

Notice of Meeting



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Governance and Ethics Committee

Monday, 23rd April, 2018 at 5.00 pm
in the Council Chamber Council Offices
Market Street Newbury

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Date of despatch of Agenda: Tuesday, 17 April 2018

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

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Agenda - Governance and Ethics Committee to be held on Monday, 23 April 2018
(continued)

To: Councillors Steve Ardagh-Walter, Jeff Beck (Vice-Chairman), Paul Bryant, Keith Chopping (Chairman), James Cole, Barry Dickens, Lee Dillon, Jane Langford, Geoff Mayes, Anthony Pick and Quentin Webb

Substitutes: Councillors Jason Collis, Billy Drummond and Sheila Ellison

Agenda

Part I	Page No.
1 Apologies To receive apologies for inability to attend the meeting (if any).	
2 Minutes and Matters Arising To approve as a correct record the Minutes of the meeting of this Committee held on 5 February 2018.	1 - 6
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 12 months.</i>	7 - 10

Standards Matters

5 Monitoring Officer's Annual Report to the Governance and Ethics Committee - 2017/18 Year End (C3323) <i>Purpose: To present the Monitoring Officer's quarterly report.</i>	11 - 36
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Governance Matters

6 Internal Audit Plan 2018/19 (GE3324) <i>Purpose: To outline the proposed internal audit work programme for the next three years.</i>	37 - 78
7 External Audit Plan 2017/18 (GE3225) <i>Purpose: To provide Members with a copy of the External Audit Plan for 2017/18.</i>	79 - 104



Agenda - Governance and Ethics Committee to be held on Monday, 23 April 2018
(continued)

Andy Day
Head of Strategic Support

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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, 5 FEBRUARY 2018

Councillors Present: Steve Ardagh-Walter, Jeff Beck (Vice-Chairman), Paul Bryant, Keith Chopping (Chairman), James Cole, Lee Dillon, Geoff Mayes, Anthony Pick and Quentin Webb

Also Present: Sarah Clarke (Acting Head of Legal Services), Julie Gillhespey (Audit Manager) and Ian Priestley (Chief Internal Auditor) and Moira Fraser (Democratic and Electoral Services Manager)

Apologies for inability to attend the meeting: Barry Dickens and Jane Langford

PART I

23 Minutes

The Minutes of the meeting held on 27 November 2017 were approved as a true and correct record and signed by the Chairman subject to **Item 21 Amendments to the Scheme of Delegation, Page 2, last line** replace 'he' with 'the'..

The Minutes of the special meeting held on the 07 December 2017 were approved as a true and correct record and signed by the Chairman subject to the inclusion of the following amendments: Councillors Langford and Mayes were not present nor was Councillor Graham Bridgman although Councillor Keith Chopping was. The meeting started at 7.45pm and ended at 7.49pm.

Matters Arising:

Item 21 (Amendments to the Scheme of Delegation) - the amendments were being finalised and published

Councillor Cole noted that the Committee had previously agreed that an outstanding actions log would be produced. It was noted that the log would be included in the paperwork for the 23 April 2018 meeting.

The Committee noted that this would be Ian Priestley's last Governance and Ethics Committee meeting and they wished to place on record their thanks for all the support that he had provided to it over a very long period of time.

24 Declarations of Interest

There were no declarations of interest received.

25 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4).

All references to the Chief Auditor or the Chief Internal Auditor to be replaced with the Audit Manager.

Ian Priestley explained that in relation to item 5 (GE3324 Outcome of the External Review of Internal Audit) it had originally been envisaged that officers from Reading and Wokingham would do the audit for the Council and vice versa. However both other Councils had now brought an external organisation (CIPFA) in to do the work and

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therefore West Berkshire Council would have to do the same. This would cost the Council circa £4k and there would be a delay in bringing the report back to the Committee. Councillor Lee Dillon queried whether the authorities would be willing to do the work if a reduced cost could be negotiated. Mr Priestley explained that they did not have the resources to undertake the work.

Councillor Dillon queried whether it would be appropriate to review the General Data Protection Regulations implementation at a future meeting. It was agreed that as this was not within the remit of the Committee and that as Scrutiny was already looking into this it would not be added to the Forward Plan.

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

26 Challenging Communication Issues - Update to the Officers Code of Conduct

The Committee considered a report (Agenda Item 5) which explained that in view of the increased use of social media as a form of communication, a review had been undertaken of the relevant Council policies to ensure that they remained fit for purpose. The report advised of proposed updates to those policies and related procedures.

The Finance and Governance Group (FaGG) had discussed the policy and had agreed that this policy should be incorporated into the Officers Code of Conduct (Part 13 Codes and Protocols) of the Constitution. This would then ensure that the policy was refreshed annually as part of the group's cyclical review of the Constitution. Cognisance could then be taken of the changes in this ever evolving area. It would also give the Council greater powers to deal with any issues should they arise and would provide employees with greater clarity about what was and was not acceptable.

Sarah Clarke explained that Councillor Graham Bridgman had raised a few stylistic and formatting issues which would be amended prior to the item being considered at Full Council.

Councillor Jeff Beck noted that Section 3 (Gifts and Hospitality General) did not include a monetary threshold similar to the £25 threshold for gifts included in the Members' Code of Conduct. Ms Clarke noted this and explained that this was something that FaGG would consider in due course.

In response to a query as to how this would impact on Members, it was explained that Members were not employees and that they would be required to abide by the Members' Code of Conduct and the Social Media Protocol for Councillors.

Councillor Beck stated that the word 'by' should be inserted between the words 'banked' and 'them' in paragraph 18.1.

Councillor Steve Ardagh-Walter queried if other examples of good practice had been looked at during the preparation of this document. The Head of Legal Services explained that Councils differed from private organisations due to the political nature of the organisation. Some officers were employed in politically restricted posts. The document was largely prepared by HR and they had looked at other applicable organisations as well as relevant case law. It was hoped that the document explicitly set out what officers could do and how they should conduct themselves. She reminded Members that this Code was not applicable to them. Councillor Ardagh-Walter commented that it was encouraging to hear that other organisations had been consulted.

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Councillor Dillon noted the comments around employees connecting with service users in paragraph 13.5 and queried what would happen about existing relationships. Ms Clarke noted that employees in the public sector had to maintain high standards of behaviour and that as such they should review these relationships on an ongoing basis to ensure they were appropriate to ensure that their impartiality was not questioned. Where service users preferred method of communication was via social media the policy allowed for permission being sought from the employee's manager to communicate in that way.

Councillor Dillon noted that social media was not defined and queried whether that would be helpful. For example, many chat forums were not regarded as social media and it would assist to clarify if these types of web based discussion forums were covered by the policy. It was agreed that it would help to provide some examples but that the document should make it clear that the social media applications listed were examples by including the statement that it was 'including....but not limited to' to future proof the document.

Councillor James Cole stated that he favoured the approach that had been taken in section 13 in that it warned employees rather than prohibited them from these interactions. He noted that there had been a request to extend the definition of harassment in section 16 of the report. Sarah Clarke confirmed that this would be picked up as part of the pre Council 'tidying up' process.

Councillor Geoff Mayes commented that the wording in the third to last bullet point of paragraph 19.3 was awkward and needed to be reworded.

Councillor Anthony Pick stated that this was a well thought out and presented document. In his view commenting on social media was similar to publishing albeit in a 'private newspaper'.

It was agreed that paragraph 13.7 should be reworded to state that 'personal social media sites must not be used by employees during their working hours for non-work related reasons'.

RESOLVED that the Officers Code of Conduct, subject to the inclusion of the agreed amendments, be recommend to full Council for approval at the 01 March 2018 meeting.

27 Internal Audit - Interim Report 2017-18 (GE3258)

Julie Gillhespey introduced the Internal Audit – Interim Report 2017-18, which provided the annual half yearly update to the Committee on the outcome of internal audit work carried out during the first half of 2017-18.

She noted that two of the eight or nine audits that had completed had been rated as very weak and a third audit was rated as weak. This was an unusually high proportion and was probably due to the fact that the audits had been conducted on areas where weaknesses had already been identified.

Property Database (Very Weak)

The audit had highlighted that there was a difference between how the system was being used and how it was intended to be used. The audit had highlighted that the service continued to rely on spreadsheets to hold their key information.

The project was implemented using the Council's Project Management Methodology and the project had been broken down into two phases. Phase one had been signed off as having been completed despite the fact that it had not been fully implemented across the

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whole Property Service. Concerns were raised about the level of challenge by the project sponsor and the I.T. Programme Board.

There was no closure report prepared for Phase two of the project. The system was not being used to record the data it was supposed to capture. Ms Gillhespey drew the Committee's attention to the Head of Finance and Property's comments as set out on page 37 of the paperwork. It was noted that a dedicated resource had been allocated to progress the recommended actions of the audit. Unfortunately the post was currently vacant and was in the process of being recruited to.

Audit was comfortable with the progress update that was provided but if the follow up was rated as unsatisfactory the Head of Finance and Property would be invited to attend a future Governance and Ethics meeting to provide Members with an explanation as to why that was the case and what was being done to remedy the situation.

Asset Management Strategy (Very Weak)

The Chief Executive had asked audit to look into this issue as some concerns had been raised. While a Strategy was compiled annually it was very brief and did not comply with Royal Institute of Chartered Surveyors' standards. The document therefore did not comply with professional requirements, there was no performance framework in place and the asset reviews did not set out utilisation/ running and maintenance costs of the Council's building assets.

The revised Asset Management Strategy would be included in the paperwork for the March Council meeting. Audit were satisfied with the progress update provided but if the follow up was rated as unsatisfactory the Head of Finance and Property would be invited to attend a future Governance and Ethics meeting to provide Members with an explanation as to why that was the case and what was being done to remedy the situation.

Home to School Transport. (Weak) The key issue that had been identified was that although there were a lot of contracts in place these contracts were not being reviewed and market tested regularly. The management of these contracts was not as robust as it should be. The Head of Transport and Countryside had commented that a Transport Quality Officer had been appointed in late 2016 which would help to address this situation. In addition the corporate Dynamic Purchasing System should be in place for early 2018/19 which should also assist matters. If the follow up audit was rated as unsatisfactory the Head of Transport and Countryside would be invited to attend a future Governance and Ethics meeting to provide Members with an explanation as to why that was the case and what was being done to remedy the situation.

Councillor Quentin Webb noted that the high proportion of weak audits was disturbing but he hoped that the follow up audits would be undertaken as soon as possible to ensure that corrective action had been taken. He queried how the Council's Property Investment activity would impact on the Asset Management Strategy. Sarah Clarke stated that the Property Investment activity was subject to separate governance arrangements, reporting frameworks and was governed by its own strategy (Property Investment Strategy). The Council's property portfolio would be managed by external consultants, with specialist expertise, that had been procured to undertake this work on the Council's behalf. It would be referenced in the Asset Management Strategy. Julie Gillhespey mentioned that the Property Investment Strategy was included in the Audit Plan as an audit in its own right.

Councillor James Cole was concerned about the length of time it took between the start of an audit and it being reported to the Committee especially given the levels of concern that had been identified. Julie Gillhespey explained that there could be a number of reasons for the delay. She noted that audits were often postponed if there was a valid request from the service but that the original date was still included on the programme.

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Perhaps it would be more beneficial to amend the date to the actual start date. Ian Priestley explained that the audit work was undertaken by a small team and that there was an issue with resourcing but this needed to be considered in the context of a shrinking workforce. Ms Gillhespey noted that if a significant issue was identified then the audits would be reprioritised.

Councillor Lee Dillon stated that he shared Councillor Cole's concerns and he wondered if it would be beneficial to insert a reason for the delay on the table where appropriate. Members queried whether the audit team was sufficiently resourced. Mr Priestley explained that resourcing was one of the things that CIPFA would consider as part of the external review of Audit.

Councillor Dillon commented that as the Council was identifying new ways of working a number of new systems would be introduced. He was, therefore, concerned that there would be insufficient resources to adequately audit their implementation.

Councillors Jeff Beck and Paul Bryant stated that they too were concerned about the delays and resourcing. Councillor Geoff Mayes noted that the Property Database implementation had been an issue for a number of years now.

Councillor Anthony Pick stated that the weak audits were an indication of some sort of systematic failure. He felt that it would be beneficial to include target dates for resolving issues as these were at times serious failings. Julie Gillhespey explained that the relevant Heads of Service and Service Managers were ultimately responsible for putting together an action plan to resolve the identified issues. The Action Plan at the back of the audit report identified the officer responsible and a suggested timeframe for implementation. The timeframe took into account the seriousness of the failing and what was reasonable to achieve in the 6 months prior to a follow-up, as it was important to give sufficient time for progress to be made. She reminded Members that where the follow up audit was deemed unsatisfactory the relevant Head of Service would be instructed to attend a Governance and Ethics meeting to explain to Members how they intended to resolve the issues. It was important that time be allowed for these follow up audits to take place so that Members could be provided with a professional opinion in order to properly scrutinise the explanation provided by the Head of Service.

Members commented that they would like a presentation from the Head of Finance and Property at the next meeting which set out the audit reporting process and also how the service would be resourced going forward.

Councillor Steve Ardagh Walter commented that unlike other Members he welcomed the report and stated that he would be concerned if no weak audits were identified. This was a complex organisation and because of its nature there would always be a risk of failings. As long as once the problems were identified they could be addressed in a timely manner he was not concerned. Ian Priestley stated that he concurred with Councillor Ardagh Walter. He noted that a lot of work went on in the background once issues were identified and that Corporate Board played an active role in dealing with issues especially if they were of a corporate nature. Sarah Clarke commented that the important thing was that the agreed process was being followed and that the Audit Team were following due process.

RESOLVED that:

1. the report be noted.
2. A discussion on the timeframes for Audit reporting and Resourcing of the Audit Team be included on the agenda for the 23 April meeting.

28 Discussion on Response to Consultations

Councillor Lee Dillon stated that the Council was regularly consulted by a number of organisations including government departments. The process for responding to these consultations varied depending on the type of consultation and the service area responding. Members, especially backbenchers and the opposition, had limited visibility of these responses and he felt that it would be useful for the responses to be collated and stored in a central location.

Councillor James Cole stated that he would support the introduction of a central database provided that individual services were responsible for inputting their own data as there were not sufficient resources in Strategic Support to support this work.

A discussion took place on where the authority to respond on the Council's behalf derived from. Sarah Clarke noted that the revised Scheme of Delegation included a general delegation to each customer facing service area to undertake all the day to day functions necessary for that service area to fulfil its statutory duties and obligations. This would include responding to consultations. In practice it was suggested that these responses were often agreed in consultation with the Portfolio Holder or by a relevant task group or meeting.

Councillor Dillon stated that he was concerned that there was no agreed process in place for dealing with consultations, that a corporate view was given potentially without Member involvement and there was no visibility and therefore no associated right to challenge or ability to influence.

Councillor Steve Ardagh Walter commented that many consultation responses required a degree of professional or technical knowledge which Members might not have. Councillor Anthony Pick commented that as the Portfolio Holder was responsible for policy it was appropriate for them to be consulted in drafting a response.

RESOLVED that:

1. The issue would be discussed at the next Finance and Governance Group meeting;
2. The proposal would be to set up a centrally held database which services would populate themselves;
3. The discussion to include the process for agreeing consultation responses and any issues associated with how long the information would be retained and who would be responsible for managing it.

(The meeting commenced at 5.00 pm and closed at 6.27 pm)

CHAIRMAN

Date of Signature

Governance and Ethics Committee Forward Plan April 2018 – April 2019

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
18 June 2018						
1.	GE3270	Outcome of the External Review of Internal Audit	To provide members with the results of the external review of internal audit and seek comments on any proposed actions.	Julie Gillhespey	Corporate Services	Audit
2.	C3260	Amendments to the Constitution	To review and amend sections of the Scheme of Delegation in light of legislative changes and current practice.	Sarah Clarke	Corporate Services	Governance
23 July 2018						
3.	GE3327	West Berkshire Council Financial Statements 2017/18 including external auditor's Opinion.	To provide Members with the final copy of the Council's Financial Statements	Andy Walker	Finance, Transformation and Economic Development	Audit
4.	GE3330	Internal Audit Annual Report 2017/18	To provide an opinion on the effectiveness of the Council's internal control framework	Julie Gillhespey	Corporate Services	Audit
5.	GE3331	Annual Governance Statement	To allow the committee to review the Annual Governance Statement before it is signed by the Leader and Chief Executive	Julie Gillhespey	Corporate Services	Governance
26 November 2018						
6.	GE3360	Financial Statements 2017/18 - Annual Audit Letter	To provide Members with the Final Annual Audit Letter 2017/18 from external auditor. The audit letter summarises the outcome from their audit work at West Berkshire	Lesley Flannigan	Finance, Transformation and Economic Development	Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
			Council in relation to the 2017/18 audit year.			
7.	GE3326	Review of the Revised Scrutiny Arrangements'	To consider the effectiveness of the revised scrutiny arrangements.	Andy Day	Chairman of Governance and Ethics	Governance
04 February 2019						
8.	C3405	Amendments to the Constitution – Scheme of Delegation	To review and amend sections of the Scheme of Delegation in light of legislative changes and current practice.	Sarah Clarke	Corporate Services	Governance
9.	GE3406	Internal Audit – Interim Report 2018-19	To update the Committee on the outcome of internal audit work.	Julie Gillhespey	Corporate Services	Audit
15 April 2019						
10.	C3424	Monitoring Officer's Annual Report to the Governance and Ethics Committee –2018/19 Year End	To provide an update on local and national issues relating to ethical standards and to bring to the attention of the Committee any complaints or other problems within West Berkshire.	Sarah Clarke	Corporate Services	Ethics
11.	C3425	Amendments to the Constitution – Scheme of Delegation	To review and amend sections of the Scheme of Delegation in light of legislative changes and current practice.	Sarah Clarke	Corporate Services	Governance
12.	GE3426	Internal Audit Plan 2019/20	To outline the proposed internal audit work programme for the next three years	Julie Gillhespey	Corporate Services	Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/Audit/Ethics
13.	GE3427	External Audit Plan 2019-20	To provide Members with a copy of the External Audit Plan for 2018-19	Julie Gillhespey	Corporate Services	Audit
June 2019						
14.	GE3436	Internal Audit Plan 2019/20	To outline the proposed internal audit work programme for the next three years.	Julie Gillhespey	Corporate Services	Audit

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Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2017/18 Year End - Summary Report

Committee considering report:	Council
Date of Committee:	08 May 2018
Portfolio Member:	Councillor Graham Bridgman
Date Portfolio Member agreed report:	E-mailed 11/04/18
Report Author:	Sarah Clarke
Forward Plan Ref:	C3323

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. Recommendation

- 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

- 3.1 **Financial:** There are no financial issues arising from this report. However the costs associated with external investigations and a lack of internal resources may lead to a budget pressure.
- 3.2 **Policy:** Revised policy and changes to processes adopted at Council in May 2012 and reviewed in December 2013 and September 2016.
- 3.3 **Personnel:** There are no personnel issues associated with this report
- 3.4 **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.
- 3.5 **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.

3.6 **Property:** There are no property issues associated with this report.

3.7 **Other:** A diminution in standards of behaviour by elected Members could have a significant reputational impact on the Council

4. **Other options considered**

4.1 None

Executive Summary

5. Introduction / Background

5.1 Following the enactment of the Localism Act 2011 a number of changes were made to the Standards Regime. As part of the governance arrangements adopted by West Berkshire Council, it was agreed that the Monitoring Officer would produce an annual report for the Governance and Ethics Committee and that it would be presented to Full Council at the Annual meeting. The report would also be circulated to all Town and Parish Councils.

5.2 The key issues identified in the report are:

- Only one dispensation was granted during 2017/18.
- During 2017/18, 16 formal complaints were received by the Monitoring Officer. Fifteen of these complaints were about parish councillors and one complaint was about a district councillor. This was an increase on the number of complaints received in the previous year 2016/17 when only three complaints were received. However, the figure represents only a slight increase on the average number of complaints received per annum since 2009/10.
- Although there has been a significant rise in the number of complaints since last year, there have been a number of related complaints. It is of note that three of the five complaints received in quarter two related to issues arising at a parish council, all four complaints received in Quarter 3 pertained to the same incident and three of the complaints received in quarter 4 related to the same issue.
- No further action was taken on ten of the complaints following the initial assessment. One complaint was withdrawn, one complaint was referred for investigation and four of the complaints are still being processed.
- A hearing took place in January 2018 in respect of a complaint received in 2016/17 (NPC1/17) which had been subject to an investigation. It was resolved by the Governance & Ethics Committee that a number of breaches of the parish councils Code of Conduct had occurred.
- The number of gifts and hospitality invitations recorded by Members remained very low.

6. Proposal

6.1 Members are asked to note the content of the report and agree that it should be circulated to all Town and Parish Councils for information.

7. Conclusion

7.1 The number of complaints received in respect of alleged breaches of the Members' Code of Conduct during 2017/18 remains relatively low.

7.2 It is considered however that it is reasonable to conclude having regard to all the information in this report, that standards of ethical conduct are high across West Berkshire at both District and at Parish / Town Council levels.

8. Appendices

- 8.1 Appendix A – Supporting Information
- 8.2 Appendix B – Register of Members Gifts and Hospitality
- 8.3 Appendix C – Register of Officers Gifts and Hospitality

Monitoring Officer's Annual Report to the Governance and Ethics Committee – 2017/18 Year End – Supporting Information

1. Introduction/Background

- 1.1 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.
- 1.2 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.
- 1.3 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.

2. Governance Arrangements

- 2.1 The Governance and Ethics Committee is comprised of ten members (eight District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors).
- 2.2 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 comprises 8 Members: 2 from the administration, 2 from the main opposition party, 2 parish/town councillors and 2 independent persons.
- 2.3 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 Code;
 - Complaints procedures for breaches of the Code of Conduct;
 - Dispensations procedure.

3. Independent Persons

- 3.1 Under Section 28 of the Localism Act 2011 the Council has to ensure it has appointed at least one Independent Person who is consulted before any decision is made to investigate an allegation against any Member of the Council or any Parish Councillor. 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.

- 3.2 James Rees, Mike Wall and Lindsey Appleton were appointed as the Council's Independent Persons for the 2017/18 Municipal Year. All three Independent Persons have agreed to remain as Independent Persons for the 2018/19 Municipal Year.
- 3.3 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.
- 3.4 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.
- 3.5 The Council is asked to recognise the significant contribution of the Independent Persons and thank them for their contributions.

4. Governance and Ethics Committee

- 4.1 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.
- 4.2 The Committee is 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 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).
- 4.3 During 2017/18 the Governance and Ethics Committee comprised the following Members:
- (1) Steve Ardagh-Walter (Conservative)

- (2) Jeff Beck (*Vice-Chairman*) (Conservative)
- (3) Paul Bryant (Conservative)
- (4) Keith Chopping * (*Chairman*) (Conservative)
- (5) James Cole (Conservative)
- (6) Anthony Pick (Conservative)
- (7) Quentin Webb (Conservative)
- (8) Lee Dillon (Liberal Democrat)
- (9) Sheila Ellison (Substitute) (Conservative)
- (10) Jason Collis ** (Substitute) (Conservative)
- (11) Billy Drummond (Substitute) (Liberal Democrat)

* Councillor Keith Chopping replaced Councillor Graham Bridgman on this Committee in December 2017 when Councillor Bridgman was appointed to the Executive. Councillor Chopping replaced Councillor James Cole as the Chairman at this meeting too.

** Councillor Jason Collis replaced Councillor Garth Simpson as a substitute on this Committee at the 04 July 2017 Council meeting.

4.4 The Governance and Ethics Committee has a special responsibility to 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.

4.5 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. A substitute is also appointed to this Committee. During 2017/18 the Governance and Ethics Committee comprised the following Parish Councillors:

- (1) Barry Dickens (co-opted non-voting Parish Councillor)
- (2) Geoff Mayes (co-opted non-voting Parish Councillor)
- (3) Jane Langford (substitute co-opted non-voting Parish Councillor)

4.6 All three Parish Councillors have agreed to be re-appointed to the Committee for the 2018/19 Municipal Year. The Council is asked to recognise the contribution of the Parish Councillors and thank them for their contributions.

5. **Advisory Panel**

5.1 The Advisory Panel is responsible for dealing with complaints where evidence of a breach of the Code has been identified by an independent investigator and reports its findings to the Governance and Ethics Committee for formal decision.

5.2 The District Councillors on the Advisory Panel are representatives of both political groups within the Council and are not appointed in accordance with the proportionality rules. During 2017/18 the Advisory Panel comprised the following District Councillors:

- Adrian Edwards (Conservative)

- Marigold Jaques (Conservative)
- Mollie Lock (Liberal Democrat)
- Alan Macro (Liberal Democrat)

5.3 During the 2017/18 Municipal Year the following Parish Councillors were appointed to the Advisory Panel:

- Tony Renouf
- Darren Peace
- Bruce Laurie (substitute)

5.4 Councillor Darren Peace has stood down as a Parish Councillor and is therefore no longer eligible to sit on the Panel. For the 2018/19 Municipal Year Councillor Bruce Laurie will therefore be appointed as a full member of the Panel. The Council is asked to recognise all the Parish Councillors' contributions to the Committee and to thank them for that contribution.

6. The Monitoring Officer

6.1 The Monitoring Officer is a statutory post and in West Berkshire rests with the Head of Legal Services. The Monitoring Officer is supported by three deputies. The Monitoring Officer has a key role in promoting and maintaining standards of conduct. The Monitoring Officer acts as legal adviser to the Governance and Ethics Committee and Advisory Panel.

6.2 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' interests and 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 breach of the Code of Conduct are received;
- 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 vices issues and maladministration, and in consultation with the Section 151 Officer financial impropriety, probity, and budget and policy issues to all Members.

7. The Work of the Committee 2017 – 2018

- 7.1 During the 2017/18 Municipal Year the Committee considered revised arrangements for Scrutiny, Licensing Panel and Appeals Panel. In addition to the monitoring cycle for both internal and external audit the Committee also signed off the 2016/17 Financial Statements including the Annual Governance Statements and the final audit letter from the external auditors KPMG.
- 7.2 One of the functions of the Governance and Ethics Committee is to oversee the Council's Constitution. During the 2017/18 Year the Committee oversaw a significant rewrite of the Scheme of Delegation (Part 3 of the Constitution) and the Officer's Code of Conduct (which is included in (Part 13 Codes and Protocols) of the Constitution.
- 7.3 The Monitoring Officer, under their delegated authority, has authorised changes to the following Parts of the Constitution since April 2017 Parts 1 (Summary and Explanation), 4 (Council Rules of Procedure), 7 (Regulatory and Other Committees Rules of Procedure) and 10 (Finance Rules of Procedure).
- 7.4 The Monitoring Officer, under delegated authority, had previously granted a dispensation to all West Berkshire Councillors to speak and vote on any items pertaining to Council Tax. This dispensation will remain in place until May 2019. Councillor Jason Collis was appointed to the Council during the 2017/18 Municipal Year and he too applied for and was granted this dispensation. No other dispensations were granted during this period.

8. Register of Interests

- 8.1 All elected Members of West Berkshire Council have completed and submitted their Register of Interest forms. District Councillors are reminded to review their interests on a regular basis and 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.

9. Local Assessment of Complaints

- 9.1 During Quarter 1 of 2017/18 one formal complaint was received by the Monitoring Officer. This complaint related to a Parish Councillor (NPC3/17). Following the initial assessment of this complaint it was determined by the Monitoring Officer, in consultation with the Independent Person, that no breach had been identified and that no further action needed to be taken.
- 9.2 During Quarter 2 of 2017/18 five formal complaints were received by the Monitoring Officer. Complaint NPC6/17 was subsequently withdrawn by the complainant. All five complaints related to Parish Councillors (NPC4/17, NPC5/17, NPC6/17, NPC7/17 and NPC8/17). Following the initial assessment of these complaints it was determined by the Monitoring Officer, in consultation with the Independent Person, that no breach had been identified and that no further action needed to be taken.
- 9.3 During Quarter 3 of 2017/18 four formal complaints were received by the Monitoring Officer. All four complaints related to Parish Councillors (NPC9/17, NPC10/17, NPC11/17 and NPC12/17). Following the initial assessment of these complaints it was determined by the Monitoring Officer, in consultation with the Independent

Person, that no breach had been identified and that no further action needed to be taken.

- 9.4 During Quarter 4 of 2017/18 six formal complaints were received by the Monitoring Officer. Five complaints related to Parish Councillors (NPC1/18, NPC2/18, NPC3/18, NPC4/18 and NPC5/18) and the other to a District Councillor (NDC1/18). Following the initial assessment of complaint NDC1/18 it was determined by the Monitoring Officer, in consultation with the Independent Person, that no breach had been identified and that no further action needed to be taken. Following the initial assessment of complaint NPC1/18 it was agreed that the matter should be investigated. Complaints NPC2/18, NPC3/18, NPC4/18 and NPC5/18 were received toward the end of March and will be by the Monitoring Officer in consultation with the Independent Person at an initial assessment in April 2017.
- 9.5 Following the initial assessment of complaint NPC1/17 in March 2017 it was determined by the Deputy Monitoring Officer, in consultation with the Independent Person, that a potential breach of a Woolhampton Parish Council's Code of Conduct had been identified and that the matter should be investigated. An independent investigator was appointed to consider the complaint and they identified that a number of breaches of the Code of Conduct had occurred. The Advisory Panel met on the 13 December 2017 and they concurred with the investigator that a breach had occurred and identified a further breach of the Code of Conduct. A special meeting of the Governance and Ethics Committee took place on the 31 January 2018 to consider the matter and they resolved that several breaches of the Code of Conduct had happened.

10. Year on Year Comparison of Complaints

- 10.1 Table 1 Number of District and Parish Councillor Complaints received 2009/10 to 2017/18

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
District Councillors	4	4	5	8	2	2	16	0	1
Parish Councillors	7	5	6	10	5	7	10	3	15
Total	11	9	11	18	7	9	26	3	16

- 10.2 The number of complaints during 2017/18 saw an increase in the number of complaints received from the previous year when only three complaints were received. However, the figure represents only a slight increase on the average number of complaints received per annum since 2009/10.
- 10.3 Table 2 shows that of the complaints received last year, to date, only one complaint reached the threshold indicating a potential breach of a code of conduct necessitating a referral of the complaint for independent investigation.
- 10.4 It is also of note that ten of the complaints received were effectively related to only three issues. Specifically, three of the five complaints in quarter 2 related to issues arising at a single parish council, all four complaints received in quarter 3 pertained to the same incident, and three complaints in quarter 4 related to the same issues.

10.5 Having regard to the above, the number of complaints remains relatively low. However management of these complaints should not be underestimated in terms of the time taken and resources required to reach a determination. This is particularly the case when an investigation takes place into a potential breach of a code of conduct, which can be a lengthy process involving multiple parties.

10.6 Some recent incidents have highlighted the potential for the system to be subject to abuse and further consideration needs to be given as to whether the Council should adopt a process whereby vexatious or other similar complaints can be dismissed without the full formal process currently engaged to complete the initial assessment stage.

10.7 Table 2 Action Taken on Complaints received 2009/10 to 2017/18.

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
No Further Action	1	3	6	11	3	2	21	1	10
Other Action	5	2	3	2	1	3	2	1	0
Investigation	5	4	2	2	0	3	1	1	1
Withdrawn/ not progressed	0	0	0	3	3	1	2	0	1
Outcome Awaited	0	0	0	0	0	0	0	0	4
Total	11	9	11	18	7	9	26	3	16

10.8 Table 3 Outcome of Items Investigated 2009/10 to 2017/18.

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Breach	2	1	2	0	0	1	1	1	0
No Breach	3	3	0	2	0	2	0	0	0
Outcome awaited	0	0	0	0	0	0	0	0	1
Total	5	4	2	2	0	3	1	1	0

11. Gifts and Hospitality

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

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

11.3 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.

- 11.4 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.
- 11.5 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 the Council. Offences can be committed even if the gift is not accepted.
- 11.6 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.
- 11.7 A copy of the register detailing Gifts and Hospitality declared by Members during 2017/18 is attached at Appendix B to this report. This records 16 separate gifts or hospitality offered and the fact that 15 of those offered were accepted. It is of note that one member was responsible for half of the items declared.
- 11.8 A copy of the register detailing Gifts and Hospitality declared by Officers for 2017/18 is attached at Appendix C to this report. This records that there were 64 declarations of gifts or hospitality declared by officers with 6 items being refused. A number of declarations record gifts to a number of officers declared as a single item so the actual number of individual gifts or hospitality received is higher than 64.
- 11.9 The declarations of gifts & hospitality can be broken down by directorate as follows:
- Communities – 28 (2 refused)
 - Economy & Environment – 25 (4 refused)
 - Resources - 11
- 11.10 The types of matters recorded in the Register of Gifts & Hospitality varies significantly. Of the items declared that estimated a value, these ranged between £5 and £120-150. Of those items recorded that had no value, these included a gift of a pen to one officer (accepted) and an offer of a trip to Turkey to visit the Erasmus project (refused).
- 11.11 The number of declarations made suggests that there are significant differences in reporting amongst both Members and Officers. This suggests that there may be additional gifts or hospitality being offered and / or received by both Members and Officers which is not being recorded. Given the potential risks to the Council outlined above of failing to record this appropriately, this needs to be reviewed.
- 11.12 In light of the issues referred to above, the Monitoring Officer is going to review the Officers Code of Conduct relating to the requirements governing gifts and hospitality. This has been raised at Finance & Governance Group and added to the rolling programme of review of the Constitution, and it is anticipated that any proposed revisions to the Code will be considered by Council during 2018.
- 11.13 Further work will also be required to ensure that the requirements regarding gifts and hospitality are fully and consistently applied.

12. Conclusion

- 12.1 Although there has been a rise in the number of complaints over the past year, it is considered that overall standards of ethical behaviour by Members at all levels across the district remain good. As stated in the report, a number of complaints that were received in 2017/18 originated from the same circumstances or facts, so the potential problems highlighted by the process is lower than the number of complaints received.
- 12.2 The number of complaints referred for investigation is also relevant when considering the overall position. Members will note that although the Monitoring Officer and Independent Person have considered or will consider 16 complaints, 10 were not progressed any further, one complaint was withdrawn, the outcome of four were awaited and one complaint would be investigated. This means that all but one of the complaints submitted demonstrated no potential breach of the Code of Conduct.
- 12.3 Members at all levels continue to seek the advice of the Monitoring Officer prior to engaging in activities which could give rise to difficulties under their respective Code of Conducts. That such advice is sought demonstrates an awareness amongst Members of the obligations placed upon them, and a desire to adhere to the relevant ethical standards.
- 12.4 Work will be undertaken as outlined in the report to ensure that standards of ethical conduct by all of those operating within the public sector remain high.
- 12.5 Overall, it is considered that the standards of ethical behaviour locally across West Berkshire at both District and Parish level are good and this achievement should be noted.

13. Consultation and Engagement

- 13.1 The report will be circulated to all Town and Parish Councils following discussion at the Full Council meeting

Background Papers:

- Localism Act 2011
- Reports to Council 10 May 2012, Special Council on the 16 July 2012, Council on 15 September 2016
- Terms of Reference for the Governance and Ethics Committee and Advisory Panel;
- A new Code of Conduct for West Berkshire District Councillors

Subject to Call-In:

Yes: No:

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

Report is to note only

Wards affected:

All

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim:

MEC – Become an even more effective Council

The proposals contained in this report will help to achieve the following Council Strategy priority:

MEC1 – Become an even more effective Council

Officer details:

Name: Sarah Clarke
Job Title: Acting Head of Legal Services
Tel No: 01635 519596
E-mail Address: sarah.clarke@westberks.gov.uk

Members' Register of Offers of Gifts & Hospitality

Date Received	Member	Event	Offer	Value	Accepted?
04.05.17	James Cole	Visit to 2 Cocks Farm and Brewery	Beer gift pack	£11	Yes
03.07.17	Clive Hooker	Fairford Airshow	Attendance and hospitality at air show		
21.07.17	Hilary Cole	Cocktail party and ceremony of Beating Retreat at Denison Barracks on 17th July	Reception	Approx £20-£25	Yes
	Jeff Beck	West Berkshire Mencap Open Day on 27th July 2017	Cup of tea, finger sandwiches, cakes and fruit	Approx £10	Yes
07.08.17	Hilary Cole	Greenham Common Trust celebration events on 8th September.	Book launch at Cloth Hall Drinks reception at Outdoor Arts Space at Greenham Park	Apprix £20	Yes
04.12.17	Anthony Pick	A reception at Fairclose Day Centre, Newbury, on 28th November to celebrate its 50th anniversary	Reception including glass of champagne and canapés		Yes
03.01.18	Jeff Beck	AGM on 23 November 2017	SOFT DRINKS AND REFRESHMENTS	£7.00	Yes
03.01.18	Jeff Beck	Corn Exchange (Newbury) Limited	a Performance of 1997 Pantomime		No
03.01.18	Jeff Beck	Newbury Town Council 26/11/17 - Invitation to attend at the Switching –On of Newbury's Christmas Lights	Mulled Wine and Mince Pies	£5.00	Yes
03.01.18	Jeff Beck	Volunteer Centre West Berkshire Volunteers' Thank You Evening 05/12/17	Drinks and Refreshments	£10.00	Yes
03.01.18	Jeff Beck	Lambourn River Renewal Steering Group Volunteers' Thank You Evening 14/12/17	Christmas Meal and Drinks	£18.00	Yes
03.01.18	Jeff Beck	Cold Ash Parish Council Councillors' Christmas Gathering 16/12/17	Drink	£5.00	Yes
03.01.18	Jeff Beck	Newbury Town Council 17/12/17 Accepted Invitation to attend at the Mayor's Christmas Carol Service	Tea and Mince Pies	£5.00	Yes
23.01.18	Adrian Edwards	AGM and Dinner of SERFCA at the Army and Navy Club on 14 March	Dinner	£48.00	Yes
26.03.18	Hilary Cole	A workshop on the Grazeley proposal, run by Wokingham Borough Council, at Wokefield Park on Saturday 24th March 2018	Lunch and coffee	Approx £25	Yes
28.03.18	Graham Bridgman	Wokingham BC Local Plan Update Masterplanning Community Workshop re Grazeley on Saturday 24th March 2019	Lunch and coffee	Approx £25	Yes

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Internal Audit Plan 2018/2019 - Summary Report

Committee considering report:	Governance and Ethics Committee
Date of Committee:	23 rd April 2018
Portfolio Member:	Councillor Graham Bridgman
Date Portfolio Member agreed report:	12 April 2018
Report Author:	Julie Gillhespey
Forward Plan Ref:	GE3324

1. Purpose of the Report

This report sets out the proposed Internal Audit work for the three year period covering 2018/2019 to 2020/2021.

2. Recommendation(s)

That the Governance and Ethics Committee discuss and approve the Proposed Audit Plan, the Internal Audit Charter and associated documents.

3. Implications

- | | | |
|-----|-------------------------|---|
| 3.1 | Financial: | n/a |
| 3.2 | Policy: | n/a |
| 3.3 | Personnel: | n/a |
| 3.4 | Legal: | n/a |
| 3.5 | Risk Management: | Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and procedures and making recommendations to provide mitigation and improve service delivery processes. |
| 3.6 | Property: | n/a |
| 3.7 | Other: | n/a |

4. Other options considered

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.

Executive Summary

5. Introduction / Background

- 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 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This year there has been a significant re-write of the document to ensure that it fully complies with the requirements of the PSIAS. One of the key changes is the production of quarterly monitoring reports rather than half yearly. The revised Charter is attached at Appendix C.
- 5.3 The work programme for IA for the period 2018-2021 is attached at Appendix Di. The plan analyses the different areas of Council activity that IA have assessed as needing to be audited. Appendix Dii shows indicative timings of the audits for 2018/2019 to assist with planning the audit process.
- 5.4 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 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. In addition, an Audit Reporting Protocol is published to all Heads of Service setting out the communication process for each audit. A copy of this is at Appendix E.
- 5.5 The Audit Team consists of four staff; the Audit Manager, two senior auditors and one auditor post.
- 5.6 The risk categorisation is used to determine a reasonable baseline for the frequency of coverage. The reduction of the team over the last few years to four members of staff has resulted in a longer timeframe between audit reviews. The current frequencies used are:-

Risk Level	Frequency (years)
High	5
Medium	7
Low	10
Schools	6

- 5.7 As this change in frequency has only occurred over the last couple of years, there is still a high proportion of audits that have recent coverage, this however will not be the case going forward. The level of risk increases where there is a lack of coverage, as the previous audit opinion may no longer be relevant where there are changes to key personnel or processes. Also, the possible 'deterrent factor' can be lost where there is infrequent or no coverage.

6. Proposal

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

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 - Equalities Impact Assessment
- 8.2 Appendix B - Supporting Information
- 8.3 Appendix C - Internal Audit Charter
- 8.4 Appendix Di - Draft Audit Plan
- 8.5 Appendix Dii - Indicative Timings for Audit Work in 2018-19
- 8.6 Appendix E - Internal Audit Reporting Protocol

Appendix A

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	
Name of assessor:	
Date of assessment:	

Is this a:		Is this:	
Policy	Yes/No	New or proposed	Yes/No
Strategy	Yes/No	Already exists and is being reviewed	Yes/No
Function	Yes/No	Is changing	Yes/No
Service	Yes/No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	
Objectives:	
Outcomes:	
Benefits:	

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.		
(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	Yes/No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	Yes/No
Please provide an explanation for your answer:	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name:

Date:

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.

Internal Audit Plan 2018/2019 – Supporting Information

1. Introduction/Background

- 1.1 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.
- 1.2 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 (including interpretations and glossary).
- 1.3 The report covers the following points:-
- (1) Audit objectives and outcomes;
 - (2) How audit work is planned to ensure significant local and national issues are addressed;
 - (3) Basis for the opinion of the Audit Manager on the internal control framework;
 - (4) Methods of providing and resourcing the service.
- 1.4 The PSIAS provide the following definition of IA:

"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"

2. Supporting Information

- 2.1 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This year there has been a significant re-write of the document to ensure that it fully complies with the requirements of the PSIAS. One of the key changes is the production of quarterly monitoring reports rather than half yearly. The revised Charter is attached at Appendix C.

2.2 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 and Director.
- (2) Monitoring reports on progress with implementation of agreed audit recommendations.
- (3) An annual assurance report and an interim update report for Corporate Board and the Governance and Ethics Committee on the outcomes of IA work.

2.3 The work programme for IA for the period 2018-2021 is attached at Appendix Di. 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. 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 complexity of the audit;
- (4) The type of audit;
- (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;

Appendix Dii shows indicative timings of the audits for 2018/19 to assist with planning the audit process.

2.4 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.

2.5 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.

2.6 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 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. In addition, an Audit Reporting Protocol is published to all Heads of Service setting out the communication process for each audit. A copy of this is at Appendix E.

2.7 There are a number of key elements to the 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) The External Auditor relies on the work of IA, and will raise any concerns in their annual audit letter, to date no concerns have been raised.
- (5) An external review of the IA team has been arranged to take place in May 2018 in accordance with the requirements of the PSIAS.

2.8 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).

2.9 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.

2.10 The Audit Team consists of four staff; the Audit Manager, two senior auditors and one auditor post.

2.11 The risk categorisation is used to determine a reasonable baseline for the frequency of coverage. The reduction of the team over the last few years to four members of staff has resulted in a longer timeframe between audit reviews. The current frequencies used are:-

Risk Level	Frequency (years)
High	5
Medium	7
Low	10
Schools	6

2.12 As this change in frequency has only occurred over the last couple of years, there is still a high proportion of audits that have recent coverage, this however will not be the case going forward. The level of risk increases where there is a lack of coverage, as the previous audit opinion may no longer be relevant where there are changes to key personnel or processes. Also, the possible ‘deterrent factor’ can be lost where there is infrequent or no coverage.

3. Options for Consideration

3.1 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.

4. Proposals

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

5. Conclusion

5.1 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.

Background Papers:

None.

Subject to Call-In:

Yes: No:

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim:

MEC – Become an even more effective Council

The proposals contained in this report will help to achieve the following Council Strategy priority:

MEC1 – Become an even more effective Council

Officer details:

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Appendix C

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 which state, in respect of Internal Audit:-

‘A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper internal audit 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 Standards for the Professional Practice of Internal Auditing

- 3.1 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.

4 Authority

- 4.1 Internal Audit sits within the Finance and Property Service and supports the statutory functions of 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.
- 4.2 The Audit Manager is the designated Chief Audit Executive in PSIAS terms. The Audit Manager reports functionally to the Governance and Ethics Committee, has a direct reporting line to the Chief Accountant and has a dotted reporting line to the Head of Finance and Property, the Council’s s151 Officer who is a full member of the Council’s senior management team, Corporate Board.
- 4.3 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.

- 4.4 The Audit Manager will have unrestricted access to the Governance and Ethics Committee.
- 4.5 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.

5 Independence and Objectivity

- 5.1 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.
- 5.2 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.
- 5.3 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 it. Internal Audit is not responsible for the implementation of recommendations or advice provided.
- 5.4 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.
- 5.5 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.

6 Reporting

- 6.1 All audit assignments will be the subject of a formal report written by the appropriate auditor. The report will include an 'opinion' on the adequacy of controls in the area that has been audited.
- 6.2 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.
- 6.3 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.

7 Quality Assurance and Improvement of the Internal Audit Service

- 7.1 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.
- 7.2 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.

Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
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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
- Sch Schools
- ADV Advisory

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Corporate Audits									
Mileage Claims - Compliance with Council procedures	a) Inaccurate/inappropriate claims resulting in theft/fraud	1	High	AFW	2013-14	20			20
Income collection - spot checks	a) Theft/Fraud	1	High	AFW	2014-15				0
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	4	High		New	25			25
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	4	High	SR	2012-13			20	20
IR35	a) Non compliance with legislation b) Inaccurate calculations could result in financial penalties and interest being incurred	3	High	SR	2017-18		15		15
Capital Programme - Education Services	a) Ineffective project management - budgets exceeded/deadlines exceeded/outcome does not meet client needs	4	High	OR	2017-18				0
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 ie the Constitution	3	Medium	SR	2007-08		20		20
NFI Investigation work	a) fraud by employees/residents	2	High	AFW	2017-18	25	25	25	75
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	SR	New	20			20
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 Ineffective monitoring of card usage resulting in inappropriate expenditure being incurred	3	Medium	AFW	2017-18				0
Procurement cards	Ineffective monitoring of card usage resulting in inappropriate expenditure being incurred	2	High	AFW/SR	2017-18				0
Online Grant Applications	a) Fraudulent applications made b) Grant conditions not met resulting in repayment and/or criticism	2	Medium	AFW	New			15	15
Grant Allocation/monitoring	a) Grants not awarded appropriately b) Grant allocations are not accurately recorded/effectively monitored.	2	Medium	SR	2006-07		15		15
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	2	Medium	AFW	2013-14				0
Archiving Council Records	a) Ineffective service provision b) Storage requirements not reviewed c) Unnecessary costs incurred	1	Medium	OR	2014-15				0
total						90	75	60	225

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Resources Directorate									
Head of Finance and Property									
Accountancy									
General Ledger	a) Inaccurate information for management decisions b) Budgets exceeded c) Qualified accounts	2	Medium	KFS	2017-18				0
Fixed Asset Register	a) Non compliance with accounting standards b) Qualified Accounts	2	Medium	KFS	2010-11		15		15
Budget Monitoring	a) Inaccurate Information b) poor decision making	2	High	SR	2015-16			15	15
MTFS (to incorporate Business Rates estimating and profiling)	a) Council's financial targets are not realised b) Budget pressures c) Increases in Council Tax	4	High	SR	2013-14		15		15
Treasury Management	a) Inappropriate cashflow decisions - income not maximised b) Legislation/Internal polices not complied with	2	Medium	KFS	2014-15	15			15
Bank Reconciliation (cover Chaps payments)	a) Inappropriate transactions processed through the bank b) Inaccurate year end accounts c) Qualified opinion from External Auditors	2	Medium	OR	2017-18				0
VAT	a) Non compliance with Revenues & Customs requirements - financial penalties	2	Medium	OR	2013-14			15	15
H&S/Insurance/Risk Management									
Insurance (claims management)	a) Inappropriate assessment of uninsured losses b) Inaccurate claims record for management information c) Ineffective claims management	2	High	SR	2015-16				0
Health and Safety	a) Non compliance with H&S Legislation - legal action/penalties	2	Low	SR	2012-13				0

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Property									0
Building Maintenance	a) Ineffective maintenance programme, b) Non compliance with legislation (internal, H&S, EU tendering policies)	3	High	OR	2014-15			15	15
Asset Management Strategy	a) Non compliance with legislation, b) Ineffective management of asset portfolio	2	High	SR	2016-17			15	15
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.	2	High	OR	2015-16				0
Asset Project Management	a) Failure to deliver major projects on budget, timely manner, to meet need of clients, b) Non compliance with legislation	4	High	SR	2015-16				0
Commercial Rents	a) Non compliance with legislation, b) Loss of income/increased void periods, c) Misappropriation of leases	3	High	OR	2013-14		15		15
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.	3	Medium	OR	2011-12	15			15
Exchequer									0
Accounts Payable	a) Inappropriate/fraudulent payments b) budgets exceeded	2	High	KFS	2017-18				0
Accounts Receivable	a) Council's cash flow affected b) Income not maximised	2	High	KFS	2016-17			15	15
Car Loans & Car Leasing	a) Inaccurate payroll deductions b) Non compliance with Inland Revenue requirements	2	Low	OR	2013-14				0
Income Collection/Recording Processes	a) Inaccurate processing of income - affecting cash flow decisions b) Fraud/theft c) Accounts could be qualified	2	Medium	AFW	2016-17				0
Revenues									0
National Non-domestic Rates	a) Non compliance with legislation/local schemes for exemptions b) Income generation/collection not maximised c) Qualified accounts	3	High	KFS	2014-15	15			15
Council Tax	a) Non compliance with legislation/local schemes for reductions b) Income generation/collection not maximised c) Accounts qualified	3	High	KFS	2015-16		15		15
Business Improvement District Levy	a) Accounting arrangement do not comply with regulations b) The billing and collection processes are not effective	2	Medium	OR	2017-18				0
Total						45	60	75	180

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of HR									
Recruitment (process)	a) Delays in appointing staff - disruption to service delivery b) Non compliance with employment legislation C) DBS failure	2	Medium	AFW/SR	2012-13		15		15
Absence Management	a) Council's sickness policy not being adhered to b) Inaccurate information for performance management	2	Medium	SR	2011-12	15			15
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	1	Low	SR	2007-08				0
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	1	Low	SR	2014-15				0
Payroll	a) Ghost employees set up b) Inaccurate payments made c) Inaccurate deductions made	3	High	KFS	2014-15	15			15
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.	3	High	SR	2017-18				0
Total						30	15	0	45
Head of Legal Services									
Legal Services	a) The collaborative agreement is not being effectively recorded/monitored b) Terms of the joint agreement are not being adhered to	2	Low	OR	2010-11				0
Total						0	0	0	0

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Strategic Support									
Service Planning/targets and performance management	Service Delivery / intervention / legal obligations / performance indicators / linkages to Timelord	4	Medium	SR	2013-14			20	20
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	3	Low	SR	2013-14				0
Members expenses	a) Inappropriate payments, b) Over payments on budgets, c) Non compliance with legislation/policies	1	Medium	OR	2014-15			15	15
Complaints / Code of Conduct	a) Ineffective policies and processes in place, b) Non compliance with policies/processes	3	Low	SR	2012-13				0
Freedom of Information	a) Non compliance with legislation b) No Standard approach for dealing with requests c) Adequate records not maintained of requests/responses	3	Medium	SR	2014-15		15		15
Intranet/Internet/Communication/Publications	a) Ineffective processes and procedures, b) Inappropriate information published - version control.	2	Low	SR	2011-12				0
Electoral Services	a) Non compliance with legislation, b) Inappropriate entries on register, b) Incorrect payments/expenditure/charges	2	Medium	OR	2017-18				0
total						0	15	35	50

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Customer Services and I.C.T.									
I.T. Strategy	a) Does not meet changing needs of the organisation b) Progress not measured/monitored - objectives not achieved	3	Medium	SR	2007-08		15		15
Software licences	a) Non compliance with legislation (software licences)	2	Low	OR	2003-04				0
Change Control Management	a) Inappropriate changes b) Changes do not meet the needs of users c) Changes not operationally effective	3	Medium	OR	2016-17				0
Project Management (I.T. Investment)	a) Systems do not meet business/user needs b) Escalation of costs/time to implement	3	Medium	SR	2006-07		20		20
Post Implementation Reviews (IT investment)	a) Systems do not meet business/user needs b) Escalation of costs/time to resolve system issues	3	Medium	SR	2013-14				0
Ensure continuous service (Disaster Recovery for I.T. Service)	a) Contingency plan not in place/not effective - service delivery affected	3	High	SR	2011-12			15	15
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	4	Low	SR	2010-11				0
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	3	High	SR	2011-12	20			20
Manage problems and incidents (help desk)	a) Interruptions to service delivery b) Staff performance adversely affected	3	High	OR	2012-13				0
EDI (BACs)	a) Inaccurate/inappropriate electronic transactions	3	Low	OR	Not audited				0
Printing Service	a) Inefficient operations b) Delivery targets not met	2	Low	OR	2014-15				0
Business Continuity Planning	a)Flu / fire / flood / terrorism / service delivery	3	High	SR	2007-08	20			20
I.T. Asset Management	a) Loss of I.T assets - increased cost on replacement equipment	3	Medium	OR	2007-08		20		20
Superfast Broadband Project	a) Ineffective Contract Management b) Key deliverables not being achieved/achieved as per contract c) External Funding may be withdrawn	4	Low	OR	2014-15				0
Total						40	55	15	110

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Commissioning									
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	3	High	OR	2017/18			20	20
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	3	High	OR	2017-18				0
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	3	Medium	ACW	2014-15			20	20
Contract monitoring - Other than Care Packages	a) Non-compliance with Contract rules of Procedure b) Contract spec not met c) Contract costs exceeded	3	Medium	SR	2007-08	20			20
Total						20	0	40	60

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Communities Directorate									
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.	2	High	SR	2014-15				0
total						0			0
Head of Adult Social Care									
Better Care Fund	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded.	4	High	SR	2017-18				0
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.	3	High	SR	New		20		20
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	3	Medium	OR	New		15		15
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	20			20
Agency Staff	a) Inappropriate people could be appointed - risk to client b) Budgets could be exceeded c) Standards of service required not met	2	Medium	OR	2009-10		15		15
Assessment of Needs/Purchase of Care - (MH/LD)	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	3	Medium	OR	2008-9			15	15
Assessment of need /Purchase of Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	3	Medium	OR	2012-13				0
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.	3	Medium	OR	New	15			15

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Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Resource Centres (3)	Establishment reviews - key risks - budgetary control/appropriateness of expenditure	1	Low	OR	2013-14			6	6
Residential Homes - Elderly (4)	Establishment review - key risks - budgetary control/appropriateness of expenditure	1	Medium	OR	2010-11	6			6
Assessment of needs/Purchase of care - Home Care	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	3	Medium	OR	2006-07		20		20
Assessment/Purchase of Care - Residential/Nursing	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	2	Medium	OR	2017-18				0
Shared Lives - Placements and Payments	a) Scheme not effectively managed b) Incorrect/inappropriate payments, c) Overspends on budget	3	Medium	OR	New	20			20
O/T - Equipment - pooled budget	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded	2	Medium	OR	2011-12			15	15
Personal Budgets (Use of payment cards)	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	4	High	ADV	2017-18				0
Personal Budgets - Direct Payments	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	3	High	OR	2013-14		15		15
Client Financial Assessments	a) Non compliance with legislation/Council's policy b) Inaccurate charges calculated c) Ineffective income collection/recovery procedures	3	High	OR	2017-18				0
Residents Property (Appointeeship/Deputyship)	a) Misappropriation of client property b) Inaccurate records of level/type of property held c) Non compliance with legislation	2	Medium	OR	2013-14			15	15
total						61	85	51	197

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Education									
Secondary Schools	Review of key risks - budgetary control, income collection, control of assets, school governance	2		Sch	Annual Programme		8	8	16
Primary Schools	Review of key risks - budgetary control, income collection, control of assets, school governance	1		Sch	Annual Programme	45	45	40	130
Nursery Schools (2)	Review key risks: Compliance with legislation, accurate completion of grant claims	1		Sch	2016-17			6	6
Special Schools (2)	Review key risks: Compliance with legislation, budgetary control, control of assets,	1		Sch	2016-17	8			8
Alternative Curriculum	Review key risks: Budgetary control, appropriateness of expenditure	1		OR	2015-16				0
Reintegration Service	Review key risks: Budgetary control, appropriateness of expenditure	1		OR	2015-16				0
Family Hubs	a) Centres have not been set up in accordance with government guidelines b) governance arrangements between the Centre and key	2		OR	New	10			10
Formula funding / DSG	a) Non compliance with legislation, b) Ineffective budget builds	2	Medium	OR	2009-10		15		15
School Census	a) Submission of incorrect returns, b) Inaccurate funding	1	Medium	OR	2012-13			15	15
Family Support Packages for Disabled Children (to include short breaks)	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	3	Medium	OR	2015-16				0
School Admissions Policy	a) Non compliance with legislation, b) Unsuitable school offers, c) Invalid admissions data	2	Medium	OR	2009-10		15		15
Home to School Transport Entitlement	a) Employment of inappropriate individuals, b) Misallocation of free transport,	2	Low	OR	2008-09				0
Nursery Provision - early years grant	Review key risks: Compliance with legislation, accurate completion of grant claims	1	Medium	OR	2010-11	15			15
After Schools Clubs	a) Non compliance with government targets/legislation, b) Misuse of grant funds, c) Activities are not effectively monitored	3	Low	OR	2007-08				0
Special Education Needs and Disability (SEND)	a) Not meeting requirements of the new legislation/guidance b) Expenditure may not be effectively monitored	3	Medium	OR	New	20			20
School Library and Museum Services (Joint arrangement)	a) Contract not effectively monitored b) Service not meeting client needs c) Value for money not obtained	2	Low	OR	2015-16				0
Resource Units (7)	Review key risks: Compliance with legislation, budgetary control, control of assets.	1	Low	OR	2011-12			6	6
Adult Education	a) Non compliance with legislation, b) Non achievement of targets and standards, c) Overspends on budgets	2	Low	OR	Not audited				0

APPENDIX Di

Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
School Meals Contract	Review of schools not in the contract a) Non compliance with legislation, b) Not meeting service user requirements, c) Contract not effectively monitored.	3	Medium	OR	2011-12			20	20
total						98	83	95	276

APPENDIX Di

Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Children and Family Services									
Castlegate	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	1	Medium	OR	2017-18				0
Assessment of Need/Purchase of care - Residential	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	3	Medium	OR	2008-09		15		15
Assessment of needs/Purchasing Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	3	High	OR	2013-14				0
Personal Budgets/Direct Payments	a) Legislation/internal procedures not adhered to b) Inappropriate care packages c) Budgets could be overspent	3	High	OR	2016/17	15			15
Assessment & collection of client contributions	a) Non compliance with legislation, b) Incorrect assessments, c) Contributions not being requested	3	Medium	OR	2011-12			15	15
Adoption - Recruitment, Placement and Allowances (Shared Service Arrangement)	a) Non compliance with legislation, b) Ineffective procedures to monitor the shared arrangement	3	Medium	OR	New			15	15
Guardianship/Residence Orders	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	2	Medium	OR	2017/18				0
Payment of Carers (foster carers)	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	2	Medium	OR	2012-13			15	15
S17 - Payment of Support Costs/Allowances	a) Non compliance with legislation, b) Incorrect/inappropriate payments, c) Overspends on budget	2	Medium	OR	2015-16				0
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	2	Medium	OR	2004-05		15		15
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.	3	Medium	OR	2004-05	15			15
Agency Staff	a) Non compliance with legislation, b) Inappropriate people recruited	2	Medium	OR	2008-09			15	15
Youth Centres (3)	Review of key risks: Budget monitoring, control of expenditure, collection of income, security of assets	1	Low	OR	2010-11				0
Offsite Activities - review of external provision of service	a) Non compliance with legislation, b) Poor risk assessment c) Inappropriate activities undertaken	1	Medium	OR	2005-06		15		15
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	1	Medium	OR	2013-14				0
total						30	45	60	135

APPENDIX Di

Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Prevention and Safeguarding									
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 claimed	3	Medium	OR	2017-18	10	10	10	30
Quality Assurance system (social care processes)	a) Service quality requirements are not being met and this is not highlighted/rectified which could result in service outcomes not being achieved b) Council criticised/legal action taken for not meeting duty of care	1	Medium	OR	New		20		20
Child Protection Conferencing Processes	a) Inappropriate arrangements in place, b) Non adherence to guidance, legislation.	2	Medium	OR	2010-11		15		15
Deprivation of Liberty Safeguards	a) Legislation not adhered to b) Assessments inaccurate c) Supervision / review of contractors performing assessments inadequate	2	Medium	OR	New	15			15
total						25	45	10	80
Head of Public Health and Wellbeing									
Public Health Unit	a) Non compliance with legislation b) Ineffective joint working arrangements resulting in poor budgetary control and/or service provision	3	High	SR	2015-16				0
total						0	0	0	0

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Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Economy and Environment Directorate								
Head of Public Protection and Culture								
Environmental Health/Trading Standards Joint Arrangement covering:- Contract Management Health and Safety Licensing Purchase/Disposal of samples Service requests for intervention Civil Contingencies Food Safety and Standards	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	3	Medium	OR	New	20		20
Building Control Joint Arrangement	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	2	Medium	OR	New		20	20
Leisure Centre Management	a) Non compliance with legislation, b) Ineffective contract monitoring and management	3	Medium	OR	2017-18			0
Museums (1)	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	1	Low	OR	2016-17			0
Archaeology	a) Non compliance with legislation and government guidelines, b) Ineffective communication between services	2	Low	OR	2011-12			0
Berkshire Archive Service	a) Non compliance with terms of the joint arrangement b) ineffective monitoring of quality of service provision and costs	2	Low	OR	2008-09			0
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	3	Medium	OR	2014-15		15	15
Libraries Income	a) Loss of stock is not reimbursed, resulting in additional expenditure b) Income collection not maximised	3	Medium	OR	2010-11	15		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	3	Medium	OR	2016-17			0
Adventure Dolphin & Outdoor Youth Activity	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	1	Low	OR	2011-12			0
Registrars Service	a) Ineffective budgetary control, b) Insufficient control of income, c) Insufficient control of assets, d) Inappropriate expenditure	2	Low	OR	2014-15		15	15
total					30	35	50	115

APPENDIX Di

Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Streetcare and Transport									
Structural Maintenance / Engineering	a) Non compliance with legislation, b) Ineffective maintenance programme	3	Low	OR	2012-13				0
Major Road Repairs (Projects)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans		Medium	OR	Not audited	20			20
Traffic Management	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	3	Low	OR	2013-14				0
Highway Term Contract (excluding major road projects)	a) Non compliance with H&S legislation, b) Ineffective contract monitoring, c) Non compliance with policies	2	High	OR	2011-12		20		20
Home to School Transport / CRB checks	a) Employment of inappropriate individuals, b) Misallocation of free transport, c) contracts for transport	3	High	OR	2016-17			20	20
Electrical (including Street Lighting)	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	2	Low	OR	Not audited				0
Street Naming/numbering	a) Income not maximised, b) Misappropriation of funds	2	Low	OR	2004-05				0
Concessionary Fares / Bus Passes	a) Fraud/theft, b) Non compliance with regulations	2	Medium	OR	2014-15			15	15
Parking	a) Non compliance with legislation, b) Loss of income c) Fraud/theft	3	High	OR	2017-18				0
Fleet Management	a) inefficient or inappropriate use of vehicles b) Ineffective contract management c) health and safety issues re roadworthiness of vehicles	3	High	OR	2016-17				0
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.	2	Medium	OR	New	20			20
Waste Management and disposal PFI	a) Ineffective contract management resulting in increased costs/service quality issues b) Recycling initiatives not being met	4	High	SR	2014-15			20	20
Grounds Maintenance/Tree Maintenance contract	a) Contract specification is not met b) Inappropriate/inaccurate payments could be made	2	Medium	OR	2010-11		15		15
Management of Parks and Commons Partnership Arrangement	a) Non compliance with terms of the joint arrangement/ineffective monitoring of service provision	2	Low	OR	New				0
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.	2	Low	OR	New				0
total						40	35	55	130

APPENDIX Di

Internal Audit Work Programme - 2018-2021

	Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Head of Development and Planning									
Enforcement	a) Planning Legislation is not adhered to b) Management information is not up-to-date/accurate	2	Low	OR	2010-11				0
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	4	High	OR	2017-18			20	20
S106 Obligations	a) Planning Legislation is not adhered to b) Council's Planning Policy is not followed c) Ineffective monitoring of planning obligations	4	Medium	OR	2007-08	15			15
Common Housing Register / Advice	a) Legislation is not adhered to b) Register not appropriately administered	2	Medium	OR	2009-10	15			15
Homelessness Prevention/Management	a) Legislation not adhered to b) Accommodation is not obtained promptly/cost effectively c) Housing debts not appropriately managed	3	High	OR	2011-12	20			20
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	3	Medium	SR	New		20		20
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	2	Medium	OR	2015-16				0
total						50	20	20	90

APPENDIX Di

Internal Audit Work Programme - 2018-2021

Key risks to be covered	Complexity (Using a scale of 1-4, 1 being least complex)	Risk Assessment Category	Audit Type	Date last audited	2018-19	2019-20	2020-21	TOTAL Est Days 2018-2021
Other Chargeable work (non service specific)								
Preparation of the audit plan/school visit programme					10	10	10	30
Monitoring the audit plan/school visit programme					12	12	12	36
Liaison with Portfolio Members					3	3	3	9
Governance and Ethics Committee					5	5	5	15
Audit Follow-ups					40	40	40	120
Audit Advice					10	10	10	30
School advice					5	5	5	15
SFVS Monitoring					5	5	5	15
External Professional Liaison					5	5	5	15
Total					95	95	95	285
Contingencies					40	40	40	120
Total					40	40	40	120
Planned Audit Days					694	703	701	2098
Actual Staff Days					672	672	672	

INDICATIVE SCHEDULING OF AUDITS 2018-19

Audit Name	Service	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Mileage claims	Corporate				✓
GDPR	Corporate				✓
NFI	Corporate			✓	✓
Commercialisation Projects	Corporate			✓	
Treasury Management	Finance and Property		✓		
Facilities Management	Finance and Property	✓			
National Non Domestic Rates	Finance and Property			✓	
Payroll	Human Resources	✓			
Absence Management	Human Resources		✓		
I.T. Security	Customer Services and ICT	✓			
Business Continuity	Customer Services and ICT			✓	
Contract Monitoring (other than care packages)	Commissioning		✓		
Shared Lives Placements and Payment	Adult Social Care		✓		
Carers Assessments/Payments	Adult Social Care			✓	
New Way of Working (the 3 key offers)	Adult Social Care				✓
Residential home visit	Adult Social Care		✓		
Nursery Provision – Early Years Grant	Education	✓			
SEND	Education		✓		
Family Hubs	Education			✓	
Personal Budgets/Direct Payments	Education (Disabled Children's Team/Children and Family Service)			✓	

INDICATIVE SCHEDULING OF AUDITS 2018-19

Audit Name	Service	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Unaccompanied Children – Asylum Seekers	Children and Family Service		✓		
Deprivation of Liberty Safeguards	Prevention and Safeguarding			✓	
Licensing	Public Protection and Culture	✓			
Libraries Income	Public Protection and Culture				✓
Major Road Repairs (projects)	Street Care and Transport				✓
Public Transport	Street Care and Transport	✓			
Common Housing Register	Development and Planning		✓		
Homelessness Prevention/Management	Development and Planning				✓
Section 106	Development and Planning	✓			

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 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.

- 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 carried out roughly 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 an audit is categorised as weak or very weak a written comment from Internal Audit will be provided to the Committee and a written response / comment / update will be sought from the Head of Service.
- 5.3 Where a follow up is classed as unsatisfactory then again a written comment and response 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 answer Members questions on the audit.

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 consulted on the content of the draft report.
- 6.2 The role of the Portfolio Holder in the audit process is to:

Appendix E – Internal Audit Reporting Protocol March 2018

- 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 during the audit and action plans proposed by the auditor at the conclusion of the audit
- Support the Head of Service in implementing agreed action plans

1 Audit Reviews to provide Assurance

Client	Terms of reference	Rough Draft Report	Formal Draft Report	Final Report	Follow-up details
S151 Officer (Head of Finance)	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	All cases	Only where serious issues relating to the service, i.e. lots of 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
Corporate Director	All cases		Where there are fundamental weaknesses in the service	All cases	All cases
Chief Executive	For his service areas		Only where serious issues relating to the service, i.e. lots of fundamental weaknesses or issues of concern relating to the service manager. Such	Any report with fundamental weaknesses	Any report with fundamental weaknesses

Client	Terms of reference	Rough Draft Report	Formal Draft Report	Final Report	Follow-up details
			<p>issues would normally be raised before the report is written.</p> <p>The Audit Manager will decide on the necessity to issue a report at this level.</p>		
Service Portfolio Holder	All cases		All cases	All cases	All cases
Portfolio Holder for Assurance	All cases		All cases	All cases	All cases

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	All cases		All cases	All cases
Corporate Director	All cases		Where there are fundamental weaknesses in the service	All cases
S151 Officer (Head of Finance)	All cases		All cases for his service areas Other services - where there are fundamental weaknesses identified	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. 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.

External Audit Plan 2017-18

Committee considering report:	Governance and Ethics Committee
Date of Committee:	23 April 2018
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	11 April 2018
Report Author:	Lesley Flannigan
Forward Plan Ref:	GE3325

1. Purpose of the Report

- 1.1 The purpose of the report is to provide Members with a copy of the external audit plan from KPMG for 2017/18.

2. Recommendation(s)

- 2.1 To note the attached plan and the two key objectives within the plan to audit/review and report on:
- (1) The Financial Statements including the Annual Governance Statement, providing an opinion on the accounts.
 - (2) The use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in our use of resources.

3. Implications

- | | | |
|-----|-------------------------|-----|
| 3.1 | Financial: | n/a |
| 3.2 | Policy: | n/a |
| 3.3 | Personnel: | n/a |
| 3.4 | Legal: | n/a |
| 3.5 | Risk Management: | n/a |
| 3.6 | Property: | n/a |
| 3.7 | Other: | n/a |

4. Other options considered

- 4.1 None

5. Executive Summary

- 5.1 This report is to be noted by the Governance and Ethics Committee to comply with Accounting and Audit Regulations.
- 5.2 The external audit plan attached as Appendix A sets out the areas that will be covered in arriving at KPMG's opinion on the Council's financial statements. This will also include the use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in our use of resources.

6. Conclusion

- 6.1 Please note the attached plan and the objectives within.

7. Appendices

- 7.1 Appendix A – External Audit Plan 2017/18



External Audit Plan 2017/2018

DRAFT

West Berkshire Council

—
February 2018

Summary for Governance and Ethics Committee

Financial statements

There are no significant changes to the Code of Practice on Local Authority Accounting ("the Code") in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to year ended 31 March 2017. This represents a significant change for the Authority. We recognise that the Authority has successfully advanced its own accounts production timetable in prior years so as to align with the new deadlines. As a result, we do not feel that this represents a significant risk, although it is still important that the authority carefully manages its closedown process to meet the earlier deadline.

In order for us to meet the revised deadlines it will be essential that the draft financial statements and all prepared by client documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

Materiality

Materiality for planning purposes has been set at **£3.6 million**.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at £180,000.

Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Pension Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of additional audit focus have been identified as:

- **Valuation of PPE** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated;
- **Valuation and disclosure of investment property** – The Authority is expecting to acquire up to £20 million of commercial investment properties (by 31 March 2018) as part of its plans to provide a balanced investment portfolio to give the Authority a long term revenue stream. The Authority has specific governance arrangements to implement and deliver its strategy. We will review the Authority's decision making when purchasing investment properties in 2017/18. We will also assess the valuer's qualifications, objectivity and independence to carry out valuations and review the methodology used.

Summary for Governance and Ethics Committee (cont.)

Financial statements (continued)

Other areas of audit focus (continued)

- **Faster Close** – As set out on the previous page, the timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work.

See pages 4 to 10 for more details

Value for Money Arrangements work

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risk to date:

- **Financial resilience** – As a result of reductions in central government funding, and other pressures, the Authority is having to make additional savings beyond those from prior years and also pursue income generation strategies. We will consider the way in which the Authority identifies, approves, and monitors both savings plans and income generation projects and how budgets are monitored throughout the year.

See pages 11 to 15 for more details

Logistics

Our team is:

- Ian Pennington – Director
- Antony Smith – Manager
- Stefan Stefanov – Assistant manager

More details are in **Appendix 2**.

Our work will be completed in four phases from January to July and our key deliverables are this Audit Plan and a Report to Those Charged With Governance as outlined on **page 18**.

Our fee for the 2017/18 audit is £96,653 (£96,653 2016/2017) see **page 17**. These fees are in line with the scale fees published by PSAA.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 presented to you in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit/review and report on your:

01 | Financial statements :
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and

02 | Use of resources:
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Governance and Ethics Committee.

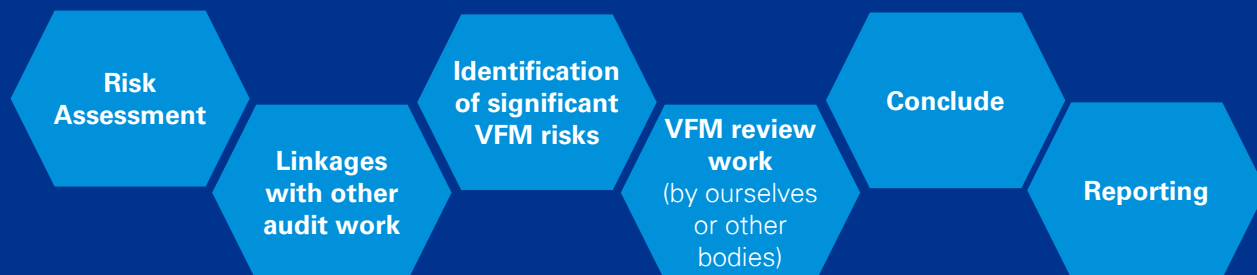
Financial Statements Audit

Our financial statements audit work follows a four stage audit process (see below). Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Pages 11 to 15 provide more detail on the activities that this includes. This report concentrates on explaining the VFM approach for 2017/18 and the findings of our VFM risk assessment.



Financial statements audit planning

Financial Statements Audit Planning

Our planning work takes place during January and February 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use of experts; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

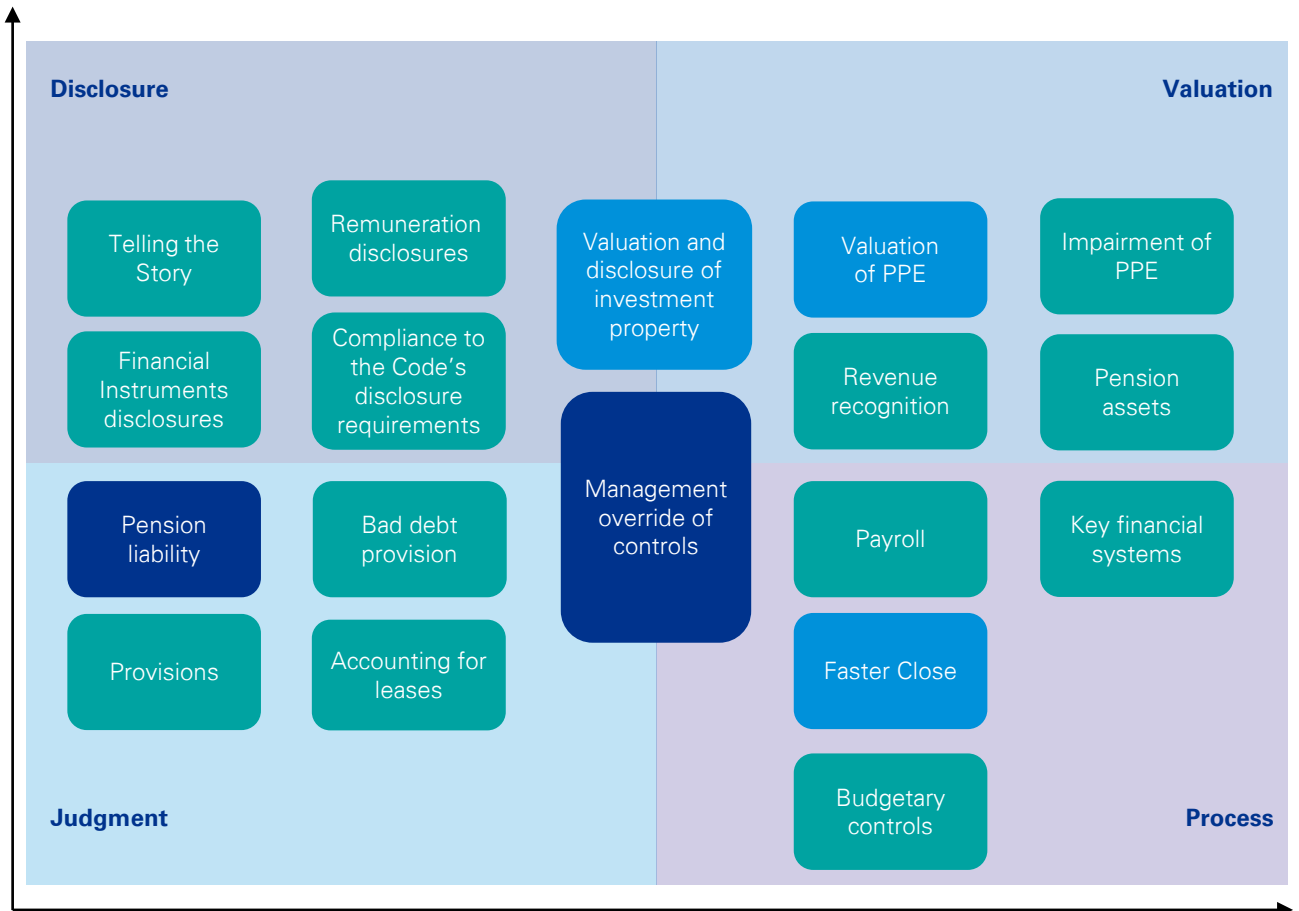
02

Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ■ Significant risk ■ Other area of audit focus ■ Other areas considered by our approach

Financial statements audit planning (cont.)

Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk:	<p>Pension Liabilities</p> <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Berkshire County Council Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
Approach:	<p>We will review the controls that the Authority has in place over the information sent directly to the Scheme Actuary. We will also liaise with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls operated by the Pension Fund. This will include consideration of the process and controls over the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Barnett Waddingham.</p> <p>We will review the appropriateness of the key assumptions included within the valuation, compare them with expected ranges, and consider the need to make use of a KPMG Actuary. We will review the methodology applied in the valuation by Barnett Waddingham.</p> <p>In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.</p>

Financial statements audit planning (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue:

Valuation of PPE

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.

This creates a risk that the carrying value of those assets that have not been revalued in the year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.

Approach:

We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year.

In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.

In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).

Issue:

Valuation and disclosure of investment assets

As part of the Corporate Programme, the Authority is investing in commercial and residential property to generate new income streams (a route being taken by a significant number of local authorities). The Authority is expecting by 31 March 2018 to have acquired up to £20 million of commercial investment properties as part of its plans to provide a balanced investment portfolio to give the Authority a long term revenue stream.

The Authority has specific governance arrangements to implement and deliver its strategy – mainly through the Property Investment Board plus additional support by an external property consultant to oversee acquisition and estate management. The portfolio will be reviewed annually to consider performance of each asset, risk profile movements, market review, review of assessment criteria and review of holding period for the properties.

Approach:

We will review the Authority's decision making when purchasing investment properties in 2017/18.

We will assess the valuer's qualifications, objectivity and independence to carry out valuations and review the methodology used (including testing the underlying data and assumptions); and we will review the associated disclosures in the financial statements.

Financial statements audit planning (cont.)

Other areas of audit focus (cont.)

Risk:	<p>Faster Close</p> <p>In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018, however, the revised deadlines require draft accounts by 31 May and final signed accounts by 31 July.</p> <p>During 2016/17, the Authority prepared for these revised deadlines and advanced its own accounts production timetable so that draft accounts were ready by the end of May.</p> <p>In order to meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:</p> <ul style="list-style-type: none">— Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;— Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;— Ensuring that the Governance and Ethics Committee meeting schedules have been updated to permit signing in July; and— Applying a shorter paper deadline to the July meeting of the Governance and Ethics Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report. <p>In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline.</p> <p>There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return. This is not a matter of concern and is not seen as a breach of deadlines.</p>
Approach:	<p>We will continue to liaise with officers in preparation for our audit in order to understand the steps that the Authority is taking in order to ensure it meets the revised deadlines. We will also look to advance audit work into the interim visit in order to streamline the year end audit work.</p> <p>Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.</p>

Financial statements audit planning (cont.)

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £3.6 million, which equates to 1 percent of gross expenditure. We have reduced this value from the previous year in light of the continued financial pressures on the Council and the scale of savings still needing to be delivered in addition to the significant scale of savings already delivered successfully.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Prior Year Gross Expenditure: £358 million (2015/16: £353 million)

Materiality

£3.6 million

1% of Expenditure

(2016/17: £5m,
1.4%)



Financial statements audit planning (cont.)

Reporting to the Governance and Ethics Committee

Whilst our audit procedures are designed to identify misstatements that are material to our opinion on the financial statements as a whole, we nevertheless report to the Governance and Ethics Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £250,000.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance and Ethics Committee to assist it in fulfilling its governance responsibilities.

We will report:



Non-Trivial corrected audit misstatements



Non-trivial uncorrected audit misstatements



Errors and omissions in disclosure
(Corrected and uncorrected)

Value for money arrangements work

VFM audit approach

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Overall criterion

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

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



Value for money arrangements work (cont.)

Value for Money sub-criteria:

Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for money arrangements work (cont.)

VFM audit stage



VFM audit risk assessment

Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



Linkages with financial statements and other audit work

Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



Identification of significant risks

Audit approach

The Code identifies a matter as significant '*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*'

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for money arrangements work (cont.)

VFM audit stage



Assessment of work by other review agencies, and Delivery of local risk based work

Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.



Concluding on VFM arrangements

Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



Reporting

Audit approach

On the following page, we report the results of our initial risk assessment.

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

Value for money arrangements work (cont.)

Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

Risk:	Financial Resilience <p>The Authority's 2017/18 budget included the need to deliver savings/income generation schemes of £4.7 million. The current forecast (September 2017) shows that the Authority will deliver an overspend of approximately £0.6 million but is taking steps to maintain overall financial discipline and finding ways to eliminate (or at least reduce) the forecast revenue overspend against the approved balanced budget.</p> <p>The Authority's 2018/19 budget consultation recognised a need for £10 million in further savings or income generation. Further savings/income generation of £5 million will be required in 2019/20 principally to address future reductions to local authority funding alongside service cost and demand pressures. As a result, the need for savings will continue to have a significant impact on the Authority's financial resilience.</p>
Approach:	As part of our additional risk based work, we will review the controls the Authority has in place to ensure financial resilience, specifically that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors.
VFM Sub-criteria:	This risk is related to the following Value For Money sub-criteria <ul style="list-style-type: none">— Informed decision making;— Sustainable resource deployment; and— Working with partners and third parties

Other matters

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work would be charged in accordance with the PSAA's fee scales.



Other matters

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Governance and Ethics Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2017/2018 presented to you in April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the Head of Finance and PSAA. If such a variation is agreed, we will report that to you in due course.

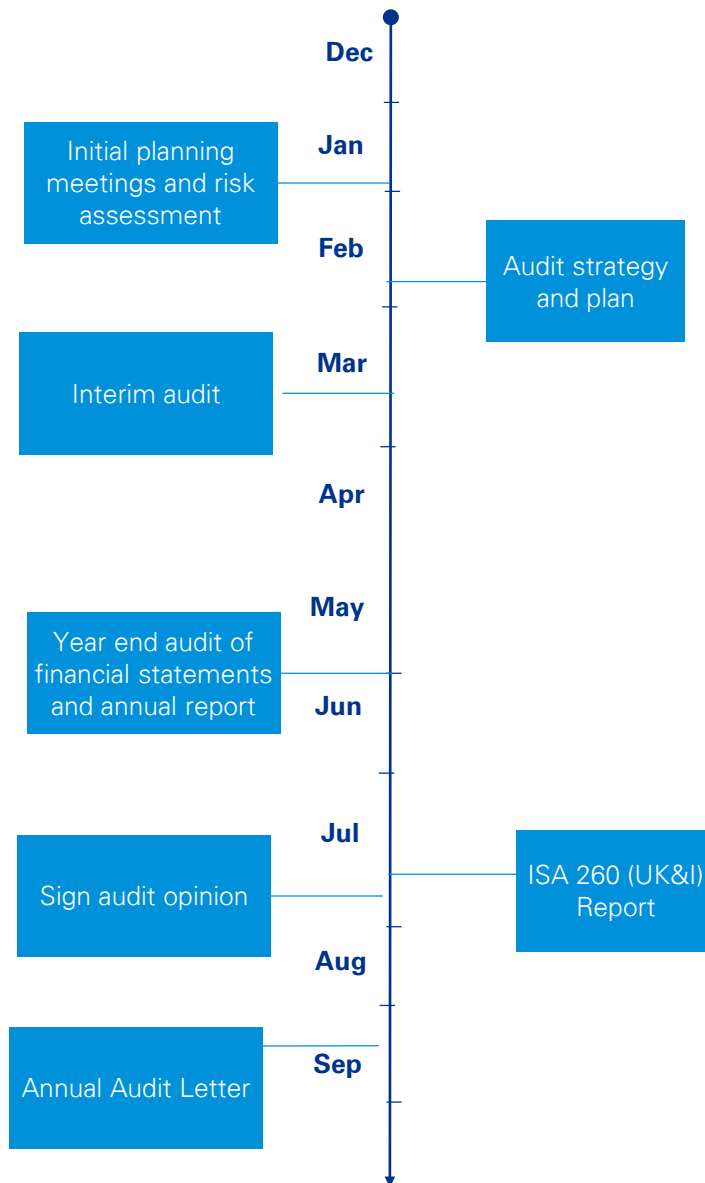
The planned audit fee for 2017/18 is £96,653, (which is the same as 2016/17).

Appendix 1:

Key elements of our financial statements audit approach

Communication

Continuous communication involving regular meetings between the Governance and Ethics Committee, Senior Management and audit team.



Appendix 1:

Key elements of our financial statements audit approach (cont.)

Audit workflow

Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use or experts; and
- Issuing this audit plan to communicate our audit strategy.

Control evaluation

- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls
- Test operating effectiveness of selected controls
- Assess control risk and risk of the accounts being misstated

Substantive testing

- Plan substantive procedures
- Perform substantive procedures
- Consider if audit evidence is sufficient and appropriate

Completion

- Perform completion procedures
- Perform overall evaluation
- Form an audit opinion
- Governance and Ethics Committee reporting



Appendix 2:

Audit team

Your audit team has been drawn from our specialist public sector assurance department. Our audit team were all part of the West Berkshire audit last year.



Ian Pennington
Director

T: 029 2046 8087
E: ian.pennington@kpmg.co.uk

'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Governance and Ethics Committee and Chief Executive.'



Antony Smith
Manager

T: 020 7311 2355
E: antony.smith@kpmg.co.uk

'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with Ian to ensure we add value. I will liaise with the Head of Finance and the finance team.'



Stefan Stefanov
Assistant Manager

T: 07468 768 916
E: stefan.stefanov@kpmg.co.uk

'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'

Appendix 3:

Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF WEST BERKSHIRE COUNCIL

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

We confirm that we have not undertaken any non-audit services during 2017/18.

Independence and objectivity considerations relating to other matters

We have noted that we have an office located in Theale. For our financial year ended 30 September 2017 the business rates for the Theale Office paid to the Authority were £244,537.

There are no additional other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Authority.

Appendix 3:

Independence and objectivity requirements (cont.)

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.



kpmg.com/uk



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Ian Pennington, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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