

Please reply to:

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Date: 10 May 2017

Notice of meeting

Audit Committee

Date: Thursday, 18 May 2017

Time: 8.30 pm – or upon the conclusion of the Annual Council meeting, whichever is the later.

Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

To the members of the Audit Committee

The Councillors to serve on this Committee will be appointed at the Annual Council meeting immediately prior to this meeting.

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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RESPONSIBILITIES OF THE AUDIT COMMITTEE

Purpose

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process

Core Functions

- (a) To approve (but not direct) the internal audit's strategy, plan and performance.
- (b) To review summary internal audit reports and the main issues arising, and to seek assurance that action has been taken where necessary.
- (c) To consider the reports of external audit and inspection agencies.
- (d) To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- (e) To be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and to take actions required to improve it.
- (f) To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (g) To review the financial statements, external auditors opinion and reports to members, and monitor management action in response to the issues raised by external audit.

AGENDA

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1. Appointment of Chairman

To appoint the Chairman of the Audit Committee for the next municipal year 2017-2018.

2. Apologies

To receive any apologies for absence.

3. Minutes

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To confirm the minutes of the meeting held on 23 March 2017.

4. Appointment of Vice-Chairman

To appoint the Vice-Chairman of the Audit Committee for the next municipal year 2017-2018.

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**Minutes of the Audit Committee
23 March 2017**

Present:

Councillor M.J. Madams (Chairman)

Councillor D. Patel (Vice-Chairman)

Councillors:

S.J. Burkmar

H.A. Thomson

T.J.M. Evans

H.R.D. Williams

Apologies: None

In attendance:

346/17 Minutes

The minutes of the meetings held on 29 September 2016 and 26 January 2017 were approved as a correct record.

347/17 Disclosures of Interest

There were none.

348/17 Annual Audit Letter 2015-16

The Deputy Chief Executive briefly summarised the Annual Audit Letter from the external auditors, KPMG. He informed the Committee that KPMG had issued an unqualified conclusion of the Council's arrangements to secure value for money for 2015/16 and of the Authority's financial statement on 30 September 2016. He further noted that the report outlined the audit fee and a summary timeline of the reports issued since the last Annual Audit Letter.

Resolved to note the external auditor's Annual Audit Letter 2015-16.

349/17 Corporate Risk Management

The Internal Audit Manager summarised the risks affecting the Council as outlined in the report and highlighted a number of issues, specifically performance management, information governance, the loss of experience and expertise within Finance and Customer Relations and the management of procurement activities. The Internal Audit Manager also noted that two new risk areas had been added to the Corporate Risk Register on Brexit uncertainties and serious and organised crime.

The Committee was concerned about the challenges associated with the recruitment of a new Chief Executive for the authority. The Deputy Chief Executive reassured the Committee that the Leader of the Council and the Management Team were very mindful of these challenges and that a proper

recruitment process would be implemented. The Committee suggested that it should monitor progress on this matter going forwards.

The Committee also noted that three risks were currently rated as red on the register and that these should be reviewed in more detail at its next meeting.

The revised register was considered to be an accurate reflection of the high level risks affecting the Authority and progress on actions was documented on the register.

Resolved that:

1. The contents of the Corporate Risk Register be noted and accepted;
2. That the Corporate Risk Register be recommended to Cabinet for approval.

350/17 Confidential Reporting Code (Whistleblowing Policy)

The Internal Audit Manager submitted the Confidential Reporting Code (Whistleblowing Policy), which formed part of the Council's Constitution, for review. The Code sets out how to raise serious concerns about any aspect of the Council's work, who to raise them with and how they should be dealt with. The Code was available on the Council's intranet and a leaflet placed on every internal notice board.

The Committee agreed that there was scope to update the leaflet design and suggested looking at the Surrey County Council whistleblowing leaflet for ideas.

Resolved to note and approve the amendments to the Confidential Reporting Code (Whistleblowing Policy) and leaflet as submitted.

351/17 Anti-fraud, Bribery and Corruption Strategy

The Internal Audit Manager presented the report on the annual review of the Anti-Fraud, Bribery and Corruption Strategy and also circulated a further amendment to paragraph 13 of the strategy as follows:

Members will in particular observe the Spelthorne **Members' Code of Conduct** adopted on the 27 June 2012 **and subsequently revised on 25 June 2013** and any other local Spelthorne code ~~which may be adopted~~. **The Members' Code of Conduct is kept under review by the Members' Code of Conduct Committee.** Members will be supplied with a copy of any relevant code **policy or procedure** and advised of their responsibilities.

Resolved:

1. That the Committee endorses the Council's Anti-Fraud, Bribery and Corruption Strategy.
2. That the Committee approves the changes recommended to the Council's Anti-Fraud, Bribery and Corruption Strategy as per the report and the further amendment to paragraph 13 circulated at the meeting.

352/17 Annual Audit Plan 2017-2018

The Internal Audit Manager outlined the Annual Internal Audit Plan 2017-2018 which demonstrated how the authority would fulfil its statutory requirement to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.'

She highlighted a number of planned audits for 2017-18 and the key risk implications associated with certain areas including:

- Serious and organised crime
- Asset Management
- Planning (Development Management)
- Planning – Community Infrastructure Levy
- Planning Policy/New Homes Bonus
- Information governance and security
- ICT
- Finance and customer relations
- Housing
- Independent Living
- Spelride
- Health and Safety
- Procurement
- Financial
- Council functions
- Projects/major developments
- Counter fraud

The Internal Audit Plan Summary attached to the report set out the scope of internal audit work. The Internal Audit Manager noted that Group Heads and Managers (representing the first line of defence) would continue to be encouraged to provide assurance that controls in their functions/services were operating effectively.

Resolved that the Committee note the Internal Audit Plan 2017-18.

353/17 Committee Work Programme

The Committee noted the completion of its Work Programme for the 2016-17 Municipal year.

Resolved that the Committee Work Programme for the forthcoming Municipal year be submitted for approval at the Committee's next meeting.

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