effectiveness of local authority audit committees. The document includes a Position Statement which gives a detailed view of the key roles and responsibilities, and covers such areas as:
- Purpose
 - Core Functions
 - Independence and Accountability
 - Membership
 - Developing effectiveness
- 5.5 IA completed the 'Self-assessment of good practice' questionnaire which forms an appendix to the guidance. The questionnaire is primarily factual, and IA's attendance at Committee puts IA in a good position to complete the questionnaire in an objective manner. We acknowledge that the Governance and Ethics Committee includes the functions of the Standards Committee in addition to Audit Committee responsibilities. This accords with a core function of an audit committee, as set out in the guidance.
- 5.6 We found that the Committee is undertaking most of the responsibilities expected of an audit committee, but not all the key activities recommended in this 2018 update to the guidance.
- 5.7 We found that there is scope for improvement in the way the Committee understands and reports on its own activity, for example: refreshing its Terms of Reference; understanding members' relevant skills and knowledge; undertaking training to improve the Committee's ability to challenge and assess key assurance reports. The

Internal Audit Review of Governance and Ethics Committee

Committee should also be able to assess its own activity and performance, and produce at least an annual report on this.

- 5.8 A survey of all members of the Audit and Governance Committee was also undertaken as part of the review. The survey questions were derived from CIPFA guidance and reports. The objective of this exercise was to establish the views of the members of the effectiveness of the Committee's operation. The key theme from the responses is that effectiveness may be improved by a more in depth understanding of the audit and risk elements of the Committee's operation.

Proposals

- (a) We propose that the members of the Governance and Ethics Committee note the contents of the audit report, consider the recommended actions, and after consultation with the Chief Executive prepare a formal action plan. Contextual data relating to other local authorities audit committees is also included within the report, which supports the proposed recommended actions.

6. Other options considered

- 6.1 That the Committee takes no action in response to the report, although this would leave gaps in compliance with good practice guidance.

7. Conclusion

- 7.1 The report sets out recommended actions to improve the effectiveness of the Governance and Ethics Committee and ensure that the Audit Committee elements align with current recommended practice.

8. Appendices

- 8.1 Appendix A – Governance and Ethics Committee Effectiveness Draft Audit Report.

Background Papers:

None.

Subject to Call-In:

Yes: ☐ No: X ☐

Officer details:

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Chief Executive, and Chair of Governance and Ethics Committee

**Governance and Ethics Committee – Review of
Effectiveness**

February 2020

Draft Report

Issued by: Jen Brunning, Senior Auditor

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1. Executive Summary

- 1.1. The effective operation of the Audit Committee in local government is a key element of the governance framework.
- 1.2. The CIPFA best practice document “Audit Committees: Practical Guidance for Local Authorities and Police” was published in spring 2018, and the document highlights a number of suggestions for maximising the effectiveness of local authority audit committees. The document includes a Position Statement which gives a detailed view of the key roles and responsibilities, and covers such areas as:
 - Purpose
 - Core Functions
 - Independence and Accountability
 - Membership
 - Developing effectiveness

This report has interpreted the guidance and provided a synopsis of the key points. It is however recommended that members of the Committee read the full document.
- 1.3. This report considers how West Berkshire’s Governance and Ethics Committee might approach maximising its own effectiveness by implementing key points of the guidance. This is informed by the survey of Committee members, to obtain their views on the effectiveness of the Committee, and any perceived obstacles.
- 1.4. The report concludes by recommending an Action Plan for the Committee’s approval and implementation, with the objective of improving the effective operation of the Committee on an ongoing basis.

2. Introduction

- 2.1. During 2018 an external assessment was carried out of the effectiveness of West Berkshire Council’s Internal Audit (IA) service, and its conformance with Public Sector Internal Audit Standards (PSIAS). The resulting report included a suggestion that IA should consider undertaking a review of remit and effectiveness of the Council’s Governance and Ethics Committee, using the checklist from the CIPFA “Audit Committees Practical Guidance for Local Authorities and Police” (2018).
- 2.2. The PSIAS report recommendations were agreed by the Governance and Ethics Committee in the autumn of 2018, and as a result the Audit Plan for 2019/20 included an allocation for a review of the effectiveness of the Committee.
- 2.3. Our audit does not provide a formal opinion on controls, but concludes on the extent to which the Governance and Ethics Committee operates in accordance with published guidance; we also summarise the feedback obtained from members of the Committee via survey.

3. Assessment against Good Practice questionnaire

- 3.1. IA completed the 'Self-assessment of good practice' questionnaire which forms an appendix to the CIPFA "Audit Committees: Practical Guidance for Local Authorities and Police" (Refer to appendix 1). The questionnaire is primarily factual, and IA's attendance at Committee puts IA in a good position to complete the questionnaire in an objective manner. We acknowledge that the Governance and Ethics Committee includes the functions of the Standards Committee in addition to Audit Committee responsibilities. This accords with a core function of an audit committee, as set out in the guidance.
- 3.3. The questionnaire responses showed that the Committee conformed or partly conformed with two thirds of the good practice questions; whilst one third is not currently conforming, these being broadly themed around self-evaluation, reporting and accountability, and obtaining feedback on its performance. It may be possible to use this assessment as a benchmark against which the Committee's effectiveness could be measured, by repeating the exercise on an annual basis, with comparison of the Committee's development over time.
- 3.4. We found that there is scope for improvement in the way the Committee understands and reports on its own activity, for example: refreshing its Terms of Reference; understanding members' relevant skills and knowledge; undertaking training to improve the Committee's ability to challenge and assess key assurance reports. The Committee should also be able to assess its own activity and performance, and produce at least an annual report on this.
- 3.5. For context, the CIPFA survey of local authority audit committees 2016 reported that:
- 50% of local authorities have conducted a self-evaluation; 35% had produced an annual report explaining their work which was also available to the public; 'limited knowledge or experience of members' was considered the most important barrier to improvement of effectiveness (view of 39% of local authority Heads of Internal audit; and 38% of Committee chairs);
 - the median size of a local authority audit committee was found to have increased to nine, the large number promotes political balance but was also thought to make it more difficult to appoint members with the right knowledge and interest – in the private sector audit committees are typically 3-4 members;
 - 39% of local authority committees included at least one co-opted independent member to increase levels of knowledge and demonstrate openness and challenge – this figure had increased since the previous survey in 2011;

- 94% of respondents said their committee's terms of reference were aligned or strongly aligned to CIPFA's position statement; 89% of committees reviewed the effectiveness of risk management arrangements; 79% of committees evaluated the authority's counter fraud strategy and performance against the strategy; 41% undertook reviews of best value/VFM arrangements; 23% of committees evaluated assurance statements on the Council's partnerships/ oversight of partnership governance.

4. Survey Feedback

- 4.1. A survey of all members of the Audit and Governance Committee was undertaken during December 2019. The survey questions were derived from CIPFA guidance and reports. The objective of this exercise was to establish the views of the members of the effectiveness of the Committee's operation.
- 4.2. The response rate was rather low; with completed questionnaires only having been received from 4 members of the Committee (two of whom are Council members, the other two being parish council co-optees). One further member contacted Internal Audit to explain why they would not be submitting a formal questionnaire response.
- 4.3. Although the response rate was too low to obtain a full picture of members views, we have identified areas for improvement by responses to the following questions:
 - Q1. How well do you consider the Committee is currently able to achieve its roles and functions?
 - Q10. Are there any areas in which you felt you would benefit from further training?
 - Q14. Do you consider that the Committee is provided with sufficient information to effectively challenge the work undertaken by Internal Audit, External Audit and the Council's risk management processes in order to effectively discharge its role as defined in the ToR for the Committee?
 - Q15. Do you consider that the committee is given sight of adequate information to ensure that remedial action is taken to address issues identified by Internal Audit, External Audit and the Risk Management process?
- 4.4. Whilst we acknowledge that there was not unanimous support amongst the 4 respondents for further training, the comments obtained corroborated the view that continued training and development of members of the Committee would be beneficial, so that all members, whether permanent, substitute, new or existing, have a grounding in the role and responsibilities of the Committee and their role in contributing to this. In particular this would extend to ensuring there is sufficient understanding of the sources and processes of assurance, the meaning/ impact of the reports presented to them, and how best to support and challenge those tasked with producing this information.

5. Recommended Actions

- 5.1. The following actions are suggested for the approval and implementation of the Committee. Discussion needs to take place at Committee as well as between the Committee Chair and the Chief Executive.
1. Review and consider adoption of the suggested Terms of Reference attached at Appendix C of this report, including clear reporting lines and an explanation of the accountability of the Committee. Terms of Reference should be shared with new members upon appointment.
 2. Undertake an evaluation of the skills and competencies of all members of the Committee using the suggested framework from the guidance (which is provided at Appendix C of the guidance document). Consider the most effective size for the Committee, if knowledge and interest are in short supply then a larger committee may not be effective. Consider co-opting an independent member with relevant skills / experience.
 3. Use the outcomes of the evaluation of skills to inform a mandatory programme of training and development of members, commencing with general induction training for all members on the content of the guidance and the key roles and responsibilities of members, and then developing regular training sessions to assist members in understanding their role and developing skills over time. This may include coverage of: sources of assurance, and assurance processes; external audit cycle and threats to an effective external audit / understanding the nature and risk of the key judgements made by external auditors; risk management processes and risk appetite.
 4. Consider supporting awareness sessions to reflect the role and responsibilities of the Committee as suggested by the guidance, and ensuring that all Council members, even those who do not serve on the Committee, fully understand its role, purpose and importance.
 5. Undertake annual and ongoing self-review by the Committee of its own effectiveness, using a tool such as the recent questionnaire completed by IA as part of this review. Report the results to the Committee and develop appropriate actions to address areas for development.
 6. Produce an annual report summarising the work undertaken by the Committee and reflecting on its own performance and development activities, and consider options for the distribution and publication of this report.
 7. Review specific areas highlighted by the IA response to the questionnaire (appendix A of this report):
 - (i) consider the means by which feedback is obtained from senior officers in respect of IA, to support the IA QAIP. This may be done

by conducting/sponsoring an annual survey of Heads of Service; and also by engaging with more senior officers.

- (ii) consider how the Committee will assess and challenge the effectiveness of the Council's risk management framework and arrangements. This may be done by reviewing changes in the risk profile (top risks) since the previous meeting, challenging timeliness in setting and completing risk mitigation actions, and also in challenging risk appetite by engaging with relevant senior officers.
- (iii) consider how the Committee will assess and challenge anti-fraud arrangements (possibly as part of the review of risk management), and how they wish to be advised of actual, suspected or alleged fraudulent activity. This may be done by receiving and reviewing formal progress reports from the Internal Audit Manager in respect of the counter fraud plan, including investigation work.

6. Appendix A: Assessment against good practice questionnaire

Good Practice Questions	Yes	Partly	No	Comments
Audit Committee purpose and governance				
1. Does the authority have a dedicated audit committee?	X			
2. Does the audit committee report directly to full council?		X		In principle the audit committee reports to full Council, however in the absence of an annual plan there is no reporting/ information flow to or from full Council. Reporting lines may be unclear, which potentially undermines the effectiveness of the Committee in raising issues and making recommendations. (Action 5.1.6)
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?		X		Current Terms of Reference broadly cover the key expected functions, although the purpose is not articulated. The ToR should be updated in the light of the position statement and reflect actual activities of the Committee. Copy of ToR should be shared with new members upon appointment. (Action 5.1.1)
4. Is the role and purpose of the audit committee understood and accepted across the authority?		X		This could be more clearly articulated and promoted across the authority. (Action 5.1.4)
5. Does the audit committee provide support to the authority in meeting the requirements of good governance?	X			
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?			X	There is no self-assessment/ reporting (Action 5.1.6)

Good Practice Questions	Yes	Partly	No	Comments
Functions of the Committee				
7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement:	<i>Where marked as 'yes' below but with recommended actions, the areas are included in the current ToR but there is scope for improvement in effectiveness.</i>			
- good governance	X			
- assurance framework, including partnerships and collaboration arrangements		X		It is important that the Committee understands its sources of assurance over the control environment (Action 5.1.3) , including partnership arrangements which are not currently in the ToR (Action 5.1.1)
- internal audit	X			The Committee may want to consider the means by which feedback is obtained for Internal Audit from Heads of Service to support the IA QAIP, as the current method of issuing surveys with final audit reports does not result in a high response rate. (Action 5.1.7)
- external audit	X			The Committee may benefit from a greater understanding of the annual external audit cycle and audit process, and understanding the nature of potential obstacles to an effective external audit, such that the Committee is able to effectively challenge and support the process. (Action 5.1.3)
- financial reporting	X			
- risk management	X			The Committee may want to consider how they assess and challenge the effectiveness of the Council's risk

Good Practice Questions	Yes	Partly	No	Comments
				management framework and arrangements; we note that assurance statements are no longer being produced by Heads of Service. There may be some benefit in reviewing the timeliness in setting and completing actions, and also in challenging risk appetite. (Action 5.1.7)
- value for money or best value			X	Not currently included in the Committee's ToR, although noted this is in scope for external audit. (Action 5.1.1)
- counter fraud and corruption	X			Operationally this is work in progress with the recent introduction of revised policies and plans to implement staff training, and a year-end report linking to assurance work. The Committee may wish to consider how they plan to assess and challenge anti-fraud arrangements (possibly as part of the review of risk management), and how they wish to be advised of actual, suspected or alleged fraudulent activity. (Action 5.1.7)
- supporting the ethical framework	X			
8. Is an evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			X	The Committee does not currently evaluate its activities and/or performance. (Action 5.1.5)
9. Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them? The wider areas include: - Considering governance, risk or control matters at the request of		X		As part of the review of the Committee's Terms of Reference, the roles and responsibilities of the Committee should be reviewed. (Action 5.1.1)

Good Practice Questions	Yes	Partly	No	Comments
other committees or statutory officers. - Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values. - Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice. - Providing oversight of other public reports, such as the annual report.				
10. Where coverage of core areas has been found to be limited, are plans in place to address this?			X	An assessment/ evaluation has not been considered by the Committee (Action 5.1.5)
11. Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	X			
12. Has an effective audit committee structure and composition of the committee been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of committee that is not unwieldy - Consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)		X		The Committee should undertake an assessment of knowledge and skills, as per the 'Guidance' (Action 5.1.2) The Committee should also consider engaging an independent member/ professional (Action 5.1.2)
13. Have independent members' appointment to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?			X	As above, the Committee should consider co-opting an independent, member / professional (Action 5.1.3)
14. Does the chair of the committee have appropriate knowledge and skills?	X			
15. Are arrangements in place to support the committee with briefings and training?		X		The Committee members may benefit from additional training in how to understand the potential impact of the reports and issues that are being reported to them, in order to challenge and assess more effectively. A clear understanding of what

Good Practice Questions	Yes	Partly	No	Comments
				could go wrong within risk management, assurance and governance processes would be beneficial. Briefings on recommended processes would also help. (Action 5.1.3)
16. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			X	As per Q12 above (Action 5.1.2)
17. Does the committee have good working relationships with key people and organisations, including external audit, internal audit, and the CFO/CEO?	X			
18. Is adequate secretariat and administrative support to the committee provided?	X			
Effectiveness of the Committee				
19. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			X	This is dependent on the Committee setting out a plan for its work and conducting self-assessment and reporting. (Action 5.1.5)
20. Are meetings effective, with a good level of discussion and engagement from all the members?		X		Level of discussion varies depending on knowledge / understanding of the subject. (Action 5.1.3)
21. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	X			
22. Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?		X		The proposed training would assist Committee members in making independent recommendations when they challenge processes and outcomes (Action 5.1.3)
23. Has the committee evaluated whether and how it is adding value to the organisation?			X	This is dependent on the Committee setting out a plan for its work and conducting self-assessment and reporting. (Action 5.1.5)

Good Practice Questions	Yes	Partly	No	Comments
24. Does the committee have an action plan to improve any areas of weakness?			X	This is dependent on the Committee setting out a plan for its work and conducting self-assessment and reporting. (Action 5.1.5)
25. Does the committee publish an annual report to account for its performance and explain its work?			X	The Committee should produce an annual report of its activities, and consider making this available to the public. (Action 5.1.6)

7. Appendix B: Survey results

No	Question	Total respondents = 4
1	How well do you consider the Committee is currently able to achieve the roles and functions [set out in the current ToR] (where 0 is not at all and 5 is very well)?	score 3 = 1; score 4 = 2; score 5 = 1
2	Do you consider the Committee is sufficiently independent / free from political bias or other influence e.g. Executive?	yes = 4
3	Do you consider the Committee is sufficiently independent from duties on other key committees?	yes = 3; don't know = 1
4	Do you consider that there are too many/ too few members, to carry out effective assessments and reach conclusions?	about right = 2; too few = 1; no response = 1
5	Do you consider there is sufficient discussion of agenda items after which prompt decisions are made?	yes = 3; no response = 1
6	Do the meetings cover all items on the agenda?	yes = 4
7	Do you consider that meetings are undertaken in an open/candid manner where members can fully express their views?	yes = 4
8	Was there any induction for new members / returning members?	yes = 3; no = 1
9	Do you consider you have received sufficient training to carry out your responsibilities?	yes = 2; no = 2
10	Are there any areas in which you feel you would benefit from further training? (For example: the role and responsibility of the Committee / financial reporting / the external audit engagement and process / the internal audit process and reporting / risk governance / anti-fraud arrangements).	yes = 3; no = 1
11	Are meetings held sufficiently often/ too frequent?	about right = 2; too infrequent = 2
12	Do the external auditors attend when required?	yes = 4
13	Do you consider that Executive and Senior Managers attend meetings upon request, to respond to matters of concern?	yes = 4
14	Do you consider that the Committee is provided with sufficient information to effectively challenge the work undertaken by Internal Audit, External Audit and the Council's risk management processes in order to effectively discharge its role as defined in the ToR for the Committee?	yes = 2; no = 1; don't know = 1
15	Do you consider that the committee is given sight of adequate information to ensure that remedial action is taken to address issues identified by Internal Audit, External Audit and the Risk Management process?	yes = 1; no = 2; don't know = 1

8. **Appendix C: Suggested Terms of Reference (extracted verbatim from the Practical Guidance)**

Governance

The terms of reference should set out the committee's position in the governance structure of the authority.

Statement of purpose

Our audit committee is a key component of [name of authority]'s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our audit committee is to provide independent assurance to the members [or identify others charged with governance in your authority] of the adequacy of the risk management framework and the internal control environment. It provides independent review of [name of authority]'s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.

To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

To monitor the effective development and operation of risk management in the council.

To monitor progress in addressing risk-related issues reported to the committee.

To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

To monitor the counter-fraud strategy, actions and resources.

To review the governance and assurance arrangements for significant partnerships or collaborations.

To fulfil the requirements of the Local Authority Measure within their terms of reference, local authorities in Wales should identify those aspects which are specified in the Measure. See Appendix A for details. CIPFA considers that the requirement to review and make recommendations on the authority's financial affairs will be fulfilled by reference to items 5, 9 and 10 in these suggested terms of reference as well as those under financial reporting.

Internal audit

To approve the internal audit charter.

To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based internal audit plan and resource requirements.

To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
- b) regular reports on the results of the QAIP
- c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.

To consider the head of internal audit's annual report:

- a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
- b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).

To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from internal and external audit.

To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

To publish an annual report on the work of the committee.

9. Appendix D - Key Features of the Guidance

Importance of the Audit Committee

- 9.1. The guidance begins by setting out the importance of Audit Committees in satisfying the wider requirements for sound financial management and internal control in local authorities as detailed in legislation. The Accounts and Audit (England) Regulations 2015 state that a local authority is responsible “for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk”. In addition, Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs”.
- 9.2. In addition, there has been a number of developments within the sector that have emphasised the role of the Audit Committee further:
 - Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (LGAN)
 - Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)
 - Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).
- 9.3. Whilst the primary responsibility for the effective operation of these arrangements rests with the Chief Executive Officer, the role of the Audit Committee in providing oversight, challenge and assurance is crucial in supporting this.
- 9.4. The guidance document sets out a Position Statement for Audit Committees in Local Government (and Police). This details the role and purpose of the Committee.
- 9.5. Key to this is statement that:

“Good audit committees are characterised by:

 - a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
 - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives

- a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are: promoting apolitical open discussion, managing meetings to cover all business and encouraging a candid approach from all participants, an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
- unbiased attitudes – treating auditors, the executive and management fairly
- the ability to challenge the executive and senior managers when required.”

The remainder of the document explains in detail how to achieve the objectives set out within the Position Statement.

Purpose

9.6. The guidance highlights the key areas where the Committee can influence and add value:

- “promoting the principles of good governance and their application to decision making
- raising awareness of the need for sound internal control and contributing to the development of an effective control environment
- supporting arrangements for the governance of risk and for effective arrangements to manage risks
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions
- aiding the achievement of the authority’s goals and objectives through helping ensure appropriate governance, risk, control and assurance arrangements
- supporting the development of robust arrangements for ensuring value for money
- helping the authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption
- promoting measures to improve transparency and accountability and effective public reporting to the authority’s stakeholders and the local community”.

Core Functions

9.7. The document outlines the each of the core functions of the Committee:

Annual Governance Statement (AGS)

An effective Audit Committee supports the development of a robust governance framework, which is maintained throughout the year, not just at the time of the production of the AGS. This is important so that the Council is able to demonstrate compliance with the Delivering Good Governance in Local Government Framework and Guidance Note. It states:

“The audit committee should undertake the following activities to discharge their responsibilities:

- review the local code of governance and any changes to the arrangements in the year (note it is not the responsibility of the audit committee to establish any local code, but it should be consulted)
- ensure that the AGS is underpinned by a framework of assurance (see later section for more details on assurance planning) over the course of the year, receive reports and assurances over the application of the governance arrangements in practice
- monitor implementation of action plans or recommendations to improve governance arrangements
- consider how the organisation applies governance principles in practice during the committee’s review of other agenda items.”

Internal Audit

The Audit Committee has a key role to play in providing assurance of the effectiveness of the Council’s internal audit arrangements, in accordance with the Public Sector Internal Audit Standards. The role of the audit committee in relation to internal audit is to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

Risk Management

The guidance sets out the three main areas of the role of the audit committee in relation to risk management:

- To provide assurance over the governance of risk, and ensuring there is a consistently applied framework for risk management across the Council. This includes overseeing the authority’s risk management policy and its implementation.
- Monitoring and review of the Council’s risk profile and the effectiveness of risk management actions by: reviewing arrangements to co-ordinate and lead risk management.
- Monitoring the effectiveness of risk management arrangements in operation by reviewing assessments of these arrangements and the progress being made on implementing associated recommendations.

Assurance Frameworks and Planning

The document highlights the importance of the Committee understanding its sources of assurance, so that it is able to evaluate the effectiveness of the control environment for the AGS.

Value for Money

The document summarises the role as focussing on the Council's approach to value for money is effective and in line with governance objectives, and also to focus on the statutory value for money conclusion given annually by the external auditor.

Fraud and Corruption

The guidance highlights the role of having oversight of the authority's counter fraud plans, resources and their effectiveness. This includes:

- "reviewing the counter fraud strategy and considering whether it meets recommended practices
- championing good counter fraud and anti-corruption practice to the wider organisation
- reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community
- reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile
- monitoring the performance of the counter fraud function
- overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses."

External Audit

The guidance highlights the key roles of appointment of external auditors, monitoring the external audit process and supporting independence, receiving and considering the reports of external audit, and supporting the quality and effectiveness of external audit.

Financial Reporting

The Committee has an important role in reviewing the statement of accounts so as to fit in with statutory deadlines and the Statement of Recommended Practice (SORP). This role could include the review of the narrative report so as to gain assurance on the effectiveness of financial management, reviewing trends and understanding what these might mean for future years, and to support the completion of the external audit.

Partnership/Collaboration Governance

This area relates to the need for the Committee to provide assurance that the Council's key partnerships and collaborations are operating effectively and within robust governance arrangements. This is key to reflecting in the AGS how the Council's

partners have contributed to the achievement of objectives.

Governance and Ethics

The Committee has an important responsibility in demonstrating and supporting the application of the Seven Principles of Public Life, otherwise known as the Nolan principles, in ensuring that standards of conduct are upheld and members and officers are acting in the public interest. This is pivotal both to the AGS (being one of its Core Principles) but also to providing assurance that the Council discharges its duties in the best interests of its residents.

Independence and Accountability

- 9.8. It is a key feature that the Audit Committee is operationally independent, and therefore, it is usually best practice to ensure that it reports straight to the executive.
- 9.9. The guidance also picks out the fact that the Audit Committee is not an executive body, and seeks to influence and recommend decisions for approval rather than engage in direct policy making.
- 9.10. One of the key principles is accountability – both in relation to holding the organisation to account, supporting accountability to stakeholders, and holding the Committee itself to account.

Membership

- 9.11. The guidance concludes that in terms of size and composition of the Audit Committee, arrangements vary widely. However, political balance is a common best practice feature, as are lay members. The guidance discusses the potential benefits and drawbacks of the presence of lay members, but it is acknowledged that suitably skilled and experienced members can bring a huge benefit to the Committee. It can be difficult recruiting such members, however.
- 9.12. The issue of skills and competencies of all members of the Committee is particularly emphasised, and whilst it is acknowledged no single member will possess all of the skills deemed necessary, Appendix C of the guidance document sets out a skills framework for consideration. It is also clear that a skilled and experienced Chair brings a great deal of benefit to the Committee's operation.

Developing Effectiveness

- 9.13. The guidance suggests a number of key activities for the development of the Committee:

- Evaluation of the skills and competencies of members and the use of effective and regular training to assist members in understanding their role and developing skills over time.
- Consideration of the membership of the Committee and particularly the inclusion of lay members.
- Development of the Terms of Reference of the Committee to reflect the role and responsibilities of the Committee as suggested by the guidance and ensuring that all members, even those who do not serve on the Committee
- Annual and ongoing self-review by the Committee of its own effectiveness, using a tool such as the recent survey undertaken with the Committee members.
- The production of an annual report summarising the work undertaken by the Committee and reflecting on its own performance and areas for development.

9.14. These activities form the basis for the actions suggested for approval and implementation by West Berkshire's Governance and Ethics Committee.

The full document "Audit Committees: Practical Guidance for Local Authorities and Police" is available from Internal Audit.

It is recommended that members of the Committee read the document in full and utilise the Appendices as guidance in implementing the recommended actions.

Internal Audit – Interim Report 2019-20

Committee considering report:	Governance and Ethics Committee on 20 April 2020
Date of Committee:	20 th April 2020
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	12 March 2020
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE3690

1. Purpose of the Report

- 1.1 To update the Committee on the outcome of Internal Audit work carried out during quarter three of 2019-20.

2. Recommendation

- 2.1 To note the content of the report.

3. Implications and Impact Assessment

Implication	Commentary			
Financial:	None			
Human Resource:	None			
Legal:	None			
Risk Management:	None			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on		X		

Internal Audit – Interim Report 2019-20

inequality?				
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		
Data Impact:		X		.
Consultation and Engagement:	Head of Service and Corporate Board			

4. Executive Summary

- 4.1 To update the Committee on the outcome of Internal Audit work completed during quarter three of 2019-20.
- 4.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter quarterly updates are required to be presented to Committee.
- 4.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.
- 4.4 There have been no significant issues of concern identified through the work carried out during the quarter.

5. Supporting Information

Introduction/Background

- 5.1 A list of audit work completed is set out in Appendix A. The following table summarises the results of the audit work where an opinion was given.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial Systems					
Other Systems			1		
Schools		1	2	1	

- 5.2 For this reporting period there were no central audits completed which were given a weak opinion. There was one primary school given a weak opinion, this was mainly due to the need to improve the governance arrangements and the accounting/auditing arrangements for the school fund.
- 5.3 There was one follow-up completed in the period, Direct Payments - The Use of Payments Cards, we concluded that satisfactory progress had been made in implementing the agreed recommendations.
- 5.4 Details of the audit work in progress and the stage reached is set out at Appendix B.

Proposals

Members note the outcome of audit work.

6. Other options considered

- 6.1 Not applicable, the report is for information only.

7. Conclusions

- 7.1 No significant/fundamental weaknesses were identified in the Council's internal control framework through the work completed by Internal Audit during the 3rd quarter of 2019/20.

8. Appendices

- 8.1 Appendix A – Completed Audit Work
- 8.2 Appendix B – Current Audit Work

Subject to Call-In:

No: x

Officer details:

Name: Julie Gillhespey
Job Title: Audit Manager
Tel No: Ext 2455
E-mail Address: Julie.gillhepey@westberks.gov.uk

1) COMPLETED AUDITS

Directorate/Service	Audit Title	Date Audit finalised	Overall Opinion
Corporate/Resources			
Finance and Property/Legal Services	Property Investment	13/12/2019	Satisfactory
Communities			
Education	St Paul's Primary	30/09/2019	Well controlled
Education	Curridge Primary	19/12/2019	Weak
Education	St Finian's Primary	26/11/2019	Satisfactory
Education	John Rankin Junior and Infant	28/11/2019	Satisfactory
Economy and Environment			

NOTE

The overall opinion is derived from the number/significance of recommendations together with using professional judgement. The Auditor's judgement takes into account the depth of coverage of the review (which could result in more issues being identified) together with the size/complexity of the system being reviewed.

2) COMPLETED FOLLOW UPS

<u>Directorate/Service</u>	<u>Audit Title</u>	<u>Date follow up finalised</u>	<u>Overall Opinion - Report</u>	<u>Opinion - Implementation progress</u>
People				
Adult Social Care	Direct Payments – Use of Payment Cards	28/11/2019	Satisfactory	Satisfactory

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1) CURRENT AUDITS

Directorate – Corporate / Service	Audit Title	Current Position of Work	Audit Plan Year
Corporate	National Fraud Initiative	Undertaking the national exercise	2019/20
Corporate	GDPR	Draft Report Issued	2018/19
Corporate	Digitalisation Agenda	Testing	2019/20
Corporate	Effectiveness of the Governance and Ethics Committee	Being Drafted	2019/20
Corporate	IR35	Background	2019/20
Resources			
Finance and Property	Council Tax	Ready for Review	2019/20
Finance and Property	Council Tax Reduction Scheme	Ready for Review	2019/20
Commissioning	Contract Management	Draft Report Issued	2018/19
Communities			
Adult Social Care	Better Care Fund	Draft Report Issued	2018/19
Adult Social Care	DoLS	Background	2019/20
Children and Families	Turnaround Families Grant Claim work	Ongoing	2019/20
Children and Families	Social Worker Recruitment and Retention Scheme	Testing	2019/20
Education	Early Years Grant	Ready for Review	2019/20
Education	SEND	Background	2019/20
Economy and Environment			
Development and Planning	CIL	Draft Report Issued	2018/19

Public Protection and Culture	Environmental Health Shared Service – Licensing	Testing	2019/20
Public Protection and Culture	Building Control Shared Service	Draft Report Issued	2019/20
Transport and Countryside	Highways Maintenance Contract	Background	2019/20

2) CURRENT ADVISORY REVIEWS/OTHER WORK

Directorate/Service	Audit Title	Current position of work
Human Resources	Carrying out a disciplinary investigation	Ongoing
	Fraud Investigation	Ongoing
	LRIE Scrutiny Review	Ongoing

3) CURRENT FOLLOW-UPS

Directorate/Service	Audit title
Resources	
Finance and Property	Procurement Cards
Communities	
Economy and Environment	

Internal Audit Plan 2020-23

Committee considering report:	Governance and Ethics Committee on 20 April 2020
Date of Committee:	20 th April 2020
Portfolio Member:	Councillor Howard Woollaston
Date Head of Service agreed report: (for Corporate Board)	17/02/2020
Date Portfolio Member agreed report:	12 March 2020
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	GE3688

1. Purpose of the Report

- 1.1 This report sets out the proposed Internal Audit Work for the three year period from 2020/21 to 2022/23.

2. Recommendation

- 2.2 That the Governance and Ethics Committee discuss and approve the Proposed Audit Plan, the amended Internal Audit Charter and Internal Audit Reporting Protocol.

3. Implications and Impact Assessment

Implication	Commentary			
Financial:	None			
Human Resource:	None			
Legal:	None			
Risk Management:	Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and controls and making recommendations to provide mitigation and improve service delivery processes.			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the		X		

Internal Audit Plan 2020-23

proposed decision, including how it is delivered or accessed, that could impact on inequality?				
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		
Data Impact:		X		
Consultation and Engagement:	Head of Service, Directorate management teams, Finance and Governance Group and Corporate Board.			

4. Executive Summary

- 4.1 The Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan and Internal Audit Charter to be approved by the Governance and Ethics Committee. The purpose of this report is to set out a risk based plan of work for Internal Audit (IA) that will provide assurance to the Governance and Ethics Committee on the operation of the Council's internal control framework and support the Committee's review of the Annual Governance Statement.
- 4.2 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This document is reviewed and refreshed each year where appropriate. The amendments made this year were to reflect the change in the Council's S151 Officer role which has been moved to the Executive Director, Resources post. This change has resulted in the need to review the reporting line of Internal Audit, as the PSIAS requires that the function reports to a senior officer who is part of the senior management team. A recommendation to review the reporting line was included in the New Ways of Working report for Internal Audit. As an interim measure a dotted

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reporting line into the Section 151 Officer has been established (see section 5.2). The revised Charter is attached at Appendix A.

- 4.3 The Internal Audit Reporting Protocol sets out how the team will communicate with its clients. There have been some minor changes made mainly to reflect the move of responsibility of the Section 151 Officer role. The amended IA Reporting Protocol is at Appendix B.
- 4.4 The work programme for IA for the period 2020-2023 is attached at Appendix C. The plan analyses the different areas of Council activity that IA have assessed as needing to be audited. The Audit Team consists of 4 posts, a budget pressure bid was submitted for the 2020/21 budget for a new post. The proposed Audit Plan has been compiled with the anticipation that the new post will be approved.
- 4.5 Last year there had been a shortfall between the planned audits and the resources available to undertake the work, taking into account the prospective new post the planned work over the next 3 years is in line with resources available.
- 4.6 Good practice as stated in CIPFA's Fighting Fraud and Corruption Locally requires an Annual Anti-Fraud Work Plan to be prepared which links to the Audit Plan, a draft plan is attached as Appendix D.
- 4.7 This report sets out the proposed work for IA over the next three years. In order for an informed decision to be made regarding the proposed work programme, the detailed report sets out the role of IA together with supporting information as to how the plan is compiled.

5. Supporting Information

Introduction

- 5.1 The purpose of this report is to set out a risk based plan of work for Internal Audit (IA) that will provide assurance to the Governance and Ethics Committee on the operation of the Council's internal control framework and support the Committee's review of the Annual Governance Statement.
- 5.2 To present the Revised Audit Charter and Audit Reporting Protocols for review and approval.

Background

- 5.3 The work of IA is regulated by the Public Sector Internal Audit Standards (PSIAS) which set out the following:-
 - (1) Definition of Internal Auditing;
 - (2) Code of Ethics;
 - (3) International Standards for the professional practice of internal auditing.
- 5.4 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This document is reviewed and refreshed each year where appropriate. The document has been amended to reflect that the Section 151 Officer role has moved to the Executive Director, Resources. This change has resulted in the need to review the reporting line of Internal Audit, as the PSIAS requires that the function reports to a senior officer who is part of the senior management team. A recommendation to review

Internal Audit Plan 2020-23

the reporting line was included in the New Ways of Working report for Internal Audit. As an interim measure a dotted reporting line into the Section 151 Officer has been put in place (see section 5.2). The revised Charter is attached at Appendix A.

5.5 The main outcomes from the work of IA are:

- (1) Audit reports produced at the conclusion of each audit, for the relevant Head of Service/Service Director and Executive Director.
- (2) Monitoring reports on progress with implementation of agreed audit recommendations.
- (3) An annual assurance report and interim update reports for Corporate Board and the Governance and Ethics Committee on the outcomes of IA work.

5.6 The work programme for IA for the period 2020-2023 is attached at Appendix C. The plan analyses the different areas of Council activity that IA have assessed as needing to be audited. The Plan is broken down by Corporate Audits, then by Head of Service/Service Director. The information for each audit covers:-

- (1) The key risks involved in that area;
- (2) The level of risk associated with the subject, as assessed by IA;
- (3) The type of audit;
- (4) Date last reviewed;
- (5) An initial estimate of the number of days that will be required to complete the audit, and the year in which the audit is planned.

5.7 The process of putting the plan together is extensive in terms of the documents and people who are consulted. The following identifies the key drivers:-

- (1) The views of stakeholders i.e. Heads of Service, Corporate Board, Operations Board, are key to identifying priorities for the team;
- (2) The Council Strategy is reviewed to ensure that audit resources are used to support the delivery of Council objectives;
- (3) The Council's risk registers. These are used to highlight areas where assurance is required for controls that are in place to significantly reduce levels of risk to the Council;
- (4) Results of previous audit, inspection and scrutiny work, by internal teams and external agencies, is considered;
- (5) Plans are made available to the Council's external auditor to ensure that there is no unnecessary duplication of effort.

5.8 The work programme is based on levels of risk. The risk registers are used to inform the level of risk where appropriate and this is supplemented by an audit view of risk. This takes account of:-

- (1) Results of risk self-assessments;
- (2) Complexity/scale of system and processes / volume and value of transactions;
- (3) Fraud and corruption – e.g. the risk of fraud or corruption occurring;
- (4) Inherent risk – e.g. degree of change/instability/confidentiality of information;
- (5) IA knowledge of the control environment based on previous audit work.

5.9 The work of IA forms the basis of the opinion given by the Audit Manager on the Council's internal control framework. The work of IA is regulated by the PSIAS; these

Internal Audit Plan 2020-23

set out the standards and methods that should be applied in carrying out audit work. At an operational level there is an Audit Manual which sets out in detail how work is to be undertaken, recorded and managed.

- 5.10 In addition, an Audit Reporting Protocol is published setting out the communication process for each audit. There have been some minor amendments to reflect the move of the Section 151 role to the Executive Director, Resources. The Reporting Protocol is attached at Appendix B.
- 5.11 There are a number of key elements to the communication process that ensure the output from audit is fit for purpose:-
- (1) Consultation takes place at various stages of each audit with the service under review (terms of reference, rough and formal draft and final reports and action plans are all discussed and agreed with the service under review);
 - (2) Audits are followed up, where appropriate, to ensure that agreed actions are implemented (method and approach to follow up work varies depending on the nature of the issues identified in the original audit);
 - (3) All audit work is supervised/reviewed at key stages of the process, this is to ensure the scoping is appropriate and to check the accuracy, completeness and quality of the work undertaken (as per the Audit Manual standards);
 - (4) An external review of the IA team is required every five years to ensure the team complies with the professional practices of Internal Audit as stated in the PSIAS.
- 5.12 The work produced by IA is designed to identify and provide remedial action for weaknesses in the internal control framework. Weaknesses that are identified are categorised according to their severity (fundamental, significant, moderate and minor).
- 5.13 Taken together, the above provides a sound basis for the Audit Manager to provide an annual opinion of the internal control framework of the Council.
- 5.14 The Audit Team consists of four staff; the Audit Manager and three senior auditors. A budget pressure has been submitted to cover the costs of a further post.
- 5.15 Appendix C sets out the proposed work plan for Internal Audit. Last year there had been a shortfall between the planned audits and the resource available to undertake the work, taking into account the prospective new post the planned work over the next 3 years is in line with resource available.
- 5.16 Good practice as stated in CIPFA's Fighting Fraud and Corruption Locally requires an Annual Anti-Fraud Work Plan to be prepared which links to the Audit Plan. A draft Fraud Plan is attached at Appendix D.

Proposals

That the Governance and Ethics Committee approve the planned work programme for IA, together with the content of the revised Internal Audit Charter and Reporting Protocol.

6. Other options considered

- 6.1 None, the Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan and Internal Audit Charter to be approved by the Governance and Ethics Committee.

7. Conclusion

- 7.1 This report sets out the proposed work for IA over the next three years. In order for an informed decision to be made regarding the work programme, this report sets out the role of IA together with supporting information as to how the plan is compiled.

8. Appendices

- 8.1 Appendix A – Internal Audit Charter;
- 8.2 Appendix B – Internal Audit Reporting Protocol;
- 8.3 Appendix C – Internal Audit Plan;
- 8.4 Appendix D - Anti-Fraud Work Plan.

Subject to Call-In:

Yes: ☐ No: x☐

Officer details:

Name: Julie Gillhespey
Job Title: Audit Manager
Tel No: Ext 2455
E-mail Address: Julie.gillhespey@westberks.gov.uk

AUDIT CHARTER

1 Definition and Purpose of Internal Audit

- 1.1 The Public Sector Internal Audit Standards (PSIAS) provide the following definition of Internal Audit.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

- 1.2 The PSIAS is mandatory for Internal Audit in local government, and Internal Audit is a statutory function as outlined in the Accounts and Audit Regulations 2015 which require each local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices.
- 1.3 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

2 Scope of Internal Audit Work

- 2.1 The scope of Internal Audit activities encompasses, but is not limited to, objective examination of evidence for the purpose of providing independent assessments to the Governance and Ethics Committee and management on the adequacy and effectiveness of governance, risk management and control processes for the Council. Internal Audit assessments cover the following:-

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The level of compliance with procedures, policies, regulations and legislation.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes have been established to enable compliance with policies, procedures, laws and regulations.
- A review of the value for money processes, systems and units within the Authority.
- Information and the means used to identify, measure, analyse and classify and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and appropriately protected.

- 2.2 Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.
- 2.3 The existence of an Internal Audit function does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in an efficient, secure and well ordered manner within the Authority.

3 Other Types of Audit Work

- 3.1 As required under the Council's Ant-Fraud and Corruption Policy, Financial Rules of Procedure and HR Disciplinary Procedures, Internal Audit should be notified of any suspected cases of fraud/corruption. Internal Audit will be responsible for carrying out any investigations into such cases as deemed appropriate after consultation with the Council's S151 Officer (Executive Director - Resources) and Monitoring Officer (Head of Legal And Strategic Support).
- 3.2 Internal Audit may carry out work of an advisory nature (consultancy work), where their expertise in control and risk mitigation has been requested by a service/client. The nature and scope of such work is intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility for the overall design and implementation. Examples include counsel, advice, facilitation and training.

4 Core Principles and Professional Practices of Internal Auditing

- 4.1 The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively:-
- Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.

- Promotes organisational improvement.
- 4.2 Internal auditors in UK public sector organisations must conform to the Code of Ethics set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.
- 4.3 Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*.
- 4.4 The Internal Audit team will govern itself by ensuring adherence to the requirements of the PSIAS. The Audit team will regularly confirm compliance with the standards in reports to senior management and the Governance and Ethics Committee, and include a statement to this effect in each audit engagement report issued.

5 Authority

- 5.1 Internal Audit reports to the Head of Finance and Property. However, Internal Audit is also accountable to the Governance and Ethics Committee (the "Board" in PSIAS terms) for the delivery of assurance in relation to the Council's system of internal control.
- 5.2 The Audit Manager is the designated Chief Audit Executive in PSIAS terms. The Audit Manager reports functionally to the Governance and Ethics Committee and has a direct reporting line to the Head of Finance and Property, and a dotted reporting line into the Executive Director, Resources (as the Council's S151 Officer) who is a full member of the Council's senior management team, Corporate Board.
- 5.3 To establish, maintain, and assure that the Council's Internal Audit Team has sufficient authority to fulfil its duties the Governance and Ethics Committee will:-
- a) Approve the Internal Audit Charter;
 - b) Approve the risk-based internal audit plan and level of resources;
 - c) Receive communications from the Audit Manager on the Internal Audit team's performance compared to the plan and any other related matters;
 - d) Make appropriate inquiries of management and the Audit Manager to determine whether there is inappropriate scope or resource limitations relating to audit work.
- 5.4 The Audit Manager will have direct access to the Governance and Ethics Committee Chairman and the Chief Executive.
- 5.5 The Governance and Ethics Committee authorises the Internal Audit team to:-

- a) Have full, free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any audit, subject to accountability for confidentiality and safeguarding of records and information.
- b) Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- c) Obtain assistance from the necessary personnel of the Council, as well as other specialised services from within or outside of the Council in order to complete the audit engagement.

6 Independence and Objectivity

- 6.1 Internal Audit as a function will remain independent of the Authority's operational activities, and its auditors will undertake no operational duties. Accordingly internal auditors will not implement internal controls, develop procedures, initiate or approve transactions external to Internal Audit, or engage in any other activity that may impair their judgement. This will allow auditors to perform duties in a manner which facilitates impartial and effective professional judgements and avoids conflict of interest.
- 6.2 The scope of Internal Audit allows for unrestricted coverage of the Authority's activities and access to all staff, records and assets deemed necessary in the course of the audit.
- 6.3 Accountability for the response to advice and recommendations made by Internal Audit lies with the management of the Authority. Management can accept and implement advice and recommendations provided or formally reject them. Internal Audit is not responsible for the implementation of recommendations or advice provided.
- 6.4 The Audit Manager will ensure that the Internal Audit team remains free from all conditions that threaten the ability of the internal auditors to carry out their responsibilities in an unbiased manner. The Audit Manager will confirm to the Governance and Ethics Committee at least annually the organisational independence of the Internal Audit team.
- 6.5 The Audit Manager will disclose to the Governance and Ethics Committee any interference and related implications in determining the scope of internal audit work, carrying out the audit or reporting the results.

7 Reporting

- 7.1 All audit assignments will be the subject of a formal report written by the appropriate auditor. The majority of reports will include an 'opinion' on the adequacy of controls in the area that has been audited (exceptions being Compliance Checks and Advisory reviews).
- 7.2 A follow-up review will be undertaken where the overall opinion of a report is 'Weak' or 'Very Weak'. Where a 'Satisfactory' opinion is given then a follow up may be carried out if felt necessary, by either management or internal audit. The follow up will ascertain whether actions stated by management in response to the audit report have been implemented in order to provide assurance that the control framework is now effective or flag up concerns where it is considered this is not the case.
- 7.3 Internal Audit will prepare quarterly reports for senior management and the Governance and Ethics Committee regarding:-
- a) The Internal Audit team's purpose, authority and responsibility;
 - b) The Internal Audit team's plan and performance relative to the plan;
 - c) The Internal Audit team's conformance with the PSIAS;
 - d) Significant risk exposures and control issues, including fraud risks, governance issues and other issues requiring attention;
 - e) Results of audit work;
 - f) Resource requirements;
 - g) Any response from management which is considered unacceptable compared with the associated risk.

8 Quality Assurance and Improvement of the Internal Audit Service

- 8.1 The Internal Audit team will maintain a quality assurance and improvement programme that covers all aspects of Internal Audit work. The program will include an evaluation of the Internal Audit Team's conformance with the PSIAS. The program will also assess the efficiency and effectiveness of the Internal Audit Team and identify opportunities for improvement.
- 8.2 The Audit Manager will communicate to senior management and the Governance and Ethics Committee on the quality assurance and improvement programme. This will include the results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent Assessor from outside the Council.

9 Resourcing of the Internal Audit Team

- 9.1 The Audit Manager is responsible for ensuring that the audit team is adequately resourced in order to be able to provide an informed annual opinion on the council's Internal Control framework.

- 9.2 Where the Audit Manager has concerns over the level of audit resource this is formally flagged up with senior officers and members as part of submission of the draft Audit Plan for approval and progress monitoring reports.

Appendix B – Internal Audit Reporting Protocol (Reviewed and revised February 2020)

1 Purpose and Scope

- 1.1 This document outlines the way internal audit will initiate, and report on work for the Council. This protocol relates only to Council Services, a separate protocol exists for Schools.
- 1.2 In terms of this protocol there are two types of audit work that will involve different approaches to reporting. These are:
 - Routine planned audits to provide assurance
 - Advisory work carried out at the request of the client
- 1.3 Two tables are attached which summarise the key elements of this protocol for each of the above.
- 1.4 The lead auditor is responsible to the Audit Manager for managing the audit in compliance with the “Public Sector Internal Audit Standards”. Responsibility for the content of the resulting audit report will remain with the relevant lead auditor and the Audit Manager.

2 Initiating work

- 2.1 The following highlights the key stages for commencing Internal Audits.
- 2.2 Terms of reference will be issued for planned audit reviews that will set out the scope of the work to be carried out and confirm the reporting arrangements.

3 Reporting the results of Internal Audit work

- 3.1 The reporting process planned work has three key stages:-
Rough Draft Report;
Draft Report;
Final Report.
- 3.2 The rough draft will be issued to the relevant service manager to check the factual accuracy, and to obtain their initial observations.
- 3.3 The formal draft will be issued once the service manager is satisfied with the accuracy of the report. The circulation of the formal draft report will ensure that all relevant people have had an opportunity to comment on the content of the report, prior to it being finalised.
- 3.4 We request comments/observations from all recipients, however, we treat the relevant Head of Service/Unit Manager as the main client, and as such we require a response as to whether the recommendations are agreed or otherwise before the report is finalised. Where a recommendation is not agreed, we require the client’s reasoning for this, and this detail is included in the Action Plan (attached at the back of the report) for future reference.

Appendix B – Internal Audit Reporting Protocol (Reviewed and revised February 2020)

- 3.5 Where, during an audit, a serious problem is discovered which requires immediate attention, it may be necessary to issue an interim report. The Audit Manager will contact the Head of Service to discuss any such issues prior to an interim report being issued. At a minimum any issues of concern will be raised at the point of identification. Some audit sections carry out a 'closure meeting/discussion at the end of the 'testing' stage of each audit to highlight the areas of weakness identified that will be included in the report. We do not do this, we use the 'rough draft report' as the basis of the initial discussion with managers, as this has been created after a thorough review process it ensures that the feedback is comprehensive and points are not missed.
- 3.6 The Terms of Reference for the audit give an indication of the timescales for issuing the rough draft report. This is for guidance only as there are numerous factors that can impact on us being able to meet these targets.

4 Follow Up of Audit Recommendations

- 4.1 A follow up process is required in order to be able to give management/members assurance that the agreed action plans have been implemented. All audits with weak or very weak opinions will be followed up. Audits with a satisfactory opinion may be followed up if, in the opinion of internal audit or management, the weaknesses identified by the audit warrant a follow up.
- 4.2 A follow-up review is instigated approximately six months after the audit report was finalised.

5 Reporting to the Governance and Ethics Committee

- 5.1 The Audit Manager will provide the Committee, on a quarterly basis with a report that will summarise the results of completed audits and follow up audits.
- 5.2 Where a follow up is classed as unsatisfactory a written comment from Internal Audit will be provided. In addition, the Head of Service will normally be asked to attend the Governance and Ethics Committee to outline the reasons for the failure to implement the agreed action plan and to provide plans on how they intend to improve the situation. Members of the Governance and Ethics Committee may request Internal Audit to carry out a second stage Follow-up where they are concerned about lack of progress.

6. Role of Portfolio Holders in the audit process

- 6.1 Portfolio Holders are copied in on the proposed Terms of Reference for each engagement together with being copied in on the final version of the report.
- 6.2 The role of the Portfolio Holder in the audit process is to:

Appendix B – Internal Audit Reporting Protocol (Reviewed and revised February 2020)

- Feed in any issues of concern at the start of the audit so that these can be considered by the auditor in scoping the review.
- Support the relevant Head of Service in considering weaknesses identified in the audit report together with the recommended actions.
- Support the Head of Service in implementing agreed action plans.

Audit Assurance Reviews

Client	Terms of reference	Rough Draft Report	Formal Draft Report	Final Report	Follow-up details
S151 Officer (Executive Director - Resources)	All cases		All cases for his service areas Other services - where there are fundamental weaknesses identified	All cases	All cases
Head of Finance and Property (Line Management for Internal Audit)	All cases		All cases for his service areas Other services - where there are fundamental weaknesses identified	All cases	All cases
Service / Unit Manager	All cases	All cases	All cases	All cases	All cases
Head of Service/Service Director	All cases	Only where serious issues relating to the service, i.e. fundamental weaknesses or issues of concern relating to the service manager. Such issues would normally be raised before the report is written	All cases	All cases	All cases
Executive Director	All cases		Where there are fundamental weaknesses in the service	All cases	All cases
Chief Executive	Only where he has requested the work		Only where he has requested the work or if there are significant issues that need to be highlighted - The Audit Manager will decide on the necessity to issue a report at this level.	Cases where there are significant issues that need to be highlighted.	Cases where there are significant issues that need to be highlighted.
Service Portfolio Holder	All cases			All cases	All cases
Portfolio Holder for Internal Audit	All cases			Depending on the preference of the portfolio holder	Depending on the preference of the portfolio holder

2 Advisory/VFM Reviews

(The approach will be agreed with the client prior to commencing a review, and to be noted in the terms of reference to provide clarity of how the findings are to be reported). Advisory reviews may arise from the need for advice on key controls in systems where the Service concerned is already aware that improvement is needed or where the systems are being changed by the service area, (eg a new ICT system is being implemented).

Client	Terms of Reference	Rough Draft Report	Formal Draft Report	Final Report
Line Manager	All cases	All cases	All cases	All cases
Head of Service/Service Director	All cases		All cases	All cases
Executive Director	All cases		Cases where there are significant issues that need to be highlighted.	All cases
S151 Officer	All cases		All cases for his services Cases where there are significant issues that need to be highlighted.	All cases
Head of Finance and Property	All cases		All cases for his service Cases where there are significant issues that need to be highlighted.	All cases

Further escalation of the advisory / VFM reviews reporting to the Chief Executive and the relevant portfolio Member will depend upon the significance of issues / number of weaknesses identified and will be determined by the relevant auditor in consultation with the Audit Manager.

Due to the nature of the work an overall opinion will not be given for an advisory/VFM review. However, some of these reviews may warrant a follow-up audit, depending on the significance of the findings, where this is the case a progress categorisation will be given.

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INTERNAL AUDIT PLAN OF WORK 2020-2023

Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
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AUDIT PLAN RATIONALE

- 1) Frequency of review is based on the overall risk rating and when the previous review was carried out.
- 2) Level of audit resource is dependent on complexity of the area to be reviewed and the level of assurance required for the risks identified.
- 3) Risk assessment factors taken into account when determining the risk category:- degree of instability/complexity of system/sensitivity of information/likelihood of fraud or corruption/previous audit control opinion.

AUDIT TYPE - KEY

SR Strategic Risk
 AFW Anti Fraud Work
 KFS Key Financial System
 ACW Anti Corruption Work
 VFM Value for Money
 OR Operational Risk
 ADV Advisory
 EST Establishment Audit (Audit Programme of work for specific type of establishments eg schools, residential care homes
 CRR - Used where the item appears on the Corporate Risk Register

METHOD OF REVIEW - KEY

FR Full Risk Based Audit
 SR Short Focussed Review
 DA Data Analytics Review

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Corporate Audits											
Audit No.											
1	Mileage Claims - Compliance with Council procedures	a) Inaccurate/inappropriate claims resulting in theft/fraud	High		AFW	2013-14			20		20
2	Income collection - spot checks	a) Theft/Fraud	High		AFW	2014-15	SR	10		10	20
3	Commercialisation Projects	a) Legality of operations not fully explored or validated b) Governance arrangements have not been clearly defined/established to monitor achievement of stated aims and objectives	High		SR	2019-20				20	20
4	Compilation and Monitoring of the Capital Programme	a) Ineffective project management - budgets exceeded/deadlines exceeded/outcome does not meet client needs b) Implementation and usage of PMM	Medium		SR	2012-13	SR	15			15
5	IR35	a) Non compliance with legislation b) Inaccurate calculations could result in financial penalties and interest being incurred	High		SR	2019-20				15	15
6	Council Strategy Themes - Delivery of Projects	a) Council Strategy Projects are not delivered b) Projects are not delivered in a timely and cost effective manner.	High		SR	New	FR	20	15	15	50
7	Governance / Risk Management	a) Non compliance with Legal requirements b) Ineffective framework for AGS reporting c) Ineffective framework for overseeing the Council's governance rules i.e. the Constitution	Medium		SR	2007-08	FR	20			20
8	NFI Investigation work	a) fraud by employees/residents	High		AFW	2019-20	N/A	25	25	25	75
9	GDPR	a) Non compliance with Data Protection Act b) Information not stored securely c) Personal information issued/sent to incorrect parties b) data could be amended/destroyed/sensitive data made public	High	CRR	SR	2018-19					0
10	Telecommunications	a) Inappropriate use of equipment/ineffective monitoring of personal calls resulting in unnecessary expenditure being incurred possibility of Fraud/abuse b) There isn't a consistent approach when determining who can be allocated telecoms equipment, therefore assessing the need for Telecoms equipment	Medium		AFW	2017-18				15	15
11	Procurement cards	Ineffective monitoring of card usage resulting in inappropriate expenditure being incurred	High		AFW/SR	2018-19				15	15
12	Online Grant Applications	a) Fraudulent applications made b) Grant conditions not met resulting in repayment and/or criticism	Low		AFW	New	SR	10			10
13	Grant Allocation/monitoring	a) Grants not awarded appropriately b) Grant allocations are not accurately recorded/effectively monitored.	Low		SR	2006-07				15	15
14	Corporate Fraud Review	a) Council's approach to dealing with fraud does not meet the revised CIPFA guidance b) The Council is not being a pro-active as it could in deterring/highlighting fraud	Medium		AFW	2013-14			15		15
15	Archiving Council Records	a) Ineffective service provision b) Storage requirements not reviewed c) Unnecessary costs incurred	Low		OR	2014-15					0

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
16	Digitalisation Agenda	a) Self service options are not being fully considered/progressed b) Opportunities for efficiency savings/customer experience improvement are not being maximised c) Data security is not fully considered/tested as part of	High		SR/OR	2019-20					0
17	The People's Lottery	a) the scheme is not popular/not achieving the anticipated benefits b) Reputational risk if the scheme is not effectively and appropriately managed.	Medium		AFW/OR	New	FR	15			15
18	Effectiveness of the Governance and Ethics Committee	a) The Committee does not operate in accordance with good practice (CIPFA Guidance) b) The Committee does not have adequate scope and responsibility to effectively oversee the Council's governance framework. c) The Committee is not provided with sufficient and timely information to be able to make informed decisions.	Medium		SR	2019-20					0
19	Use of Social Media	a) The Council is unaware of its social presence and is unreactive/provides ad-hoc and inconsistent responses. b) Reputational Damage, unfavourable or confidential information released. C) Poor corporate image portrayed by employees/members.	High		SR	New	SR	15			15
total								130	75	130	335

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Resources Directorate											
Head of Finance and Property											
Accountancy											
1	General Ledger	a) Inaccurate information for management decisions b) Budgets exceeded c) Qualified accounts	High		KFS	2017-18			15		15
2	Fixed Asset Register	a) Non compliance with accounting standards b) Qualified Accounts	Medium		ADV	2011-12	FR	20			20
3	Budget Monitoring	a) Inaccurate Information b) poor decision making	High		SR	2015-16			20		20
4	MTFS (to incorporate Business Rates estimating and profiling)	a) Council's financial targets are not realised b) Budget pressures c) Increases in Council Tax	Medium		SR	2013-14				20	20
5	Treasury Management	a) Inappropriate cashflow decisions - income not maximised b) Legislation/Internal policies not complied with	Medium		KFS	2018-19				15	15
6	Bank Reconciliation (cover Chaps payments)	a) Inappropriate transactions processed through the bank b) Inaccurate year end accounts c) Qualified opinion from External Auditors	Medium		OR	2017-18			15		15
7	VAT	a) Non compliance with Revenues & Customs requirements - financial penalties	Medium		OR	2013-14	SR	15			15
8	Insurance (claims management)	a) Inappropriate assessment of uninsured losses b) Inaccurate claims record for management information c) Ineffective claims management	Medium		SR	2015-16				15	15

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Property											0
9	Building Maintenance	a) Ineffective maintenance programme, b) Non compliance with legislation (internal, H&S, EU tendering policies)	Medium		OR	2014-15	SR	12			12
10	Asset Management Strategy	a) Non compliance with legislation, b) Ineffective management of asset portfolio	High		SR	2016-17			15		15
11	Property Database - Assessment of implementation of phase 1	a) System does not meet the defined outcomes for phase 1 b) Data is not up-to-date/inaccurate which could lead to incomplete/inaccurate system reports and inappropriate management decisions.	High		OR	2015-16			5		5
12	Asset Project Management	a) Failure to deliver major projects on budget, timely manner, to meet need of clients, b) Non compliance with legislation	Medium		SR	2015-16				15	15
13	Commercial Rents	a) Non compliance with legislation, b) Loss of income/increased void periods, c) Misappropriation of leases	Medium		OR	2013-14			15		15
14	Facilities Management	a) Ineffective contract management which could result in lack of compliance with regulations b) Poor response to requests for service, resulting in staff Health and Safety issue.	Medium		OR	2011-12	SR	12			12
15	Health and Safety	a) Non compliance with H&S Legislation - legal action/penalties	Low		SR	2012-13				10	10
Exchequer											0
16	Accounts Payable	a) Inappropriate/fraudulent payments b) budgets exceeded	High		KFS	2017-18			15		15
17	Accounts Receivable	a) Council's cash flow affected b) Income not maximised	High		KFS	2016-17	DA	15			15
18	Car Loans & Car Leasing	a) Inaccurate payroll deductions b) Non compliance with Inland Revenue requirements	Low		OR	2013-14				10	10
19	Income Collection/Recording Processes	a) Inaccurate processing of income - affecting cash flow decisions b) Fraud/theft c) Accounts could be qualified	Medium		AFW	2016-17			15		15
Revenues											0
20	National Non-domestic Rates	a) Non compliance with legislation/local schemes for exemptions b) Income generation/collection not maximised c) Qualified accounts	High		KFS	2018-19			15		15
21	Council Tax	a) Non compliance with legislation/local schemes for reductions b) Income generation/collection not maximised c) Accounts qualified	High		KFS	2019-20				15	15
22	Council Tax Reduction Scheme	a) Non compliance with legislation/local schemes for reductions b) Income generation/collection not maximised	Medium		AFW	2019-20					0
23	Business Improvement District Levy	a) Accounting arrangement do not comply with regulations b) The billing and collection processes are not effective	Low		OR	2018-19					0
Total								74	130	100	304

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Human Resources and Payroll											0
1	Recruitment (process)	a) Delays in appointing staff - disruption to service delivery b) Non compliance with employment legislation c) DBS failure	Medium		AFW/SR	2012-13			15		15
2	Absence Management	a) Council's sickness policy not being adhered to b) Inaccurate information for performance management	Low		SR	2011-12				10	10
3	Code of Conduct / HR Policies & Procedures	a) Staff not being managed consistently/to the Council's standards required standards b) New managers not being aware of the required standards and related procedures	Low		SR	2007-08			10		10
4	Staff Training and Development (Corporate and Professional Training - across whole Council)	a) Failure to develop staff in accordance with good practice b) Failure to inform new employees of legislation, key corporate policies and procedures they need to be aware of adhere to c) VFM/cost effectiveness not taken into account within services when making spending decisions	Low		SR	2014-15					0
5	Payroll	a) Ghost employees set up b) Inaccurate payments made c) Inaccurate deductions made	High		KFS	2018-19	SR	10	15		25
6	Apprenticeship Levy/Use of the Apprenticeship Service	a) Non compliance with legislation b) Budgets do not reflect the increase in costs c) Payment calculations are not correct d) Apprenticeship levy paid is not used therefore funds are lost.	Medium		SR	2017-18				15	15
7	Disclosure and Barring Service	a) Vulnerable adults/children could be put at risk due to the Council Scheme not meeting the requirements of the national guidance and/or local processes have not been established to ensure that backgrounds check are undertaken/recorded and updated.	Medium		SR	2014-15	FR	15			15
Total								25	40	25	90
Head of Legal and Strategic Support Service											0
1	Legal Services	a) The collaborative agreement is not being effectively recorded/monitored b) Terms of the joint agreement are not being adhered to	Low		OR	2010-11				15	15
2	Service Planning/targets and performance management	Service Delivery / intervention / legal obligations / performance indicators / linkages to Timelord	Medium		SR	2013-14			20		20
3	Review of new governance arrangements	a) The changes are not working as effectively as intended b) Governance requirements are not being adhered to	Medium		SR	New	FR	20			20
4	Equality Impact Assessments	a) Non compliance with national guidance b) Unaware of impact of changes in policy/decisions on local community c) lack of transparency/accountability d) Judicial review overturns decisions	Low		SR	2013-14				10	10
5	Members expenses	a) Inappropriate payments, b) Over payments on budgets, c) Non compliance with legislation/policies	Medium		OR/AFW	2014-15	SR	10			10
6	Complaints / Code of Conduct	a) Ineffective policies and processes in place, b) Non compliance with policies/processes	Low		SR	2012-13			15		15

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
7	Freedom of Information	a) Non compliance with legislation b) No Standard approach for dealing with requests c) Adequate records not maintained of requests/responses	Medium		SR	2014-15				15	15
8	Management of the Internet/Intranet	a) Ineffective processes and procedures, b) Inappropriate information published - version control.	Medium		SR	2011-12		15			15
9	Electoral Services	a) Non compliance with legislation, b) Inappropriate entries on register, b) Incorrect payments/expenditure/charges	Medium		OR	2017-18			15		15
10	Land Charges	a) Non compliance with legislation b) Income collection processes are not effective	Low		OR/AFW	2007-08	FR	15			
	total							60	50	40	150

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Head of Customer Services and I.C.T.											
											0
1	I.T. Strategy	a) Does not meet changing needs of the organisation b) Progress not measured/monitored - objectives not achieved	Medium		SR	2007-08			10		10
2	Software licences	a) Non compliance with legislation (software licences)	Low		OR	2003-04			10		10
3	Change Control Management	a) Inappropriate changes b) Changes do not meet the needs of users c) Changes not operationally effective	Medium		OR	2016-17				15	15
4	Project Management (I.T. Investment)	a) Systems do not meet business/user needs b) Escalation of costs/time to implement	Medium		SR	2006-07	FR	20			20
5	Post Implementation Reviews (IT investment)	a) Systems do not meet business/user needs b) Escalation of costs/time to resolve system issues	Medium		SR	2013-14				15	15
6	Ensure continuous service (Disaster Recovery for I.T. Service)	a) Contingency plan not in place/not effective - service delivery affected	High		SR	2011-12	SR	15			15
7	PSN Compliance Certificate	a) Non compliance with Government I.T. Security requirements b) Not able to access government data/share data with other government bodies	Low		SR	2010-11					0
8	Ensure systems security	a) Non compliance with Data Protection Act b) Unauthorised access to data b) data could be amended/destroyed/sensitive data made public	High	CRR	SR	2011-12			15		15
9	Manage problems and incidents (help desk)	a) Interruptions to service delivery b) Staff performance adversely affected	High		OR	2012-13			15		15
10	EDI (BACs)	a) Inaccurate/inappropriate electronic transactions	Low		OR	Not audited					0
11	Printing Service	a) Inefficient operations b) Delivery targets not met	Low		OR	2014-15				15	15
12	Business Continuity Planning	a)Flu / fire / flood / terrorism / service delivery	High		SR	2007-08	SR	15			15
13	I.T. Asset Management	a) Loss of I.T. assets - increased cost on replacement equipment	Medium		OR	2007-08			20		20
14	Superfast Broadband Project	a) Ineffective Contract Management b) Key deliverables not being achieved/achieved as per contract c) External Funding may be withdrawn	Medium	CRR	OR	2014-15					0
Total								50	70	45	165

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Head of Commissioning											
1	Brokerage/Care Commissioning Placement Processes	a) Value for money not obtained when choosing external providers b) Care provision not formalised/not monitored - escalation of costs/ care standards not met	High		OR	2017/18			20		20
2	Contract Letting/Monitoring - Care Packages	a) Value for money not obtained when choosing external providers b) Care provision not formalised/not monitored - escalation of costs/ care standards not met b) Non compliance with EU legislation	High		OR	partial coverage in 2017-18				20	20
3	Contract letting - Other than Care Packages	a) Non-compliance with Contract rules of Procedure b) Non compliance with EU legislation (Remedies Directive) c) Value for money not obtained	Medium		ACW	2014-15			20		20
4	Contract monitoring - Other than Care Packages	a) Non-compliance with Contract rules of Procedure b) Contract spec not met c) Contract costs exceeded	Medium		SR	2019-20					0
Total								0	40	20	60

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
People Directorate											
Head of Adult Social Care											
1	Better Care Fund	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded.	Medium		SR	2019-20					0
2	Care Act (Implementation of national eligibility criteria/carers assessments)	a) Care Act is not adhered to b) Assessments not undertaken timely/ care plans not put in place c) Client's/carers initial needs not met which could result in increased demand on services/budgets.	High		ADV	New	FR	15			15
3	Client Information and support covering services and providers	a) Care Act not adhered to b) Uninformed decisions/lack of choice on care support options which may lead to care plans not being achieved	Medium		OR	New				15	15
4	New Way of Working (the three key offers)	a) Care Act not adhered to b) Aims of the initiative are not met c) Processes are not sufficiently robust to achieve the stated aims	High		SR	New	FR	15			15
5	Assessment of Needs/Purchase of Care - (MH/LD)	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2008-9			15		15
6	Assessment of need /Purchase of Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2012-13				15	15
7	Carers' Assessments/payments	a) Care Act is not adhered to b) Assessments not undertaken timely/ care plans not put in place c) Carers initial needs not met which could result in increased demand on services/budgets.	Medium		OR/AFW	New	SR	10			10

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
8	Resource Centres (3)	Establishment reviews - key risks - budgetary control/appropriateness of expenditure	Low		EST	2013-14		6			6
9	Residential Homes - Elderly (4)	Establishment review - key risks - budgetary control/appropriateness of expenditure	Medium		EST	2010-11		6		6	12
10	Assessment of needs/Purchase of care - Home Care	a) Legislation is not adhered to b) Inappropriate care packages c) Ineffective contract management/budgets could be overspent	Medium		OR	2006-07	FR	15			15
11	Assessment/Purchase of Care - Residential/Nursing	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2017-18					0
12	Shared Lives - Placements and Payments	a) Scheme not effectively managed b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR/AFW	New	FR	15			15
13	O/T - Equipment - pooled budget	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded	Medium		OR	2011-12			15		15
14	Personal Budgets (Use of payment cards)	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	High		OR/AFW	2017-18				15	15
15	Personal Budgets - Direct Payments	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	High		OR/AFW	2013-14			15		15
16	Client Financial Assessments	a) Non compliance with legislation/Council's policy b) Inaccurate charges calculated c) Ineffective income collection/recovery procedures	Medium		OR	2017-18				15	15
17	Residents Property (Appointeeship/Deputyship)	a) Misappropriation of client property b) Inaccurate records of level/type of property held c) Non compliance with legislation	Medium		OR/AFW	2013-14			15		15
18	Deprivation of Liberty Safeguards	a) Legislation not adhered to b) Assessments inaccurate c) Supervision / review of contractors performing assessments inadequate	High	CRR	OR	2019-20					0
											0
	total							82	60	66	208

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Head of Education											
1	Secondary Schools	Review of key risks - budgetary control, income collection, control of assets, school governance			EST	Annual Programme			8	8	16
2	Primary Schools	Review of key risks - budgetary control, income collection, control of assets, school governance			EST	Annual Programme		56	56	56	168
3	Nursery Schools (2)	Review key risks: Compliance with legislation, accurate completion of grant claims			EST	2016-17			6	6	12
4	Special Schools (2)	Review key risks: Compliance with legislation, budgetary control, control of assets,			EST	2018-19					0
5	i-College	Review key risks: Budgetary control, appropriateness of expenditure			EST	2018-19		8		8	16
6	Family Hubs	a) Centres have not been set up in accordance with government guidelines b) governance arrangements between the Centre and key stakeholders have not	Medium		OR	New	FR	15			15
7	Formula funding / DSG	a) Non compliance with legislation, b) Ineffective budget builds	Medium		OR	2009-10	SR	15			15
8	School Census	a) Submission of incorrect returns, b) Inaccurate funding	Medium		OR	2012-13			15		15
9	Family Support Packages for Disabled Children (to include short breaks)	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	Medium		OR	2015-16				15	15
10	School Admissions Policy	a) Non compliance with legislation, b) Unsuitable school offers, c) Invalid admissions data	Low		OR	2009-10				15	15
11	Home to School Transport Entitlement	a) Employment of inappropriate individuals, b) Misallocation of free transport,	Low		OR	2008-09				15	15
12	Nursery Provision - early years grant	Review key risks: Compliance with legislation, accurate completion of grant claims	Medium		OR	2019-20					0
13	After Schools Clubs	a) Non compliance with government targets/legislation, b) Misuse of grant funds, c) Activities are not effectively monitored	Low		OR	2007-08			15		15
14	Special Education Needs and Disability (SEND)	a) Not meeting requirements of the new legislation/guidance b) Expenditure may not be effectively monitored	Medium	CRR	OR	2019-20					0
15	School Library and Museum Services (Joint arrangement)	a) Contract not effectively monitored b) Service not meeting client needs c) Value for money not obtained	Low		OR	2015-16					0
16	Adult Education	a) Non compliance with legislation, b) Non achievement of targets and standards, c) Overspends on budgets	Low		OR	Partially covered in 2018-19 (contract					0
total								94	100	123	317 0

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Head of Children and Family Services											0
1	Castlegate	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low		OR	2018-19					0
2	Assessment of Need/Purchase of care - Residential	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	Medium		OR	2008-09			15		15
3	Assessment of needs/Purchasing Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium		OR	2015/16				15	15
4	Personal Budgets/Direct Payments	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	High		OR	2019-20				15	15
5	Assessment & collection of client contributions	a) Non compliance with legislation, b) Incorrect assessments, c) Contributions not being requested	Low		OR	2011-12					0
6	Adoption - Recruitment, Placement and Allowances (Shared Service Arrangement)	a) Non compliance with legislation, b) Ineffective procedures to monitor the shared arrangement	Medium		OR	New	FR	15			15
7	Guardianship/Residence Orders	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR	2017/18					0
8	Payment of Carers (foster carers)	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR/AFW	2012-13	SR	10			10
9	S17 - Payment of Support Costs/Allowances	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	Medium		OR	2015-16				15	15
10	Child Care Lawyers (joint arrangement with Berkshire Authorities	a) Incorrect submission of charges to WB, b) Ineffective communication with Children's' services, c) Cases wrongly undertaken by WB, d) Costs incorrectly calculated	Medium		OR	2004-05			15		15
11	Unaccompanied Children - Asylum Seekers	a) Non compliance with legislation, b) Asylum seeks/care leavers are not adequately supported, c) Inadequate financial controls re payment of allowances/fraud.	Medium		OR	2018-19					0
13	Offsite Activities - review of external provision of service	a) Non compliance with legislation, b) Poor risk assessment c) Inappropriate activities undertaken	Low		OR	2005-06	SR	10			10
14	Supervision compliance checks	a) Non compliance with the Service's management processes b) ineffective performance management of staff and/or poor caseload monitoring and management	Medium		OR	2013-14					0
15	Social Worker Recruitment and Retention Package	a) The effectiveness of the package is not being reviewed to ensure that benefits are being realised as intended. b) The package is not cost effective.	Medium		OR	2019-20					0
16	Turnaround Families Programme	a) Non compliance with requirements of the scheme b) Ineffective procedures to monitor and track outcomes c) Lack of evidence to validate grant payments	Medium		OR	2017-18		10	10	10	30
17	Child Protection Conferencing Processes	a) Inappropriate arrangements in place, b) Non adherence to guidance, legislation.	Low		OR	2010-11					0

Key risks to be covered		Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
total							45	40	55	140
Head of Public Health and Wellbeing										0
1	Joint Agreement Governance	a) Non compliance with legislation b) Ineffective joint working arrangements resulting in poor budgetary control and/or service provision.	Medium	OR	2015-16			10		10
2	Joint Needs Assessment/Health and Wellbeing Strategy	a) Non compliance with legislation b) Failure to deliver a programme of work to address the stated aims and goals.	Medium	SR	2015/16				15	15
3	Commissioning/contract management	a) contracts are poorly managed, leading to poor performance and overspending against budgets. b) Lack of compliance with the Council's Contract Rules of Procedure and/or contracts fail to achieve value for money, leading to overspending and poor performance.	Medium	OR	2015/16	SR	15			15
total							15	10	15	40

		Key risks to be covered	Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Place Directorate											
Head of Public Protection and Culture											
	Environmental Health/Trading Standards Joint Arrangement covering:-	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	Medium		OR	2018-19					0
1	Contract Management/Governance				OR	2018-19	FR	15			15
2	Health and Safety				OR	2002-03			10		10
3	Licensing				OR	2019-20					0
4	Purchase/Disposal of samples				OR	2013-14				5	5
5	Service requests for intervention				OR	2013-14				5	5
6	Civil Contingencies				SR	2011-12	SR	10			10
7	Food Safety and Standards					2013-14				5	5
8	Building Control Joint Arrangement	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	Medium		OR	2019-20					0
9	Leisure Centre Management	a) Non compliance with legislation, b) Ineffective contract monitoring and management	Medium		OR	2017-18			20		20
10	Museums (1)	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low		OR/AFW	2016-17			8		8
11	Archaeology	a) Non compliance with legislation and government guidelines, b) Ineffective communication between services	Low		OR	2011-12				10	10
12	Berkshire Archive Service	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	Low		OR	2008-09					0
13	Libraries Purchasing/stock control	a) Budgets overspent b) Inaccurate financial information for management decisions c) Stock may be misappropriated d) Purchasing arrangements are not cost effective	Medium		OR	2014-15			15		15
14	Libraries Income	a) Loss of stock is not reimbursed, resulting in additional expenditure b) Income collection not maximised	Medium		OR/AFW	2019-20					0
15	Shaw House	a) Facilities' use/income opportunities are not being maximised b) The facilities do not offer value for money c) Costs are not being effectively controlled	Low		OR/AFW	2016-17				10	10
16	Registrars Service	a) Ineffective budgetary control, b) Insufficient control of income, c) Insufficient control of assets, d) Inappropriate expenditure	Low		OR/AFW	2014-15		10			10
total								35	53	35	123

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Head of Streetcare and Transport											
1	Structural Maintenance / Engineering	a) Non compliance with legislation, b) Ineffective maintenance programme	Low		OR	2012-13					0
2	Major Road Repairs (Projects)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Medium		OR	Not audited			20		20
3	Traffic Management	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Low		OR	2013-14					0
4	Highway Term Contract (excluding major road projects)	a) Non compliance with H&S legislation, b) Poor performance is not identified/rectified c) Costs are not monitored/VFM is not achieved	High		OR	2019-20					0
5	Home to School Transport / CRB checks	a) Ineffective contract management resulting in poor quality of service/vfm not achieved/health and safety issues due to inappropriate drivers or vehicles being used b) Ineffective utilisation of transport capacity/route planning	Medium		OR	2016-17			15		15
6	Electrical (including Street Lighting)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Medium		OR	2019-20					0
7	Street Naming/numbering	a) Income not maximised, b) Misappropriation of funds	Low		OR	2004-05					0
8	Concessionary Fares / Bus Passes	a) Fraud/theft, b) Non compliance with regulations	Medium		OR/AFW	2014-15	SR	15			15
9	Parking	a) Non compliance with legislation, b) Loss of income c) Fraud/theft	High		OR/AFW	2017-18			15		15
10	Fleet Management	a) inefficient or inappropriate use of vehicles b) Ineffective contract management c) health and safety issues re roadworthiness of vehicles	Medium		OR	2016-17				15	15
11	Public Transport	a) Ineffective contract management resulting in poor quality of service/vfm not achieved/health and safety issues due to inappropriate drivers or vehicles being used) Income collection procedures are not robust resulting in fraud/loss of income.	Medium		OR/AFW	2017-18					0
12	Waste Management and disposal PFI	a) Ineffective contract management resulting in increased costs/service quality issues b) Recycling initiatives not being met	High		SR	2014-15	FR	20			20
13	Grounds Maintenance/Tree Maintenance contract	a) Contract specification is not met b) Inappropriate/inaccurate payments could be made	Medium		OR	2010-11	FR	15			15
14	Management of Parks and Commons Partnership Arrangement	- a) Non compliance with terms of the joint arrangement/ineffective monitoring of service provision	Low		OR	New				10	10
15	Sports Pitch Hre	a) Income levels not maximised b) Incoem records inadequate c) Income is lost/stolen	Low		AFW	New	SR	10			
16	Public Rights of Way	a) Non compliance with legislation regarding plans for improvement and maintenance of rights of way b) Not having a robust challenge for insurance claim relating to public rights of way.	Low		OR	New			10		10
total								60	60	25	145

Key risks to be covered			Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020-2023
Head of Development and Planning											
1	Enforcement	a) Planning Legislation is not adhered to b) Management information is not up-to date/accurate	Low		OR	2010-11				10	10
2	Community Infrastructure Levy (CIL)	a) Planning Legislation/local schemes are not adhered to b) Policy targets are not met c) Corruption d) Income is not maximised	High		OR	2019-20				15	15
3	S106 Obligations	a) Planning Legislation is not adhered to b) Council's Planning Policy is not followed c) Ineffective monitoring of planning obligations	Medium		OR	2019-20					0
4	Common Housing Register / Advice	a) Legislation is not adhered to b) Register not appropriately administered	Medium		OR/AFW	2009-10	FR	15			15
5	Homelessness Prevention/Management	a) Legislation not adhered to b) Accommodation is not obtained promptly/cost effectively c) Housing debts not appropriately managed	High		OR	2011-12	FR	15			15
6	Purchase and utilisation of Council Properties	a) Purchase and use of Council's own properties for Housing needs is not monitored/reviewed to ensure business case objectives have been met b) Value for money is not being achieved	Medium		SR	2019-20					0
7	Renovation Grants/Disabled Facility Grants	a) Grants not awarded in accordance with legislation/Council procedures b) Inappropriate payments made c) Records not up-to-date/accurate	Medium		OR	2015-16				15	15
total								30	0	40	70
Other audit work requested											
Birchwood Review								15			15
total								15	0	0	15

Key risks to be covered

		Risk Assessment Category	Appears on the Corporate Risk Register	Audit Type	Date last audited	Method of Review	2020-21	2021-22	2022-23	TOTAL Est Days 2020- 2023
	Other audit work (non service specific)									
1	Preparation of the audit plan/school visit programme						12	12	12	36
2	Monitoring the audit plan/school visit programme						12	12	12	36
3	Assurance Mapping						20	5	5	30
4	Liaison with Portfolio Members						4	4	4	12
5	Governance and Ethics Committee						10	10	10	30
6	Audit Follow-ups						20	20	20	60
7	Audit Advice						15	15	15	45
8	School advice						5	5	5	15
9	SFVS Monitoring						5	5	5	15
10	External Professional Liaison						5	5	5	15
	Total						108	93	93	294
	Contingencies						40	40	40	120
	Total						40	40	40	120
										0
	Planned Audit Days						863	861	852	2576
	Actual Staff Days Available						840	840	840	2520

Anti-Fraud Work Plan**(Drawn together from entries in the Audit Plan for 2020/21)**

<u>Audit Name</u>	<u>Work Focus</u>
Income Collection Spot Checks	Library site visits.
NFI Investigation Work	Review of data matches to assess whether fraudulent
On-line Grant Applications	Use of on-line grant facilities to generate grants for the Council - ensure they are set up correctly (i.e. bank account details).
The People's Lottery	Payments received and prizes are appropriately accounted for.
Members Expenses	Claims re valid/fraudulent payments not being made.
Land Charges	Income is appropriately accounted for.
ASC Carers Assessments/Payments	Payments are valid, accurate and fully accounted for.
Shared Lives – Placements and Payments	Payments are valid, accurate and fully accounted for.
Payment of Carers – Foster Carers	Payments are valid, accurate and fully accounted for.
Registrars Service	Income is appropriately accounted for.
Concessionary Fares/Bus Passes	Passes are only issued to valid applicants, passes no longer required are promptly cancelled.
Common Housing Register	Allocation of accommodation - ensure it is in line with agreed prioritisation.
*Council Tax Reduction Scheme	Reductions granted are valid, regularly reviewed, and investigated where applicable.

*A piece of work to be commissioned from an external fraud work provider.

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2019/20 Financial Statements Preparation and 2018/19 Final Audit Opinion

Committee considering report:	Governance and Ethics Committee
Date of Committee:	23 th April 2020
Portfolio Member:	Councillor Ross Mackinnon
Date Head of Service agreed report: (for Corporate Board)	26 th February 2020
Date Portfolio Member agreed report:	
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	GE3890

1. Purpose of the Report

This report is to inform Members of the final external audit opinion for financial year 2018/19 and of the preparation underway for the production of the 2019/20 Financial Statements.

2. Recommendation

For Members to comment upon and note the report.

3. Implications and Impact Assessment

Implication	Commentary
Financial:	Whereby a Council is deemed to have not produced financial statements in accordance with relevant accounting requirements, this can result in additional testing by external auditors and increased external audit fees.
Human Resource:	Not applicable
Legal:	The Council is required to ensure the annual financial statements are properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
Risk Management:	Where external auditors deem that the Council's annual financial statements are not prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and the Local Audit and Accountability Act 2014, and do not provide a true and fair view of the Council's financial position and performance, this may result in a qualified audit opinion.
Property:	Not applicable

Policy:	Not applicable			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT or Digital Services Impact:		X		
Council Strategy Priorities or Business as Usual:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes, Executive Director for Resources, s151 Officer. Andy Walker, Head of Finance and Property.			

4. Executive Summary

4.1 The 2018/19 external audit opinion has now been finalised and issued by the external auditor Grant Thornton. Grant Thornton provided the final audit opinion in respect of the 2018/19 financial statements on 30th March 2020.

“In our opinion, the financial statements:

- Give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- Have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- Have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.”

4.2 Nationally there was a delay across the sector in respect of external audit opinions being finalised. This delay accounted for approximately 40% of the sector and was attributable to two main factors:

- 2018/19 was the first year that new external auditors commenced contracts across the sector. In respect of the Council, Grant Thornton replaced the previous auditor KPMG who had been undertaking external audits of the Council's financial statements for ten years.
- External auditors increased focus on accounting for fixed assets and pensions in response to tightened/enhanced expectations from the Financial Reporting Council (FRC).

4.3 Specifically in relation to the Council, during the course of the external audit of the 2018/19 financial statements a number of weaknesses were identified, primarily relating to fixed asset accounting. Nine red and amber recommendation were made in Grant Thornton's draft audit findings report. In response to the 2018/19 audit:

- A fundamental review of the Council's accounting policies and compliance with the CIPFA Code of Practice has been undertaken. Revised draft accounting policies for 2019/20 are included in Appendix A.
- The fixed asset register within the Council's key financial system Agresso has been subject to a review and reconciliation process with the Council's fixed asset register maintained by Property Services. This review is ongoing.
- A revised schedule of annual valuations over a five year rolling programme with an annual supporting indexation exercise has been agreed with the Council's external asset valuers Wilkes, Head and Eve.

- 4.4 In respect of the production of the 2019/20 financial statements, the MHCLG have issued guidance that the statutory deadline for publication for 2019/2020 final, audited accounts will be delayed. The deadline for the production of the 2019/2020 financial statements has been extended to 31st August 2020.

5. Supporting Information

Introduction

- 5.1 Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors are required to report whether, in their opinion, the Council's financial statements:
- give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and
 - have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Background

- 5.2 As at 31 July 2019, 40% of Local Authority audits of the 2018/19 financial statements were not completed, of which West Berkshire Council was one. It is important to note that the 31 July date is **not** a statutory deadline for conclusion of an external audit.
- 5.3 Two main factors were attributable to the delay in Councils' having their 2018/19 external audit opinions finalised across the sector:
- 2018/19 was the first year of the new Public Sector Audit Appointments (PSAA), contracts (PSAA is used by the Council (as by many councils) to appoint auditors on its behalf). As a result KPMG the Council's previous external auditor was replaced by Grant Thornton.
 - The audit requirements for 2018/19 increased as external auditors worked towards meeting the anticipated expectations of the Financial Reporting Council (FRC), particularly in relation to fixed asset accounting and pensions accounting.
- 5.4 The final audit opinion was provided by the Council's appointed external auditors Grant Thornton on 30th March 2020.

Proposals

- 5.5 There are a number of actions that the Council needs to take to ensure that the financial statements are prepared in an enhanced way compared to 2018-19. There are a variety of key steps that the Council needs to complete to deliver an improved process for the 2019-20 financial statements closedown:
- (1) Provide a clear timetable for the closedown of the financial statements and ensure that this is distributed within the finance & property service and across

the key contacts within the organisation – see appendix B – **Status – achieved**

- (2) Respond to the GT audit recommendations – see Appendix C – **Status – ongoing**
- (3) Ensure timely asset management liaison and valuation advice – following the 2018-19 financial statements audit, the process within the finance and property team has been significantly enhanced to ensure that all properties are included within the 5 year rolling programme of asset valuations and that all investment properties are revalued on an annual basis – **Status – Ongoing**
- (4) Ensure efficient liaison with Grant Thornton – any change of auditors involves a different focus on the audit of the financial statements. A lessons learned meeting is being arranged with Grant Thornton to utilise for the 2019-20 audit. The s151 officer has quarterly meetings with the audit partner to discuss the preparation of the financial statements as well as wider considerations across the Council. Staff at the Council have been attending Grant Thornton run closedown workshops – **Status - achieved**
- (5) Ensuring effect resources are allocated to the completion of the financial statements – to enhance the level of resources allocated to the closure of the financial statements, the financial reporting team have made a range of recruitment, long and short term as well as internal secondments to enhance the level of resources available to produce the financial statements and widen the number of individuals who can respond to audit queries – **Status – Ongoing**
- (6) Ensuring that preparations are made for changing accounting standards and policies – the 2019-20 accounts will need to be prepared with new accounting standards to consider, especially in respect of IFRS 9 and IFRS 16. The Councils accounting policies also require review and updated, and in advance of the financial statements being prepared, they are presented in appendix A for consideration – **Status – Ongoing / Achieved**

6. Other options considered

Not applicable.

7. Conclusion

- 7.1 On 30th March 2020 the Council's appointed external auditor, Grant Thornton provided a final audit opinion in respect of the 2018/19 Financial Statements. The opinion is as follows:

"In our opinion, the financial statements:

- Give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- Have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.”

7.2 In response to the 2018/29 external audit a number of actions have been undertaken:

- A review of the Council’s accounting policies to ensure compliance with the CIPFA Code of Practice. An initial draft of the 2019/20 policies for review and adoption is included in Appendix A.
- A review of the Property, Plant and Equipment listing in the Agresso fixed asset database. Additional resource of 1fte has been employed to focus primarily on the reconciliation of the Agresso fixed asset module and the fixed assets register maintained by Property Services.
- A new schedule of valuations has been agreed by Property Services with the external valuers, Wilkes, Head and Eve incorporating operational assets and investment properties. Operational assets are to be valued on a five year rolling programme with an indexation exercise undertaken on all properties not subject to a formal valuation in year. The indexation exercise is designed to identify any assets that may materially differ in value to the value stated in the fixed asset system and subsequent financial statements. Investment properties are to be valued annually in accordance with the CIPFA code of practice.

7.3 In respect of the production of the 2019/20 financial statements, the MHCLG have issued guidance that the statutory deadline for publication for 2019/2020 final, audited accounts will be delayed. The deadline for the production of the 2019/2020 financial statements has been extended to 31st August 2020.

8. Appendices

Appendix A – Draft 2019/20 Accounting Policies

Appendix B – Timetable for closedown of the financial statements

Appendix C – Update GT audit recommendations tracker

Corporate Board’s recommendation:

*(add text)

To be completed after the Corporate Board meeting.

Background Papers:

None

Subject to Call-In:

Yes: ☐ No: X

Report is to note only

X

Wards affected: All

Officer details:

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2019/20 Draft Accounting Policies

GENERAL PRINCIPLES

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2019/20, these proper accounting practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS). The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Asset Class	Accounting Basis in the CIES
Property, Plant and Equipment - Dwellings	Current value, comprising existing use value.
Property, Plant and Equipment - Other Land and Building	Current value, comprising existing use value. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment - Surplus Assets	Fair value
Investment Properties	Fair value
Intangible Assets	Fair Value
Financial Instruments - Fair Value through Profit or Loss	Fair value
Pension Assets	Fair value
Pension Liabilities	Measured on an actuarial basis (see note XX)

The Council's over-arching accounting policies are set out below. Further detail on the accounting treatment adopted for specific transactions and balances is included in relevant disclosure notes.

ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Accruals are recognised where the value exceeds £5k.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

CHANGES IN ACCOUNTING POLICY

New Code requirements are set out in Note XX. The Council has not adopted any other new accounting standards or amendments with a significant impact on the Council's position.

INTERESTS IN COMPANIES AND OTHER ENTITIES

Where the Council has material interests in subsidiary and associate companies, these have been consolidated into the Council's Group Accounts on a line by line basis for subsidiaries and the equity method for associates, after first realigning accounting policies with the Council where appropriate and eliminating intra-Group transactions. In the Council single entity accounts, interests in companies and other entities are classified as long-term investments and measured at cost less provision for any losses.

INVESTMENT PROPERTY

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account. Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

SUPPORT SERVICES AND OVERHEADS

The costs of support services and overheads are charged to those that benefit from the supply or service in accordance with the absorption costing principle. The full cost of

overheads and support services is shared between users in proportion to the benefits received.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure and Financing disclosure at Note XX.

ASSET RECLASSIFICATION

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use the Council will reflect this in the accounts and movements between asset classes are usually between PPE and Investment Property. Upon reclassification assets are subsequently valued in line with the relevant class of asset. In certain cases a property might be used for a combination of investment and operational purposes. In these instances the Council will split the valuation of the property between PPE and Investment and reflect this in the accounts.

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. Where expenditure has been incurred which is to be financed from an earmarked reserve, the expenditure is charged to the relevant service within the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Balance via an entry in the Movement in Reserves Statement.

SCHOOLS

Schools within the Council's group fall into the following categories:

- 29 Community Schools
- 16 Voluntary Aided
- 18 Voluntary Controlled
- Two Community Special Schools
- One Pupil Referral Unit
- One Foundation Secondary School
- Two nursery schools

Local authority maintained schools are considered to be under the control of the Council. Consequently the income, expenditure, assets and liabilities of maintained schools is accounted for in the single entity accounts of the Council. Other types of school, such as, academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

VALUE ADDED TAX

The Comprehensive Income and Expenditure Statement excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's

Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

DETAILED ACCOUNTING POLICIES

For inclusion with relevant disclosure notes.

PROPERTY, PLANT AND EQUIPMENT

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Property, plant and equipment is recognised where the initial cost or value exceeds £5,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the cost of dismantling and removing the item and restoring the site on which it is located

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historic cost. Other categories of Property, Plant and Equipment are subsequently re-measured at existing use or fair value. Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Revaluation

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

As Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation

losses. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – reducing balance allocation over the useful life of the property as estimated by a qualified valuer;
- Vehicles, plant, furniture and equipment – reducing balance allocated over the life of the asset, usually 10 years.
- Infrastructure – reducing balance allocated over the life of the asset, usually 10 – 40 years.
- IT assets – straight line allocation over the useful life of the asset, usually five years.

Where an asset is material and has major components whose cost is significant to the total cost of the asset and have markedly different useful lives, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, are accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the CIES. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against council tax but is subject to separate arrangements for capital financing. Amounts reflected in the CIES are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Componentisation

The Code requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Within the Council's asset portfolio there are a number of asset classes where componentisation will not be considered, including:

- Equipment – as this is considered immaterial

- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets, surplus assets and assets held for sale.

The remaining assets, which are contained with the operational portfolio, are often of a specialised nature such as schools and leisure centres. The Council requires the Valuers to provide component information for each asset which is then reviewed to assess if inclusion of different components will have a material impact on depreciation.

Heritage Assets

These assets have historical, artistic or scientific importance and are held primarily for their contribution to art and culture. Heritage assets are deemed to have infinite lives and are not subject to depreciation, but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council as a result of past events, and future economic benefits or service potential must be expected to flow from the intangible asset to the Council. The most common class of intangible asset in local authorities is computer software. If an item does not meet the definition of an intangible asset (identifiability, control and future economic benefits), expenditure to acquire it or generate it internally is recognised as an expense when it is incurred.

At recognition, an intangible asset is measured at cost. Expenditure incurred on an intangible asset after it has been recognised will normally be charged to surplus or deficit on the provision of services as incurred. Only rarely will subsequent expenditure meet the recognition criteria in the Code. Where this occurs, the expenditure is recognised in the carrying amount of the intangible asset.

The asset is assessed to determine whether the useful life of an intangible asset is finite or indefinite, and, if finite, the length of that life. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of these rights (unless they can be renewed, when the useful life shall include the renewal period only if there is evidence to support renewal).

The Council applies amortisation to intangible assets with a finite useful lives on a reducing balances basis over the assets useful life, from the point at which the asset is available for use.

Assets with indefinite useful lives shall not be amortised, but shall be tested for impairment annually and whenever there is an indication the asset may be impaired. The useful life of the asset shall be reviewed annually.

NOTE: LEASES

Council as Lessee

Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the land and building elements are considered separately for classification. Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are written off over the initial rental period. Contingent rents are charged as expenses in the periods in which they are incurred.

Property, Plant and Equipment recognised is subject to depreciation which is charged over the lease term. The interest element of finance leases is charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure

Operating Leases

All other leases are treated as operating leases.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased assets. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

Council as Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the life of the asset's lease, even if this does not match the exact pattern of payments, (e.g. initial expenditure in negotiation of the lease or premiums paid at commencement of the lease).

NOTE: FINANCIAL INSTRUMENTS

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cash flow characteristics.

Financial Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

To meet new Code requirements, financial assets are now classified into one of three categories:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

NOTE: EMPLOYEE BENEFITS

Post-Employment Benefits: Pensions

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to fund the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Westminster City Council and the London Pension Fund Authority.
- The NHS Pension Scheme, administered by NHS Pensions.

All of the above schemes provide defined benefits to members e.g. retirement lump sums and pensions, earned as employees working for the Council, or for related parties. Under IAS 19 and Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions.

The Teachers' scheme and NHS Scheme are also accounted for as defined contribution schemes. However, the arrangements for these schemes means the future benefit liabilities cannot be identified to the Council, therefore no liability for future payments of benefits is recognised in the Balance Sheet. Services are charged with employer contributions to Teachers' and NHS pensions in the Comprehensive Income and Expenditure Statement within the financial year.

Defined Benefit Pension Schemes: Local Government Pension Scheme

The liabilities of the Berkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, including assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees. This future liability is then discounted back to present value, using a discount rate determined by reference to market yields at balance sheet date of high quality corporate bonds. The assets of the Berkshire Pension Scheme attributable to the Council are held in the Balance Sheet at fair value.

The change in the net pension liability is analysed into the following components:

1. Service cost comprising: current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked. Past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs.
2. Net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line of the CIES
3. Re-measurements comprising: the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the

Pensions Reserve as Other Comprehensive Income and Expenditure. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

4. Contributions paid to the pension fund are charged to the General Fund via an entry in the Movement in Reserves Statement to replace the service cost items above discretionary benefits

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any resulting liabilities are accrued in the year of the award and accounted for using the same policies as applied in the Berkshire Pensions Fund.

NOTE: COLLECTION FUND

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies' concerned (i.e. major preceptors, the billing authority and the Government). The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code. Income due from council tax and business ratepayers is recognised in full at 1 April i.e. the start of the financial year.

The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an agency basis in line with the Code. However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

The Council, as a billing authority, is statutorily required under section 89 of the Local Government Finance Act 1988 to maintain a separate Collection Fund account as agent into which all transactions relating to collection of business rates and council tax income from taxpayers and distribution to local government bodies and central government are made. The Collection Fund account is accounted for separately from the General Fund. Surpluses or deficits on the council tax income and distributions are apportioned to the relevant precepting body in the following financial year in proportion to each body's Band D Council Tax amount.

Council Tax

Council tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the tax base (adjusted to reflect relevant discounts and exemptions) is approved by Full Council annually as part of the budget setting process.

National Non Domestic Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by central government. The total income estimated to be received in the year is notified to related bodies in the immediately preceding January in accordance with regulations.

Appendix C – GT audit recommendations

Assessment	Issue and risk	Recommendations
1 ● Medium	The Council have a number of Investment Properties that should be revalued every year as per the requirements of the code. The Council have two investment properties purchased in March 2018 that have not been revalued in 2018-19 and therefore are not compliant with the Code	The Council should ensure that all investment properties are revalued in the financial year to ensure compliance with code requirements. Management response Six investment properties were not revalued as per code guidance. Four properties were purchased during 2018/19, one in March 2018, on this basis the management decision was taken not to revalue the properties. Two properties related to purchases in 2017/18, one of which was actually a deposit and not a full purchase. The Council has reviewed its processes and procedures in place for the valuation of assets including investment properties, moving forward all investment properties will be revalued in compliance with the code.
2 ● Medium	A review of the draft statement of accounts identified a number of disclosures that were not included and disclosures that were not compliant with the requirements of the code including fair value hierarchy and IFRS9 transition requirements	The Council should review the Code and any changes to disclosure requirements as a result of changes in accounting standards to ensure that the draft statement of accounts are compliant before the commencement of the audit Management response For the 2019-20 closedown process the Council is reworking its project plan to provide further time for review, including an external review prior to the section 151 sign off at the end of May.
3 ● Medium	The code requires that Local Authorities disclose the value of assets revalued in the year and the date at which land and building assets were last revalued. This analysis was not included within the statement of accounts and was therefore not code compliant	The Council should ensure that the analysis of when assets have been revalued to demonstrate current value is included within the statement of accounts Management response The Council has revised this analysis in the final set of financial statements for 2018-19 and this work has been built into the project plan for the 2019-20 closedown.
Assessment	Issue and risk	Recommendations
4 ● Medium	A review of the budget monitoring as part of the VfM conclusion identified significant overspends in Adult Social Care above those modelled as part of the budgeting process. There is a risk that a failure to properly estimate the required service cost could lead to overspends in services and the depletion of reserves as a result.	The Council should review the modelling process employed to identify future Adult Social Care expenditure to ensure that it is realistic to avoid overspends in the service and potential impact on reserves Management response The Council has revised its modelling for Adult Social Care and Children's Social Care demand led budgets from 2019-20. The modelling is closely reviewed on a regular basis and has been highlighted in the quarterly reports presented to the Executive and Overview & Scrutiny Management Committee. The budget papers for 2020-21 clearly demonstrate the basis of the social care modelling as well as the current trajectory of spend.
5 ● Medium	The Council's Performance Investment Strategy does not report to members. The minutes of the meeting are not public and it is unclear as to what is and is not reported to members. Further it is unclear as to how the performance is linked to the financial outturn monitoring and whether there is an opportunity for Members at a Council or Executive level to challenge decisions made	The Council should review the overall reporting arrangements of performance within the Property Investment Strategy. This should include a clear link to financial performance, impact on the revenue budget and disclosure of reasons why opportunities have been taken as well as those rejected Management response The members of the Property Investment Strategy Board receive quarterly updates from the Council's external advisors which link to the revenue budget position. The strategy has also recently been reviewed by the Overview & Scrutiny Management Committee and a revised Strategy is coming to Full Council on the 3 rd March.
Assessment	Issue and risk	Recommendations
6 ● High	The analysis of when assets were last revalued includes £11.1m of assets that have not been revalued since 2012/13 or prior and 2013/14. Review of the this balance identified assets that are no longer owned by the Council, previous revaluations that had not been correctly processed and assets incorrectly classified. The Code requires that assets are revalued within an appropriate timeline and no more than five years. These assets have not been revalued within this timeline and there is a risk that the variance between the current value and carrying value may be material	The Council should review all assets to ensure that they have been revalued within an appropriate timeframe to ensure that the variance between carrying value and current value is not material. Management response The Council has revised its processes and procedures for the review and reconciliation of assets held within the Council's central fixed assets register and assets held within the accounting system assets module, with a view to timely identification of discrepancies. A full reconciliation of the two systems is underway which will inform revaluation schedules moving forward in compliance with the code.
7 ● Medium	Detailed transaction testing identified a case where supporting document could not be provided and therefore we are unable to confirm that the value has been correctly included. There is a risk that items will be incorrectly disclosed in the accounts leading to a potential overstatement. An unadjusted misstatement has been identified	The Council should ensure that all supporting documentation is retained and can be accessed when requested in order to provide evidence for figures disclosed within the statement of accounts.. Management response The Council has reviewed its processes and procedures to address compliance issues moving forward.
8 ● High	Review of PPE opening balances identified approximately £12m of assets incorrectly included due to either duplication or failure to derecognise assets that have previously been disposed of. This has led to the overstatement of opening balances and has resulted in a Prior Period Adjustment.	The Council should review the fixed asset register to ensure that all assets included are correctly disclosed and that balances in the statement of account are correctly stated Management response The Council has revised its processes and procedures for the review and reconciliation of assets held within the Council's central fixed assets register and assets held within the accounting system assets module, with a view to timely identification of discrepancies.
9 ● Medium	Review of PPE opening balances identified a number of assets that the Council has failed to derecognise as a result of disposal. Recognition of these in the 2018/19 accounts has led to the identification of a material balance for disposals	The Council should review the fixed asset register to ensure that all assets included are correctly disclosed and that balances in the statement of account are correctly stated Management response The Council has revised its processes and procedures for the review and reconciliation of assets held within the Council's central fixed assets register and assets held within the accounting system assets module, with a view to timely identification of discrepancies.

DRAFT Final Accounts Timetable 2019/20 - Detailed excludes Disclosures (see TAB2)

Category 1	Task Description	Amended Day	Amended Date
Related Parties	Obtain related party information from Strategic Support and update RPT disclosure note	Friday	14/02/20
BM	KEY DATE - Submit Timetable, Closure Memo & Accruals instructions/Templates to Budget Managers	Friday	14/02/20
Systems	Enter final jnls EOY 1819 further to final opinion & close G/L roll fwd Agresso closing bals	Friday	14/02/20
SOA 1920	Set up the template for the 19/20 SOA, enter comparators	Thursday	20/02/20
SOA 1920	Review accounting policies & use of estimates	Friday	28/02/20
Schools	e-mail to Downs & Compton for submission of their year end figures. Agree a date for their submission.	Friday	28/02/20
Schools	Send out year end pack to schools (incl timetable)	Friday	28/02/20
Capital	Update Fixed Asset Register for opening balance & reconcile closing 1819 vs opening 1920	Monday	02/03/20
Treasury Mgt	Letters out to financial institutions for treasury balances - giving permission for auditors to contact them - letter of authority	Monday	09/03/20
Treasury Mgt	Provide Auditors with Investments listings to write to banks for release of information	Monday	09/03/20
Revenue	KEY DATE - Initial Meeting Finance & Governance Grp (FAGG) - Review Carry Forwards	Monday	16/03/20
Collection Fund	Obtain copy of NNDR schedule and Collection Fund Model Enter NNDR 1 data (NNDR3 due 30 April)	Friday	20/03/20
Schools	Internal transfers from schools to be sent to Schools Accountancy	Monday	23/03/20
Schools	KEY DATE - Schools' final imprest claims the old year to be sent to Schools Accountancy	Tuesday	24/03/20
Imprest/petty cash	KEY DATE - BM task - Petty Cash claims to be sent to Accounts Payable BY MIDDAY	Tuesday	24/03/20
Imprest/petty cash	KEY DATE - BM task - Final claim for reimbursement of non-schools imprest accounts to be	Tuesday	24/03/20
Imprest/petty cash	Non schools' imprest account claims to be emailed by service accountants to Agresso Tech Team	Friday	27/03/20
SOA 1920	Update Statement of Responsibilities	Friday	27/03/20
Schools	Schools Accountancy process schools' final imprest claims by 3pm	Monday	30/03/20
Schools	Schools Accountancy - approve schools' final imprest claims by 4pm	Monday	30/03/20
Imprest/petty cash	Non schools' imprest account signed claims summary to be given by Agresso Tech Team to	Monday	30/03/20
Schools	Schools' final imprest payments list to be given to Accounts Payable	Monday	30/03/20
Accum Abs	Review forms for Accum absence info from Managers & calculate accrual	Tuesday	31/03/20
Contingent A&L	KEY DATE - Review Provisions for Contingent Assets and Contingent Liabilities - send email to Legal iaw IAS 37	Tuesday	31/03/20
Accruals & prepay	KEY DATE - BM task - Orders to be GRN'd in Agresso BY MIDDAY - (only where goods have	Tuesday	31/03/20
Bank/Cash	KEY DATE - Final Debtors/Accounts Receivable invoices to be raised for year end BY MIDDAY	Tuesday	31/03/20
Bank/Cash	Cashier's suspense to be cleared as much as possible BY MIDDAY	Tuesday	31/03/20
Accruals & prepay	KEY DATE: Process GRN Accrual (AFTER MIDDAY)	Tuesday	31/03/20
Payroll	Payroll Control Account Reconciliations	Wednesday	01/04/20

Category 1	Task Description	Amended Day	Amended Date
Schools	KEY DATE - Month 12 Agresso Report issued to schools/central services	Wednesday	01/04/20
Bank/Cash	Letter to NatWest requesting year end balances as at 31/03/20 re all our accounts	Wednesday	01/04/20
Bank/Cash	Obtain Bank 31/03/20 bank statements and posting details from Exchequer Services	Wednesday	01/04/20
Bank/Cash	download off unrepresented cheques report as at 31/03/20 (once 31/03/20 bank statement is	Wednesday	01/04/20
Accounts Receivable	AR - Aged Debtors Report from AR as at 31/03/20 - reconcile to Sales Ledger Control A/c	Wednesday	01/04/20
Accounts Payable	AP - Aged Creditors Report from AP as at 31/03/20 - Reconcile to Purchase Ledger Control A/c	Wednesday	01/04/20
Bank/Cash	Year end write offs Debtors Arrears - Exchequer Services	Thursday	02/04/20
Journals	Tenants Rent Accounts Reconciliation (Non HRA housing & Property Rents)	Thursday	02/04/20
Collection Fund	Obtain Final End of Year Cash recs CT and NNDR from Revenues	Thursday	02/04/20
Collection Fund	Obtain reports from Revenues and Benefits Manager for all CT and NNDR transactions/journals	Thursday	02/04/20
Housing Benefit	Rent Rebates and rent allowances reconciliation	Friday	03/04/20
Payroll	CIS Deductions	Friday	03/04/20
Bank/Cash	CT Cash/Refunds to Agresso re 31/03/20	Friday	03/04/20
Bank/Cash	NNDR Cash/Refunds to Agresso re 31/03/20	Friday	03/04/20
Journals	BM task - Creditor accruals to be sent to service accountants	Friday	03/04/20
Journals	BM task - Prepayments to be sent to service accountants	Friday	03/04/20
Schools	Schools - Accruals (except WBC Open Purchase Orders see Agresso P12 report) to be received	Monday	06/04/20
Schools	Schools to notify Schools' Accountancy of any journals required to correct Agresso P12	Monday	06/04/20
Inventories	Revenue teams to process stock journals	Monday	06/04/20
Housing Benefit	Reconcile Housing Benefit Cash or obtain cash recs from Housing	Monday	06/04/20
Bank/Cash	BM task - Petty cash, float, stock and non-schools' imprest account certificates (with bank	Monday	06/04/20
Imprest/petty cash	BM task - Non school imprest account holders to visit bank and obtain bank statement or mini	Monday	06/04/20
Interim Audit	Prepare list of all in-year journals for use by GT (to Period 12)	Wednesday	08/04/20
Internal Recharges	Internal recharge journals	Wednesday	08/04/20
Internal Recharges	Internal Recharges - Fleet and Waste Transfer Site Recharges	Wednesday	08/04/20
Revenue	Operating Leases - calculation & adjustments, review with property for the disclosures Contingent	Wednesday	08/04/20
Journals	Balance sheet Holding Accounts /Control cost centres to be at zero (excl. VAT, Capital, NNDR, C/TAX)	Wednesday	08/04/20
Collection Fund	Aged Debt Analysis of CT and NNDR as at 31/03/20	Wednesday	08/04/20
Collection Fund	Calculate and post Bad Debt Provisions (NNDR) including Appeals and general NDR Bad debts	Wednesday	08/04/20
Collection Fund	Calculate and post Bad Debt Provisions (CT)	Wednesday	08/04/20
Bank/Cash	Agresso Tech Team check & file petty cash and non schools' imprest certificates (and bank statements) and give stock certificates to revenue teams for them to process stock jnls	Wednesday	08/04/20
Schools	Schools to corporate accruals/ journals to correct period 12 processed and approved by 3pm	Tuesday	14/04/20
Treasury Mgt	Close all treasury accounts - financial instruments etc	Tuesday	14/04/20
Treasury Mgt	Interest rate to be advised re school reserves/banking	Tuesday	14/04/20
Treasury Mgt	Interest calculation - other balances (not schools) re average rate of return	Tuesday	14/04/20
Treasury Mgt	Interest posted - other balances (not schools)	Tuesday	14/04/20
Housing Benefit	DHP Return and Housing Benefit Subsidy return mpf720A	Tuesday	14/04/20
Housing Benefit	Closing down Housing Benefit journals including any accruals and Bad debt provisions	Tuesday	14/04/20

Category 1	Task Description	Amended Day	Amended Date
Revenue	KEY DATE - Review post EOY Agresso for omission of significant Accruals & report to FM-To Post 15/4/20	Tuesday	14/04/20
Capital	Non-Current Assets - Disposals review with property EOY 1920, Enter journals	Wednesday	15/04/20
Revenue	KEY DATE - Receipt of Review Responses (Agresso Tech Team)- Review GRN Accrual 14/4/20	Wednesday	15/04/20
Treasury Mgt	VAT Control Account Recs - final Quarterly/Monthly VAT return	Wednesday	15/04/20
Interim Audit	Prepare schedule of AP invoices posted in the last two weeks of March and the first two weeks of April - for GT - Moved to May re covid19	Wednesday	15/04/20
Interim Audit	Prepare schedule of AR invoices posted in the last two weeks of March and the first two weeks of	Wednesday	15/04/20
Revenue/Capital	KEY DATE: Final date for revenue postings to capital	Wednesday	15/04/20
Capital	KEY DATE - Capital Accruals - Provisional DATE To be confirmed	Wednesday	15/04/20
Schools	Accounts to be received from schools not on Agresso (Downs & Compton)	Thursday	16/04/20
Schools	Post entries re schools not on Agresso (Downs & Compton)	Thursday	16/04/20
Schools	Interest on schools balances calculated and posted	Thursday	16/04/20
Collection Fund	Business Rates Appeals Provision - review data ensure all the duplicates are removed from the reports -moved to May	Thursday	16/04/20
Bank/Cash	Bank and Cash Reconciliation completed as at 31/3/20	Monday	20/04/20
Bad debts	A Review of the Aged debt and assumptions underpinning calculation all Bad Debt Provisions	Monday	20/04/20
Collection Fund	Obtain final NNDR Pooling sum to the Pool Adminstrator (Bracknell Forest)	Monday	20/04/20
Schools	Schools to Schools accruals/ journals to correct period 12 processed and approved by 3pm	Tuesday	21/04/20
Capital	Finance Leases, review, update spreadsheet and enter journals including Fleet cars	Tuesday	21/04/20
Accum Abs	Input journals on Accum absence accrual	Tuesday	21/04/20
Capital	Process Depreciation in fixed asset register	Tuesday	21/04/20
Capital	Review cost centres charged with depreciation and impairment for appropriateness.		21/04/20
Capital	Run year-end process in fixed asset system (run after depreciation)		21/04/20
Capital	Relife prior year valuations in the fixed asset register and update life for prior year additions in the		21/04/20
Capital	Investment Properties - process revaluations on asset register	Tuesday	21/04/20
Capital	Analyse REFCUS items in Capital Programme and process (journals)	Tuesday	21/04/20
Capital	Capital Programme - Clear out Capital programme to BIFF template for Agresso fixed asset system upload (additions)	Tuesday	21/04/20
Capital	Load Asset Revaluations in the fixed asset system (non investment properties)		21/04/20
Capital	Capital Expenditure and Financing - update Agresso with Revaluations and enter Revals journals,	Tuesday	21/04/20
Capital	Reconcile Agresso Fixed Asset Register to G/L and ensure classification of assets are in line with	Tuesday	21/04/20
Capital	Reconcile movement on Capital Financing Requirement - part of disclosure note	Tuesday	21/04/20
Capital	Calculate MRP and enter journals	Tuesday	21/04/20
Capital	KEY DATE: Application of funding to capital cost centres and transfer of actuals from cost centres	Wednesday	22/04/20
schools	Transfer of school balances - jnl and budget entries	Thursday	23/04/20
Schools	KEY DATE: Final date for schools postings	Friday	24/04/20
Related Parties	Send out Related Party forms to Senior Officers and Members for return by 24/4/20, requesting to	Friday	24/04/20

Category 1	Task Description	Amended Day	Amended Date
Schools	Issue month 13 Agresso Reports to Schools/central cost centres	Friday	24/04/20
Collection Fund	Post Business Rate Retention journals (BRR) using NNDR 1 and NNDR 3 (NNDR 3 due 30/4/2020)	Monday	27/04/20
Capital	Key Date: Capital Strategy Group - view and agreement of carry forwards/slippage	Tuesday	28/04/20
Schools	Reconcile DSG and carry forward of balances	Wednesday	29/04/20
Capital	Final review of fixed asset database	Thursday	30/04/20
Capital	Capital financing - Reconcile s106, CIL, Capital Receipts Reserve and other sources of financing	Thursday	30/04/20
Revenue	KEY DATE - REVENUE Closedown Issue Month 12 Budget Monitoring Reports - Year end outturn	Thursday	30/04/20
SOA 1920	Balance Sheet reconciliations from teams	Thursday	30/04/20
Collection Fund	From NNDR 1 and NNDR 3 enter data onto Collection Fund model from CIPFA	Thursday	30/04/20
Collection Fund	Post CT Accounts to Agresso	Thursday	30/04/20
Collection Fund	Completion of Council Tax, NNDR Collection Fund disclosure notes	Thursday	30/04/20
AGS	Annual Governance Statement /Statement of internal financial control	Friday	01/05/20
Core Statements	CS3-Statements - Movement in Reserves	Monday	04/05/20
Core Statements	CS2-Statements - CIES	Tuesday	05/05/20
Core Statements	CS4-Statements-Cash Flow Statement (CFS)	Wednesday	06/05/20
Revenue/Capital	KEY DATE - Accruals & Prepayments, Receipts & payments in advance returned to Finance	Thursday	07/05/20
Accruals & prepay	KEY DATE - Input of accruals and prepayments (e.g. PIA, RIA, Debtors, Creditors)	Monday	11/05/20
Core Statements	CS1-Statements - Refresh Balance Sheet and reconcile to GL	Monday	11/05/20
SOA 1920	Review level of Reserves	Monday	11/05/20
SOA 1920	Narrative Statement	Tuesday	12/05/20
Core Statements	KEY DATE - Review of DRAFT Financial Statements by S151 and Chief Financial Accountant	Wednesday	13/05/20
Pension Fund	Pension report - Agresso journal from Actuarial Statement	Friday	15/05/20
Pension Fund	IAS 19/ Pension Fund journals	Saturday	16/05/20
Audit	Obtain Audit Working Paper requirements from GT, allocate resources preparer and reviewer	Wednesday	20/05/20
Schools	KEY DATE - DSG outturn report and Schools' Balances to HFG	Wednesday	27/05/20
Revenue/Capital	KEY DATE -Finance & Governance Group (FAGG) - view and agreement of carry forward	Thursday	28/05/20
Capital	KEY DATE - Capital Outturn reports for Capital Strategy Group	Thursday	28/05/20