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Agenda

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Date: 22 March 2021
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A MEETING OF THE

Joint Audit and Governance Committee

WILL BE HELD ON TUESDAY 30 MARCH 2021 AT 6.30 PM

THIS WILL BE A VIRTUAL, ONLINE MEETING.

Members of the Committee:

South Oxfordshire District Council
Mocky Khan (Co-Chair)
Peter Dragonetti
George Levy
Jane Murphy

Vale of White Horse District Council
Andy Foulsham (Co-Chair)
Amos Duveen
Simon Howell
Mike Pighills

Preferred Substitutes:

South Oxfordshire District Council
David Bartholomew
Sam Casey-Rerhaye
Victoria Haval
Alexandrine Kantor
Axel Macdonald
Jo Robb
Alan Thompson
Ian White
Celia Wilson

Vale of White Horse District Council
Nathan Boyd
Andy Cooke
Eric de la Harpe
Alison Jenner
Janet Shelley
Elaine Ware

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1 Apologies for absence

To record apologies for absence and the attendance of substitute members.

2 Minutes (Pages 4 - 9)

To adopt and sign as a correct record the Joint Audit and Governance Committee minutes of the meeting held on 26 January 2021.

3 Declarations of interest

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

4 Urgent business and chair's announcements

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

5 Public participation

To receive any questions or statements from members of the public that have registered to speak.

6 Statement of accounts 2019/20

To receive a verbal update on progress with the audit of the statement of accounts 2019/20 for both South Oxfordshire District Council and Vale of White Horse District Council.

7 Statement of accounts 2020/21 (Pages 10 - 44)

To consider the interim head of finance's report.

8 Internal audit activity report - fourth quarter 2020/21 (Pages 45 - 48)

To consider the interim internal audit manager's report.

9 Internal audit management report - fourth quarter 2020/21 (Pages 49 - 56)

To consider the interim internal audit manager's report.

10 Internal audit plan 2021/22 (Pages 57 - 73)

To consider the interim internal audit manager's report.

11 Work programme (Pages 74 - 77)

To note the work programme.

MARGARET REED

Head of Legal and Democratic

Minutes

OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON TUESDAY 26 JANUARY 2021 AT 6.30 PM
THIS WAS A VIRTUAL, ONLINE MEETING.

Present
Members:
South Oxfordshire District Councillors: Mocky Khan (Co-chair, in the chair), Peter Dragonetti and Jane Murphy
Vale of White Horse District Councillors: Nathan Boyd (as substitute for Councillor Simon Howell), Amos Duveen and Andy Foulsham (Co-chair)

Apologies:
George Levy and Simon Howell tendered apologies.

Officers
Hanif Brora, James Carpenter, Steve Culliford, Yvonne Cutler-Greaves, Richard Green, Simon Hewings, Bertie Smith, Sally Truman and Simon Turner

Also present:
Malcolm Haines and Kevin Suter (both from EY)
Councillors Sue Cooper, Andrea Powell, Leigh Rawlins and Anne-Marie Simpson (all from South Oxfordshire District Council)
Councillors Andy Crawford and Catherine Webber (both from Vale of White Horse District Council)

38 Apologies for absence

Councillor Simon Howell (Vale of White Horse District Council) had sent apologies or absence; Councillor Nathan Boyd attended as his substitute. Councillor George Levy (South Oxfordshire District Council) had also sent his apologies for absence.

39 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 26 November 2020 and agree that the co-chair signs them as such.

40 Declarations of interest

None

41 Urgent business and chair's announcements

The chair reported that he would re-order the agenda, so that the statement of accounts item was considered after the public participation item.

42 Public participation

None

43 Statement of accounts 2019/20

The committee received a verbal update on progress made with the audit of the 2019/20 statement of accounts. The draft accounts had been published on the councils' websites in December. The external auditor, EY, reported that work had started at the beginning of January to audit the accounts.

44 Internal audit activity report quarter 3 2020/21

The committee considered the interim internal audit manager's report, which summarised the outcomes of internal audit activity at both councils during quarter 3 of 2020/21, being the period 1 October to 30 December 2020.

The committee reviewed the report and the main issues arising and sought assurance that actions had been or would be taken. The report set out the detail of two audits with limited assurance ratings and one follow-up audit.

Information security 2019/20

The committee noted that the information security processes used complied with the General Data Protection Regulations. The auditor agreed to enquire whether any data protection breaches had been identified.

Housing benefits and council tax reduction scheme 2019/20 - updated

The committee noted that this audit had been considered at the last committee meeting. However, the audit report had been updated with the information from the additional sampling of cases. No further issues had been discovered.

In answer to a question from a councillor, officers agreed to investigate the percentage of housing benefit cases with outstanding debts.

Elections and election payments 2019/20

The committee noted that this was a follow-up audit on elections and election payments in 2019/20. All internal audit recommendations had been agreed by the service manager.

RESOLVED: to note the interim internal audit manager's report on internal audit activity at both councils during the third quarter of 2020/21.

45 Internal audit management report quarter 3 2020/21

The committee considered the interim internal audit manager's management report for the third quarter 2020/21, being 1 October to 31 December 2020. This set out progress against the audit plan and summarised the priorities for the fourth quarter.

The audit manager reported that the internal audit team had assisted with the Covid-19 response during 2020. If asked to assist again, this would impact on the timetable for the planned audits in the audit plan. The committee thanked officers for their work assisting with the Covid-19 response and asked that the committee was kept informed if the internal audit team was required to assist further.

RESOLVED: to note the interim internal audit manager's management report for the third quarter of 2020/21.

46 Revised internal audit sampling approach

The committee considered the interim internal audit manager's report, which summarised internal audit's approach to data sampling. The committee had asked officers to review the approach taken. The report recommended changes to the approach used.

The committee noted that the review found that audit sampling was important to gather sufficient and appropriate evidence to make a judgement, express an opinion and draw conclusions without the need to check 100 per cent of transactions/data. There was no set guidance on sampling methods used but it was vital for the internal auditor to ensure that the sampled items represented the total population, whilst balancing the sampling selection method used to minimise human judgments and avoid bias. An analysis of actual errors detected in the sample should be performed to determine whether additional testing was required. The 'acceptable error rate' determined by the internal auditor would depend upon their judgment of the significance of the errors.

The review had concluded that audit sampling was a vital tool in the testing of systems and processes. Both statistical and non-statistical sampling allowed the internal auditor to draw conclusions. The internal auditor should use the testing technique that was suitable for the specific audit under review and for the sample objectives to be achieved.

Based on the review's findings, the internal audit sampling methodology had been updated as follows:

- When selecting a sample, the internal auditor would use a mixture of both statistical and non-statistical (judgmental) sampling deemed most appropriate for the audit topic and audit objective under review.
- The internal auditor should document the sampling method within the audit working papers. When non-statistical (judgmental) sampling was used, the internal auditor would include the basis/judgment for selection. Where statistical sampling was used, the internal auditor would use a random sampling tool and document the sample results obtained from the sampling tool within the audit working papers.
- Where a significant error rate had been identified, the internal auditor would consider performing additional statistical sampling.
- In the internal audit report, the auditor would document the sampling method, the number and value of errors identified, and additional testing results. If a high error rate was identified in the initial sample, but additional sampling had not been performed, the internal auditor would document the basis for this decision.

The committee welcomed the changes made.

RESOLVED: to note the interim internal audit manager's report and that the internal audit procedures have been updated to reflect the revised sampling approach method to be used in internal audits.

47 Internal Audit - Progress Report - Grounds Maintenance In-Sourcing

The committee considered the interim internal audit manager's report. This set out the assistance given to the first phase of the grounds maintenance in-sourcing project. Internal audit had assisted and reviewed the project to establish whether internal controls were in place for new and existing processes, and that the processes met the requirements of the council's policies and procedures, particularly procurement procedures and the use of trade card accounts.

Internal audit had recommended that the following actions were taken:

- With support from the procurement team and approval from Finance, continue the work to set up trade card accounts for use solely by the grounds maintenance and public convenience teams.
- Establish a process to formally record trade card purchases against work orders/jobs in the appropriate system.
- Over the next three to six months, keep a formal audit trail or log of the frequency, volume, value and type of goods that required purchasing via trade cards. Review internally how the adoption of the trade card procedures was working for the team on a day-to-day basis.
- With support from the procurement team, investigate the use of different suppliers for the procurement of consumables, with the aim of providing a longer-term solution.
- Continue to review stock management processes and procedures for both grounds maintenance and public conveniences cleaning services.

Internal audit would continue to support the in-sourcing team by undertaking a phase two consultancy project. The focus would be to assist in drafting stock management procedures and processes, reviewing progress against key findings from phase one, along with a review of any other areas the team would find beneficial, such as a review of processes in place three to six months from the service coming back in-house. Internal audit would also undertake a planned assurance audit during 2021/22 to look at the grounds maintenance and public convenience in-house operations when fully up and running. This would be included in the 2021/22 annual internal audit plan.

The committee thanked the internal audit manager for the report and welcomed internal audit's assistance in this project to date.

RESOLVED: to note the interim internal audit manager's report.

48 Corporate risk review

The committee considered the interim head of corporate services' report, which reviewed the corporate risk register as part of the committee's bi-annual monitoring. The report highlighted the highest risks, including those arising from Covid-19 and the risks surrounding the delivery of the corporate plan.

The appendix set out the risks in detail and the mitigation to lessen their impact. Some risks had been reduced but the committee noted that some risks would never be removed completely. For example, the committee discussed the cyber security risk and noted actions taken to mitigate this. The committee also noted the actions being taken to promote staff wellbeing.

RESOLVED: to note the half yearly progress review of the corporate risk registers as outlined in the risk management strategy.

49 Health and safety progress review

The committee considered the interim head of corporate services' report on the bi-annual review of progress against the health and safety action plan.

The committee noted that there had been a change of emphasis is the council's management of health and safety with an increased staff resource and a refreshed health and safety policy, which had been approved by the councils' senior management team. Risk assessments had been revised in response to the Covid-19 pandemic also.

The committee welcomed the report and clarity of the revised health and safety policy and urged all councillors to read the section setting out their specific health and safety responsibilities.

RESOLVED: to

(a) note the interim head of corporate services' report on the half yearly progress review of health and safety actions and note the progress made against the corporate health and safety action plan; and

(b) encourage all councillors to read the section of the revised health and safety policy setting out councillors' responsibilities.

50 Treasury management and investment strategy 2021/22 - South

The committee considered the interim head of finance's report on the proposed treasury management strategy for 2021/22 for South Oxfordshire District Council. The strategy was largely unchanged from 2020/21, apart from minor changes detailed in the report.

The committee noted that the common industry view was that, at present, there was no appetite for negative interest rates, although rates were likely to remain low.

The committee welcomed the strategy and made no further comments for submission to Cabinet.

RESOLVED: to recommend to South Oxfordshire District Council's Cabinet that the committee to approve:

(a) the treasury management strategy 2021/22, as set out in appendix A to the interim head of finance's report;

(b) the prudential indicators and limits for 2021/22 to 2023/24, as set out in appendix A to the report; and

(c) the annual investment strategy 2021/22, as set out in appendix A to the report, and the lending criteria detailed in table 6 to that report.

51 Treasury management and investment strategy 2021/22 - Vale

The committee considered the interim head of finance's report on the proposed treasury management strategy for 2021/22 for Vale of White Horse District Council. The strategy was largely unchanged from 2020/21, apart from minor changes set out in the report.

The committee welcomed the strategy and made no further comments to Cabinet.

RESOLVED: to recommend to the Vale of White Horse District Council's Cabinet that the committee to approve:

(a) the treasury management strategy 2021/22, as set out in appendix A to the interim head of finance's report;

(b) the prudential indicators and limits for 2021/22 to 2023/24, as set out in appendix A to the report; and

(c) the annual investment strategy 2021/22, as set out in appendix A to the report, and the lending criteria detailed in table 6 to that report.

52 Work programme

The committee noted, reviewed and updated its work programme.

It was further commented that Councillor Simon Howell, who had sent apologies and a substitute for this meeting, had recently expressed a wish for an internal audit to be conducted into the process used for the Vale to dispose of its property asset, Old Abbey House in Abingdon, and for this audit report to be discussed by this committee. However, following advice from officers, it had been concluded that instead of a report to the committee, following on from the strategic property review currently taking place, officers would prepare a revised property disposal protocol. This protocol would set out in detail the financial information and considerations that should be taken into account before any property disposal decision was made in future. The committee was content with this approach.

The meeting closed at 7.55 pm

Co-Chair Date

Joint Audit and Governance Committee

Report of Interim Head of Finance

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To: Joint Audit and Governance Committee

DATE: 30 March 2021

Statement of accounts 2020/21

Recommendations

(a) To note progress on completing the 2020/21 statement of accounts

(b) To approve the revised statements of accounting policies as shown in Appendix 1 (South Oxfordshire DC) and Appendix 2 (Vale of White Horse DC).

Purpose of Report

1. To update councillors on progress being made towards the completion of the 2020/21 statement of accounts, and to present revised statements of accounting policies for approval.

Strategic Objectives

2. Managing the finances of the authorities effectively will help to ensure that resources are available to deliver their services and meet the councils' strategic objectives.

Background

3. The statement of accounts for both councils for 2020/21 are required to be completed and signed off for audit by the Interim Head of Finance by 31 July and audited

accounts are to be approved by this committee for publication by 30 September. This report brings to the attention of the committee some of the key issues for this year's closedown.

4. The statutory deadlines for approving draft accounts, and completion of the external audit introduced for the 2017/18 Year End close proved to be extremely challenging for both councils and audit firms. As a result of Redmond Review the closing dates for 2020/21 and 2021/22 accounts have been moved from 31 May to 31 July for signing of the draft accounts, and 31 July to 30 September for audit sign off.

Preparations for financial year end

5. The finance department has a timetable in place which aims for completion of both councils' financial statements by 30 June 2021, one month ahead of the new deadline. This will ensure that the production of financial statements will not overlap with the 2022/23 budget setting process which will start in the early summer of 2021

6. The old Agresso finance system was closed on 17 March and will be replaced with the upgraded 'Unit 4' package. The expectation is that the new system will be available by the first week in April and all the year-end accounts will be prepared from the new accounting software. Testing has gone well, and all year end reports, and functionality are expected to work when the new software is available.

7. Following the insourcing of a number of functions in recent years, most of the information required to complete the accounts comes from internal sources. Other key information is required from Capita to prepare the collection fund, Oxfordshire County Council for the pension fund valuation data, and from the councils' valuers for property valuations.

8. Ahead of preparing the final accounts, the statements of accounting policies have been reviewed. For the 2020/21 accounts there are no significant changes to the accounting policies. The draft policies are attached as Appendix 1 (South Oxfordshire) and Appendix 2 (Vale of White Horse). The committee is asked to approve these policies.

Financial Implications

9. There are no direct financial implications arising from this report.

Legal Implications

10. Approval of the amended statement of accounts by the committee fulfils the requirements of the Accounts and Audit (England) Regulations 2015.

Risks

11. None

Other Implications

12. None

Conclusion

13. The 2020/21 final accounts timetable has been amended following the Redmond Review. Preparations to prepare the final accounts in accordance with the new timelines, and on the councils' new financial systems, and well under way.

14. Draft 2020/21 accounting policies are attached and require approval by the committee.

Statement of accounting policies - South

(i) General principles

The statement of accounts summarises the council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The council is required to prepare an annual statement of accounts by 31 July 2021 and for the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the Accounts and Audit Regulations 2015.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(ii) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from contracts with service receipts, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(iii) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are defined as follows:

- cash and cash equivalents shall include bank overdrafts that are an integral part of the council's cash management;
- cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes; and
- investments that can be liquidated or accessed within 30 days i.e. money market funds, call accounts and deposit accounts with a notice period of 30 days or less.

Equity investments are excluded from the definition.

(iv) Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(v) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing required. As at 31 March 2021 this council has no borrowing requirement, so this contribution is not required. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

(vi) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. They are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable either as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such benefits are charged on an accrual basis to relevant service in the CIES when the council is demonstrably committed to the termination of the employment of an officer or group of officers or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the authority are members of the Local Government Pension Scheme administered by Oxfordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions).

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate based on the yield at the 18 year point on the Merill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

- The assets of Oxfordshire County Council pension fund attributable to the council are included in the balance sheet at their fair value:

  - Quoted securities - current bid price

  - Unquoted securities - professional estimate
  - Unitised securities - current bid price

  - Property - market value.

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

- Service cost comprising:

  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked.

- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the CIES.
- net interest on the Net Defined Benefit Liability (NDBL), i.e. net interest for the council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

▪ Remeasurements comprising:

- the return on scheme assets – excluding amounts included in the NDBL – charged to the pensions reserve as other CIES.
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the pensions reserves as other CIES.

▪ Contributions paid to the Oxfordshire County council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid a the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

(vii) Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

▪ Those that provide evidence of conditions that existed at the end of the reporting period - the statement of accounts is adjusted to reflect such events; and
▪ Those that are indicative of conditions that arose after the reporting period - the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

(viii) Financial instruments

Financial liabilities

Financial liabilities are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The only financial liabilities the council has are trade creditors.

The council currently has no borrowings and has issued no bonds to bond holders.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- Fair Value Through Profit and Loss (FVPL);
- Fair Value Through Other Comprehensive Income (FVOCI).

The council has no investments measured at FVOCI

Financial instruments measured at amortised cost

Financial instruments measure at amortised cost are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, if the council has made loans at less than market rates (soft loans), then a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year. However, the loss attributable to a loan of less than £20,000 is not material and at the current date the council has no material loans.

Expected credit loss

The council recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease

receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through profit and loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services except where a statutory override applies in which case, they will be recognised in an unusable financial instruments reserve.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date,

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly,

Level 3 inputs – unobservable inputs for the asset.

For instruments where the statutory override applies, changes in fair value are balanced by an entry in the unusable financial instrument reserve and the gain/loss is recognised in the surplus or deficit on revaluation of the assets. The exception is where impairment losses have been incurred - these are debited to the financing and investment income and expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the unusable financial instrument reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the financing and investment income and expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the unusable financial instrument reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

(ix) Foreign currency translation

The council makes a number of small purchases in foreign currency. However, the transaction is made at the current prevailing exchange rate, the goods or services are received immediately and, therefore, there are no gains or losses as a result of variances in the exchange rate required to be recorded.

(x) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations, including Community Infrastructure Levy (CIL) contributions, are recognised as due to the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified. If this is not the case, then future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. When it has been applied, it is posted to the capital adjustment account.

Community Infrastructure Levy

The council has elected to charge a Community Infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

(xi) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xii) Interests in companies and other entities – jointly controlled operations and jointly controlled assets

The council has no material interests in other companies or entities that have the nature of subsidiaries, associates or jointly controlled entities and there is therefore no requirement to prepare group accounts.

Jointly controlled operations are classified as activities undertaken by the council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. They are items of property, plant or equipment that are jointly controlled by the council and other venturers, with the assets being used to obtain benefits for the venturers. Whilst the council has entered into joint arrangements on the provision of services with other councils, none of the assets of those councils can be said to be under joint control of the councils.

(xiii) Inventories and long-term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the CIES with the value of works and services received under the contract during the financial year.

(xiv) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xv) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The council as lessee

Finance leases

Property, plant and equipment held under finance leases is recognised on the balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and

- A finance charge (debited to the financing and investment income and expenditure line in the CIES).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this

is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS for the difference between the two.

Operating leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The council as lessor

Finance leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received); and

- Finance income (credited to the financing and investment income and expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and is posted out of the general fund balance to the capital receipts reserve in the movement in reserves statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the general fund balance in the MiRS.

Operating leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is a creditor to the other operating expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease.

(xvi) Overheads and support services

The costs of overheads and support services are charged to services in accordance with the authority's arrangements for accountability and financial performance.

(xvii) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The council would not capitalise borrowing costs if required to be incurred for assets under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the CIES, they are reversed out of the general fund balance to the capital adjustment account in the MiRS.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost;

- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.
Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- where the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;

- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;

- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).
Depreciation is calculated on the following bases:

- Buildings and infrastructure assets – straight line allocation over the useful life of the property as estimated by the valuer;

- Vehicles, plant, furniture and equipment – on a straight-line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 5 to the accounts.
Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous loss recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the reserve from the general fund balance in the MiRS.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the general fund balance in the MiRS.

(xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES when the authority has an obligation , and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(xix) Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the CIES. The reserve is then

appropriated back into the general fund balance in the MiRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the council - these reserves are explained in the relevant note.

(xx) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the MiRS from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

(xxi) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(xxii) Fair Value Measurement

The council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

(xxiii) Council Tax and Non-Domestic Rates (England)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors

and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the collection fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Statement of accounting policies - Vale

(i) General principles

The statement of accounts summarises the council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The council is required to prepare an annual statement of accounts by 31 July 2021 and for the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the Accounts and Audit Regulations 2015.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(ii) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from contracts with service receipts, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet;

- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(iii) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are defined as follows:

- cash and cash equivalents shall include bank overdrafts that are an integral part of the council's cash management;

- cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes; and

- investments that can be liquidated or accessed within 30 days i.e. money market funds, call accounts and deposit accounts with a notice period of 30 days or less.

Equity investments are excluded from the definition.

(iv) Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(v) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing required. As at 31 March 2021 this council has no borrowing requirement, so this contribution is not required. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

(vi) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. They are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable either as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such benefits are charged on an accruals basis to relevant service in the CIES when the council is demonstrably committed to the termination of the employment of an officer or group of officers or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the authority are members of the Local Government Pension Scheme administered by Oxfordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions).

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate based on the yield at the 18 year point on the Merill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

- The assets of Oxfordshire County Council pension fund attributable to the council are included in the balance sheet at their fair value:

  - Quoted securities - current bid price

  - Unquoted securities - professional estimate
  - Unitised securities - current bid price

  - Property - market value.

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

- Service cost comprising:

  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked.

- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the CIES.

- net interest on the Net Defined Benefit Liability (NDBL), i.e. net interest for the council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

  - the return on scheme assets – excluding amounts included in the NDBL – charged to the pensions reserve as other CIES.
  - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the pensions reserves as other CIES.

- Contributions paid to the Oxfordshire County council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid a the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

(vii) Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the statement of accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period - the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

(viii) Financial instruments

Financial liabilities

Financial liabilities are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The only financial liabilities the council has are trade creditors.

The council currently has no borrowings and has issued no bonds to bond holders.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- Fair Value Through Profit and Loss (FVPL);
- Fair Value Through Other Comprehensive Income (FVOCI).

The council has no investments measured at FVOCI.

Financial instruments measured at amortised cost

Financial instruments measure at amortised cost are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, if the council has made loans at less than market rates (soft loans), then a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year. However, the loss attributable to a loan of less than £20,000 is not material and at the current date the council has no material loans.

Expected credit loss

The council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease

receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through profit and loss

Financial assets that are measured at FVPL are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services except where a statutory override applies in which case they will be recognised in an unusable financial instruments reserve.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date,

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly,

Level 3 inputs – unobservable inputs for the asset.

For instruments where the statutory override applies, changes in fair value are balanced by an entry in the unusable reserve financial instrument reserve and the gain/loss is recognised in the surplus or deficit on revaluation of the assets. The exception is where impairment losses have been incurred - these are debited to the financing and investment income and expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the unusable financial instrument reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the financing and investment income and expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the unusable financial instruments reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

(ix) Foreign currency translation

The council makes a number of small purchases in foreign currency. However the transaction is made at the current prevailing exchange rate, the goods or services are received immediately and, therefore, there are no gains or losses as a result of variances in the exchange rate required to be recorded.

(x) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations, including Community Infrastructure Levy (CIL) contributions, are recognised as due to the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified. If this is not the case then future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. When it has been applied, it is posted to the capital adjustment account.

Business Improvement Districts

A Business Improvement District (BID) scheme applies to an area within the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as the billing authority under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant service within the CIES

Community Infrastructure Levy

The council has elected to charge a Community Infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund

capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

(xi) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xii) Interests in companies and other entities – jointly controlled operations and jointly controlled assets

The council has no material interests in other companies or entities that have the nature of subsidiaries, associates or jointly controlled entities and there is therefore no requirement to prepare group accounts.

Jointly controlled operations are classified as activities undertaken by the council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. They are items of property, plant or equipment that are jointly controlled by the council and other venturers, with the assets being used to obtain benefits for the venturers. Whilst the council has entered into joint arrangements on the provision of services with other councils, none of the assets of those councils can be said to be under joint control of the councils.

(xiii) Inventories and long term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the CIES with the value of works and services received under the contract during the financial year.

(xiv) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xv) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The council as lessee

Finance leases

Property, plant and equipment held under finance leases is recognised on the balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and

- A finance charge (debited to the financing and investment income and expenditure line in the CIES).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this

is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS for the difference between the two.

Operating leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The council as lessor

Finance leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received); and

- Finance income (credited to the financing and investment income and expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and is posted out of the general fund balance to the capital receipts reserve in the movement in reserves statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the general fund balance in the MiRS.

Operating leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is a creditor to the other operating expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease.

(xvi) Overheads and support services

The costs of overheads and support services are charged to services in accordance with the authority's arrangements for accountability and financial performance.

(xvii) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The council would not capitalise borrowing costs if required to be incurred for assets under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the CIES, they are reversed out of the general fund balance to the capital adjustment account in the MiRS.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost;
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- where the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;

- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;

- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).
Depreciation is calculated on the following bases:

- Buildings and infrastructure assets – straight line allocation over the useful life of the property as estimated by the valuer;

- Vehicles, plant, furniture and equipment – on a straight line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 5 to the accounts.
Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous loss recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the reserve from the general fund balance in the MiRS.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the general fund balance in the MiRS.

(xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES when the authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(xix) Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the CIES. The reserve is then appropriated back into the general fund balance in the MiRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the council - these reserves are explained in the relevant note.

(xx) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the MiRS from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

(xxi) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(xxii) Fair Value Measurement

The council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

(xxiii) Council Tax and Non-Domestic Rates (England)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax

and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the collection fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Joint Audit and Governance Committee

Report of Interim Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 30 March 2021

Internal audit activity report quarter four 2020/21

Recommendation

That members note the content of the report

Purpose of report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to consider. The committee is asked to review the report and the main issues arising and seek assurance that action will be/has been taken where necessary.

2. The contact officer for this report is Richard Green Interim Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 07849 574860.

Strategic objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

Background

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

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

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

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

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

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

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

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

   High Risk: Fundamental control weakness for senior management action

   Medium Risk: Other control weakness for local management action

   Low Risk: Recommended best practice to improve overall control

Completed audit reports

7. As at 19 March 2021, since the last joint audit and governance committee meeting no audits have been completed and one follow-up review has been carried out:

   There are however 7 audits in progress of which 3 are at draft stage.
   - Treasury Management -- Draft being discussed
   - Council Tax – Draft being discussed

- Pro-active Anti Fraud – draft being discussed
- Housing Benefit -Fieldwork progressing
- Capital Management – Fieldwork progressing
- NNDR – Fieldwork progressing.
- Payroll – Fieldwork progressing

One follow-up review is also progress

- Moorings

Progress has been impacted by one member of the team being off sick since the beginning of January and their work has had to be reallocated amongst the other team members.

The team have also assisted with the compilation and review of the proposed audit plan for 2021/22 which is included on the agenda.

8. The work on the Covid 19 Response Governance Review was started at the end of November and the Terms of Reference and Objectives have been agreed. The work has commenced but is still at an early stage and there are no significant findings to report at this time.

Follow Up Reviews

Audit Area	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing	No longer applicable
Joint							
Assets of Community Value	Satisfactory	7	7				
SODC							
None							
VWHDC							
None							

9. A copy of each report has been sent to the appropriate service manager, the section 151 officer and the relevant member portfolio holder. In addition, reports are now published on the councils' intranet and limited assurance reports are reviewed by the strategic management team.

10. Internal audit continues to carry out a six month follow up on all non-key financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

Financial implications

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

Legal implications

12. None.

Risks

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

Richard Green
INTERIM INTERNAL AUDIT MANAGER

Joint Audit and Governance Committee

Report of Interim Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 30 March 2021

Internal audit management report quarter four 2020/21

Recommendation

That members note the content of the report.

Purpose of report

1. The purpose of this report is:

   - to report on management issues within internal audit;
   - to summarise the progress against the 2020/21 audit plan up to 7 March 2021; and
   - to summarise the priorities for quarter one 2021/22.

2. The contact officer for this report is Richard Green, Interim Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 07849 574860.

Strategic objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

Background

4. The Public Sector Internal Audit Standards (PSIAS), effective from 1 April 2017, state that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the resource requirements to deliver the plan, for audit committee approval. The Joint Audit and Governance Committee approved the 2020/21 annual internal audit plan in July 2020 and a subsequent amended plan in September that was compiled due to the impact of redeployment as result of Covid 19 pandemic.

5. The PSIAS also states that the head of internal audit must periodically report on performance relative to the plan.

Management issues

6. The interim internal audit manager, Richard Green was appointed on 23 November and took up the role on 7 December 2020.

7. The team has continued to be involved in the project of moving the Grounds Maintenance operations in-house and a progress report is included for information.

8. Due to the latest concerns with Covid 19 there is a slight possibility that the Internal Audit team will again be requested to be redeployed to support council activities.

Progress against the 2020/21 audit plan

9. Progress against the approved audit plan for 2020/21 has been calculated for the quarter and year to date and is summarised in **appendix 1** attached. A summary of the progress against the 2019/20 audit plan is summarised in **appendix 2**.

10. In quarter one and two the team were redeployed to assist with the Covid 19 responses and actions, which reduced the available resources for the audit reviews and culminated in a revised plan being adopted.

11. At the beginning of January one member of the team went off sick and has not returned to work full time as at the time of this report, which has had an impact on the work of the team.

12. Performance figures to date are as follows:

	Target	YTD	Actuals by Quarter			
			Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21
Chargeable (identifiable client and/or specific IA deliverable)	76%	46%	10%	52%	52%	47.5%
Non-Chargeable (corporate, not IA deliverable)	7%	31%	75%	26%	20.5%	25.5%
Planned Lost (i.e. leave)	14.5%	13%	10.5%	15%	18.5%	5%
Unplanned Lost (i.e. study, sickness)	2.5%	10%	4.5%	7%	9%	22%

13. As at 7 March 2021 the status of audit work against the 2020/21 audit plan is as follows:

Planned
Strategic, operational and financial assurance work known and approved by the joint audit and governance committee.

2020/21	Planned	Completed	Draft Out	In progress	Deferred
Total	**15**	**1**	**3**	**7**	**4**
Joint	15	1	3	7	4
SODC	0	0	0	0	0
VWHDC	0	0	0	0	0

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

2020/21	Requested	Complete	Draft	In progress	To commence
Ad-hoc	**0**	**0**	**0**	**0**	**0**
Joint	0	0	0	0	0
SODC	0	0	0	0	0
VWHDC	0	0	0	0	0

Follow up
Work undertaken to ensure that agreed recommendations have been implemented. The number of follow-up audits is a rolling number, all internal audit reports are followed up after six months unless the area is subject to an annual review.

2020/21	Requested	Complete	Draft	In progress	To commence
Follow up	**0**	**2**	**0**	**1**	**0**
Joint	0	2	0	1	0
SODC	0	0	0	0	0
VWHDC	0	0	0	0	0

Priorities for 2021/22 quarter one (April to June 2021)

14. The priorities for quarter one are to:

- Complete the planned audit work for 2020/21, in line with the audit plan; and
- Carry out the first planned audits from the annual internal audit plan for 2021/22.

15. Remaining 2020/21 audit work and the 2021/22 planned work can be reviewed in **appendix 3**.

Financial implications

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

Legal implications

17. None.

Risk implications

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

Richard Green
INTERIM INTERNAL AUDIT MANAGER

PLANNED AUDIT 2020/2021 **APPENDIX 1**

Audit Area As at 07 March 2021	Status	Audit Allocation	Total Days Used	Exception Issues	Audit Opinion	No. of Recs	High	No. Agreed	Medium	No. Agreed	Low	No. Agreed	Total Not Agreed
KEY FINANCIAL AUDITS													
Capital Management & Accounting (16)	**In Progress**												
SODC		8	4.0		**Not yet applicable**								
VWHDC		8	4.0		**Not yet applicable**								
Council Tax (20)	**Draft Out**												
SODC		16	18.0		**Not yet applicable**								
VWHDC		16	18.0		**Not yet applicable**								
General Ledger (19)	**In Progress**												
SODC		7.5	5.5		**Not yet applicable**								
VWHDC		7.5	5.5		**Not yet applicable**								
Housing Benefits & Council Tax Reduction Scheme (20)	**In Progress**												
SODC		17	15.5		**Not yet applicable**								
VWHDC		17	14.5		**Not yet applicable**								
National Non-Domestic Rates (NNDR) (incl. COVID-19 Business Grants) (22)	**In Progress**												
SODC		15	12.0		**Not yet applicable**								
VWHDC		15	11.5		**Not yet applicable**								
Payroll (incl. Travel & Subsistence, Pension Administration, Annual Leave Payments) (22)	**In Progress**												
SODC		20	7.5		**Not yet applicable**								
VWHDC		20	7.5		**Not yet applicable**								
Pro-Active Anti-Fraud Review (19)	**Draft Out**												
SODC		10	3.0		**Not yet applicable**								
VWHDC		10	2.5		**Not yet applicable**								
Treasury Management (18)	**Draft Out**												
SODC		10	8.5		**Not yet applicable**								
VWHDC		10	8.0		**Not yet applicable**								
PLANNED ASSURANCE AUDITS													
Building Control (15)	**Audit Delayed**												
SODC		10	0.0		**Not yet applicable**								
VWHDC		10	0.0		**Not yet applicable**								
COVID-19 Response Governance Review	**In Progress**												
SODC		20	12.0		**Not yet applicable**								
VWHDC		20	12.0		**Not yet applicable**								
Health & Safety (17)	**Audit Delayed**												
SODC		10	6.5		**Not yet applicable**								
VWHDC		10	6.5		**Not yet applicable**								
HR Management & Reporting (incl. Annual Leave Calculation) (13)	**Completed**												
SODC		14	13.5		**Satisfactory**								
VWHDC		14	13.5		**Satisfactory**								
PLANNED CONSULTANCY AUDITS													
Grounds & Parks Maintenance In-Sourcing	**In Progress**												
SODC		10	5.0		**Not yet applicable**								
VWHDC		10	5.0		**Not yet applicable**								
Corporate Landlord Approach	**Audit Delayed**												
SODC		10	0.0		**Not yet applicable**								
VWHDC		10	0.0		**Not yet applicable**								
JOINT PLANNED AUDIT TOTALS		**355**	**219.5**			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Completed	**1**			**Full**	**0**								
Draft Out	**3**			**Substantial**	**0**								
In Progress	**7**			**Satisfactory**	**2**								
Deferred	**4**			**Limited**	**0**								

PLANNED AUDIT 2019/2020 **APPENDIX 1**

Audit Area As at 07 March 2021	Status	Audit Allocation	Total Days Used	Exception Issues	Audit Opinion	No. of Recs	High	No. Agreed	Medium	No. Agreed	Low	No. Agreed	Total Not Agreed
JOINT													
Budgetary Control (16)	**Completed**												
SODC		5	3.0		**Satisfactory**	**3**	0	0	2	2	1	1	**0**
VWHDC		5	3.0		**Satisfactory**	**3**	0	0	2	2	1	1	**0**
Capital Management and Accounting (22)	**Completed**												
SODC		7	10.0		**Limited**	**10**	1	1	8	8	1	1	**0**
VWHDC		7	9.5		**Limited**	**10**	1	1	8	8	1	1	**0**
Council Tax (24)	**Completed**												
SODC		10	20.5		**Limited**	**12**	2	2	5	5	5	5	**0**
VWHDC		10	20.5		**Limited**	**12**	2	2	5	5	5	5	**0**
Creditor Payments (26)	**Completed**												
SODC		10	10.0		**Satisfactory**	**5**	0	0	3	3	2	2	**0**
VWHDC		10	10.0		**Satisfactory**	**5**	0	0	3	3	2	2	**0**
Data Protection / GDPR (20)	**Completed**												
SODC		7	7.5		**Satisfactory**	**8**	0	0	3	3	5	5	**8**
VWHDC		7	7.5		**Satisfactory**	**8**	0	0	3	3	5	5	**8**
Development Management (20)	**Completed**												
SODC		10	6.0		**Satisfactory**	**8**	0	0	4	4	4	4	**0**
VWHDC		10	6.0		**Satisfactory**	**8**	0	0	4	4	4	4	**0**
Disabled Facility Grants (16)	**Completed**												
SODC		8	13.0		**Full**	**1**	0	0	0	0	1	1	**0**
VWHDC		8	13.0		**Full**	**1**	0	0	0	0	1	1	**0**
Elections and Election Payments (22)	**Completed**												
SODC		15	17.0		**Limited**	**5**	1	1	2	2	2	2	**0**
VWHDC		15	17.0		**Limited**	**5**	1	1	2	2	2	2	**0**
General Ledger (23)	**Completed**												
SODC		10	10.5		**Satisfactory**	**10**	0	0	4	4	6	6	**10**
VWHDC		10	10.0		**Satisfactory**	**10**	0	0	4	4	6	6	**10**
Health and Safety (21)	**Audit Delayed**			Audit delayed and will be audited as part of the 2020/21 internal audit plan									
SODC		10	0.0										
VWHDC		10	0.0										
Housing Benefits and CTRS (21)	**Completed**												
SODC		15	15.0		**Limited**	**3**	1	0	0	0	2	0	**3**
VWHDC		15	15.0		**Limited**	**3**	1	0	0	0	2	0	**3**
Information Security (Inc. Cyber Security) (21)	**Completed**												
SODC		10	8.0		**Limited**	**7**	5	5	2	2	0	0	**7**
VWHDC		10	8.5		**Limited**	**7**	5	5	2	2	0	0	**7**
Leisure Development (8)	**Audit Delayed**			Audit delayed - no new projects for review.									
SODC		10	0.0										
VWHDC		10	0.0										
Lone Working / Officer Security (24)	**Completed**												
SODC		7	2.0		**Satisfactory**	**12**	0	0	4	4	8	8	**12**
VWHDC		7	2.0		**Satisfactory**	**12**	0	0	4	4	8	8	**12**
Mobile Home Parks (25)	**Completed**												
SODC		12	12.0		**Satisfactory**	**10**	0	0	4	4	6	6	**0**
VWHDC		12	12.0		**Satisfactory**	**10**	0	0	4	4	6	6	**0**
National Non-Domestic Rates (NNDR) (22)	**Completed**												
SODC		10	11.5		**Satisfactory**	**6**	0	0	2	0	4	0	**6**
VWHDC		10	11.0		**Satisfactory**	**6**	0	0	2	0	4	0	**6**
Payroll (28)	**Completed**												
SODC		18	15.0		**Limited**	**8**	4	4	3	3	1	1	**0**
VWHDC		18	15.0		**Limited**	**8**	4	4	3	3	1	1	**0**
Performance Management (17)	**Audit Delayed**			Audit delayed until the SODC and VWHDC corporate plans 2020-2024 are implemented.									
SODC		8	0.0										
VWHDC		8	0.0										
Pro-active Anti-Fraud Review (21)	**Completed**												
SODC		7	6.5		**Limited**	**3**	2	0	0	0	1	0	**3**
VWHDC		7	6.5		**Limited**	**3**	2	0	0	0	1	0	**3**
Procurement (27)	**Completed**												
SODC		10	5.0		**Satisfactory**	**4**	0	0	2	2	2	2	**4**
VWHDC		10	5.0		**Satisfactory**	**4**	0	0	2	2	2	2	**4**
Sundry Debtors (23)	**Completed**												
SODC		10	9.5		**Limited**	**4**	2	2	1	1	1	1	**0**
VWHDC		10	9.5		**Limited**	**4**	2	2	1	1	1	1	**0**
Treasury Management (21)	**Completed**												
SODC		7	5.5		**Satisfactory**	**2**	0	0	2	2	0	0	**0**
VWHDC		7	5.5		**Satisfactory**	**2**	0	0	2	2	0	0	**0**
Potential Audits for 2019/2020													
Assets of Community Value (11)	**Completed**												
SODC		7	9.0		**Satisfactory**	**2**	0	0	2	2	0	0	**0**
VWHDC		7	9.0		**Satisfactory**	**2**	0	0	2	2	0	0	**0**
Land Charges (19)	**Audit Delayed**			Audit on hold									
SODC		10	2.0		**Not yet applicable**								
VWHDC		10	1.5		**Not yet applicable**								
Engineering Services (8)	**Audit Delayed**			Audit delayed - insufficient resources to complete the audit due to Covid-19.									
SODC		7	0.0										
VWHDC		7	0.0										
SODC													
Cornerstone (21)	**Completed**												
SODC		10	13.0		**Satisfactory**	**5**	0	0	2	2	3	3	**0**
VWHDC													
Moorings (9)	**Completed**												
VWHDC		10	3.0		**Satisfactory**	**8**	0	0	6	0	2	0	**8**
JOINT PLANNED AUDIT TOTALS		**480**	**395.5**			**246**	**36**	**30**	**106**	**102**	**104**	**90**	**106**
Completed	**20**			**Full**	**2**								
Draft Out	**0**			**Substantial**	**0**								
In Progress	**0**			**Satisfactory**	**22**								
To Commence	**0**			**Limited**	**16**								
Audit Delayed	**5**			**Nil**	**0**								
SODC PLANNED AUDIT TOTALS		**10**	**13.0**			**5**	**0**	**0**	**2**	**2**	**3**	**3**	**0**
Completed	**1**			**Full**	**0**								
Draft Out	**0**			**Substantial**	**0**								
In Progress	**0**			**Satisfactory**	**1**								
To Commence	**0**			**Limited**	**0**								
Audit Delayed	**0**			**Nil**	**0**								
VWHDC PLANNED AUDIT TOTALS		**10**	**3.0**			**8**	**0**	**0**	**6**	**0**	**2**	**0**	**8**
Completed	**1**			**Full**	**0**								
Draft Out	**0**			**Substantial**	**0**								
In Progress	**0**			**Satisfactory**	**1**								
To Commence	**0**			**Limited**	**0**								
Audit Delayed	**0**			**Nil**	**0**								

AUDIT PLAN SCHEDULE 2020/2021 and 2021/22 (As at 07 March 2021)

APPENDIX 3

Key:

- Key financial audit
- Projected Start Date
- In Progress
- Draft Out
- Completed
- No longer applicable/ revised arrangements
- Confidential

PLANNED AUDITS

2020/21 JOINT AUDITS	PRIORITY	April				May					June				July					August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2			3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4	1	2	3	4		5	1	2	3	4	1	2	3		4
Capital Management & Accounting	16																																																								
Council Tax	20																																																								
General Ledger	19																																																								
Housing Benefits & Council Tax Reduction Scheme	20																JAGC											JAGC									JAGC									JAGC									JAGC			
National Non-Domestic Rates (NNDR) (incl. COVID-19 Business Grants)	22																																																								
Payroll (incl. Travel & Subsistence, Pension Administration, Annual Leave Payments)	22																																																								
Pro-Active Anti-Fraud Review	19																																																								
Treasury Management	18																																																								

FOLLOW UP AUDITS

JOINT	PRIORITY	April				May					June				July					August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2			3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4	1	2	3	4		5	1	2	3	4	1	2	3		4
Data Protection / GDPR 19/20	N/A																																																								
Information Security 19/20	N/A																																																								
Lone Working / Officer Security 19/20	N/A																JAGC											JAGC									JAGC									JAGC									JAGC			
SODC																																																									
Cornerstone 19/20																																																									
VWHDC																																																									
Moorings 19/20																																																									

UNPLANNED AUDITS

JOINT	PRIORITY	April				May					June				July					August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2			3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4	1	2	3	4		5	1	2	3	4	1	2	3		4
None																																																									
SODC																	JAGC											JAGC									JAGC									JAGC									JAGC			
None																																																									
VWHDC																																																									
None																																																									

Shutdown

AUDIT PLAN SCHEDULE 2020/2021 and 2021/22 (As at 07 March 2021)

APPENDIX 3

Key:

- Key financial audit
- Projected Start Date
- In Progress
- Draft Out
- Completed
- No longer applicable/ revised arrangements
- Confidential

PLANNED AUDITS

2021/22 JOINT AUDITS	Risk Score	April				May					June				July				August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2		3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4		1	2	3	4	5	1	2	3	4	1	2	3		4
Payroll	22																																																								
Creditor Payments	20																																																								
Council Tax	20																																																								
General Ledger	18																																																								
Sundry Debtors	19																																																								
National Non-Domestic Rates (NNDR)	20																																																								
Capital Management and Accounting	16																																																								
Pro-Active Anti-Fraud Review	19																																																								
Treasury Management	18																																																								
Housing Benefits and Council Tax Reduction Scheme	20																																																								
Contract Management	19																																																								
Council Fees & Charges	16																																																								
Procurement	19																																																								
Receipt & Collection of Income	15																																																								
Estates & Facilities Management	15																																																								
Section 106/CIL	15																																																								
Property Management	15																																																								
Planning Enforcement	15																																																								
Planning Applications	15																																																								
Planning Appeals	11																																																								
Brown Bins	16																																																								
Car Parking & Enforcement	12																																																								
Cash Offices/ Reception	14																																																								
Land Charges	11																																																								
Information Governance	11																																																								
IT Operations	20																																																								
Whistleblowing & Fraud	N/A																																																								

JAGC

PLANNED CONSULTANCY

JOINT	PRIORIT	April				May					June				July				August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2		3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4		1	2	3	4	5	1	2	3	4	1	2	3		4
Cornerstone	N/A																																																								
Didcot Conmmunity Gardens	N/A																																																								
The Beacon	N/A																																																								
Corporate Landlord	N/A																																																								
Disposal of Assets and property	N/A																																																								

JAGC

Shutdown

FOLLOW UP AUDITS

JOINT	PRIORIT	April				May					June				July				August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2		3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4		1	2	3	4	5	1	2	3	4	1	2	3		4
SODC																																																									
VWHDC																																																									

JAGC

Shutdown

UNPLANNED AUDITS

JOINT	PRIORIT	April				May					June				July				August				September				October					November				December				January					February				March			
		1	2	3	4	1	2	3	4	5	1	2	3	4	1	2		3	4	1	2	3	4	1	2	3		4	1	2	3	4	5	1	2	3		4	1	2	3	4		1	2	3	4	5	1	2	3	4	1	2	3		4
None																																																									
SODC																																																									
None																																																									
VWHDC																																																									
None																																																									

JAGC

Shutdown

Joint Audit and Governance Committee

Report of Interim Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 30 March 2021

Internal audit plan 2021/2022

Recommendation

That members approve the internal audit plan 2021/2022

Purpose of Report

1. The purpose of this report is:
   - to explain the process for setting the internal audit plan and for calculating the resources available; and
   - to set out the proposed internal audit plan for 2021/22.

2. The contact officer for this report is Richard Green, Interim Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 07849 574860.

Strategic Objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

Background

4. The definition of internal audit is set out in the Public Sector Internal Audit Standards (PSIAS): "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. It may also undertake consulting services at the request of the councils, subject to there being no impact on the core assurance work and the availability of skills and resources.

5. Internal audit supports the interim head of finance (section 151 officer) in discharging his/her statutory duties, particularly in relation to the following legislation:

   - The Local Government Act 1972 states that the section 151 officer is responsible for ensuring that there are arrangements in place for the proper administration of the authority's financial affairs.
   - The Accounts and Audit Regulations state that 'A relevant body must maintain an adequate and effective system of internal audit of the control environment and systems of internal control'.

6. The PSIAS states that the head of internal audit should prepare a risk-based audit plan, and for plans to receive input from management. It also states that the plan should outline the assignments to be carried out and the resource requirements to deliver the plan. The PSIAS also states that the audit committee should approve the internal audit plan and monitor progress against the plan. This document sets out the proposed audit plan for 2021/22, together with potential audit reviews in 2022/23 and 2023/24.

The Audit Planning Process

7. The PSIAS refer to the need for the risk-based plan to consider the requirement to produce an annual internal audit opinion and report that is used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

8. To support this, the risk-based plan needs to take into account the risk priorities per the SODC and VWHDC corporate risk registers, review of large or significant income and budget spend and review of the corporate priorities and objectives.

9. The approach to the audit planning process was agreed by the interim head of finance. The following steps were undertaken:

   Step 1: The SODC and VWHDC corporate risk registers have been reviewed as the starting point for the audit planning process as this represents management's assessment of the risks to the councils achieving their strategic objectives. Checks have been performed to ensure that high and medium risks are included as a possible audit area in the Schedule of Auditable Activity (SAA).

   Step 2: Areas of large or significant income and budget spend across each service area have been reviewed to ensure that they are included as a possible audit area in the SAA.

Step 3: The SAA is attached in **appendix 1** and lists every possible audit area at both or either SODC and VWHDC. The audit areas have been reviewed and updated to reflect the current organisational structure and division of responsibilities across each service area. Each audit has been rated by the interim internal audit manager and critically reviewed by the interim head of finance on a number of risk factors to give a priority score, and this assists in the assessment of what should be placed in the annual audit plan. Although scoring is subjective and no two people would score alike the process attempts to introduce a degree of objectivity into the assessment process.

Step 4: Meetings and discussions were held between the interim internal audit manager and heads of service, service managers and the chief executive in February 2021. The purpose of the meetings was to obtain insights into the level of risk exposure within each service area across both councils. In addition, heads of service have requested that, where required, specific function(s) within their service area are reviewed as part of the planned assurance or consultancy work for 2021/22 or future years.

Step 5: The proposed audit plan for 2021/22 has been finalised with the interim head of finance.

10. Due to the changing environment that exists in Local Government, there is a need for an element of flexibility in the audit plan due to potential changes in the council risk profiles and the potential for emerging risks. The SAA and corporate risk registers will be discussed between the interim internal audit manager and heads of service regularly throughout the year, and it is possible that changes to the audit plan may be required.

Allocation of Audit Resources

11. The resources available to deliver the internal audit annual plan 2021/22 are arrived at by starting with the number of days available for all internal audit posts within the team. This is then reduced by the estimated numbers of days lost through annual leave, bank holidays (planned) and sickness absence (unplanned). The remaining days available are then allocated between the various elements of work which are expected to be carried out in the year in order to deliver an effective internal audit service.

12. The calculation of days available and the allocation of days between different categories of work is attached as **appendix 2**. The categories are classed as either chargeable or non-chargeable. Chargeable means the work has an identifiable client or is directly linked to the delivery of internal audit services. Non-chargeable means any other work which is not directly linked to the delivery of internal audit services (for example: admin, corporate responsibilities, training, staff briefings).

13. An explanation of the individual variances against the previous year allocation is provided in **appendix 2**.

Internal Audit Plan

14. The risk-based audit plan is constructed in such a way that reflects the councils risks and key priorities at a single point in time. However, throughout the year, the interim internal audit manager will perform regular risk assessments. In the event

of emerging risks, there are budgeted hours within the audit plan to respond to these risks, if required.

15. The 2021/22 proposed audit plan includes budgeted hours for consultancy audit work, which focuses on risk, governance and control matters, and takes into consideration management need as opposed to internal audit's assessment of risk. In comparison to traditional assurance audits, consultancy work enables internal audit to support service teams, whilst not assuming management responsibility, to improve risk, governance and control on a real time basis, especially in relation to new or changes to existing processes and systems.

16. The outputs from the audit planning and allocation of resources process have been prioritised to produce an audit plan that considers the following:

    - the requirement to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
    - the requirement for internal audit to add value through improving controls, streamlining processes and supporting corporate priorities;
    - the need to allocate a suitable number of contingency days to respond to emerging risk, governance and control matters;
    - the need to allocate a suitable number of investigation days for fraud or whistleblowing purposes;
    - to support the interim head of finance's requirement for a cyclical review of all financial systems throughout the councils, of which the audit coverage shall be determined by the interim head of finance.

17. The internal audit plan for 2021/221 is designed and constructed in such a way to enable the interim internal audit manager to form an opinion on the adequacy of each council's control environment, taking into consideration available audit resources. This opinion forms an important independent view of each council's operations that feeds into and supports each council's annual governance statement.

18. The proposed internal audit plan for 2021/22 is attached in **appendix 3** and has been agreed with the interim head of finance and has been considered by the senior management team (SMT). The amount of time allocated to some of the financial reviews has been reduced slightly from previous years due to systems coming in-house and a revision to the audit approach. Any changes to the work programme (e.g. due to changes to the council risk profiles or due to management requests) will be agreed with the interim head of finance and reported to the audit committee.

Individual Audits

19. For each audit, not all aspects within a specific area are necessarily examined. Actual audit coverage is decided at the time of the audit in consultation with key management and officers. This ensures that current issues together with recent coverage by internal audit or external bodies determine the scope of the work.

20. An estimated start date for each audit is included in the audit plan in **appendix 3**, which aims to ensure the availability of key management and officers. We will. however, seek to agree a date which is convenient to the officers involved during the scoping of each review.

21. Upon completion of the audit fieldwork, the auditor will draft a report and arrange to meet with the auditees, to ensure factual accuracy of the audit observations and findings and to ensure a proper understanding of the risks to which any action plan relates.

22. A formal audit report will be issued for all planned assurance audit work, which will provide an overall assurance rating, along with key observations and recommendations for each audit objective. However, upon identification of any high-risk issues, internal audit will immediately notify management during the course of the audit to enable appropriate remedial action to be taken prior to being formally published in the audit report.

Follow Up Reviews

23. For annual audits (i.e. key financial topics), follow ups are completed as part of the next internal audit review. For all other planned assurance work, the timing of the follow up is dependent upon available audit resources, however, internal audit will aim to complete the follow up review within six months of distribution of the final audit report.

24. For consultancy work, the completion of follow ups will be agreed with key management and officers.

25. For any open recommendations remaining after completion of the follow up, regular monitoring of recommended actions will be performed by internal audit and reported to committee.

Reporting to the Audit Committee

26. Monitoring of internal audit's progress against the audit plan along with summarising the outcomes of recent audit and follow up work will be presented to the audit committee.

27. Following completion of the internal audit plan for 2021/22 we will produce an annual internal audit report on the work of internal audit in the year ended 31 March 2022, and to advise the committee of the interim internal audit manager's opinion on the overall adequacy and effectiveness of the internal control environments at SODC and VWHDC.

Financial Implications

28. The audit plan can be delivered from within the approved 2021/22 budget, therefore there are no financial implications attached to this report.

Legal Implications

30. None

Risk Implications

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

Richard Green
INTERIM INTERNAL AUDIT MANAGER

Schedule of Auditable Activity (SAA) 2021/2022 (by Risk Scores)

								OFFICER REQUEST		RISK SCORING							THREE YEAR AUDIT PLAN				
No.	SERVICE AREA	SERVICE TEAM	AUDIT AREA	COUNCIL	LAST AUDITED	SODC LAST AUDIT RATING	VWHDC LAST AUDIT RATING	PLANNED ASSURANCE AUDIT	PLANNED CONSULTANCY AUDIT	FINANCIAL RISK (x2)	FRAUD RISK (x2)	REPUTATIONAL RISK	LEGAL RISK	CORPORATE RISK	OFFICER REQUEST (1 FOR YES)	PRIORITY SCORE (MIN.7, MAX.22)	2021/22 PLANNED ASSURANCE	2021/22- PLANNED CONSULTANCY	2020/21 AUDIT PLANNING NOTES	2022/23	2023/24
119	Corporate Services	HR & Payroll	Payroll	Joint	2019/20	Limited	Limited	Yes	No	3	3	3	3	3	1	22	Yes	No	Key financial audit performed annually -	Yes	Yes
60	Finance	Strategic Finance	Payroll	Joint	In Progress q4	Limited	Limited	Yes	No	3	3	3	3	3	1	22	Yes	No	Key financial audit performed annually	Yes	Yes
77	Finance	Revenues & Benefits	National Non-Domestic Rates (NNDR)	Joint	In Progress q4	Satisfactory	Satisfactory	Yes	No	3	3	3	3	3	1	22	Yes	No	Key financial audit performed annually. Will include a review of the Covid business grants	Yes	Yes
98	Corporate Services	Customer Assurance	Risk Management	Joint	2018/19	Satisfactory	Satisfactory	No	No	3	3	3	3	3	0	21	No	No		Yes	No
126	Corporate Services	IT	IT Infrastructure (incl. network setup and security)	Joint	Not audited	N/A	N/A	Yes	No	3	3	3	2	3	1	21	No	No	Covid-19 response to IT equipment will be audited in the Covid-19 Response	No	No
75	Finance	Revenues & Benefits	Council Tax	Joint	2020/21	Limited	Limited	Yes	No	3	3	3	2	2	1	20	Yes	No	Key financial audit performed annually	Yes	Yes
76	Finance	Revenues & Benefits	Housing Benefits & Council Tax Reduction Scheme (HBCTRS)	Joint	In Progress q4	Limited	Limited	Yes	No	3	3	3	2	2	1	20	Yes	No	Key financial audit performed annually	Yes	Yes
125	Corporate Services	IT	IT Operations (incl. IT helpdesk, asset management, Active Directory)	Joint	2015/16	Satisfactory	Satisfactory	No	No	3	3	3	2	3	0	20	Yes	No	Moved forward from 2020/21 plan	No	No
128	Corporate Services	IT	Information Security (incl. Cyber Security)	Joint	2019/20	In Progress	In Progress	No	No	3	3	3	2	3	0	20	No	No		Yes	No
136	Policy & Programmes	IT Programmes	IT Programme Support (NEW)	Joint	Not audited	N/A	N/A	No	No	3	3	3	2	3	0	20	Yes	No	Moved forward from 2020/21 plan	No	No
58	Finance	Strategic Finance	Creditor Payments	Joint	2019/20	Limited	Limited	No	No	3	3	3	2	2	0	19	Yes	No	Key financial audit performed annually	Yes	Yes
59	Finance	Strategic Finance	General Ledger	Joint	In Progress q4	Satisfactory	Satisfactory	Yes	No	3	3	2	1	3	1	19	Yes	No	Key financial audit performed annually	Yes	Yes
61	Finance	Strategic Finance	Pro-Active Anti-Fraud Review	Joint	In Progress q4	Limited	Limited	Yes	No	3	3	3	1	2	1	19	Yes	No	Key financial audit performed annually	Yes	Yes
74	Finance	Strategic Finance	Procurement	Joint	2019/20	Satisfactory	Satisfactory	No	No	3	3	2	2	3	0	19	Yes	No		No	Yes
102	Corporate Services	Customer Assurance	Insurance	Joint	2018/19	substantial	substantial	No	No	3	2	3	3	3	0	19	No	No		Yes	Yes
144	Corporate Audits	Corporate	Contract Management	Joint	2014/15	Full	Full	Yes	No	3	2	3	2	3	1	19	Yes	No	Moved forward from 2020/21 plan	No	No
12	Development & Regeneration	Property Management	Corporate Landlord (NEW)	Joint	Not audited	N/A	N/A	No	Yes	3	1	3	3	3	1	18	No	No	Corporate Landlord Approach consultancy revi	No	No
52	Housing & Environment	Technical Services	Grounds & Parks Maintenance	Joint	2017/18	Full	Full	No	Yes	3	2	3	2	2	1	18	No	Yes		Yes	No
62	Finance	Strategic Finance	Sundry Debtors	Joint	2019/20	Limited	Limited	No	No	3	3	2	2	2	0	18	Yes	No	Key financial audit performed annually	Yes	Yes
63	Finance	Strategic Finance	Treasury Management	Joint	In Progress q4	substantial	substantial	Yes	No	3	3	2	1	2	1	18	Yes	No	Key financial audit performed annually	Yes	Yes
73	Finance	Strategic Finance	Contract Management	Joint	2014/15	Full	Full	No	No	3	2	3	2	3	0	18	Yes	No	See corporate audits	No	No
94	Corporate Services	Community Enablement	Cornerstone	SODC	2019/20	N/A	N/A	No	Yes	3	2	3	1	3	1	18	Yes	No	Moved forward from 2020/21 plan	No	No
95	Corporate Services	Community Enablement	The Beacon	VWHDC	2017/18	Satisfactory	Satisfactory	No	Yes	3	2	3	1	3	1	18	Yes	No	Moved forward from 2020/21 plan	No	No
109	Corporate Services	Customer Assurance	Data Protection / GDPR	Joint	2019/20	Satisfactory	Satisfactory	No	No	3	2	3	3	2	0	18	No	No		Yes	No
133	Policy & Programmes	Programmes	Office Accommodation (NEW)	Joint	Not audited	N/A	N/A	Yes	No	3	1	3	3	3	1	18	Yes	No	Moved forward from 2020/21 plan	No	No
10	Development & Regeneration	Property Management	Property Management	Joint	2018/2019	Limited	Limited	No	No	3	1	3	3	3	0	17	Yes	No	Moved forward from 2020/21 plan	No	No
13	Development & Regeneration	Property Management	Estates & Facilities Management	Joint	2016/2017	Limited	Limited	Yes	No	3	2	3	1	2	1	17	Yes	No	Moved forward from 2020/21 plan	No	No
22	Planning	Planning Policy	S106/CIL Policy and Collection	Joint	2016/17	Full	Limited	No	No	3	2	3	2	2	0	17	Yes	No	Moved forward from 2020/21 plan	No	No
100	Corporate Services	Customer Assurance	Health & Safety	Joint	In progress Q4	Satisfactory	Satisfactory	Yes	No	3	1	3	3	2	1	17	Yes	No		No	Yes
104	Corporate Services	Customer Assurance	Business Continuity	Joint	2015/16	Limited	Limited	No	No	3	2	3	1	3	0	17	No	No		Yes	No
113	Corporate Services	Customer Assurance	Cash Offices	Joint	2015/16	Limited	Limited	No	No	3	3	2	1	2	0	17	Yes	No	Moved forward from 2020/21 plan	No	No
127	Corporate Services	IT	Mobile Telephony	Joint	Not audited	N/A	N/A	No	No	2	3	3	2	2	0	17	Yes	No	Moved forward from 2020/21 plan	No	No
8	Development & Regeneration	Economic Development	Leisure & Active Communities	Joint	2015/2016 (Leisure Facilities)	Satisfactory	Satisfactory	No	Yes	3	1	3	2	2	1	16	No	No		No	No
21	Planning	Planning Policy	Local Plan / Transport Infrastructure	Joint	Not audited	N/A	N/A	No	No	3	1	3	2	3	0	16	No	No		No	No
25	Planning	Development Management - Large Sites	Planning Enforcement	Joint	2019/20	Satisfactory	Satisfactory	Yes	No	2	2	3	1	3	1	16	Yes	No	Moved forward from 2020/21 plan	No	No
46	Housing & Environment	Environmental Services	Brown Bins	Joint	2018/19	Limited	Limited	No	Yes	3	1	3	1	3	1	16	Yes	No	Moved forward from 2020/21 plan	No	No
57	Finance	Strategic Finance	Capital Management & Accounting	Joint	In Progress q4	Limited	Limited	Yes	No	3	2	2	1	2	1	16	Yes	No	Key financial audit performed annually	Yes	Yes
67	Finance	Strategic Finance	Council Fees & Charges	Joint	2013/14	Limited	Limited	Yes	No	3	1	3	1	3	1	16	Yes	No	Moved forward from 2020/21 plan	No	No
108	Corporate Services	Customer Assurance	Information Governance	Joint	2012/13	Satisfactory	Satisfactory	Yes	No	1	2	3	3	3	1	16	Yes	No	Covid-19 response to information governance will be audited in the Covid-19 Response Governance Audit	No	No
6	Development & Regeneration	Economic Development	Economic Development	Joint	Not audited	N/A	N/A	Yes	No	2	2	3	1	2	1	15	No	No	Covid-19 response to the discretionary grants scheme will be audited in the Covid-19 Response Governance Audit	No	Yes
15	Development & Regeneration	Infrastructure & Development	S106 agreement	Joint	Not audited	N/A	N/A	No	No	3	1	3	2	2	0	15	Yes	No	Moved forward from 2020/21 plan	No	No
16	Development & Regeneration	Infrastructure & Development	CIL spending	Joint	2016/2017	Full	Limited	No	No	3	1	3	2	2	0	15	Yes	No	Moved forward from 2020/21 plan	No	No
24	Planning	Development Management - Large Sites	Development Management (Planning Applications - Large Sites) incl. Conservation & Listed Buildings	Joint	2019/20	Satisfactory	Satisfactory	Yes	No	2	2	3	1	2	1	15	Yes	No	Moved forward from 2020/21 plan	No	No
27	Planning	Development Management - Applications	Building Control	Joint	2016/17	Limited	Limited	Yes	No	2	2	3	1	2	1	15	No	No		Yes	No
45	Housing & Environment	Environmental Services	Waste Management & Recycling (incl. Litter & Street Cleaning, Fly Tipping)	Joint	2015/16	Satisfactory	Satisfactory	No	No	3	1	3	1	3	0	15	No	No		Yes	Yes
28	Planning	Development Management - Applications	Development Management (Planning Applications) - Minor/Other incl. Conservation & Listed Buildings	Joint	2019/20	Satisfactory	Satisfactory	Yes	No	2	2	3	1	2	1	15	Yes	No	Moved forward from 2020/21 plan	No	No
53	Housing & Environment	Technical Services	Toilets	Joint	Not audited	N/A	N/A	No	Yes	2	2	2	2	2	1	15	No	Yes	In-sourcing of public convenience cleaning will be audited in the Grounds & Parks Maintenance In-Sourcing consultancy review	No	No
65	Finance	Strategic Finance	Budgetary Control	Joint	2019/20	Satisfactory	Satisfactory	No	No	3	1	3	1	3	0	15	No	No		Yes	No
72	Finance	Strategic Finance	Receipt of Income Arrangements	Joint	2015/16	Satisfactory	Satisfactory	No	No	3	2	2	1	2	0	15	Yes	No		No	Yes
101	Corporate Services	Customer Assurance	Lone Working	Joint	2019/20	Satisfactory	Satisfactory	No	No	2	1	3	2	3	1	15	No	No		Yes	No
120	Corporate Services	HR & Payroll	Pension Administration	Joint	Not audited	N/A	N/A	No	No	3	2	2	2	1	0	15	No	No	Will be covered in the Payroll audit.	No	No

26	Planning	Development Management - Large Sites	Planning Appeals	Joint	2018/19	Satisfactory	Satisfactory	No	No	2	2	3	1	2	0	14	No	No		Yes	No
36	Housing & Environment	Licensing & Community Safety	Licensing	Joint	2017/18	Satisfactory	Satisfactory	No	No	2	2	3	2	1	0	14	No	No		Yes	No
84	Legal & Democratic Services	Democratic Services	Elections & Elections Payments	Joint	2019/20	Limited	Limited	No	No	1	2	3	2	3	0	14	No	No		No	No
121	Corporate Services	HR & Payroll	Recruitment & Selection (incl. Disclosure & Barring Service (DBS))	Joint	2015/16	Limited	Limited	No	No	2	2	2	2	2	0	14	No	No		No	No
122	Corporate Services	HR & Payroll	Travel & Subsistence (Expenses)	Joint	2020/21	Limited	Limited	No	No	2	3	2	1	1	0	14	No	No	Will be covered in the Payroll audit.	No	No
132	Policy & Programmes	Programmes	Corporate Projects Management	Joint	2015/16	Limited	Limited	No	No	2	1	3	2	3	0	14	No	No		Yes	No
134	Policy & Programmes	Programmes	Community Hub & Recovery (NEW)	Joint	Not audited	N/A	N/A	Yes	No	2	1	3	1	3	1	14	No	No	The community hub will be audited in the Covid-19 Response Governance Audit	No	No
17	Development & Regeneration	Infrastructure & Development	Community Centres	Joint	Not audited	N/A	N/A	No	No	2	1	3	2	2	0	13	No	No		Yes	No
38	Housing & Environment	Licensing & Community Safety	Safeguarding Children, Young People & Vulnerable Adults	Joint	2016/17	substantial	substantial	No	No	2	1	3	3	1	0	13	No	No		No	No
43	Housing & Environment	Housing Needs	Disabled Facility Grants	Joint	2019/20	Full	Full	No	No	2	2	2	1	2	0	13	No	No		No	Yes
68	Finance	Strategic Finance	Credit Card Usage	Joint	2017/18	Limited	Limited	No	No	2	3	1	1	1	0	13	No	No		Yes	No
83	Legal & Democratic Services	Democratic Services	Democratic Services	Joint	Not audited	N/A	N/A	No	No	1	2	3	2	2	0	13	No	No		No	No
89	Corporate Services	Community Enablement	Community Grants	Joint	2018/19	Satisfactory	Satisfactory	No	No	2	2	3	1	1	0	13	No	No		Yes	No
105	Corporate Services	Customer Assurance	Emergency Planning	Joint	2017/18	Satisfactory	Satisfactory	No	No	2	1	3	1	3	0	13	No	No		Yes	No
116	Corporate Services	HR & Payroll	HR Management & Reporting	Joint	2018/19	Limited	Limited	Yes	No	2	1	2	2	2	1	13	No	No		No	Yes
118	Corporate Services	HR & Payroll	Annual Leave (incl. annualised hours policy)	Joint	Not audited	N/A	N/A	No	No	2	2	2	2	1	0	13	No	No	Will be covered in the HR Management audit.	No	No
131	Corporate Services	IT	Disaster Recovery	Joint	2013/14	Satisfactory	Satisfactory	No	No	2	1	3	1	3	0	13	No	No		Yes	No
135	Policy & Programmes	Programmes	Transformation Program	Joint	Not audited	N/A	N/A	No	No	2	1	3	2	2	0	13	No	No		No	Yes
141	Policy & Programmes	Insight & Policy	5CP Transition Programmes (NEW)	Joint	Not audited	N/A	N/A	No	No	2	2	2	1	2	0	13	No	No		No	No
2	Partnerships	Strategic Partnership	5C Partnerships	Joint	Not audited	N/A	N/A	Yes	No	1	2	2	1	2	1	12	Yes	No	Will be audited in 2021/22 as part of the contract management audit	No	No
19	Development & Regeneration	Garden Communities	Didcot Garden Town Delivery	SODC	Not audited	N/A	N/A	No	Yes	2	1	2	1	2	1	12	Yes	No	Moved forward from 2020/21 plan	No	No
40	Housing & Environment	Housing Needs	Housing Allocations	Joint	2012/13	Full	Full	No	No	1	2	3	2	1	0	12	No	No		Yes	No
50	Housing & Environment	Technical Services	Car Parks	Joint	2017/18	Satisfactory	Satisfactory	No	No	2	2	2	1	1	0	12	Yes	No		No	No
51	Housing & Environment	Technical Services	Mobile Home Parks	Joint	2019/20	Satisfactory	Satisfactory	No	No	2	2	2	1	1	0	12	No	No		No	No
55	Housing & Environment	Technical Services	Tree Management & Inspections	Joint	2017/18	Satisfactory	Satisfactory	No	No	2	1	3	2	1	0	12	No	No		No	No
47	Housing & Environment	Environmental Services	Food & Safety	Joint	2013/14	Satisfactory	Satisfactory	Yes	No	1	1	3	2	2	1	12	Yes	No	Moved forward from 2020/21 plan	No	No
64	Finance	Strategic Finance	Bank Contract & Arrangements	Joint	2014/15	Full	Full	No	No	2	1	1	2	3	0	12	No	No		No	No
66	Finance	Strategic Finance	Community Loans Scheme	SODC	2013/14	Full	Full	No	No	2	2	2	1	1	0	12	No	No		Yes	No
69	Finance	Strategic Finance	Internal Recharges	Joint	2017/18	Satisfactory	Satisfactory	No	No	3	1	1	1	2	0	12	No	No		Yes	No
79	Legal & Democratic Services	Legal Services	Regulation of Investigatory Powers (RIPA)	Joint	2013/14	Full	Full	No	No	2	1	3	1	2	0	12	No	No		No	Yes
80	Legal & Democratic Services	Democratic Services	Anti-Fraud & Corruption Policies	Joint	2014/15	Limited	Limited	No	No	1	3	2	1	1	0	12	No	No		Yes	No
81	Legal & Democratic Services	Democratic Services	Whistleblowing	Joint	2014/15	Limited	Limited	No	No	1	3	2	1	1	0	12	No	No		No	Yes
82	Legal & Democratic Services	Democratic Services	Corporate Governance	Joint	2014/15	Full	Full	No	No	1	2	3	1	2	0	12	No	No		Yes	No
93	Corporate Services	Community Enablement	SODC Online Lottery	SODC	Not audited	N/A	N/A	No	No	2	2	2	1	1	0	12	No	No		No	No
117	Corporate Services	HR & Payroll	HR Advisory	Joint	Not audited	N/A	N/A	No	No	2	1	2	2	2	0	12	No	No		No	No
124	Corporate Services	HR & Payroll	HR Culture Project (incl. policy, performance management, wellbeing, training, recruitment, induction)	Joint	Not audited	N/A	N/A	No	No	2	1	2	2	2	0	12	No	No		No	No
1	Partnerships	Strategic Partnership	Oxfordshire Housing & Growth Deal and Growth Board	Joint	Not audited	N/A	N/A	No	No	2	1	2	1	2	0	11	No	No		No	Yes
18	Development & Regeneration	Infrastructure & Development	Infrastructure	Joint	Not audited	N/A	N/A	No	No	1	1	3	2	2	0	11	No	No		No	No
70	Finance	Strategic Finance	Petty Cash Procedures	Joint	2018/19	Limited	Limited	No	No	2	2	1	1	1	0	11	No	No		Yes	No
71	Finance	Strategic Finance	Petty Cash Spot Checks	Joint	2017/18	Full	Full	No	No	2	2	1	1	1	0	11	No	No		Yes	No
78	Legal & Democratic Services	Legal Services	Land Charges	Joint	2019/20	In Progress	In Progress	No	No	2	1	3	1	1	0	11	Yes	No		No	Yes
85	Legal & Democratic Services	Democratic Services	Gifts and Hospitality (Councillors)	Joint	2016/17	substantial	substantial	No	No	1	2	3	1	1	0	11	No	No		No	Yes
88	Corporate Services	Community Enablement	Assets of Community Value	Joint	2019/20	Satisfactory	Satisfactory	No	No	2	1	2	2	1	0	11	No	No		No	Yes
110	Corporate Services	Customer Assurance	Freedom of Information Requests (FOI)	Joint	2012/13	Satisfactory	Satisfactory	No	No	1	1	3	2	2	0	11	No	No		No	No
114	Corporate Services	HR & Payroll	Gifts & Hospitality (Officers)	Joint	Annual review of entries on register	N/A	N/A	No	No	1	2	3	1	1	0	11	No	No		No	No
123	Corporate Services	HR & Payroll	Training & Development	Joint	2016/17	Satisfactory	Satisfactory	No	No	2	1	2	1	2	0	11	No	No		No	No
139	Policy & Programmes	Insight & Policy	Corporate Plan Development	Joint	Not audited	N/A	N/A	No	No	2	1	2	1	2	0	11	No	No		No	No
145	Corporate Audits	Corporate	Partnership Performance Monitoring	Joint	2015/16	Limited	Limited	No	No	2	1	2	1	2	0	11	No	No		No	No
4	Partnerships	Strategic Partnership	Oxfordshire Local Enterprise Partnership (OxLEP) (incl. Enterprise Zones)	Joint	Not audited	N/A	N/A	No	No	2	1	2	1	1	0	10	No	No		No	No
39	Housing & Environment	Licensing & Community Safety	VFM from CCTV Contract	Joint	2009/10	Satisfactory	Satisfactory	No	No	2	1	2	1	1	0	10	No	No		No	No
41	Housing & Environment	Housing Needs	Temporary Accommodation	Joint	2014/15	Satisfactory	Limited	No	No	1	1	3	1	2	0	10	No	No		Yes	No
44	Housing & Environment	Environmental Services	Environmental Protection	Joint	2016/17	Limited	Satisfactory	No	No	1	1	3	2	1	0	10	No	No		No	No
96	Corporate Services	Community Enablement	Communications	Joint	Not audited	N/A	N/A	No	No	1	1	3	1	2	0	10	No	No		No	No
97	Corporate Services	Community Enablement	Consultation (Public & Staff) & Community Engagement	Joint	2015/16	substantial	substantial	No	No	1	1	3	1	2	0	10	No	No		No	No
107	Corporate Services	Customer Assurance	Comments & Complaints Process	Joint	2016/17	Satisfactory	Satisfactory	No	No	1	1	3	1	2	0	10	No	No	Covid response to comments and complaints will be covered in the corporate Covid-19 Response Governance Audit.	No	No

111	Corporate Services	Customer Assurance	Environmental Information Regulations (EIR)	Joint	Not audited	N/A	N/A	No	No	1	1	3	2	1	0	10	No	No		No	No
115	Corporate Services	HR & Payroll	HR Policy Framework	Joint	Not audited	N/A	N/A	No	No	1	1	2	2	2	0	10	No	No		No	No
14	Development & Regeneration	Infrastructure & Development	Affordable Housing (previously Housing Development)	Joint	2018/2019	Full	Full	No	No	1	1	3	1	1	0	9	No	No		No	No
20	Development & Regeneration	Garden Communities	Development (incl. Berinsfield and Dalton Barracks Garden Village)	Joint	2018/2019	Full	Full	No	No	1	1	3	1	1	0	9	No	No		No	No
23	Planning	Planning Policy	Neighbourhood Planning Grants	Joint	2015/16	Limited	Limited	Yes	No	1	1	2	1	1	1	9	Yes	No	Moved forward from 2020/21 plan	No	No
37	Housing & Environment	Licensing & Community Safety	Community Safety	Joint	Prior to 2010/11 (VWHDC only)	Unknown - hard copy audit files	Unknown - hard copy audit files	No	No	1	1	3	1	1	0	9	No	No		No	No
54	Housing & Environment	Technical Services	Cemeteries	SODC	2017/18	Full	Full	No	No	1	1	2	1	2	0	9	No	No		No	No
99	Corporate Services	Customer Assurance	Performance Management (Corporate Plan)	Joint	2016/17	Limited	Limited	No	No	1	1	2	1	2	0	9	No	No		Yes	No
140	Policy & Programmes	Insight & Policy	External Funding	Joint	Not audited	N/A	N/A	No	No	2	1	1	1	1	0	9	No	No		No	No
143	Corporate Audits	Corporate	Stationery System	Joint	2011/12	Satisfactory	Satisfactory	No	No	2	1	1	1	1	0	9	No	No		No	No
3	Partnerships	Strategic Partnership	Ox-Cam Arc	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
5	Partnerships	Strategic Partnership	Science Vale Brand	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
7	Development & Regeneration	Economic Development	Leader Project Assurance	SODC	2017/2018	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
11	Development & Regeneration	Property Management	Moorings	VWHDC only	2019/20	Satisfactory	Satisfactory	No	No	1	1	2	1	1	0	8	No	No		No	No
42	Housing & Environment	Housing Needs	Private Housing (Licensing HMO)	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
48	Housing & Environment	Environmental Services	Stray Dogs Contract	Joint	2010/11 (VWHDC only)	N/A	Satisfactory	No	No	1	1	2	1	1	0	8	No	No		No	No
49	Housing & Environment	Technical Services	Engineering Services (Sewerage, Flooding, Drainage)	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
56	Housing & Environment	Technical Services	Public Realm	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
86	Corporate Services	Community Enablement	Voluntary & Community Sector	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
87	Corporate Services	Community Enablement	Town & Parish Liaison	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
90	Corporate Services	Community Enablement	Community Partnerships	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
91	Corporate Services	Community Enablement	Young People	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
92	Corporate Services	Community Enablement	Arts Development	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
103	Corporate Services	Customer Assurance	Equalities & Diversity	Joint	2011/12	Satisfactory	Satisfactory	No	No	1	1	2	1	1	0	8	No	No		Yes	No
106	Corporate Services	Customer Assurance	Customer Services	Joint	Not audited	N/A	N/A	No	No	1	1	2	1	1	0	8	No	No		No	No
130	Corporate Services	IT	Street Naming & Numbering	Joint	2018/19	Satisfactory	Satisfactory	No	No	1	1	2	1	1	0	8	No	No		No	No
9	Development & Regeneration	Economic Development	Market Towns	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
29	Planning	Planning Business	Registration	Joint	2019/20	Satisfactory	Satisfactory	No	No	1	1	1	1	1	0	7	No	No		No	No
30	Planning	Planning Business	Footpaths	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
31	Planning	Planning Business	Business Support	Joint	2019/20	Satisfactory	Satisfactory	No	No	1	1	1	1	1	0	7	No	No		No	No
32	Planning	Planning Business	Conservation Area Appraisals	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
33	Planning	Planning Business	Ecology	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
34	Planning	Planning Business	Urban Design	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
35	Planning	Planning Business	Trees	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
112	Corporate Services	Customer Assurance	Executive & Business Support Team	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
129	Corporate Services	IT	Data Capture / Geographical Information Systems (GIS)	Joint	2008/09	Satisfactory	Satisfactory	No	No	1	1	1	1	1	0	7	No	No		No	No
137	Policy & Programmes	Insight & Policy	Insight	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
138	Policy & Programmes	Insight & Policy	Policy Framework	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No
142	Policy & Programmes	Insight & Policy	Climate Action (incl. Strategic Energy)	Joint	Not audited	N/A	N/A	No	No	1	1	1	1	1	0	7	No	No		No	No

Internal Audit Allocation 2021/2022

APPENDIX 2

DESCRIPTION	DAYS 2021/22	DAYS 2020/21	VARIANCE	Notes below
Available days				
1 internal audit manager (52 weeks x 5 days)	260	195	65	
1 auditor (52 weeks x 5 days)	260	195	65	
1 auditor (52 weeks x 5 days)	260	195	65	
1 auditor (52 weeks x 5 days)	260	195	65	
Total Available days	**1040**	**780**	260	**1**
Lost Days				
Annual leave entitlement (planned)	115	86	29	
Public holidays, Christmas closure (planned)	44	28	16	
Sickness absence (unplanned)	20	20	0	
Total Lost Days	**179**	**134**	45	**2**
Non-chargeable days				
Administration	50	30	20	
Training and development	20	12	8	
Corporate and internal audit team meetings	16	12	4	
Total non-chargeable days	**86**	**54**	32	**3**
Allocations				
Internal audit plan 2020/21	44	55	-11	
Internal audit plan 2021/22 (planned assurance)	460	315	145	
Internal audit plan 2020/21 (planned consultancy)	44	40	4	
Consultancy (unplanned)	42	45	-5	
Contingency/investigations (unplanned)	35	27	8	
Ad-hoc advice	35	27	8	
Internal audit follow up	25	18	7	
Audit management	80	65	15	
Five Councils Partnerships	10		10	
Town and parish council audits	0	0	0	
Total chargeable days	**775**	**592**	**183**	**4**
Total lost, non-chargeable, chargeable days	**1,040**	**780**	**106**	
Proportion of chargeable days	**75%**	**76%**	**-1%**	
Proportion of non-chargeable days	**8%**	**7%**	**-1%**	
Proportion of lost days	**17%**	**17%**	**1%**	

Analysis of description **APPENDIX 2**

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

Training and development
- In-house corporate training (IT, new systems, HR training programme)
- External role related training (management, fraud, audit)
- Study leave for professional qualifications or other role specific training

Team meetings
- Internal audit, finance managers, operational management group, statutory officers, portfolio holders

Audit management
- Preparation and attendance at committee
- Revision of audit procedures
- Quality assurance/file reviews
- Liaising with external audit
- Raising the profile of internal audit
- Attendance at corporate internal and external networking meetings
- Internal audit presence on the website and intranet at both sites
- Preparation and monitoring of the internal audit plan
- Budgetary control
- Delivery of training
- Performance management
- Recommendations database (maintenance and non-audit specific work)
- Corporate fraud

Ad-hoc advice
- Informal responsive advice to queries from officers

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

Contingency/investigations
- Responsive work issued and agreed by the S151 officer, joint audit and governance committee, members or management team

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

Notes and explanations for variances against previous year **APPENDIX 2**

1. **Total available days increased by 260 from 780 to 1040**
   - The calculation of available auditor days is based on a fully staffed internal audit team for the year (April 2022 to March 2022). During quarter one of 2020/21, the internal audit team assisted in the councils' response to Covid-19 (i.e. business and discretionary grant work) and that reduced the available days in 2019/20. This year is assumed that the team will be available for audits for the whole year.

2. **Total lost days increased by 45 days from 134 to 179**
   - ***Annual leave entitlement:*** **(plus 29 days)** one long serving auditor has additional annual leave entitlement (five days) and one auditor has purchased additional annual leave (five days). The 2020/21 annual leave days were pro-rated for the available nine months due to the Covid-19 assistance. In 2021/22 the annual leave is restated for the whole year.
   - ***Public holidays and office closure (plus 16 days):*** allocation of seven public holidays per auditor in 2021/22. The 2020/21 Public holidays were pro-rated for the available nine months due to the Covid-19 assistance. In 2021/22 the holidays are restated for the whole year.
   - ***Sickness absence (no change):*** allowance of five sick days per auditor.

3. **Total non-chargeable days increased by 32 days from 54 to 86**
   - ***Administration (plus 20 days):*** allocation based on the average number of days used over the last three years, pro-rated for the nine months available in 2020/21. In 2021/22 the allocations are restated for the whole year.
   - ***Training and development (plus 8 days):*** allocation of three days per auditor for in-house and external training, based on the average number of days used over the last three years. For 2021/22 the allocation is restated to a whole year.
   - ***Corporate/team meetings (plus 4 days):*** allocation of three days per auditor, based on the average number of days used over the last three years. For 2021/22 the allocation is restated to a whole year

4. **Total chargeable days increased by 106 days from 592 to 775**
   - ***Internal audit plan 2021/22 (less 5 days):*** allocation of 44 days for the completion of four 2020/21 audits, which have not been finalised by 31 March 2021.
   - ***Internal audit plan 2021/22 (planned assurance) (plus 145 days):*** the number of planned assurance audits has increased to a full years availability for the year.
   - ***Internal audit plan 2021/22 (planned consultancy):*** there are four planned consultancy audits in 2021/22 -
   - ***Consultancy (unplanned) :*** allocation of five days per service area, based on audit planning discussions.
   - ***Contingency/investigations (unplanned) :*** allocation of six days per service area, which is based on the average number of days used over the last three years.
   - ***Ad-hoc advice:*** allocation of five days per service area, which is based on the average number of days used over the last three years.
   - ***Internal audit follow up :*** allocation of 10 days for 2020/21 follow ups and 15 days for 2021/22 follow ups.
   - ***Audit management (plus 15 days):*** allocation is in line with the average number of days used over the last three years, restated for full year.
   - ***Five Councils Partnership (no change):*** 10 days budgeted for audit assistance in relation to services coming back in-house.
   - ***Town and parish councils :*** internal audit services are no longer offered to town and parish councils.

Proposed Internal Audits 2021/2022

APPENDIX 3

No.	Service Area	Audit Area	Priority Score	SODC Days	VWHDC Days
1	Finance	**Payroll (Full systems review including Travel & Subsistence)**	22	15	15
2		**Creditor Payments**	20	10	10
3		**Council Tax**	20	10	10
4		**General Ledger**	18	5	5
5		**Sundry Debtors**	19	10	10
6		**National Non-Domestic Rates (NNDR)**	20	7.5	7.5
7		**Capital Management and Accounting**	16	7.5	7.5
8		**Pro-Active Anti-Fraud Review**	19	2.5	2.5
9		**Treasury Management**	18	2.5	2.5
10		**Housing Benefits (HB) and Council Tax Reduction Scheme (CTRS)**	20	10	10
11		Contract Management (including Corporate Delivery)	19	15	15
12		Council Fees and Charges	16	10	10
13		Procurement (including Corporate Delivery)	19	10	10
14		Receipt & collection of Income	15	7.5	7.5
15	Development & Regeneration	Estates and Facilities Management	17	10	10
16		Section 106/CIL (to include Planning)	15	5	5
17		Property Management	17	10	10
18	Planning	Planning Enforcement	15	10	10
19		Planning Applications	15	10	10
20		Planning Appeals	15	10	10
21	Housing & Environment	Brown Bins (to include Finance & Corporate Services)	16	7.5	7.5
22		Car Parking & Enforcement	12	5	5
23	Legal Services	Land Charges	11	10	10
24	Corporate Services	Cash Offices/Reception	14	7.5	7.5
25		Information Governance	11	10	10
26		IT Operations	20	10	10
27		Whistleblowing & Fraud		5	5
		Planned Assurance Work Total Days		**232.5**	**232.5**

No.	Service Area	Audit Area	Priority Score	SODC Days	VWHDC Days
28	Consultancy	Cornerstone		7	0
29		Didcot Community Facilities		5	5
30		The Beacon			7
31		Corporate Landlord		5	5
32		Disposal of Assets & Property		5	5
			Planned Consultancy Work Total Days	**22**	**22**

Proposed Audit Coverage and Start Dates

APPENDIX 3

No.	Audit Area	Proposed Audit Coverage	Proposed Start Date			
			Q1	Q2	Q3	Q4
1	**Payroll**	• Systems review and verification of key controls • Amendments to standing data (starters, leavers, overtime, variations). • Monthly payroll processing.		Jul		
2	**Creditor Payments**	• Systems review and verification of key controls • Invoice and refunds processing. • Duplicate suppliers and payments. • Manual, direct debit and BACS payment transactions.		Jul		
3	**Council Tax**	• Liabilities, including discounts and exemptions. • Payments, credits, refunds and suspense transactions. • Recovery, enforcement and write-offs.			Oct	
4	**General Ledger**	• Key Controls update • Suspense account balances and transactions. • Journal transfers, including authorisation and documentation.			Nov	
5	**Sundry Debtors**	• Systems review and verification of key controls • Invoice processing, including periodic invoices. • Recovery, aged debts, cancellations and write offs. • Invoice suppressions.		Jul		
6	**National Non-Domestic Rates (NNDR)**	• Review of Key Controls. • Valuation records for new and amended properties. • NNDR billing, payment and refund transactions. • Debt recovery and write offs.			Oct	
7	**Capital Management and Accounting**	• Capital financial strategy and asset management plan. • Capital contracts and budget monitoring. • Completeness and accuracy of asset register, including reconciliations.			Nov	
8	**Pro-Active Anti-Fraud Review**	• Series of tests designed to evaluate the effectiveness of fraud and anti-corruption controls within key financial processes.			Oct	
9	**Treasury Management**	• Investments and borrowings (including authorisation, counterparty limits, coding). • Treasury management performance. • Access level controls within treasury management and banking systems.				Jan
10	**Housing Benefits and Council Tax Reduction Scheme**	• Housing benefits and CTRS payments. • Benefits assessments and subsidy claims. • Benefit overpayments.			Oct	

APPENDIX 3

No.	Audit Area	Proposed Audit Coverage	Proposed Start Date			
			Q1	Q2	Q3	Q4
11	Contract Management	• Completeness and accuracy of contracts register. • Contract renewals process. • Contract performance monitoring. • Detailed review of significant and/or high value contracts.	Jun			
12	Council Fees & Charges	• Evaluate whether council fees and charges are maximised across service areas • Completeness and timeliness of collection of fees and charges.	May			
13	Procurement	• Review of the arrangements for procuring goods and service • Tender process • Local procurement		Aug		
14	Receipt & collection of Income	• Arrangements for receiving payments • Receipting and banking processes. • Recording and reconciling income.				Jan
15	Estates & Facilities Management	• Recharging of facilities/property related costs to tenants of council owned properties. • Management of facilities and spaces		Sep		
16	Section 106/CIL	• Review of the Section 106/CIL arrangements.				Jan
17	Property Management	• Review of management and administration of property.			Nov	
18	Planning Enforcement	• Review of the arrangements for managing and monitoring developments				Feb
19	Planning Applications	• Review of the arrangements for managing and monitoring planning applications and developments			Oct	
20	Planning Appeals	• Review of the arrangements for managing and monitoring planning appeals				Jan
21	Brown Bins	• Review of arrangements for management and income collection for brown bins.		Jul		
22	Car Parking Enforcement	• Review of arrangements for management and income collection for parking and penalties.	Jun			
23	Land Charges	• Review of arrangements for managing the arrangement for land charges.	Apr			
24	Cash Offices/ Reception	• Review of updated cash handling procedures and arrangements • Review of reception duties and security.	May			
25	Information Governance	• Information governance framework, policies and procedures. • Handling, location and transfer of data across the councils and with third parties. • Review of information governance arrangements with third parties.				Feb
26	IT Operations	• Review of logical access, change management and IT operations controls across council IT systems.				Jan
27	Whistle blowing and Fraud	• Review of the arrangements and activities in relation to whistleblowing and frauds		Sep		
28	Cornerstone	• Review effectiveness of processes and procedures, as agreed with management.				Jan

No.	Audit Area	Proposed Audit Coverage	Proposed Start Date			
			Q1	Q2	Q3	Q4
29	Didcot Community Gardens	• Review effectiveness of processes and procedures, as agreed with management.		Aug		
30	The Beacon	• Review effectiveness of processes and procedures, as agreed with management				Jan
31	Corporate Landlord	• Assessment of the project to centralise the management of council assets.			Oct	
32	Disposal of assets & Property	• Review of the arrangements and process for disposals of assets.	Jun			

APPENDIX 3

Key:

Audits in bold text are key financial audits, performed every year.

Planned Assurance Audits:

Planned assurance audits are rated within the schedule of auditable activity taking into consideration the following factors:

- Risk scores for the level of exposure to financial, fraud, reputational, legal and corporate risk; and
- Officer requests for a review.

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

Planned Consultancy Audits:

Consulting services are defined as advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. As planned consultancy audits are performed at the request of senior management these reviews are not assigned a priority score.

Proposed Audit Coverage:

The proposed audit scope, based on planning activities and previous audit reviews is detailed above. Prior to the start of each individual audit a risk assessment and scoping exercise will be performed by the auditor, which will be agreed with the auditee(s).

Audit Start Date

The audit start date indicates the estimated month the audit fieldwork is due to commence; however, some audits may be performed over more than one month/quarter. We will seek to agree a date which ensures the availability of key management and officers.

Audit and Governance Work Programme

containing Joint Audit and Governance Committee work to be undertaken
MARCH TO SEPTEMBER 2021

South Oxfordshire District Council
Listening Learning Leading

Vale of White Horse District Council

What is the work programme?

The Audit and Governance Work Programme belongs to South Oxfordshire District Council's and Vale of White Horse District Council's Joint Audit and Governance Committee and sets out a schedule of work for the period shown above. It is a rolling plan, subject to change at each committee meeting; however, the councils may allocate additional work without notice.

Item title	Meeting date	Lead officer	Why is it here?	Scope	Notes
Internal audit activity report - fourth quarter 2020/21	Joint Audit and Governance Committee 30 Mar 2021	Richard Green richard.green@southandvale.gov.uk	The council audits its services through the internal audit service in line with the approved internal audit plan 2020/21. The report will summarise the outcomes of recent internal audit activity for the committee to consider.	The committee is asked to review the report and the main issues arising and seek assurance that action has been or will be taken where necessary.	This is a recurring agenda item and is updated at each meeting.

Agenda Item 11

Item title	Meeting date	Lead officer	Why is it here?	Scope	Notes
Internal audit management report - fourth quarter 2020/21	Joint Audit and Governance Committee 30 Mar 2021	Richard Green richard.green@southandvale.gov.uk	The committee monitors the effectiveness of internal audit each quarter against the approved audit plan.	To report on management issues, summarise progress against the audit plan, and summarise priorities.	This is a recurring agenda item and is updated at each meeting.
Internal audit plan 2021/22	Joint Audit and Governance Committee 30 Mar 2021	Richard Green richard.green@southandvale.gov.uk	The council audits its services through its internal audit service.	To approve the internal audit plan for 2021/22.	
Statement of accounts update	Joint Audit and Governance Committee 30 Mar 2021	Simon Hewings simon.hewings@southandvale.gov.uk	To receive an update on progress with the 2019/20 statement of accounts audit and an update on progress with the 2020/21 accounts.		
Statement of accounts 2019/20	Joint Audit and Governance Committee Spring 2021	Simon Hewings simon.hewings@southandvale.gov.uk	Each year the committee must approve each council's statement of accounts and ensure that they comply with the requirements of accounting practice.	The committee is asked to approve each council's statement of accounts and supporting documents for final sign-off by the committee's co-chairs and the councils' external auditor.	The requirement to approve the statement of accounts has been delayed in 2020 due to the Covid-19 pandemic.

Item title	Meeting date	Lead officer	Why is it here?	Scope	Notes
Internal audit activity report - First quarter 2021/22	Joint Audit and Governance Committee 5 Jul 2021	Richard Green richard.green@southandvale.gov.uk	The council audits its services through the internal audit service in line with the approved internal audit plan 2020/21. The report will summarise the outcomes of recent internal audit activity for the committee to consider.	The committee is asked to review the report and the main issues arising and seek assurance that action has been or will be taken where necessary.	This is a recurring agenda item and is updated at each meeting.
Internal audit management report - First quarter 2021/22	Joint Audit and Governance Committee 5 Jul 2021	Richard Green richard.green@southandvale.gov.uk	The committee monitors the effectiveness of internal audit each quarter against the approved audit plan.	To report on management issues, summarise progress against the audit plan, and summarise priorities.	This is a recurring agenda item and is updated at each meeting.
Risk management	Joint Audit and Governance Committee 5 Jul 2021	Yvonne Cutler-Greaves Yvonne.CutlerGreaves@southandvale.gov.uk	The committee agreed to receive regular progress reports on the implementation of the risk management framework.	To review and comment on progress.	
Health and safety	Joint Audit and Governance Committee 5 Jul 2021	Hanif Brora hanif.brora@southandvale.gov.uk	The committee agreed to receive regular reports on health and safety.	To review and comment on the report.	

Item title	Meeting date	Lead officer	Why is it here?	Scope	Notes
Statement of accounts 2020/21	Joint Audit and Governance Committee 28 Sep 2021	Simon Hewings simon.hewings@southandvale.gov.uk	Each year the committee must approve each council's statement of accounts and ensure that they comply with the requirements of accounting practice.	The committee is asked to approve each council's statement of accounts and supporting documents for final sign-off by the committee's co-chairs and the councils' external auditor.	
Regulation of Investigatory Powers Act 2000 policy and procedures	Joint Audit and Governance Committee 28 Sep 2021	Margaret Reed, Head of Legal and Democratic margaret.reed@southandvale.gov.uk	To review the policy and procedures.		