



Uttlesford District Council

Chief Executive: Dawn French

Governance, Audit and Performance Committee

Date: Thursday, 7th February, 2019

Time: 7.30 pm

Venue: Committee Room - Council Offices, London Road, Saffron Walden,
Essex CB11 4ER

Chairman: Councillor E Oliver

Members: Councillors G Barker, J Davey, J Gordon, N Hargreaves, S Harris,
D Jones (Vice-Chair), G LeCount, B Light and G Sell

Substitutes: Councillors A Dean, J Freeman and M Lemon

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given notice by 12 noon two working days before the meeting. A time limit of 3 minutes is allowed for each speaker. Please refer to further information overleaf.

AGENDA PART 1

Open to Public and Press

1 Apologies for Absence and Declarations of Interest

To receive any apologies for absence and declarations of interest.

2 Minutes of the Previous Meeting

5 - 8

To consider the minutes of the previous meeting.

3 Audit Plan

9 - 32

To receive BDO's planned audit strategy for the year ending 31 March 2019.

4 Benefits Subsidy Audit 2017/18 33 - 36

To receive the Benefits Subsidy Audit report for 2017/18.

5 Internal Audit Progress Report, 01 November 2018 to 31 January 2019 37 - 44

To receive the Internal Audit Progress report.

6 Internal Audit Counter Fraud & Corruption Work 45 - 48

To receive the Internal Audit Counter Fraud and Corruption Work report.

7 2018/19 Quarter 3 KPI and PI Performance 49 - 60

To receive the KPI and PI Performance report for Quarter 3 of 2018/19.

MEETINGS AND THE PUBLIC

Members of the public are welcome to attend any of the Council's Cabinet or Committee meetings and listen to the debate. All agendas, reports and minutes can be viewed on the Council's website www.uttlesford.gov.uk. For background papers in relation to this meeting please contact committee@uttlesford.gov.uk or phone 01799 510548/369.

Members of the public and representatives of parish and town councils are permitted to speak or ask questions at any of these meetings. You will need to register with the Democratic Services Officer by midday two working days before the meeting.

The agenda is split into two parts. Most of the business is dealt with in Part I which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

Agenda and Minutes are available in alternative formats and/or languages. For more information please call 01799 510510.

Facilities for people with disabilities

The Council Offices has facilities for wheelchair users, including lifts and toilets. The Council Chamber has an induction loop so that those who have hearing difficulties can hear the debate.

If you are deaf or have impaired hearing and would like a signer available at a meeting, please contact committee@uttlesford.gov.uk or phone 01799 510548/369 as soon as possible prior to the meeting.

Fire/emergency evacuation procedure

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest designated fire exit. You will be directed to the nearest exit by a designated officer. It is vital you follow their instructions.

For information about this meeting please contact Democratic Services

Telephone: 01799 510369 or 510548

Email: Committee@uttlesford.gov.uk

General Enquiries

Council Offices, London Road, Saffron Walden, CB11 4ER

Telephone: 01799 510510

Fax: 01799 510550

Email: uconnect@uttlesford.gov.uk

Website: www.uttlesford.gov.uk

This page is intentionally left blank

Agenda Item 2

GOVERNANCE, AUDIT AND PERFORMANCE COMMITTEE held at COMMITTEE ROOM - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, ESSEX CB11 4ER, on THURSDAY, 15 NOVEMBER 2018 at 7.30 pm

Present: Councillor E Oliver (Chairman)
Councillors G Barker, J Davey, J Gordon, N Hargreaves,
D Jones, B Light and G Sell

Officers in attendance: R Auty (Assistant Director - Corporate Services), A Bochel (Democratic Services Officer), S Bronson (Audit Manager), R Dobson (Democratic and Electoral Services Manager) and A Webb (Director - Finance and Corporate Services)

GAP24 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Jones.

GAP25 MINUTES OF PREVIOUS MEETINGS

The minutes of the meetings held on 27 September and 9 October were received and signed by the Chairman as a correct record.

GAP26 INTERNAL AUDIT OF EQUALITY AND DIVERSITY 2018

The Chairman moved Item 5, the Internal Audit of Equality and Diversity forward in the proceedings.

The Internal Audit Manager said that the department's report on the audit of corporate equality and diversity had found the Council was currently at the 'developing' authority level when measured against the Equality Framework for Local Government. Nine recommendations had been made aimed at improving governance, monitoring, reporting and compliance to equality legislation.

The Assistant Director – Corporate Services said he would identify a resource to work on implementing the recommendations.

The Cabinet Member for the Environment said the Council needed to get better at collecting demographic data.

The Assistant Director – Corporate Services said the Council had been good at collecting data on its staff, but then had not always used that data.

The report was noted.

GAP27 INTERNAL AUDIT PROGRESS REPORT, 01 SEPTEMBER TO 31 OCTOBER

2018

Members considered the report by the Internal Audit Manager.

The report was noted.

GAP28 INTERNAL AUDIT CHARTER 2018

Members considered the report by the Internal Audit Manager.

RESOLVED to approve the revised Internal Audit Charter.

GAP29 COMMUNITY GOVERNANCE REVIEW

The Democratic and Electoral Services Manager said the Council was in the hands of the Local Government Boundary Commission for England regarding the timing of a consequential changes order, to align the district ward and county division boundary with that of the altered parish boundary by the date of the register's publication on 1 December. If this change was not accomplished in time for it to be reflected in the published revised register there would be a need to take account of the deviation between the boundaries if there were any contested elections at parish level, until the register was republished the following year.

RESOLVED that the Committee concludes the community governance review which commenced on 26 July 2018, publicises and gives effect by Order to the following recommendations made in the review:

- a. That the existing parish boundary between the parishes of Little Easton parish and Great Dunmow parish, which is shown with a broken line on the map attached to the report, be altered as indicated on the map by a red line, so that the area hatched pink comprising the development known as Sector 4, be transferred from the parish of Little Easton to the parish of Great Dunmow;
- b. That the consent of the Local Government Boundary Commission and Electoral Commission be sought to make a consequential changes Order to give effect to alterations to align the boundary of the district ward and county division with the modified parish boundary.
- c. In respect of the electoral arrangements which apply to the parish of Great Dunmow, to increase the number of the parish councillors for the North ward by two.
- d. In respect of the electoral arrangements which apply to the parish of Little Easton, to make no change in the number of the parish councillors.
- e. In respect of the electoral arrangements review for the parish of Aythorpe Roding, to increase the number of parish councillors by one.

GAP30 BI-ANNUAL PROCUREMENT UPDATE

Members considered the report of the Procurement Manager.

The report was noted.

GAP31 2018/19 Q2 KPI AND PI PERFORMANCE REPORT

The Assistant Director – Corporate Services said that KPI 8 (Average Re-Let Time) had been changed to match the measure used in a national benchmarking system. The results for previous quarters had been recalculated but still showed an underperformance. A report on void properties was going to the Housing Board on 22 November, and this would be circulated to members of the Governance Audit and Performance Committee for information.

The Director – Finance and Corporate Services said KPI 12 (Processing of Planning Applications: Minor Applications) had been affected by staff turnover and the large volume of work it had been necessary to carry out on the Stansted Airport planning application. Turnover was high throughout the UK for planning officers, and many authorities struggled to recruit new staff. The Council was putting into place a contract with Place Services for support.

The Assistant Director – Corporate Services said the low number of Museum users shown in KPI 22 was a recurring theme across museums in Essex due to the warm summer and people looking for outdoor activities.

The report was noted.

GAP32 2018/19 CORPORATE RISK REGISTER

The Assistant Director – Corporate Services noted that a new risk had been added to the register to take account of the UK's probable exit from the European Union.

The report was noted.

The meeting finished at 8.05.

This page is intentionally left blank

Agenda Item 3

Committee: Governance, Audit and Performance

Date:

Title: Audit Plan 2018/19

Thursday, 7
February 2018

Author: BDO

Item for information

Summary

1. The attached Audit Plan summarises BDO's planned audit strategy for the year ending 31 March 2019.
2. This is the first year that the council's auditor has been BDO.

This page is intentionally left blank

UTTLESFORD DISTRICT COUNCIL

AUDIT PLAN

Audit for the year ending 31 March 2019

25 January 2019

CONTENTS

WELCOME 1

YOUR BDO TEAM 2

ENGAGEMENT TIMETABLE 3

AUDIT SCOPE AND OBJECTIVES..... 4

MATERIALITY 5

OVERALL AUDIT STRATEGY 6

KEY AUDIT RISKS AND OTHER MATTERS 9

INDEPENDENCE 15

FEES..... 16

APPENDIX I: MATERIALITY..... 17

APPENDIX II: AUDIT QUALITY 19

Page 12

WELCOME

PURPOSE AND USE OF OUR REPORT

We have pleasure in presenting our Audit Plan to the Governance, Audit and Performance Committee. This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2019 in respect of our audit of the financial statements of the Council and consolidated entity (together the 'group') and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the Council during the year under review, the financial and other performance for the year to date and other required scope changes.

We look forward to discussing this plan with you at the Governance, Audit and Performance Committee meeting on 7 February 2019 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

This report has been prepared solely for the use of the Governance, Audit and Performance Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.



YOUR BDO TEAM

Core team
David Eagles Engagement Lead
Alison Langridge Project Manager

Contact details	Key responsibilities
Tel: 01473 320728 David.Eagles@bdo.co.uk	Oversee the audit and sign the audit report
Tel: 01473 320752 Alison.langridge@bdo.co.uk	Management of the audit

David Eagles is the engagement lead and has the primary responsibility to ensure that the appropriate audit opinion is given on the financial statements and use of resources. Meeting this responsibility, he will ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance to support the opinion expressed over whether :

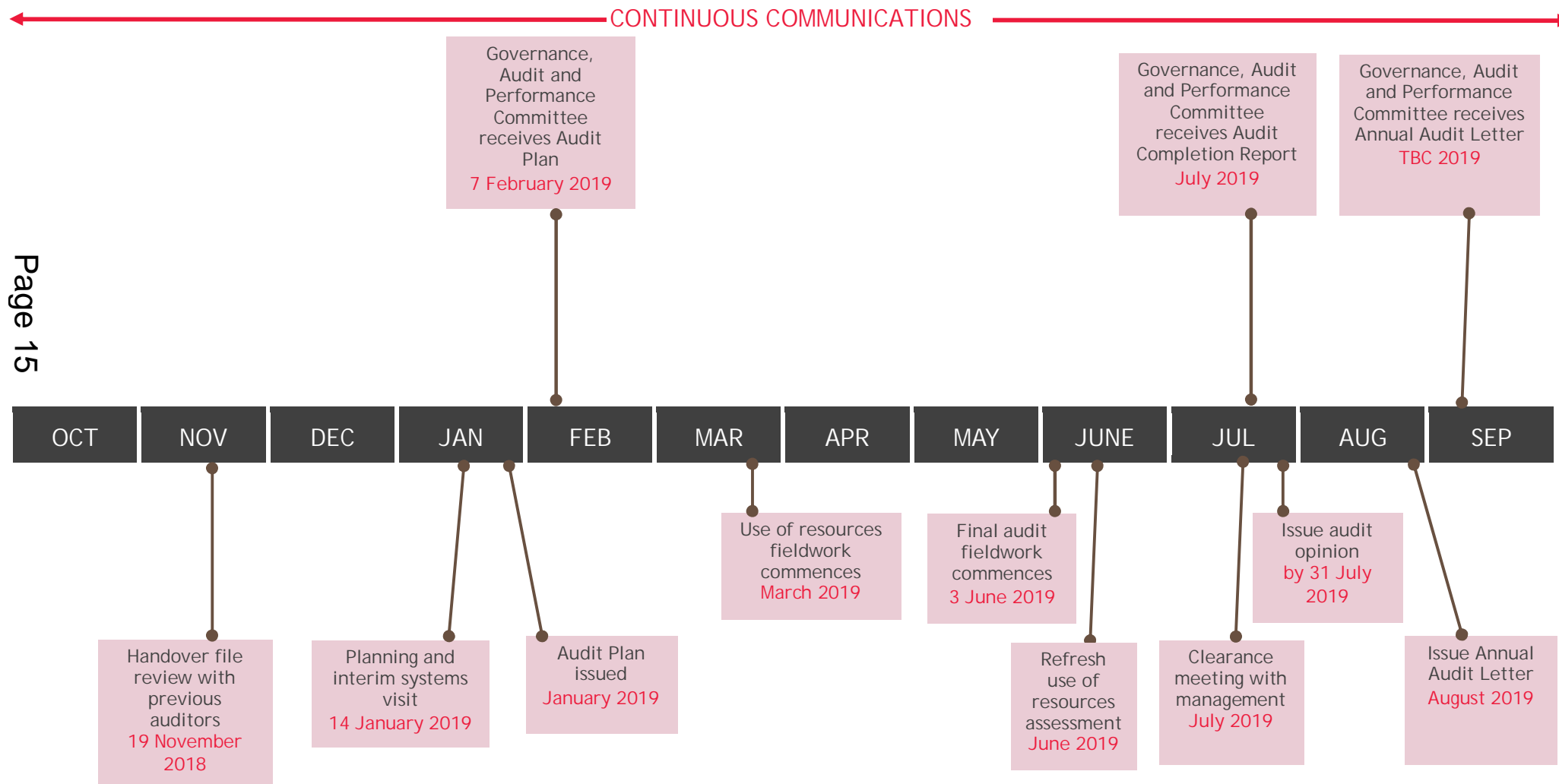
- The financial statements are free from material misstatement, whether due to fraud or error
- The Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

He is responsible for the overall quality of the engagement.

ENGAGEMENT TIMETABLE

TIMETABLE

The timeline below identifies the key dates and anticipated meetings for the production and approval of the audited financial statements and completion of the use of resources audit.



AUDIT SCOPE AND OBJECTIVES

FINANCIAL STATEMENTS		OTHER INFORMATION	WGA CONSOLIDATION	USE OF RESOURCES
<p>1 The financial statements give a true and fair view of the financial position of the group and Council and its income and expenditure for the period in question.</p>	<p>2 The financial statements have been prepared properly in accordance with the CIPFA Code of Practice on Local Authority Accounting 2018/19, applicable accounting standards or other direction.</p>	<p>3 Other information published together with the audited financial statements is consistent with the financial statements (including the Governance Statement) and our knowledge obtained during the audit.</p>	<p>4 The return required to facilitate the preparation of the Whole of Government Accounts (WGA) consolidated accounts is consistent with the audited financial statements.</p>	<p>5 The Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>
ADDITIONAL POWERS AND DUTIES				
<p>6 Where necessary: Consider the issue of a report in the public interest Make a written recommendation to the Council Allow electors to raise questions about the accounts and consider objections</p>	<p>7 Where necessary: Apply to the court for a declaration that an item of account is contrary to law Consider whether to issue an advisory notice or to make an application for judicial review.</p>			

Page 16

MATERIALITY

GROUP AND COMPONENT MATERIALITY

	MATERIALITY	CLEARLY TRIVIAL THRESHOLD
Group	£778,000	£15,000
Significant components: Council	£775,000	£15,000

Please see Appendix I for detailed definitions of materiality and triviality.

Planning materiality for the group and Council has been based on 1.7% of the prior year gross expenditure. At this stage, the figures are based on the prior year financial statements. This will be revisited when the draft financial statements are received for audit.

Component materiality is set for those entities where component auditors perform an audit or a review for purposes of the group audit. The local materiality applied for the statutory audit of the component financial statements, where required, cannot exceed the component materiality and is likely to be lower than the component materiality set as part of the group audit.

The clearly trivial amount is based on 2% of the materiality level.

OVERALL AUDIT STRATEGY

We will perform a risk based audit on the group and Council's financial statements and use of resources

This enables us to focus our work on key audit areas.

Our starting point is to obtain an understanding of the group, Council and other component entities' business and the specific risks it faces. We discuss with management any changes to the business and management's own view of potential audit risk, to gain an understanding of the Council's activities and to determine which risks impact on our audit. We will continue to update this assessment throughout the audit.

For the financial statements audit, we also obtain an understanding of the accounting systems in order to ensure their adequacy as a basis for the preparation of the financial statements, group-wide controls and the consolidation process and that proper accounting records have been maintained.

For the use of resources audit, we consider the significance of business and operational risks insofar as they relate to 'proper arrangements', including risks at both sector and council-specific level, and draw on relevant cost and performance information as appropriate.

We then carry out our audit procedures in response to audit risks.

Approach to components of the group financial statements

Our approach is designed to ensure we obtain the requisite level of assurance across the whole group.

We are aware that there is some uncertainty whether local authority controlled companies are able to take advantage of the size and threshold exemptions for audit or whether the requirement for audit remains in place where the council itself is preparing consolidated accounts. It is our understanding that local authority controlled companies are not able to take advantage of the audit exemption.

Total coverage is expected to be as shown opposite.

SCOPE	EXPENDITURE COVERAGE 2018/19	NON CURRENT ASSETS 31/3/19	EXPENDITURE COVERAGE 2017/18	NON CURRENT ASSETS 31/3/18
Full scope procedures (Council)	£TBCm	£TBCm	£45.7m	£413.2m
Specific scope procedures (Aspire)	£TBCm	£TBCm	£5.9m	£43.7m
Group	£TBCm	£TBCm	£45.8m	£412.2m

OVERALL AUDIT STRATEGY

Group matters

COMPONENT NAME	% GROUP EXPENDITURE	% GROUP NET ASSETS	COMPONENT AUDITOR	OVERVIEW OF WORK TO BE PERFORMED	OVERVIEW OF THE NATURE OF OUR PLANNED INVOLVEMENT IN THE WORK PERFORMED BY THE COMPONENT AUDITOR
Full scope procedures:					
Council	95.5%	100.2%	BDO LLP	Code audit of the financial statement prepared under CIPFA Code of Practice on Local Authority Accounting	Undertaken by the group audit team
Non-significant component procedures:					
Aspire (CRP) Limited	4.5%	-1.3%	BDO LLP	PPE existence and valuation subject to specified procedures; verification of other material components as relevant; and analytical review.	Specified tests undertaken by the group audit team

Expenditure and net assets positions set out above are based on 2017/18 expenditure and position as at 31 March 2018. Aspire had a retained deficit of £3.256m as at 31 March 2018.

OVERALL AUDIT STRATEGY

Audit risks and planned audit responses

For the financial statements audit, under International Standard on Auditing 315 “Identifying and assessing the risks of material misstatement through understanding the entity and its environment”, we are required to consider significant risks that require special audit attention.

In assessing a risk as significant, we exclude the effects of identified controls related to the risk. The auditing standard requires us to consider:

- Whether the risk is a risk of fraud
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention
- The complexity of transactions
- Whether the risk involves significant transactions with related parties
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

For the use of resources audit, the NAO has provided information on potential significant risks such as:

- Organisational change and transformation
- Significant funding gaps in financial planning
- Legislative or policy changes
- Repeated financial difficulties or persistently poor performance
- Information from other inspectorates and review agencies suggesting governance issues or poor service performance.

- We consider the relevance of these risks to the authority in forming our risk assessment and audit strategy

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will review relevant reports as part of our audit and consider whether to place any reliance on internal audit work as evidence of the soundness of the control environment.

Fraud risk assessment

We have discussed with management its assessment of the risk that the financial statements may be materially misstated due to fraud and the processes for identifying and responding to the risks of fraud.

Management believes that the risk of material misstatement due to fraud in the authority's financial statements is low and that controls in operation would prevent or detect material fraud. We are informed by management that there have not been any cases of significant or material fraud to their knowledge.

We are required to discuss with those charged with governance their oversight of management's processes for identifying and responding to risks of all fraud.

We expect Audit and Risk Management Committee members, as those charged with governance, to let us know if there are any actual, suspected or alleged instances of fraud of which they are aware. We will make these enquiries as part of the Audit and Risk Management Committee pre-meetings throughout the year.

KEY AUDIT RISKS AND OTHER MATTERS

Key: ■ Significant risk ■ Normal risk

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Management override	<p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.</p> <p>Under auditing standards there is a presumed significant risk of management override of the system of internal controls.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements • Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud • Obtain an understanding of the business rationale for significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual. 	Not applicable.
Revenue recognition	<p>Under auditing Standards there is a presumption that income recognition presents a fraud risk. For local authorities, the risks can be identified as affecting the completeness, accuracy and existence of income.</p> <p>We consider that the presumed significant risk relating to income recognition can be rebutted for all streams except fees and charges.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Test a sample of fees and charges to ensure income has been recorded in the correct period and that all income that should have been recorded has been recorded. 	Not applicable.

KEY AUDIT RISKS AND OTHER MATTERS

AUDIT RISK AREAS – FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
<p>Non-current asset valuations</p>	<p>Local authorities are required to ensure that the carrying value of non-current assets is not materially different to the current value (operational assets) or fair value (surplus assets, assets held for sale and investment properties) at the balance sheet date.</p> <p>The Council engages independent management experts to provide valuations on an annual basis.</p> <p>Due to the significant value of the Council’s non-current assets, and the high degree of estimation uncertainty, there is a risk over the valuation of non-current assets where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at the year-end.</p>	<p>We will:</p> <ul style="list-style-type: none"> Review the instructions provided to the valuer and the consider valuer’s skills and expertise in order to determine if we can rely on the management expert Check whether the basis of valuation for assets valued in year is appropriate; Review the reasonableness of assumptions used in the valuation of non-current assets, the accuracy and completeness of the source data used by the valuer and the Council’s critical assessment of the external valuer’s conclusions Follow up valuation movements that appear unusual against indices, or any assets which have not been revalued at the year-end which may have had material movements since the last formal valuation. 	<p>We will review independent data that shows indices and price movements for classes of assets against the percentage movement applied by the Council.</p>

KEY AUDIT RISKS AND OTHER MATTERS

AUDIT RISK AREAS – FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Pension liability assumptions	<p>The net pension liability comprises the Council's share of the market value of assets held in the Essex Pension Fund, and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the membership data and cash flows provided to the actuary as 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Agree the disclosures to the information provided by the pension fund actuary • Review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data • Check whether any significant changes in membership data have been communicated to the actuary. 	<p>We will use the PwC consulting actuary report for the review of the methodology of the actuary and reasonableness of the assumptions.</p>

KEY AUDIT RISKS AND OTHER MATTERS

AUDIT RISK AREAS – FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Implementation of IFRS 9	<p>The Code of Practice on Local Authority Accounting requires the implementation of IFRS 9 (financial instruments) in 2018/19.</p> <p>Under IAS 39, impairment methodology was only recognised where there is objective evidence that a financial asset was impaired. IFRS 9 changes to an expected losses model, which the Council considers the potential for impairment over the lifetime of the asset.</p> <p>The Council needs to review the classification of all financial instruments and prepare new disclosures.</p> <p>These changes require an adjustment to opening balances reported in the Movement in Reserves Statement.</p> <p>There is a risk that these presentational changes are not correctly applied in the financial statements.</p>	<p>We will review the draft financial statements and supporting working papers which details the Council's proposed approach to the new accounting standard.</p> <p>We will check the draft financial statements against the CIPFA Disclosure Checklist to ensure that all of the required presentational changes have been correctly reflected within the financial statements.</p>	Not applicable
	Implementation of IFRS 15	<p>The Code of Practice on Local Authority Accounting requires the implementation of IFRS 15 (revenue from contracts with service recipients) in 2018/19.</p> <p>Although the Code determines that IFRS 15 is mainly for exchange transactions (fees and charges), the Group's revenue streams also need to be assessed. The Council needs to have arrangements in place to be able to consider contracts entered into by the subsidiaries and apply any accounting policy adjustments required.</p> <p>The Council needs to review the classification of all revenue streams and amend the accounting policies note.</p> <p>These changes require an adjustment to opening balances reported in the Movement in Reserves Statement.</p> <p>There is a risk that these presentational changes are not correctly applied in the financial statements.</p>	<p>We will review the draft financial statements and supporting working papers which details the proposed approach to the new accounting standard by both the Council and the group.</p> <p>We will check the draft financial statements against the CIPFA Disclosure Checklist to ensure that all of the required presentational changes have been correctly reflected within the financial statements.</p>

KEY AUDIT RISKS AND OTHER MATTERS

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Related party transactions	We need to consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards.	<p>We will:</p> <ul style="list-style-type: none"> Update our understanding of the related party transactions identification procedures in place and review relevant information concerning any such identified transactions Discuss with management and review senior management declarations to ensure there are no potential related party transactions which have not been disclosed; this is something we will require you to include in your management representation letter to us. 	Companies House searches for undisclosed interests.

KEY AUDIT RISKS AND OTHER MATTERS

AUDIT RISK AREAS - USE OF RESOURCES			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Sustainable finances Page 26	Forthcoming changes to funding, including that relating to the New Homes Bonus and business rates retention is expected to place notable financial pressures on the Council in the medium term.	We will review the assumptions used in the Medium Term Financial Strategy and assess the reasonableness of the cost pressures and the amount of Government grant reductions applied. We will also review the strategies to close the budget gap in the medium term.	We shall review core grant data published by central government.
	In anticipation of this, the Council is taking steps to consider a number of commercial development opportunities and potentially transformational change. Current financial stability allows the Council time to put such arrangements in place in a properly considered manner and not hastily.		
	Nevertheless, the financial pressure and the way in which the proposed initiatives are approached represent a significant risk in respect of the sustainable deployment of resources, informed decision-making and working with partners.		

INDEPENDENCE

INDEPENDENCE

Under Auditing and Ethical Standards, we are required as auditors to confirm our independence to 'those charged with governance'. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Governance, Audit and Performance Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to have a bearing on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that engagement leads are made aware of any matters which may reasonably be thought to bear on the firm's independence and the objectivity of the engagement lead and the audit staff. This document considers such matters in the context of our audit for the year ending 31 March 2019.

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement lead and audit staff is not impaired. These policies include engagement lead and manager rotation, for which rotation is required after 5 years and 10 years respectively.

INDEPENDENCE - ENGAGEMENT TEAM ROTATION

SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED
David Eagles - Engagement lead	1
Alison Langridge - Senior Audit Manager	1

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

FEES

FEES SUMMARY

Our proposed fees, excluding VAT, for the year ending 31 March 2019 are:

	2018/19 Proposed fee £	2017/18 Actual fee £
Code audit fee	40,745	58,443
Fees for non-audit services - audit related services		
Certification of housing benefits subsidy claim	17,000	22,808
Aspire subsidiary statutory audit	12,500	13,000
Fees for other non-audit services	0	0
	29,500	35,808
TOTAL FEES	£70,245	94,251

Billing arrangements

We will raise invoices for the Code audit fee in two instalments as follows:

- £20,372.50 in September 2018
- £20,372.50 in March 2019.

Following our firm's standard terms of business, full payment will be due within 14 days of receipt of invoice. Fee invoices for other services, including the certification of the housing benefits subsidy claim and audit of Aspire, will be raised as the work is completed.

Amendments to the proposed fees

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Director of Finance and Corporate Services. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Management Committee.

Our fee is based on the following assumptions

- The complete draft financial statements and supporting working papers will be prepared to a standard suitable for audit. All balances will be reconciled to underlying accounting records.
- Key dates will be met, including receipt of draft accounts and working papers prior to commencement of the final audit fieldwork.
- We will receive only one draft of the financial statements prior to receiving the final versions for signing.
- A near final draft of the Annual Report will be available at commencement of the final audit visit.
- Within reason, personnel we require to hold discussions with will be available during the period of our on-site work (we will set up meetings with key staff in advance).

APPENDIX I: MATERIALITY

CONCEPT AND DEFINITION

- The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.
- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):
 - Narrative disclosure e.g. accounting policies, going concern
 - Statutory performance targets
 - Instances when greater precision is required (e.g. senior manager remuneration disclosures).

International Standards on Auditing UK also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

CALCULATION AND DETERMINATION

- We have determined materiality based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as sector developments, financial stability and reporting requirements for the financial statements.
- We determine materiality in order to:
 - Assist in establishing the scope of our audit engagement and audit tests
 - Calculate sample sizes
 - Assist in evaluating the effect of known and likely misstatements on the financial statements.

APPENDIX I: MATERIALITY

REASSESSMENT OF MATERIALITY

- We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.
- Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.
- You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

UNADJUSTED ERRORS

- In accordance with auditing standards, we will communicate to the Audit and Risk Management Committee all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.

Page 30

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the Audit and Risk Management Committee, confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

- There are a number of areas where we would strongly recommend/request any misstatements identified during the audit process being adjusted. These include:
 - Clear cut errors whose correction would cause non-compliance with statutory performance targets, management remuneration, other contractual obligations or governmental regulations that we consider are significant.
 - Other misstatements that we believe are material or clearly wrong.

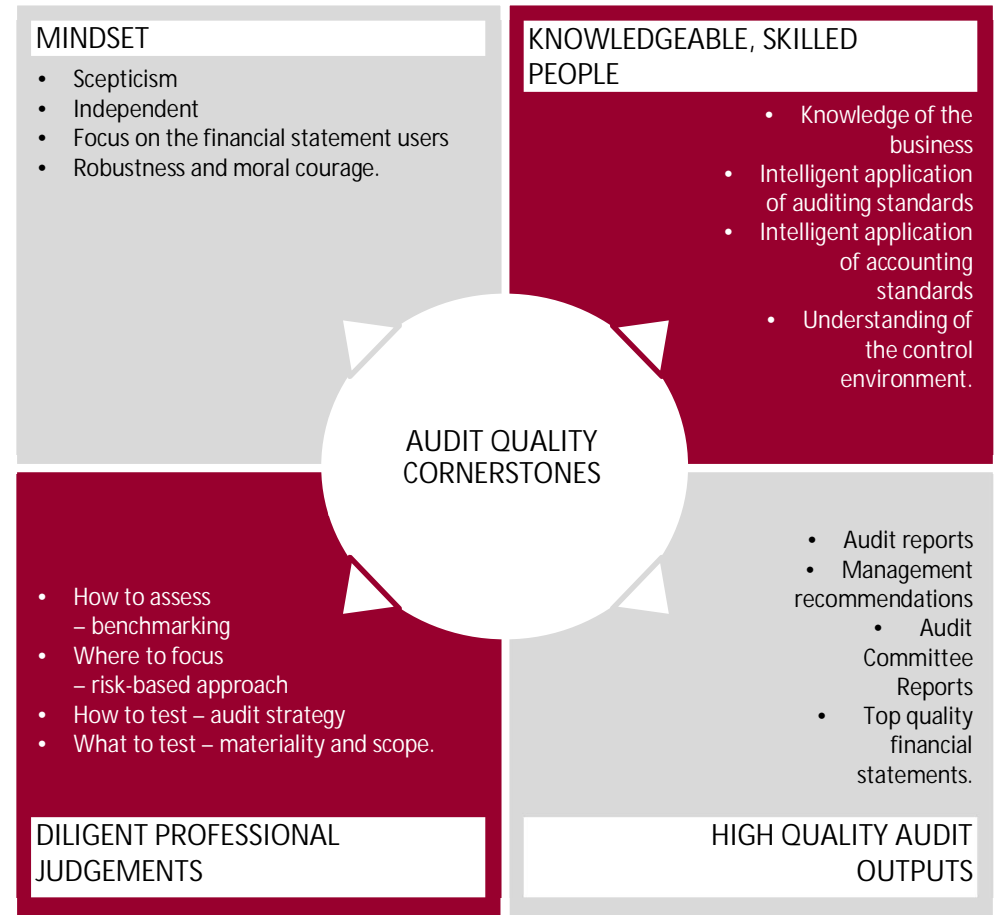
APPENDIX II: AUDIT QUALITY

AUDIT QUALITY

BDO's audit quality cornerstones underpin the firm's definition of audit quality

- BDO is committed to audit quality. It is a standing item on the agenda of the Leadership Team, who in conjunction with the Audit Stream Executive, monitors the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. We welcome feedback from external bodies and are committed to implementing necessary actions to address their findings.
- We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external regulators, the firm undertakes a thorough annual internal Audit Quality Assurance Review and as a member firm of BDO International network we are also subject to a quality review visit every three years.

Page 31



The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2019 BDO LLP. All rights reserved.

www.bdo.co.uk

Agenda Item 4

Committee: Governance, Audit and Performance

Date:

Title: Benefits Subsidy Audit – 2017/18

7 February 2019

Portfolio Holder: Councillor Simon Howell,
Portfolio Holder for Finance and Administration

Report Author: Caroline Saych, Benefits Manager
csaych@uttlesford.gov.uk

Summary

1. The 2017/18 Housing Benefit (HB) Auditor-Certified Subsidy Claim was submitted to the Department for Work and Pensions (DWP) by the 30th November 2018 deadline.
2. This is the second year that Uttlesford District Council (UDC) has retained its Local Authority (LA) Error/Admin Delay (AD) subsidy income of £55,142. An increased post audit net subsidy income of £28,275 from 2016/17.

Recommendations

3. None, this is an information only report.

Financial Implications

4. None, this is an information only report.

Background Papers

5. None.

Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

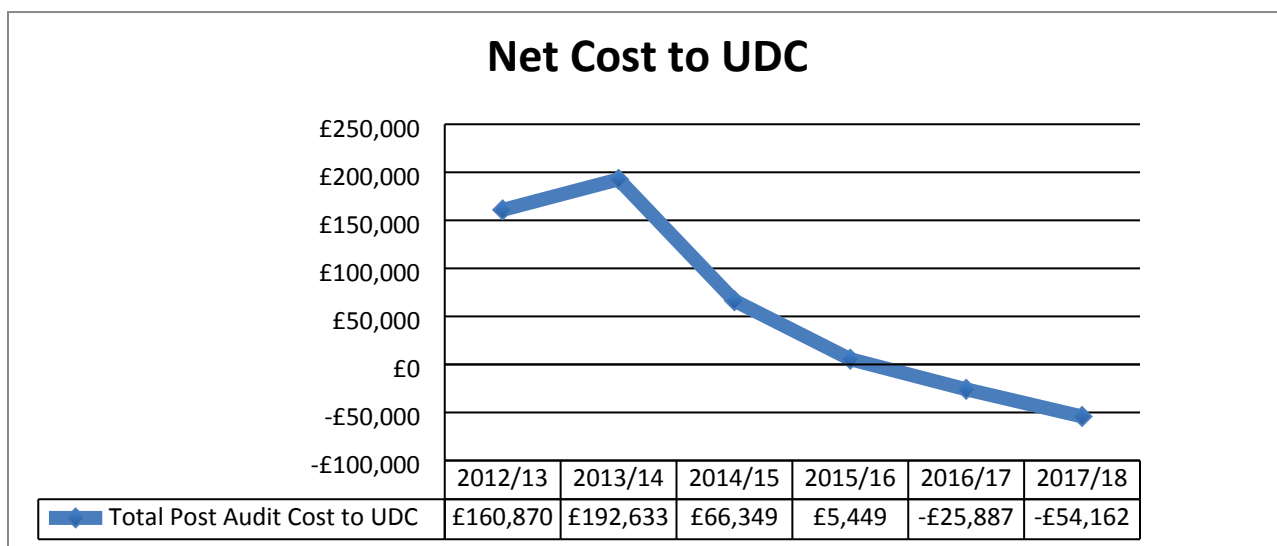
Situation

6. The 2017/18 subsidy claim consisted of 225 cells and a total claim value of £15,588,959.
7. As detailed below, for the second year running, Uttlesford District Council (UDC) has retained its Local Authority (LA) Error/Admin Delay (AD) subsidy income at an increased value of £55,142.
8. The LA Error/AD initiative enables LA's to maximise subsidy according to the level of their LA Error/AD overpayments. The level of subsidy that LAs can claim for these overpayments is determined by thresholds, expressed as a percentage, of total correct Housing Benefit (HB) payments. The thresholds are:
 - Lower threshold 0.48%
 - Upper threshold 0.54%

When the total LA Error/AD overpayment figures are less than or equal to 0.48% of total expenditure, the subsidy rate that can be claimed by the LA relative to these overpayments is 100%. If the overpayment amounts are greater than 0.48% but less than 0.54%, a reduced subsidy rate of 40% can be claimed. If the overpayments equate to over 0.54%, no subsidy can be claimed.

9. Due to the benefit team's proactive and preventative work processes over the past few years, UDC's LA Error/AD overpayments during 2017/18 equated to only £55,142. UDC's 0.48% threshold for 2017/18 was £72,911 meaning 100% of the £55,142 can be retained.
10. Additional overpayment values of £2,446 were identified as part of the audit. Only 40% of this value, i.e. £978, carries a cost implication to UDC. This equates to a post audit subsidy loss of only 0.01% compared to total claim value.
11. Looking at the overall subsidy picture therefore, the net extrapolation cost of £978 against the LA Error/AD income gain of £55,142 is a gain of £54,164; an improvement of £28,275 compared to 2016/17, £31,336 compared to 2015/16, £92,236 compared to 2014/15 and £218,520 compared to 2013/14.
12. The table below shows a breakdown of these figures.

Year	Extrapolation cost £	Positive Adjustments £	LA Error/Admin Delay Subsidy £	Total Post Audit Cost to UDC £	Difference from previous year £
2012/13	160,870	0	0	160,870	
2013/14	192,633	0	0	192,633	31,763
2014/15	66,349	0	0	66,349	(126,284)
2015/16	8,712	(3,263)	0	5,449	(60,900)
2016/17	19,454	(883)	(44,458)	(25,887)	(31,336)
2017/18	980	(0)	(55,142)	(54,162)	(28,275)



13. In accordance with EY's 2017/18 findings, the benefits team will continue to address the recommendation that the Council continues to ensure further improvements in the accuracy of processing.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The quality and accuracy of the benefit team deteriorates and/or improvements in accuracy are not achieved.	2 - Recruitment/retention of experienced assessment officers. Training programmes and subsidy/quality checking processes in place but new staff pose a greater risk of error.	3 – As seen in report above, the identification of small financial errors can result in large extrapolated values.	Quality checking processes in place. Subsidy maximisation and high risk areas of assessment targeted.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

This page is intentionally left blank

Agenda Item 5

Committee: Governance, Audit and Performance Committee
Title: Internal Audit Progress Report, 01 November 2018 to 31 January 2019
Report Author: Sheila Bronson, Audit Manager
sbronson@uttlesford.gov.uk
Date: Thursday, 7 February 2019

Summary

1. To report to the Governance, Audit & Performance Committee details of work undertaken by Internal Audit since the last report to the Committee on 15 November 2018 and to provide an update on implemented and outstanding internal audit recommendations

Recommendations

2. That the Internal Audit Progress Report, 01 November 2018 to 31 January 2019 be noted

Financial Implications

3. None. There are no costs associated with the recommendations

Background Papers

4. None.

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2017/18 and 2018/19 referred to in this report have been approved by the Corporate Management Team and endorsed by the Governance, Audit & Performance Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal	none

Implications	
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Governance, Audit & Performance Committee at its meeting 15 November 2018;
 - ii) Performance against the Internal Audit Work Programme 2018/19 ;
 - iii) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - iv) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 01 November 2018 to 31 January 2019

7. Since the last report to the Committee:
- i) The Internal Audit resources have been limited by the need to work on implementation of the new Data Protection Act (GDPR) and sickness absence, and this has affected progress with the Internal Audit programme. However, steps are being taken to bring in some extra resource and to recruit to a post which has recently become vacant.
 - ii) The audit of Council Tax from the 2017/18 audit programme is still to be completed due to unplanned resource issues. It is now expected this audit will be completed by 28 February 2019.
 - iii) Between 01 November 2018 to 31 January 2019, 3 audits from the 2018/19 audit programme were completed and final reports issued with a total of 6 recommendations made.
 - iv) All final audit reports issued have been copied to Governance, Audit & Performance committee Members and are available on the Council's Intranet. A summary of final reports issued is presented at Appendix A (i).
 - v) Between 01 November 2018 to 31 January 2019 work has started on 1 audit from the Internal Audit Work Programme 2018/19. Progress on the 2018/19 programme is presented at Appendix A (ii);

- vi) The 2018/19 Internal Audit Work Programme will not be completed by 31 March 2019. I will be extending work on the programme into the new financial year and aiming for completion by 30 June 2019; at which point I will consider if sufficient work has been completed to enable me to give a meaningful overall audit opinion on the Council's control environment for 2018/19 in my Annual Report and Opinion to be presented to members at the July 2019 meeting of this committee.

Recommendations Implemented 01 November 2018 to 31 January 2019

8. No level 3 or level 4 recommendations were scheduled for implementation during this period.

Recommendations Not Implemented by due date at 31 January 2019

9. As of 31 January there are no recommendations reported in Pentana as not being implemented in accordance with their agreed due dates

Risk Analysis

- 10.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non-compliance

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

This page is intentionally left blank

FINAL & REPORTS ISSUED 01 November 2018 to 31 January 2019

ref		Risk	Revised potential days	Final Report Issued	2017/18 Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
						total	4	3	2	1	
120	Governance & Legal - Democratic Services	3	10	08/11/18	9.00	1	0	0	1	0	substantial
130	Governance & Legal - Legal Services	4	10	21/01/19	9.01	0	0	0	0	0	substantial
150	Housing & Health - Environmental Health – Enforcement	3	15	23/11/18	14.46	5	0	4	1	0	limited
						6	0	4	2	0	

PROGRESS ON THE AUDIT PROGRAMME 2018/19

ref	Audit	2018/19 days	qtr	IA Risk 2018/19	Started	Draft	Final	Days Taken	Status
01C	Corporate Counter Fraud	5	1	2				0.00	
02C	Corporate Equality & Diversity	35	1	4	04/04/18	17/10/18	25/10/18	46.44	final
03C	Corporate Health & Safety	10	3	4				0.00	
04KF	HR & Payroll (combined)	15	2	4				0.00	
05KF	Budgets	5		3				0.00	
06KF	Cash & Bank	5		3				0.00	
07KF	Contracts & Procurement	10		3				0.00	
08KF	Creditors	10		4				0.00	
09KF	Housing Rents	10	2	3	02/08/18	31/08/18	11/09/18	9.26	final
10KF	Income Fees & Charges	5	1	3	26/07/18	17/10/18	30/10/18	7.13	final
110	<i>Museum</i>	5	1	2				0.00	<i>c/f to 2019/20</i>
120	Democratic Services	10	2	3	14/09/18	31/10/18	08/11/18	9.00	final
130	Legal Services	10	1	4	20/04/18	07/01/19	21/01/19	9.05	final
140	Community Safety	10		3				0.00	

PROGRESS ON THE AUDIT PROGRAMME 2018/19

ref	Audit	2018/19 days	qtr	IA Risk 2018/19	Started	Draft	Final	Days Taken	Status
150	Environmental Health – Enforcement	15	2	3	21/08/18	17/10/18	23/11/18	14.46	final
160	Disabled Facilities Grants	10	4	3	17/09/18			0.57	testing
170	Empty Homes & Private Sector Housing	10	4	3	17/09/18			4.00	testing
180	Property Services - Planned Maintenance	15		3	23/10/18			5.68	testing
190	<i>Property Services - Stock & Voids</i>	5	2	4				0.00	<i>c/f to 2019/20</i>
200	Property Services – Stores	10	2	3	21/11/18			7.15	testing
210	ICT Security	10	4	3				0.00	
220	Building Control Service and Fees	10	3	3				0.00	
230	Planning - Development Management, Support & Advice	10		3				0.00	
240	Economic Development Service - business parks & communities	10	3	2				0.00	
250	Economic Development Service - Stansted Airport & LSP economic growth, jobs & prosperity	10	3	2				0.00	
260	Planning – Enforcement	15	1	3	19/04/18	30/07/18	02/10/18	9.80	final
270	Planning - Neighbourhood Plans	10		3				0.00	
280	Trade Waste and Income Generating Services	10	1 & 3	4	23/04/18			3.21	testing
TOTAL AUDIT DAYS		295						125.75	

Committee: Governance, Audit and Performance Committee
Title: Internal Audit Counter Fraud & Corruption Work
Report Author: Sheila Bronson, Audit Manager
sbronson@uttlesford.gov.uk

Date:
Thursday, 7
February 2019

Summary

1. The purpose of this report is to update members on the counter fraud and corruption work undertaken by the Council's Internal Audit section.

Recommendations

2. The Committee is requested to note this report.

Financial Implications

3. There are no direct financial implications.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	none
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. Internal Audit is responsible for promoting the Council's counter-fraud and corruption strategy and policies and our objective is to raise internal and external awareness of fraud and corruption and of the various actions that the council is taking to prevent, identify and counteract it. These include the Internal Audit Manager chairing of the Counter Fraud Working Group (CFWG), Fraud & Bribery Risk Assessments, revision of the Council's Corporate Counter-Fraud & Corruption Strategy and Policies and co-ordination of the Council's National Fraud Initiative (NFI) data matching exercises.
7. With the exception of coordinating any of the Council's required National Fraud Initiative (NFI) work, limited counter-fraud and corruption work has been undertaken by Internal Audit since November 2017 during the Internal Audit Manager's secondment to the GDPR Project, which ended on 31 December 2018.

Counter Fraud Working Group

8. At the Council's Counter Fraud Working Group (CFWG) in January 2019, the meeting reviewed the NFI work and received reports on counter fraud work throughout the Council. The CFWG Terms of Reference and meeting minutes can be made available to members on request.
9. The Council's Counter Fraud Strategy and Policies were last published in April 2015 and are available on the Counter Fraud & Corruption pages on the council's website. The Internal Audit Manager is currently co-ordinating the review and updating of the Counter Fraud Strategy and Policies for agreement with Senior and Corporate Management and these will be presented for information to a future meeting of this committee.

External Initiatives

10. There are a number of initiatives to assist local authorities in their counter fraud activities; the most applicable of these for this authority is the CIPFA Fighting Fraud & Corruption Locally Strategy 2016-2019 published by the CIPFA Counter Fraud Centre.

Fraud Risk Assessment 2019

11. An updated Fraud Risk Assessment using the checklists from the Fighting Fraud & Corruption Locally Strategy 2016-2019 is scheduled to be carried out with the Corporate Management Team (CMT) by the Internal Audit Manager as part of the Audit of Fraud 2018/19.
12. The results of the assessment will be reported to CMT along with a draft management action plan to address any actions needed to be taken in areas identified for improvement. Progress towards implementation of the plan will be reviewed with CMT reported to the Counter Fraud Working Group.

National Fraud Initiative (NFI)

13. The Cabinet Office is responsible for the National Fraud Initiative (NFI); this is a data matching exercise which matches information provided by 1,200 participating organisations from across the public and private sectors to identify potentially fraudulent claims, errors and overpayments etc. for investigation by those organisations.
14. All district councils are required to participate in NFI exercises, each council appointing a NFI Key Contact responsible for coordinating and monitoring the overall exercises within their council and providing feedback on outcomes. The Internal Audit Manager is the Council's NFI Key Contact and has responsibility for coordinating all NFI exercises.
15. There are two NFI exercises in which the Council participates:
 - the main NFI Exercise which takes place every two years and
 - the annual Council Tax Single Person Discount Exercise.
16. From the 2016/17 NFI Exercise, the Council received 1274 potential fraud data matches which were allocation to the relevant services during 2017 for checking and investigation. Checks have been completed on 923 matches (72%) and have identified two errors (value £1,592) and four frauds (value £13,813). With the commencement of the 2018/19 NFI Exercise, no further work will be undertaken on the remaining matches from the 2016/17 Exercise
17. From the 2017 Council Tax Single Person Discount Exercise, the Council received 2329 potential fraud data matches for checking and investigation. Checks have not been carried out on 756 matches relating to Council Tax and Electoral Registration because of the Council's participation in a monthly local data matching programme. Checks have been completed on all of the remaining 1573 matches and have identified:
 - for Rising 18s, eight errors (value £2,527) and one fraud (value £384)
 - for Single Person Discounts two errors (value £1,381) and two frauds (value £1168).
18. Data was submitted in October 2018 for the main 2018/19 NFI Exercise and in January 2019 for the 2018 Council Tax Single Person Discount Exercise. On receipt of the matches from these exercises, the Internal Audit Manager will co-ordinate their allocation for checking and will oversee the resulting outcomes.

Risk Analysis

19.

Risk	Likelihood	Impact	Mitigating actions
Financial and reputational risk to the Council if it	2 = Some risk if public and staff unaware	3 = Significant risk of financial loss /	Participation in NFI Initiatives Corporate Counter

fails to actively commit to a counter-fraud and corruption strategy	of counter-fraud and corruption commitment	penalties and reputation	Fraud & Corruption Strategy and Policies
---	--	--------------------------	--

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Committee: Governance, Audit and Performance Committee

Date:

Thursday, 7
February 2018

Title: 2018/19 Q3 KPI and PI Performance Report

Report Author: Paula Evans, Customer Services and Performance Manager

Summary

1. This report presents the 2018/19 Quarter 3 Outturn data for all Key Performance Indicators (KPIs) and Performance Indicators (PIs).

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report. However, some indicator data relates to the financial performance of services within the authority.

Background Papers

4. None

Impact

- 5.




Communication/Consultation	None
Community Safety	None
Equalities	None beyond service improvement on the equality and diversity performance indicators
Health and Safety	None beyond service improvement on the health and safety related performance indicators
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None

Workforce/Workplace	None
---------------------	------

Situation




- Appendix 1 presents the data for Quarter 3 of 2018/19 (1st October – 31st December) for each indicator that is monitored and reported on a quarterly basis. Performance is monitored against all targets agreed at Governance, Audit and Performance Committee in May 2018. All outturn data is shown in bold.
- For comparison purposes the table also includes data for Quarters 3 & 4 2017/18 and Quarters 1 & 2 2018/19.
- All data and performance notes have been received by the Corporate Management Team and the Joint Executive Team.
- Overall performance for both the KPIs and PIs combined for Quarter 3 can be summarised as follows, with the majority of indicators meeting target:

Q3 2018/19 (30 indicators)

TOTAL Q3 2018/19		
	19	63%
	6	20%
	5	17%
Total	30	100%

- When reviewing the short term performance trend by comparing Q3 2018/19 performance against Q2 2018/19, it can be noted that identical ratios of performance across status' have been achieved:

Q2 & Q3 2018/19 (30* indicators)




Status	Q2 2018/19		Q3 2018/19	
	19	63%	19	63%
	6	20%	6	20%
	5	17%	5	17%
Total	30	100%	30	100%

*Data now comparable for KPI 14 as Q2 & Q3 data entered.

** Data now comparable for KPI 08(a) as retrospective calculations completed of Q2 data based upon new criteria.




- When reviewing the long term performance trend by comparing Q3 2017/18 and Q3 2018/19, it is clear that there has been very little movement overall, with only a slight drop in performance showing:

Q3 2017/2018 & 2018/19 (28* indicators)

Status	Q3 2017/2018		Q3 2018/19	
	18	65%	17	61%
	6	21%	6	21%
	4	65%	5	18%
Total	28*	100%	28	100%

**PI 44 and PI 45 new indicators for 2018/19.*

12. When analysing the performance of KPIs and PIs by directorate, Corporate Services have performed better than Public Services for both KPIs and PIs:

Status	Corporate Services		Public Services		Chief Executive Office	
	12	75%	6	50%	1	50%
	3	19%	2	17%	1	50%
	1	6%	4	33%	0	0%
Total	16	100%	12	100%	2	100%

13. There are four KPIs that have not met their target but are within the 10% threshold and have an 'amber' status:

- KPI 03 Percentage of Non-domestic Rates Collected
- KPI 05 Percentage of Council Tax Collected
- KPI 06 (b) Time taken to process Housing Benefit/Council Tax Benefit Change Events
- KPI 14 Percentage of household waste sent for reuse, recycling and composting (LAA)

14. There are three KPIs that have exceeded the 10% performance threshold and have a 'red' status:

KPI 08 (a)

Average re-let time in days (all re-lets including time spent in works)

Following discussion at the November GAP Committee meeting, it was agreed that a report on housing voids that was going to the Housing Board would be circulated to committee members. A link to that report and the associated minute was emailed on 7 December with a note that if any GAP Committee member wished an agenda item to be included for February GAP, they should request it. No request was received. Officers are closely monitoring this indicator and working to improve performance.

KPI 12**Processing of planning applications: Minor applications (within 8 weeks or including any agreed extension of time)**

Officers have established and implemented an action plan to address current challenges so as to ensure performance improves.

KPI 13**Processing of planning applications: other applications (within 8 weeks or including any agreed extension of time)**

Officers have established and implemented an action plan to address current challenges so as to ensure performance improves.

Risk Analysis

15.

Risk	Likelihood	Impact	Mitigating actions
If performance indicators do not meet quarterly/annual targets then areas such as customer satisfaction survey and statutory adherence to government led requirements could be affected leading to a loss of reputation for the council.	2 The majority of performance indicators perform on or above target	3 The majority of service areas within the council are customer-facing.	Performance is monitored by CMT, JET and the committee on a quarterly basis. The inclusion of five quarters of data helps to effectively identify trends.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

2018/19 Quarter 3 KPIs and PIs Report

Key: * Cumulatively monitored # Quarterly targets profiled max: Aim to maximise performance min: : Aim to maximise performance

Generated on: 16 January 2019
















Directorate: Corporate Services (KPIs)
















PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
KPI 01 Percentage of supplier invoices paid within 30 days of receipt by the Council (Max)	96.22%	97.84%	98.90%	99.63%	100.00%	Q3 2018/19 Numerator: 1,754 Denominator: 1,754 Great collaboration from both suppliers and departments in getting the invoices to payments resulted in 100% of invoices paid within 30 days. Statements, queries and disputes are much quicker to investigate and sort out due to the speed and reliability of invoices being received. Reports show that 99.71% of invoices were paid within 10 days of being received by the payments team.
	98.00%	98.00%	98.00%	98.00%	98.00%	
P0953 KPI 03 Percentage of Non-domestic Rates Collected (Max) *	88.30%	99.47%	32.03%	60.36%	87.78%	Q3 2018/19 Numerator: £40,023,361.88 Denominator: £45,596,695.02 The collection is slightly below target by 0.02%. This is not significant and no corrective action is required.
	87.50%	98.80%	29.60%	59.50%	87.80%	
KPI 04 Accuracy of processing - HB/CTB claims (Max)	99.23%	100.00%	98.45%	99.50%	98.24%	Q3 2018/19 Numerator: 223 Denominator: 227 199 New claims and 28 Change of circumstances checked in quarter 3 of 2018/19, and only 4 financial errors have been identified, giving an accuracy rate of 98.24%. We continue to achieve our target of 98% due to our proactive checking arrangements which identifies any potential training issues quickly and allows us to give prompt and appropriate training.
	98.00%	98.00%	98.00%	98.00%	98.00%	
KPI 05 Percentage of Council Tax collected (Max) *	86.76%	99.17%	30.04%	58.16%	86.38%	Q3 2018/19 Numerator: £53,536,466.49 Denominator: £61,977,246.60 = 86.38% collection rate Last year we saw the collection slow down around this time because many now chose to take advantage of a 12 month instalment plan instead of the traditional 10 instalments. In previous years, most of the Council Tax was collected from April to January but a change in legislation a few years ago meant that the charge payers have the right to ask to pay over 12 instalments from April to March. We are starting
	86.00%	98.70%	29.80%	59.50%	87.80%	

PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
						to see the effects of this.
KPI 06 (a) Time taken to process Housing Benefit/Council Tax Benefit new claims (Days) (Min)	21.3	21.8	22.4	23.9	19.2	Q3 2018/19 Numerator: 5,843 Denominator: 305 77 new claims to Housing Benefit (HB) were processed taking a total of 1,114 days. 228 new claims to Local Council Tax Support (LCTS) were processed taking 4,729 days. This is a combined total of 305 new claims taking 5,843 days; an average of 19.16 days.
	22.0	22.0	22.0	22.0	22.0	
KPI 06 (b) Time taken to process Housing Benefit/Council Tax Benefit change events (Min)	6.1	3.6	5.2	6.0	7.6	Q3 2018/19 Numerator: 33,075 Denominator: 4,327 1,917 changes in circumstance to Housing Benefit (HB) were processed taking a total of 16,090 days. 2,410 changes in circumstance to Local Council Tax Support (LCTS) were processed taking 16,985 days. This is a combined total of 4,327 changes taking 33,075 days; an average of 7.6 days.
	7.0	7.0	7.0	7.0	7.0	
KPI 07 (a) Average number of days lost per employee through short-term sickness absence (Min) *	3.66	5.50	0.97	2.13	3.31	Q3 2018/19 Numerator: 425 Denominator: 358 = 1.19 days lost due to sickness for this quarter. Cumulative, Numerator: 1,191.5 Denominator: 359 = 3.31 days per member of staff for the year to date
	5.25	7.00	1.75	3.50	5.25	
KPI 07 (b) Average number of days lost per employee through long-term sickness absence (Min)	33.73	41.30	32.80	33.50	39.00	Q3 2018/19 Numerator: 625 Denominator: 16 = average of 39 days off work for the sixteen long term sick cases this quarter. Six are now back at work, two are back at work and under a phased return; three still remain off under a fit note. Four have resigned and one is moving to the stage of a formal hearing.
	44.00	44.00	44.00	44.00	44.00	
KPI 16 Rent collected as percentage of rent owed (including arrears b/f) (Max) *	97.25%	98.24%	93.70%	95.97%	97.41%	Q3 2018/19 Numerator: £3,808,925.67 Denominator: £4,080,814.81 (93.34%) Cumulative: Numerator: £11,273,854.08 Denominator: £11,573,449.88 (97.41%) This PI has exceeded the target due to the rigorous approach to rent collection and regular checking and support by the Arrears Officer to the tenants in arrears to assist them in maintaining their payment agreements. Collection is still holding up despite the move to Universal Credit full service in October 2017 although the UC accounts are starting to impact on the overall arrears figure.
	95.55%	97.50%	89.60%	94.65%	95.65%	
KPI 17 Local Council Tax Support Collection Rate (max) *	75.26%	87.52%	25.36%	53.53%	75.98%	Q3 2018/19 Numerator (Total Net Receipts): £522,506.36 Denominator (Total Net Liability): £687,710.81











PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
	77.00%	87.00%	25.00%	50.00%	69.00%	Giving a collection rate of 75.98%.

Directorate: Public Services (KPIs)

PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
KPI 08 (a) Average re-let time in days (all re-lets including time spent in works)	49	59	52	53	53	Q3 2018/19 Numerator: 7,708 Denominator: 145 The void performance indicators have been recalculated for quarter 2 to ensure they correlate with Housemark. The figure is now a combined total of all voids including general needs and sheltered properties requiring major or minor works. The target of 42 days has been exceeded despite robust contract management. This quarter's performance is negatively impacted due to three voids which required particularly extensive works to bring them back to a lettable standard.
						
	42	42	42	42	42	
KPI 11 Processing of planning applications: Major applications (within 13 weeks or including any agreed extension of time) (Max)	88.89%	90.00%	60.00%	80.00%	90.00%	Q3 2018/19 Numerator: 9 Denominator: 10 = 90% Cumulative, Numerator: 23 Denominator: 30 =76.67%. Target being achieved. Increased use of PPAs and project management approach to majors.
						
	60.00%	60.00%	60.00%	60.00%	60.00%	
KPI 12 Processing of planning applications: Minor applications (within 8 weeks or including any agreed extension of time) (Max)	73.63%	64.22%	76.92%	65.69%	49.02%	Q3 2018/19 Numerator: 50 Denominator: 102 = 49.02% Cumulative, Numerator: 220 Denominator: 343 = 64.37%. Officers are in the process of bringing in additional short-term support to significantly reduce backlog, to allow for sustainable improvement going forward.
						
	75.00%	75.00%	75.00%	75.00%	75.00%	
KPI 13 Processing of planning applications: Other applications (within 8 weeks or including any agreed extension of time) (Max)	79.39%	79.86%	83.82%	84.72%	71.48%	Q3 2018/19 Numerator: 193 Denominator: 270 = 71.48% Cumulative, Numerator: 633, Denominator: 791 = 80% Some reduction on others support. Some backlog of conservation and householder applications being covered. Additional temporary resource secured to significantly









PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
	 82.00%	 82.00%	 82.00%	 82.00%	 82.00%	reduce backlog and reset team for sustainable improvement moving forward.
KPI 14 Percentage of household waste sent for reuse, recycling and composting (LAA) (Max)	52.24%	44.85%	58.92%	52.89%	49.17%	Q3 2018/19 ESTIMATE Numerator: 3,526.08 tonnes (recycled and composted) Denominator: 7,170.65 tonnes (total domestic waste arising). Below target due to there only being one recycling collection in December and the garden waste closing down. The waste tonnages are estimated as we are waiting for the figures from ECC. Figures are based on estimate for Q3 as exact figures are not yet available.
						
	51.00%	50.00%	51.00%	55.00%	51.00%	
KPI 15 (b) Percentage of domestic collections of waste and recyclables successfully made on first visit (Max)	99.91%	99.84%	99.89%	99.89%	99.94%	Q3 2018/19 Numerator: 863,444 (Number of successful collections) Denominator: 864,000 (Total number of scheduled collections) = 99.94% Great performance and above target which is a good reflection on the team.
						
	99.90%	99.90%	99.90%	99.90%	99.90%	

Directorate: Chief Executive (PIs)

PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
PI 06 Percentage of standard searches carried out in 10 working days (Max)	100%	100%	100%	100%	100%	Q3 2018/19 Numerator: 371 searches accepted Denominator: 371 searches completed 100% within 10 working days. Average turnaround time is 3 working days. This was achieved despite loss of the internet for 1 working day and software upgrade of two working days.
						
	100%	100%	100%	100%	100%	
PI 01 Percentage of minutes from meetings made available to the public within 10 working days (Max)	90%	89%	89%	96%	92%	Q3 2018/19 Numerator: 22 Denominator: 24 22 out of the 24 sets of minutes that are made publically available were published within 10 working days. Of the two that were not, one was because of technical issues with a supplier's server on the day of publication, while the other was to allow officers further time to review the draft minutes.
						
	95%	95%	95%	95%	95%	

Directorate: Corporate Services (PIs)

PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
PI 02 Average time (Days) to pay supplier invoices (Min)	12.1	9.7	7.4	7.0	7.0	Q3 2018/19 Numerator: 12,253 Denominator: 1,754 New electronic processes are showing great consistency over the periods. Q3 taking an average of 6.99 days from the Invoice date until paid date. It also took an average of 3.72 days for invoices to be completed from the time they were received by the payments team to the time they got paid to suppliers
	11.0	11.0	11.0	11.0	11.0	
PI 03 Percentage of sundry debt income overdue (debts over 90 days old not subject to a payment agreement) (Min)	1.6%	2.2%	5.4%	6.6%	2.4%	Q3 2018/19 Numerator: £12,817.66 (Debt over 90 days old, and not subject to a payment arrangement); Denominator: £526,762.04 (Total Outstanding Debt). Percentage overdue is 2.43%. It has been agreed with the Assistant Director - Resources that a debt in legal dispute which has been on-going since beginning of this financial year should now be excluded from this performance indicator. Members will be updated separately on this.
	4.0%	4.0%	4.0%	4.0%	4.0%	
PI 20 Percentage of IT help Desk calls resolved within target (Max)	98.38%	98.89%	98.92%	98.30%	98.72%	Q3 2018/19. Numerator: 1,308 Denominator: 1,325. 1325 calls of which 1308 resolved within SLA target of 4 hours
	95.00%	95.00%	97.00%	97.00%	97.00%	
PI 22 Museum users: Total visitors to the museum building and on-site events (Max) #	2,782	3,019	3,217	3,315	2,069	Q3 2018/19 Figures are disappointingly 32% under target. There has been a general downturn in visitors experienced in the museum sector over the summer and into early autumn due to the hot and fine weather changing people's visiting habits. More schools are engaging with the museum, but through off-site usage such as loans boxes instead of visiting. Lack of space is preventing visits by some large school and youth groups. Cumulative: 8,601
	3,100	3,500	3,400	4,000	3,100	

PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
PI 44 % of customer enquiries resolved at first point of contact (Max)	NEW PI FOR 2018/2019		87%	86%	88%	Q3 2018/19 Numerator: 30,541 Denominator: 34,757 An excellent performance by the Customer Services team despite a higher than usual volume of customer contacts. There have been three new starters join the team and have now all passed their probation which has had a positive impact on performance.
						
			80%	80%	80%	
PI 45 Total users of Museum service (max) #	15,978	16,163	9,890	10,316	10,020	Q3 2018/19 5% over target, thanks to continuing good level of engagement with the Museum's website and the new Schools Loans boxes reaching a bigger school audience in the classroom. Total external school users this quarter are 558. Cumulative 30,226.
						
	9,000	10,000	10,500	10,500	9,000	

Directorate: Public Services (PIs)

PI Code & Short Name	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Latest Note
PI 16 Number of households living in temporary accommodation (Min)	12	12	11	15	15	Q3 2018/19 15 (5 in emergency accommodation and 10 in Council owned).
	14	14	14	14	14	
PI 24 (d) Appeals allowed for enforcement notices (Min)	0%	100%	0%	0%	0%	Q3 2018/19 Numerator: 0 Denominator: 2 = 0% Cumulative, Numerator: 0 Denominator: 3 = 0% Zero return for Q3
	30%	30%	30%	30%	30%	
PI 30 Percentage planning applications validated within 5 days (Max)	100%	100%	100%	99%	99%	Q3 2018/19 Numerator: 400 Denominator: 404 = 99% Cumulative, Numerator: 1,290 Denominator: 1,299 = 99.3%
	95%	95%	95%	95%	95%	
PI 40 Number of subscribers to garden waste collection service (Max)	6,740	6,738	7,206	7,325	7,349	Q3 2018/19 Consistent with Q2, however the service does reduce due to the season. Uptake will increase during Q4 as new customers sign up.
	6,400	6,400	6,800	7,000	7,000	
PI 41 Percentage of routine food hygiene premises inspections completed within the quarter (Max)	97%	91%	69%	83%	77%	Q3 2018/19 Numerator: 59 Denominator: 77 77% Inspection target met. A member of staff has had a long term absence which has affected performance. EU exit planning requirements and the need for increased cover on the imported food service has delayed the planned recruitment for additional BIP admin resource and prevented the release of officer time.
	98%	98%	98%	98%	98%	
PI 42 Percentage of planning appeals upheld (Min)	46%	29%	50%	22%	17%	Q3 2018/19 Numerator: 2, Denominator: 12 = 16.66% Cumulative, Numerator: 13, Denominator: 47 = 27.66% Good appeal record, target being achieved
	30%	30%	30%	30%	30%	