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Date: 24 October 2018

Notice of meeting

Audit Committee

Date: Thursday, 1 November 2018

Time: 7.30 pm

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

To the members of the Audit Committee

Councillors:

M.J. Madams (Chairman)
C.A. Davis

Q.R. Edgington
J.G. Kavanagh

H.A. Thomson
H.R.D. Williams

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

Page nos.

- 1. Election of Vice Chairman of Audit Committee**
To elect a Vice Chairman for the remainder of the municipal year.
- 2. Apologies**
To receive any apologies for absence.
- 3. Minutes** **5 - 8**
To confirm the minutes of the meeting held on 26 July 2018.
- 4. Disclosures of Interest**
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.
- 5. Corporate Risk Management** **9 - 22**
To receive a report and recommend the Corporate Risk Register to Cabinet for approval.
- 6. Brexit** **23 - 26**
To consider the potential impact of Brexit on the Council.
- 7. Update on outstanding external audit matters** **27 - 30**
To receive an update on outstanding audit work by KPMG, external auditors.
- 8. External Audit Plan update**
To receive a verbal update on arrangements for the External Audit Plan for 2018/19.
- 9. SBC Property/Relationship with External Auditor** **31 - 32**
To note the commercial relationship between BDO LLP and Spelthorne Borough Council and consider their independence as auditor to the Council.
- 10. Report on the effectiveness of the system of Internal Audit** **33 - 38**
To consider a report from the Internal Audit Manager.
- 11. Internal Audit Interim Report** **39 - 52**
To receive an interim report from the Internal Audit Manager.

12. Committee Work Programme

53 - 54

To consider and approve the work programme for the remainder of the municipal year

**Minutes of the Audit Committee
26 July 2018**

Present:

Councillor M.J. Madams (Chairman)
Councillor D. Patel (Vice-Chairman)

Councillors:

C.A. Davis	J.G. Kavanagh	H.R.D. Williams
Q.R. Edgington	H.A. Thomson	

200/18 Minutes

The minutes of the meeting held on 17 May 2018 were approved as a correct record.

201/18 Disclosures of Interest

There were none.

202/18 External Audit Report on Audit & Statement of Accounts

The Chief Finance Officer reported that external auditors appointed by the Audit Commission, KPMG, were required, in accordance with international auditing standards and statutory requirements, to report annually to the Council on:

- Their opinion on the Council's Statement of Accounts
- Any uncorrected items in the Statement of Accounts
- Qualitative aspects of the Council's accounting practices and financial reporting
- The Annual Governance Statement
- Their annual Value for Money conclusion

They also reported annually on their audit of the Council's accounting and internal control systems.

Phillip Johnstone, on behalf of KPMG, presented the report and responded to members' questions. Mr Johnstone focused particularly on providing a detailed update on where KPMG were with concluding their Value for Money opinion with respect to the BP Campus purchase by the Council in 2016. He explained that KPMG in response to the very large size of the deal (the largest single commercial acquisition by a Council in England) had been taking a very thorough review and that this was nearing conclusion. Mr

Johnston indicated that whilst KPMG were satisfied that the Council had undertaken appropriate due diligence, had appropriate professional advisers, had undertaken appropriate financial modelling that the external auditors were minded to make some recommendations with respect to how the delegation decision was recorded and published and with respect to their view that additional analysis of future value options beyond year 20 should have been undertaken. As a result the Value for Money (VFM) opinion likely to be adverse. Once the 2016/17 VFM opinion is issued KPMG will be able to sign off the 2016/17 accounts.. Mr Johnstone indicated that this would probably be late August. Mr Johnstone indicated that KPMG were still reviewing the 2017/18 commercial acquisitions and that he could not yet advise therefore when the 2017/18 VFM opinion and in turn the opinion on the 2017/18 Statement of Accounts could be issued. The Chairman expressed the Council's desire that this would be before the next scheduled meeting of the Audit Committee.

Resolved that:

- 1) The External Auditor's 2016/17 DRAFT audit report (Appendix A) be noted, with the expectation of the FINAL version being available by the end of August 2018.
- 2) The recommendations, comments, lessons learned and risks (associated with 'lease expiry' of the BP property) as covered in the report be noted.
- 3) The 2017/18 External Auditor's DRAFT audit report shall follow after content of the 2016/17 (final) version has been noted, and shall offer additional considerations to the property acquisitions, based on recent 'lessons learned'.
- 4) That on receipt of the external auditors' final reports for 2016/17 and 2017/18 the accounts for both 2016/17 and 2017/18 be signed off by the Chairman of the Audit Committee and Chief Finance Officer.

203/18 Annual Governance Statement

The Chief Finance Officer presented his report and outlined the content of the Annual Governance Statement (AGS) 2017/18.

The Chief Finance Officer highlighted that the external auditors were comfortable that the Statement applied with good practice.

The Statement reviewed arrangements for corporate governance and internal control as required by the Accounts and Audit Regulations 2006.

Resolved that the draft Annual Governance Statement at Appendix 1 to the report of the Chief Finance Officer be approved and that the improvement actions identified in the Statement be endorsed.

204/18 Annual Internal Audit Report 2017/18

The Internal Audit Manager presented the Annual Internal Audit Report 2017/18 with further detail in Appendix A.

She highlighted improvements to the RAG ratings of the 'Summary of Internal Audit Work for the year 1 April 2017 – 31 March 2018' document (Appendix A) and also the greater number of corporate initiatives now being audited.

Members discussed the issue as to ongoing ownership/responsibility of 'system administration', such as local system administrators, with more than one person assigned to review the systems and processes, and possible options for improving the matter.

The Internal Audit Manager agreed to include this risk on future Risk Registers, with an update, as requested by the Chairman, being provided at the next Audit Committee Meeting in November 2018.

Resolved to:

1. Note the Annual Internal Audit Report 2017/18.
2. Include the System Administration risk in future Risk Registers.

205/18 Corporate Risk Management

The Internal Audit Manager summarised the risks affecting the Council as outlined in the report, and highlighted:-

- Project Management
- Information Governance (Organisational Measures)
- Resilience, Resources and Capacity
- Acquisitions and Investments (Rental income)

However, the lack of a robust GDPR project plan offers further scope for improvement, particularly in the IAR (Information Asset Register) area.

It was pointed out by officers that there is a detailed action plan for all service areas to follow through to completion the lower priority aspects of the GDPR requirements which have not been fully implemented yet. Progress of these plans will be monitored on a regular basis by Management Team.

The Committee discussed a number of risks associated with segregation of duties, which is seen to be a long standing issue, given the scale of the Council and some of the service teams.

This was raised particularly with respect to systems administration duties.. The Internal Audit Manager said that some issues are being managed more locally and that she would recommend that Managers regularly review the Audit Logs as a set of controls which help mitigate segregation of duties risks.

During the discussion on the Risk Register, Members asked questions on the following, to which the Internal Audit Manager responded:-

- Recruitment and retention
- Acquisition projects
- Risk Plan

The Corporate Risk 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.

206/18 Committee Work Programme

The Committee considered its Work Programme for the remainder of the 2018-2019 Municipal year.

Resolved that the Committee Work Programme for the remainder of the 2018-2019 Municipal year, be approved.

Audit Committee**08 October 2018**

Title	Corporate Risk Management		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee is asked to note the report and recommend the Corporate Risk Register to Cabinet for approval.		
Reason for Recommendation	Cabinet has oversight of the Council's management of risk.		

1. Key issues

- 1.1 The Corporate Risk Register ensures the Council's significant risks are identified, managed and monitored. A risk is the chance of something happening or not happening that will have an influence upon the achievement of an organisations objectives. Risks may include failure to not seek positive opportunities.
- 1.2 The Register continues to highlight the direction of travel in implementing risk mitigating actions, ascertained from the status of actions previously recommended/identified. The narrative in the 'Progress' column supports the Red/Amber/Green (RAG) status granted and outlines developments where appropriate. Positive progress has been made in a number of areas albeit some actions have not been fully implemented and/or are ongoing. There are currently no risk categories to which a red status has been assigned. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).
- 1.3 The most significant risks to be highlighted at this review for consideration by Management Team and Audit Committee are set out at 1.3 (a) to 1.3 (e) below:
- (a) **Project Management (4)** – Since the last review, a revised Project Management Dashboard has been prepared with the introduction of weekly reporting to Management Team on the status of all projects and on a regular basis to Overview and Scrutiny. The new report was positively reviewed by Overview and Scrutiny. This enables improved

oversight and opportunities to highlight any issues/corrective actions required. These developments contribute to enhancing project management governance arrangements.

- (b) **Information Governance (5a - Organisational Measures)** - A data protection plan for services, which identifies the work required (with associated deadlines) in order to achieve compliance with data protection legislation has been approved by MAT+ (MAT plus Group Heads) and circulated to Group Heads and Managers. Work has started on the data protection compliance plan in services. This plan includes identification of information assets and data mapping. Recommendations from the Internal Audit Review of April 2018 are being pursued, some of which overlap with other actions in this category.
- (c) **System Administration (6)** - The role of System Administrators and where they should sit in the organisation has been considered as part of the recent independent review of the ICT function. This recommended System Administrators remain within service areas and develop closer working with ICT. Discussions with ICT have confirmed difficulty in achieving full segregation of duties within systems administration functionality. Given that the risks of fraud/theft/error prevail the continued importance of applying compensating controls needs to be highlighted by both ICT and Internal Audit. Management Team may need to keep this area under review.
- (d) **Acquisitions and Investments (15)** – As part of the governance framework, planned reporting of prudential indicators to the Development and Investment Group has taken place. The Council is currently developing a Capital Strategy which will have assets and property at its core. This is a new document required by the revised Regulations providing a single narrative explaining the long term capital expenditure needs, the authority's approach to investments and how risk is managed. This is due to be reported to Overview and Scrutiny Committee in November as a draft before going to Council in December for approval. In light of the Council's ongoing commercial asset acquisitions and investments, effective systems and processes need to be in place to record, recover and monitor significant rental income due to Spelthorne. Work is underway to procure and deliver a new Property Management System that enables the Property Manager to effectively manage Spelthorne's complete property portfolio. A high level business requirements document has been prepared and a business case drafted.
- (e) **Brexit (17)** - The Group Head for Commissioning and Transformation prepared a summary briefing note to MAT/Cabinet/Audit Committee in August on possible implications of a Brexit "no deal" for the Council which will be updated as more information appears. This note highlighted the potential indirect impact of skills shortages with implications for increased costs and timings, particularly in the construction and social care sectors.

- 1.4 Several new risk mitigating actions underway or for perusal have been recorded on the risk register, relating to:
- Emergency Planning– risk category 2 ;
 - Service Planning – risk category 3;
 - Information Governance (Organisational Measures) – risk category 5a;
 - System Administrators – risk category 6;
 - Resilience/ Resourcing /Capacity – risk categories 8 and 9, and
 - Leisure Centre Project – risk category 11b
 - Safeguarding – risk category 14;
 - Acquisitions and Investments – risk category 15
 - Money Laundering – risk category 20.

2. Options analysis and proposal

Either:

- i. To note and accept the contents of the Corporate Risk Register. The revised register is considered to be an accurate reflection of the high level risks affecting the Authority, as well as the progress made on actions previously proposed, based on our assessment of risk and controls in operation. (Preferred option)

Or:

- ii. To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

3. Financial implications

- 3.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets as far as possible. There may however be some areas where additional resource /time/management support is required in order to implement risk mitigating actions.

4. Other considerations

- 4.1 The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives, failure in service delivery, anticipated project outcomes not being met, financial losses, and poor value for money, legal challenges and reputational damage. The three most significant risks identified as part of this review include Systems Administration, commercial asset acquisitions and investments (systems to recover and monitor rental income due) and Brexit implications. Management Team may therefore need to assess if these areas are being adequately managed or require further resource/time and support.

5. Timetable for implementation

5.1 The Corporate Risk Register shows officers responsible for progressing actions, together with target timescales for implementation. The register is reviewed and updated three times a year by the Internal Audit Manager.

Background papers: There are none.

Appendices: **Appendix 1** Corporate Risk Register

APPENDIX 1

CORPORATE RISK REGISTER

This register summarises the Council's most significant risks which align to one or more Corporate Priority. It sets out controls in place and identifies any further action needed to mitigate risks. Actions are assigned to appropriate officers with target dates for implementation. The relevant Portfolio Holder for each risk category is also highlighted.

A

Level of risk: Likelihood vs. Impact on a scale of 1 (lowest) to 4 (highest)

Content reviewed October 2018 by the Internal Audit Manager

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT (WITH REFERENCE TO CORPORATE PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		1. If Health and Safety fails it could result in death or serious injury to staff /public and legal action against the Council, with associated reputational damage (CLEAN & SAFE ENVIRONMENT)	2	4	4	Approved Health and Safety Policy. Health and Safety Plan. Health and Safety at Work Regulations. SHE (Safety Health and Environment) system with dedicated training. Health, Safety and Insurance Risk Manager. Dedicated Health and Safety Officer in Neighbourhood Services. Managers have a legal requirement to conduct regular risk assessments. Staff Induction training. Annual reminders to complete/update health and safety risk assessments (DSE, Homeworking, and Service). From January 2018, annual health and Safety checklist, activity and compliance programme for Managers. Health and Safety Champions and meetings. Personal Safety Training and Lone Worker protection process. IOSH training provision and Champions encouraged to attend. The robustness of inspections and site monitoring is periodically discussed at the Corporate Risk Management Group.	1i. Recommendations raised in an Internal Audit review of January 2017 are being pursued. There is scope to tighten up controls relating to training, procedures and the 2017 Management activity/compliance programme 1ii. The inspection process across the authority needs to made more robust - regular inspections/site monitoring to be carried out and consistently documented to ensure evidence is available. 1iii A project is due to be undertaken to enhance the efficiency of the SHE system (health and safety management).	HSIRM/ SEHM/ MAT/ All Group Heads * Cllr Boughtflower	31 October 2018 *R Requires Monitoring	1i. Partially Implemented & Progressing. Further documentation and development of Health and Safety Procedures is ongoing. (No updates received) 1ii. Partially Implemented & Progressing . Health and Safety Committee meets monthly consisting of all senior managers in Neighbourhood Services and the Health, Safety and Insurance Risk Manager. Much work has been undertaken to address the shortfalls in the inspection process with ongoing improvements in health and safety monitoring. The restructure of the parks team is nearing completion and greater control measures for supervision and inspection of this area are currently being developed. 1iii. Commenced Some changes have been made to SHE to make it more user friendly. SHE user guidance notes are being written. (No updates received)
		2. If there was a major Disaster in the borough, e.g. flooding, this may result in significant strain on council services (CLEAN & SAFE ENVIRONMENT)	2	4	4	Performance monitoring by Commissioning and Transformation. Ongoing provision of Emergency Planning support is being reviewed. Corporate Emergency Plan in place with review underway(October 18). Multi- agency flood plan reviewed January 2018. Membership of Local Resilience Forum (LRF). Regular testing of Emergency Assistance Centre plan. Borough Emergency Centre (BEC) Plans and staff training in 2017. Staff feedback considered in updates to (BEC) plan and equipment. Incident management and Multi-Agency training. Prevent Strategy training and awareness (March 2017). Ongoing provision of Emergency Planning support has been reviewed (2018) and the procurement process completed.	2i. The Corporate Emergency Plan is currently being updated and reviewed. (NEW)	CX (DM)/ GH C & T* Cllr Harman	Completed/ Ongoing Monitoring	NEW ACTION
		3i. If performance at corporate and service level is not effectively managed then the authority could fail to deliver priorities, objectives and targets. 3ii. If there is failure to align service objectives to corporate priorities and objectives this could result in services not meeting residents /stakeholder needs. (ALL PRIORITIES)	2	3	3	Corporate Planning process incorporates a vision, priorities and targets. Monitoring by Members and Management Team. Service Planning and review process. Individual Service Plans should consider the Council's Corporate Priorities and statutory/other responsibilities (this is in the guidance). Service performance monitored by Management Team. Individual performance monitored through 1 to 1's and the appraisal process. Appraisal timetable. Priority Flagship project performance is reported regularly to Management Team and Members. Previous internal audit review of Performance Management. Corporate Annual Report for 2017/18 reported to Cabinet in July 2018.	3i. Service Planning for 2018/19 is due to be undertaken. 3ii. To initiate process for 2019/20 Service Planning in February 2019. (NEW)	MAT / DCX LO/GH C & T /Group Heads * Cllr Boughtflower	i. Completed/ Ongoing Monitoring ii. 31 March 2019 * O Requires Monitoring	3i. Implemented. The 2018/19 Service planning has taken place. 3ii. NEW ACTION

Page 13

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT REFERENCE TO CORPORATE PRIORITY) (WITH PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		4. If there are inadequate project management arrangements (including lack of resources and relevant expertise or skills), then outcomes are unlikely to meet community/ service needs or projects fail to be delivered on time/ to budget. If projects do not incorporate sufficient governance standards, then this could result in poor decision making and unclear justification for actions, resulting in potential challenge (ALL PRIORITIES)	2	3	3	Project governance framework/methodology is held including processes for project initiation, resource planning, risk assessment, and progress reporting processes. Corporate Project Register updated as necessary. Corporate Project resource is in place but ownership for ensuring that project documentation is completed, resource implications assessed and necessary control processes are applied rests with Project Managers and Sponsors. Priority Flagship project performance is reported weekly to Management Team and includes asset acquisitions and development projects. On a quarterly basis a report goes to MAT, Cabinet Briefing and Overview and Scrutiny committee outlining progress made with projects and the work of the corporate project team.	4 i Management team to consider limited capacity and revenue implications prior to approving additional / new projects. (Ongoing) 4ii . Whilst the Council has a proportionate project governance framework, consistent and proportionate application of project governance arrangements are required to contribute to the likely success of projects whilst reducing potential risks of delays and overspend. Effective governance should incorporate the necessary structures and processes to support key decisions and approvals, promote the need for robust project plans, monitor progress of the project against pre-determined plans and milestones, and include regular effective reporting to Management Team and where appropriate relevant committee.	MAT/GH C&T /Group Heads* Cllr Boughtflower	31 January 2019 * R Requires Monitoring	4i. Ongoing. Approx. 35 projects are currently being tracked through the Project Office . Resourcing of projects remains an ongoing challenge as officers are often balancing several work tasks. Through the root and branch review of Services, the Commissioning and Transformation team will continue to identify projects and resources required but also improve processes and systems to assist the organisation's capacity and resilience. (This also links in with risk categories 8 & 9 below). 4ii. In Progress - The Group Head for C & T has advised that amendments to project documentation have been completed and are to be rolled out to assist in any start up process and project monitoring. Revised Project Management Dashboard reported to Overview and Scrutiny Committee. Regular weekly reporting to Management Team on the status of projects has been introduced, enabling improved oversight and an opportunity to highlight any issues/actions required.
		5a. Information Governance risks relating to organisational measures. Non compliance with data protection legislation. Information could be processed inappropriately resulting in breaches of the DP legislation, Information Commissioner fines, reputational damage, and loss of public confidence. Potential to breach Freedom of Information (FOI) Act resulting in disclosure of personal data or commercial sensitive data, and ICO enforcement. (ALL PRIORITIES)	4	4	4	Mandatory data protection online training on a yearly basis. In house (more specific) training for staff continues as requested by services; supplemented by external training. Member training. Data Protection Officer (trained and experienced) provides ongoing guidance on the Data Protection Act (2018), and the Privacy and Electronic Communications Regulations. Information Governance structure agreed by MAT and made available on Spelnet; this identifies the Senior Information Risk Owner (SIRO) and lines of responsibility for Information Assets. Data protection compliance plan for services agreed by MAT+ and distributed to Group Heads and Managers to progress data protection compliance within service lines. FOI requests: FOI online training and guidelines, FOI process flowchart.	5i. Data Protection Officer to pursue plan to ensure information assets are identified and managed (REVISED). 5ii. Raise awareness of Information Governance and the requirements of the DP legislation amongst staff and members. Identification of detailed training requirements in services. 5a). 5iii. Information flows to be mapped and Information Asset Owners to be identified. (SEE ALSO FURTHER ACTIONS BELOW)	GH C & T */IGO * All Portfolio Holders	31 January 2019 * R Requires Monitoring	5i. Partially implemented - The Data Protection Officer has produced a detailed work plan to work towards GDPR compliance. There is considerable work to be done in many Service Lines. A temporary administrator has been employed on a 9 month contract and is currently being trained. A data protection plan for services, which identifies the work required (with associated deadlines) in order to achieve compliance with data protection legislation has been approved by MAT+ and circulated to Group Heads and Managers. 5ii. Implemented & Ongoing : The level of data protection awareness in the Council continues to increase. 5iii. In Progress - Process flows are being mapped as part of the Route & Branch review being undertaken by the Projects team which will significantly assist with mapping data flow.
		See above (Continuation of risk category 5a).				See above (Continuation of risk category 5a).	See above (Continuation of risk category) 5iv. An Internal Audit review of GDPR preparedness was undertaken in April 2018 highlighting the position and recommending improvement actions. In particular there are lessons around resource planning and application of corporate project processes, which are currently being considered by Management. 5v. Group Heads to ensure that the Data protection compliance plan for services is followed to progress compliance within service lines. This plan includes identification of information assets and data mapping (relates also to 5i & 5iii above) (NEW) 5vi. Implement mandatory FOI training and raise awareness of Public Sector Information Regulations.			5iv. In Progress - Some recommendations are being addressed and overlap to some degree with other actions in this category. 5v. New Action in Progress - Work has started on the data protection compliance plan in some services. 5vi. Implemented ; an online FOI module, a process map for FOI and templates for response text are available.

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT REFERENCE TO CORPORATE PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		5b Information Governance risks relating to technological measures. If security breaches occurred this may cause system failure, non compliance with various information legislation which might lead to Information Commissioner fines/enforcement and reputational damage, with loss of public confidence. (ALL PRIORITIES)	2	4	3	Data Back up and continuity arrangements managed by ICT and tested by Managers. ICT security policies and security alerts. Personal Commitment statement required from staff on appointment. ICT security group assess ongoing risks. Series of Security Awareness updates conducted in October 2017 for all staff and a representative from the Cyber Crime Unit raised specific awareness of Cyber crime in July 2018 (mandatory session). Information Governance Group. Information Governance Officer in post. Further ICT Disaster Recovery test conducted in November 2017 (successful).	NONE	GH C & T*/DHICT * Cllr Boughtflower	Completed/Ongoing Monitoring	N/A
		6. Failure to meet the minimum security requirements of the Government's Public service Network resulting in termination of connection to any other government sites/data; unavailability of ICT systems impacts service provision; unauthorised creation & amendment of records for fraudulent purposes; inadequate measures to combat cyber security attacks or respond effectively resulting in reputational damage and financial losses (ALL PRIORITIES)	2	3	3	National Cyber Security Strategy. A review group assesses compliance with security requirements - Public Service Network (PSN). Successful certification of the Public Service Network (PSN) compliance. Security measures include firewalls, encryption, egress, black-listing of memory stick, CD's and DVD'S, and universal serial bus (USB) ports locked down. Dual factor authentication on all laptops. All Baseline Personnel Security Standard checks completed. Annual health check and security penetration test, with all risks flagged up addressed (last exercise February 2018). Mimecast e-mail filtering software in place. Disaster Recovery plan for ICT developed alongside Applied Resilience. ICT Strategy consistent with the core objectives of the Council. Network refresh undertaken. System Administrators are currently assigned for each key application system, with privileged access rights to undertake relevant duties.	6i. As System Administrators also have operational and processing roles within the associated service area, this lack of segregation of duties (between operations and administration) increases associated risks of fraud or error. This is a longstanding issue and will be considered further as part of the review of the ICT function. 6ii Management Team to acknowledge the risks highlighted above at action 6i and keep under ongoing review. (NEW)	DHICT *Cllr Boughtflower	31st January 2019 R* Requires Monitoring	6i. In Progress - The role of system administrators and where they should sit is to be reviewed as part of a "root and branch" review in early 2018-19 of ICT arrangements. It has also been considered as part of the recent independent review of the ICT function, recommending that system Administrators remain within service areas although the review does recommend closer working between ICT and system administrators. Discussions with the ICT Manager have also confirmed that anyone with Systems Admin rights has the ability to grant themselves processing functionality - regardless of whether they are part of the front end service or support the back end ICT function and therefore it is very difficult to achieve full segregation of duties. Internal Audit have highlighted the importance of applying compensating controls given that the risks set out at 6i prevail and will liaise with ICT as necessary to promote the message.
		7. Ineffective business continuity planning to cover loss of building, equipment, ICT or staff could lead to loss of service or disruption in a real scenario (CLEAN & SAFE ENVIRONMENT)	2	3	3	New contract in place from September 2018 for ongoing provision of Business Continuity Planning support . Performance monitoring by Commissioning and Transformation. Business Continuity (BC) Policy . Corporate Business Continuity Plan and Service Level plans. The BC Forum oversees progress of BC planning. Business Impact Assessments . Emergency protocols for loss of building access/loss of power/loss of ICT are being developed. Emergency messaging system for staff. Telephony resilience. Key responders - Incident Management Team and recovery team.	7i. Management Team are keen to undertake a fire evacuation procedure combined with a scenario where re-entering the building is not possible. 7ii. Management Team have highlighted that bomb awareness procedures require updating 7iii. Ongoing provision of Business Continuity Planning support is being reviewed with the Procurement Officer leading on the re-tendering process.	GH C & T*	31 January 2019 R* Requires monitoring	7i Outstanding. 7ii. In progress. 7iii. Implemented - A new contract is now in place with the previous postholder (with effect September 2018). Service level business continuity plans are being reviewed and updated.
		8. If there is over reliance on individual officers then in the event of absence or departure this may cause a gap in technical/systems knowledge and expertise, with subsequent failings in delivery of functions/ services (ALL PRIORITIES)	3	3	3	Business continuity arrangements to cover loss of key staff. Critical procedures should be documented and staff appropriately trained. Any weaknesses in resilience arrangements should be highlighted in the service planning process. In some service areas greater resilience is being built into teams with some individuals taking on a variety of roles. (An example of this is the Project Officer/Committee Manager within the Commissioning and Transformation team)	8i. Management Team to keep resilience arrangements under review. 8ii. Root and Branch service reviews are underway giving consideration to resilience, resourcing and capacity. (NEW)	MAT/ Group Heads/ GH C & T * All Portfolio Holders	Completed/Ongoing Monitoring	8. Commenced . Resilience will be one of the issues considered as part of the root and branch service reviews being undertaken in 2018/19.

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		9. If increased service demands coincide with a lack of staff resources/capacity to deliver then this may result in reduced morale, high staff stress levels, delays and errors, increased turnover, with subsequent failings in delivery of services (ALL PRIORITIES)	2	3	3	Short term reductions in capacity are accommodated by prioritisation and reallocating work . Longer term impacts and changes to demand may be more difficult to address. Employment arrangements and staff support mechanisms. Market supplements/allowances to assist with recruitment and retention. Training and development. (Recent training for Managers on Practical Workplace Mediation Skills and Mental Health Awareness for Employers) Performance management systems, (appraisals, one to one's). Regular staff meetings. Stress audits (risk assessments) can be arranged if necessary. Human Resources reporting to MAT. Significant investment was built into the 2017-18 & 2018-19 budget to address resourcing.	9. <i>Management Team to keep resourcing levels under review.</i> <i>(See action at 8ii above)</i>	MAT *Cllr Boughtflower	Completed/Ongoing monitoring	9. Partially Implemented. Additional staffing resource has been approved for some service areas (HR, Legal, Independent Living). The Council is considering a move to local arrangements for deciding pay awards and to local terms and conditions of employment rather than continuing with the current nationally agreed pay awards and conditions. This is subject to a consultation process currently underway. Root and branch review of services have commenced in order to identify efficiencies and capacity issues which can be resolved to improve organisational performance and resilience .
		10. If there are prolonged staff vacancies due to inability to recruit, then this may result in a failure in service delivery (ALL PRIORITIES)	3	4	4	Market supplements awarded to certain roles when recruiting. Recruitment and retention allowances. Posts advertised with Surrey Jobs as well as a wider network of job sites. Specialist websites are also used to advertise posts where necessary. Annual report summarising staff recruitment and turnover. National apprenticeship scheme.	10i. <i>Members and Management Team will need to keep resourcing levels under review, particularly the impact of new projects and any statutory obligations on service/project delivery.</i> 10ii. <i>Implementation of requirements relating to the national apprenticeship scheme.</i> 10iii. <i>Human Resources to monitor the effectiveness of measures taken to improve recruitment and retention across the authority , in collaboration with Services.</i>	MAT/Group Heads/ GH C & T/HRM * Cllr Boughtflower	31 January 2019 R * Requires monitoring	10i. Ongoing 10ii. Implemented - Management Team endorsed a decision for the Apprenticeship Levy to be spent mainly on upskilling internal employees mainly. There will be some recruitment of new apprenticeships under the levy, and progress is being made in taking on external apprenticeships. 10iii. Ongoing. This area is to be kept under review with proposed move to local pay. For appropriate areas allowances for recruitment and retentions are in place for 2018/19 and this is subject to annual review.
Page 16		11a. Procurement - If governance arrangements are weak with a lack of transparency, this could result in any of the following: financial penalties for non-compliance with legislative requirements; contractual disputes and claims through poor specifications; contractors/partners failing to deliver expected outcomes; reputational damage, challenge and poor VFM. (This section links also with section 4 above - Project Management) (ALL PRIORITIES)	3	3	3	Contract Standing Orders (April 2016). Contract guidelines with compliance checklist. Requirement for declaration of interests (Officers and Members). Corporate Procurement training last provided in October 2014. E-procurement system in place and contracts sourced with this solution. Procurement strategy and action plan to facilitate monitoring. Developing improved reporting systems. Procurement Officer in post providing support, advice and steer for procurement processes. Enhanced monitoring for key suppliers now added to the S&P Watch list to enable concerns to be picked up pro-actively	11i. <i>Full compliance with the Local Government Transparency Code is required and should be confirmed once achieved.</i> 11ii. <i>To ensure there is an ongoing reference for officers involved in procurement activity, Procurement and Contract Management guidelines need to be updated and publicised to reflect regulatory changes of 2015.</i> 11iii. <i>Implement a programme of training for contract managers where the principles of Contract Standing Orders and Contract Check list form the core element of the learning.</i> 11iv. <i>The future of the Procurement Board to be considered as part of a review of all boards across the authority.</i>	MAT DCX (TC)/ Group Head C & T *Cllr Boughtflower	31 January 2019 R * Requires monitoring	No further updates have been received in this area. 11i, 11ii & 11iii . Partially Implemented. Proposed actions are being taken forward and implemented. Compliance with the transparency code is being addressed through the purchase of a procurement and contract management system used by 27 local authorities. Documentary evidence of procurement processes followed and performance monitoring is now being addressed. The Group Head for C & T envisages further improvements with the support of the Procurement Officer and a service level monitoring officer at the Depot . 11iv. Partially implemented. A decision as to whether the board continues has been incorporated into the Action Plan and this will also be considered through the Project Governance process and liaison with service areas.

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		11b. Major Procurement - A lack of ongoing forward planning in preparation for the expiry of existing Leisure Centre arrangements in 2021 may result in delays in delivery of key project milestones and provision of leisure facilities to the community. If the project is not effectively managed, this could result in overspends, delays and significant ongoing strain on the Council's financial resources. (This section links also with section 4 above - Project Management)	3	3	3	Current Leisure centre operator contract ends 2021. "Leisure Centre Needs Analysis" submitted to MAT in 2014 and updated in 2017, which endorsed the recommendation to carry out a feasibility study. A high level discussion document was presented to Cabinet in October 2016 and a project team formed. Project Sponsors and Project Managers identified. Project related documentation. Risk Register. Councillors and staff kept informed of key progress milestones, requirements and timeframes . Feasibility study completed March 2018 by specialist Advisors, design brief signed off and public consultation undertaken in summer 2018 .	11bi. Assessment of possible sites for the new leisure centre is under consideration with further proposals for consultation to be issued in due course . (NEW) 11bii. An internal audit review has commenced.	Dcex (LO)/ Group Head CW* Cllr Attewell	31 January 2019 R * Requires monitoring	In Progress - Current completion of the project is estimated mid-2021, based on an assumption that Planning Permission will be granted late 2018. (This information was provided previously by Jayne Brownlow - please confirm this is still the case or whether estimated dates have changed ?) RM to provide updated timeframes.
		12. External factors including national housing shortage , insufficient affordable properties, London Boroughs increased use of Spelthorne properties and welfare reforms such as Universal Credit may all increase pressures on the Housing Service, resulting in staff retention issues. Ongoing uncertainty over recovery of outstanding Housing Benefit debt. (HOUSING)	3	3	3	Group Heads/ MAT/Members are aware of ongoing risks in this area. Staff recruitment and retention allowances applied in 2017. Universal Credit expected end of 2018. Housing Benefit overpayment debt being recovered, albeit repayments are often small due to Housing Benefit regulations. Discretionary housing payments Corporate Debt Group and Strategic Housing Group. Internal audit review (March 2018) considered the authority's readiness for the homelessness legislative changes of April 18 and recommendations have been implemented. Officers and A2D continue to work with families affected by the benefit cap. Close working with private landlords. Landlord guarantee scheme. Various projects underway to ensure strategies are followed. Knowle Green Estates (subsidiary) set up in May 2016 focusing on Housing Delivery.	12i. Management Team to continue to monitor the ongoing pressures facing the Housing Service (including impact of County Council cuts and statutory changes).	MAT / Joint Group Heads CW * Cllr Francis	Completed/ Ongoing Monitoring	12i. Ongoing. Management have assured that audit recommendations relating to the Homelessness Reduction legislation have been implemented.
		13a. Uncertainty over economic growth and supplier failure could impact on: • Delivery of contracts and services • Business Rate income collected/retained , thereby affecting the Council's overall finances. (ECONOMIC DEVELOPMENT & FINANCIAL SUSTAINABILITY)	2	3	3	Financial Services monitor the financial media in relation to larger companies and critical commercial partners. Enhanced Monitoring arrangements implemented as key suppliers now added to the S&P Watch list . Aim to maximise Business Rate collection/minimise losses for the Council. Additional quarterly monitoring of collection and projected outturn retention implemented . Additional counter fraud resource is available to identify and investigate potential tax avoidance and evasion cases, which can be translated into cashable savings for the authority. (Being pursued under Corporate Counter Fraud work).	13i. Impact of Business Rate arrangements on Council finances is under ongoing review. 13ii. Spelthorne are participating in the 100% retention of business rates pilot for 2018/19 providing further incentive to maximise income collection	DCX (TC)/Acting Group Head CR * Cllr Barnard & Cllr Williams	Completed/ Ongoing Monitoring	13i. Implemented and ongoing

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		13b. If the Economic Development Strategy fails to be implemented, this could impact on growth (ECONOMIC DEVELOPMENT)	2	3	3	Regular reporting to Members. A 5 year economic assessment & development strategy for 2017 - 2022 (previous audit recommendations were taken into account). Economic Development Strategy is reviewed every three years. Annual review of the strategy including targets. A Business Improvement District for Staines-upon-Thames with charges applied. Identification of Spelthorne's top 20 businesses.	<i>13bi. Economic development is a Council priority and growth will impact on business rate income - this is under ongoing review.</i> <i>13bii. Through the EDEG 5 areas have been identified as the most important areas of delivery within the strategy and will be reported on every 6 months to the group to strengthen performance monitoring.</i>	DCX (TC)*/GH R & G*/ EDM* Cllr Barnard	Completed/ Ongoing Monitoring	13bi & ii. Implemented and ongoing review. Annual review of the Economic development strategy is complete and was recently approved by the Economic Development Engagement Group. Prioritisation of projects to benefit from the business rates retention has been completed.
		14. If there was failure to comply with statutory duty / adhere to Safeguarding Policy, (including failure by County to address Spelthorne referrals), this could lead to death or injury to a child or vulnerable adult, resulting in legal action and reputational damage. (CLEAN & SAFE ENVIRONMENT)	2	4	4	Council has statutory responsibility for safeguarding children and Adults. Approved and publicised Safeguarding policies and procedures. Staff and Member training. All referrals to Surrey County Council should be reported to a nominated Spelthorne Officer. Regular liaison with the Head of the MASH team, Surrey County Council and the Surrey Safeguarding Children's Board (SSCB). Annual Section 11 audit. Escalation of any cross border referrals/ issues to the senior safeguarding managers. Liaison with Human Resources for training purposes and DBS checks. Online safeguarding training module and cascade training. Procedure to deal with the Multi Agency Safeguarding Hub (MASH) enquiries. Spelthorne is represented on the new Early Help Advisory Board by the Deputy Chief Executive.	<i>14i. Officers are currently undertaking the statutory children's Safeguarding audit which is completed annually.</i>	DCX (TC)/LSM/LM/Joint Group Heads - CW * Cllr Attewell	30 November 2018 R * Requires monitoring	14. The statutory audit is currently being undertaken, to be completed by 31 October 2018. As part of this a review of training records has been carried out and a reminder issued to Managers to check that Disclosure and Barring checks are up to date.

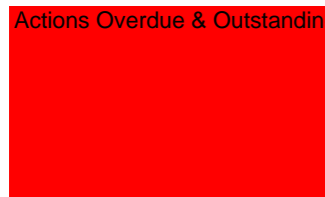
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		15. In light of ongoing reduction in Central Government funding, if opportunities for significant income generation and investments are missed, then this will impact on the Council's ability to close the budget gap and deliver vital services. If weak governance arrangements prevail, this may contribute to poor investment outcomes and increase exposure to financial risk including loss of anticipated rental income and poor investment returns. (FINANCIAL SUSTAINABILITY)	3	4	4	Long term strategic/financial plan. Corporate Plan / priorities reviewed. Member engagement. The Council is applying innovative ways to fund services and create new revenue streams through significant commercial asset acquisitions and investments. Since September 2016 an additional ongoing annual net income of £9.5m has been generated from commercial asset acquisitions. This has enabled a balance budget to be set for 2018-19 and to make revenue contributions towards capital to put capital programme financing on a more sustainable basis. Investment Asset Strategic Parameters approved by Council in December 2017. Advice is sought from the Treasury Management advisors as appropriate. Thorough due diligence undertaken with respect to leases and acquisitions and with respect to evaluating strength of covenant of tenants- now using S&P to evaluate. A second set of advisers used to independently assess the robustness and appropriateness of modelling assumptions for acquisitions. A robust governance framework is being developed and continues to support property acquisitions and investment processes, to include 1. Asset Governance framework and action plan; 2. Property Investment Strategy; 3.DIG meet weekly to track project progress plus a Councillor led Investment and Development Committee; 4. Revised regulatory investment guidance (Feb 18) requires LA'S to develop quantitative indicators to assess a local authority's total risk exposure as a result of its investment decisions, with reporting on Prudential indicators; 5. Presentation by the Portfolio Holder for Finance and DCX (TC) to O & S on the council's approach to management of risk; 6. Robust Treasury Management Strategy; 7. Weekly update to MAT on status of Priority Flagship projects(incl. commercial asset acquisitions).	15i. A robust governance framework continues to be developed to support property acquisitions and investment processes. 15ii. Robust and effective systems need to be in place to record and recover significant rental income due to SBC from it's increased property portfolio. 15iii. In view of the level of development work being undertaken as a result of property acquisitions, robust monitoring arrangements need to be in place (NEW)	MAT/GH R & G* Cllr Williams	31 January 2019 R * Requires monitoring	15i. Implemented/ Ongoing . Planned reporting of prudential indicators has taken place and went to the Development and Investment Group (DIG), with formalised reporting to take effect once the Property Management System is operational. The Council is currently developing a Capital Strategy which will have assets and property at its core. This is a new document required by the Regulations providing a single narrative explaining the long term capital expenditure needs, the authority's approach to investments and how risk is managed. This will go to Overview and Scrutiny in November as a draft before going to Council in December for approval. 15ii. Some Progress. The Property Development Managers and additional resource within the PDU are involved in setting up and implementing such systems, in close collaboration with other Services such as Corporate Governance, Customer Services and Finance. Work is underway to deliver a Property Management System that enables the Property Manager to effectively manage Spelthorne's property portfolio (investment, community, commercial and residential properties). It is intended that any such system covers asset management, recording and collection of rental income due, debt management and supplier management processes. A high level business requirements document has been prepared and a business case drafted. Process Mapping workshops have also been held and are being considered further as part of the Root and Branch review. 15iii. The Group Head for Regeneration and Growth has advised on monitoring arrangements, for example quality control undertaken by professionals. A note is being prepared for Audit Committee.
		16. If there is reduced service capacity then this may result in greater instances of error, loss, fraud, theft , irregularity, all representing a loss of internal control. (ALL PRIORITIES)	3	3	3	Management as the first line of defence in the overall assurance framework are responsible for maintaining key services and internal controls. Reduced resource levels in some areas are likely to impact on the ability to operate an adequate level of controls. For example segregation of duties is not always possible and there may be fewer management checks. In such cases compensating controls are required which is promoted by Internal Audit where deemed appropriate. In some areas additional resources have been provided and key governance roles have also now been in place for some time such as a Procurement Officer and Information Governance Officer.	16i. A recurring theme across some service areas is resourcing constraints often combined with weak resilience arrangements. These are often highlighted as reasons for controls and governance processes being compromised within functions/corporate systems and processes. Associated with this is a lower level of assurance and therefore MAT need to keep this area under review. 16ii. Effective reconciliation exercises between key financial systems represent a fundamental financial control and need to be carried out regularly to enable prompt identification and investigation of discrepancies, errors and potential fraud. Adequate staff contingency arrangements need to be built into the process.	Group Heads/ MAT All Portfolio Holders	31 January 2019 R* Requires monitoring	16. i. Some progress - Additional growth to provide additional resources in HR, Accountancy, Legal and Property was built into the 2018-19 budget and various appointments have since been made. Resilience is being considered as part of the root and branch service reviews during 2018/19 (these service reviews have commenced). 16ii. In progress - This has been acknowledged by the Accountancy team with additional resource now in place to support such tasks. (No further updates have been received in this area)

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		17. In light of the changing political landscape & Brexit, this represents many potential uncertainties of a staffing, financial and regulatory nature arising from currency devaluation/volatility, trade, investments, relocation of Partners/Suppliers, changing access to EU funds, level of compliance with EU regulations , workers rights (EU Nationals). These could all impact on existing policies, procedures, and processes. ALL PRIORITIES	3	3	3	A discussion paper setting out potential staffing implications and uncertainties associated with Brexit has been prepared by the Human Resources Manager (March 2017). A verbal update has been provided with regards the potential financial implications, risks and opportunities .	17i. MAT to periodically consider potential Brexit uncertainties for Spelthorne and have a plan in place to address.	MAT All Portfolio Holders	31 December 2018 R * Requires monitoring	17i. Some progress - The Group Head for Commissioning and Transformation prepared a summary briefing note to MAT/Cabinet/Audit Committee in August 18 on possible implications of a Brexit "no deal" on the Council which will be updated as more information appears. This note highlighted the potential indirect impact in terms of skills shortages with implications for increased costs and timings, particularly in the construction and social care sectors.
		18. If the Council receives a poor return on long term investments and/or investments become insecure in the current climate, then this will have an adverse impact on the Council's financial position. (FINANCIAL SUSTAINABILITY)	2	3	3	Treasury Management Strategy approved annually by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely and apply criteria recommended by Arlingclose. Council's investments managed internally in consultation with Arlingclose. Roles and responsibilities assigned within Accountancy. Deputy Chief Executive and Portfolio Holder are involved in key decisions. Regular monitoring ,reporting of investment portfolio and returns achieved. CIPFA Code of Practice and Prudential Code being applied with new recommended indicators for measuring investment performance.	NONE	DCX (TC) * Cllr Williams	Ongoing monitoring	18. Completed/Ongoing review. The team continues to explore options for diversifying the portfolio.Accountancy have reported on treasury management performance for 17-18 which went to Overview and Scrutiny in September 18 and have continued to achieved good rate of return (4.98%) on pooled investments. Officers are working on producing the new Capital Strategy As well as investments the Council now has considerable debt (fixed rate) as a result of the asset acquisitions.
		19. If there is a failure to collect/recover income due, this will result in financial losses to the authority. (FINANCIAL SUSTAINABILITY)	3	3	3	Corporate Debt Group monitor the more material items on the aged debt analysis and also coordinate action to tackle debt that is unlikely to be recovered. The Chief Finance Officer reviews a monthly status report of higher value aged debts over 6 months old for reasonableness. A progress review of previous audit recommendations is discussed at each Corporate Debt Group meeting (in particular actions relating to the monitoring and recovery of outstanding aged debt and the governance of the recovery process). Corporate Recovery Policy. Recovery policies also exist for specific areas such as Council Tax, NNDR, Sundry Debts etc. Debt collection statistics produced and analysed. Budget Monitoring identifies any anticipated shortfall in income. Accountancy report to Management Team and Members on significant variances and comparisons with previous year.	19i. The sundry debt recovery policy is being reviewed with a view to speeding up the recovery timetable process. 19ii. In order to improve efficiency, there is scope for Customer Services to take greater control over the persual of all sundry debts. 19iii. The Corporate Debt Group monitor developments in recovering Community Infrastructure Levy (CIL) with particular focus on larger sums due.	MAT/ DCX, TC/AGH CR/ Group Heads Cllr Williams	31 January 2019 * R Requires Monitoring	19i. Progress/status of this area was reviewed at the September Corporate Debt Group meeting. Policy to be refreshed and reviewed at next Corporate Debt Group meeting. 19ii. In progress - Considerable ammount of analysis has been undertaken to identify and address historic debts which are not cost effective to pursue or with low probability of recovery, and therefore require write off. The progress of Customer Services lead in the persual of debts is reviewed at Corporate Debt Group. Customer Services have been liaising with services to agree write offs. 19iii. Implemented and ongoing. The enforcement process for CIL has been developed by the Planning team , taking into consideration advice from the Corporate Debt Group. Whilst amounts on CIL accounts are currently monitored, CIL is to be reviewed further in light of what has been learnt over the last 18 months to ensure quicker collection and further identification of infrastructure requirements.

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		20. If there is an Increased risk of fraud / theft due to the economic climate, this will resulting in financial losses and reputational damage. Housing tenancy fraud reduces availability of social housing impacting on the Housing register. Business Rates Avoidance and Evasion results in loss of income. (FINANCIAL SUSTAINABILITY & HOUSING)	3	3	3	Various corporate Policies including Confidential Reporting Code (Whistle blowing), Anti-fraud, Bribery and Corruption Strategy, Proceeds of Crime and Anti-Money Laundering, Code of Conduct, Financial Regulations and Contract Standing Orders. Management checks, segregation of duties, reconciliation processes for financial systems and IT Security measures. An internal fraud referral process/system has been implemented within Housing. Specialist Fraud groups with Surrey Partners enable sharing of skills, knowledge and approaches. Internal Fraud Overview Group. Fraud alerts circulated. Additional Corporate Counter Fraud resource procured from Reigate and Banstead Council, in accordance with a pre-defined specification. This contractual arrangement is monitored by the Internal Audit Manager including consideration of financial payback. Member reporting - a joint report of January 2018 issued to Overview and Scrutiny Committee highlighting measures being taken by Spelthorne to address business rates tax avoidance and evasion, along with further initiatives to explore.	20i. Monitor financial payback from Counter Fraud work. 20ii. To arrange refresher Fraud and anti-bribery and corruption training for all staff and Members. 20iii. To undertake a risk assessment for money laundering to ensure compliance with regulations (NEW)	Group Heads/ MAT/IAM/ Head of CG Cllr Williams & Cllr Francis	31 January 2019 * R Requires Monitoring	20i. Implemented/Ongoing. Counter fraud work continues with non-benefit fraud returns being collated quarterly, focusing on housing and business rates (evasion and avoidance). At 30.6.18 the cumulative return for Spelthorne (since the start of the Surrey Fraud Partnership in January 2015) exceeds £1.9m in terms of savings to the public purse, with estimated cashable savings for Spelthorne of £354k. In addition there are wider benefits being realised from this counter fraud work . Collaborative working with Reigate and Banstead's Counter Fraud team has continued to produce positive outcomes and impressive financial returns, particularly in Housing with the introduction of enhanced verification checks for new claims. 20ii. Some Progress. The possibility of introducing an online training module for Counter Fraud to form part of mandatory staff training is being pursued. In parallel, external trainers are being explored to offer refresher awareness training .

***KEY TO RAG RATING**

Actions Overdue & Outstanding



Partially Actioned



Completed/Ongoing Monitoring



Note that previous RAG ratings are included to illustrate the Direction of Travel for recommended actions

***KEY TO TARGET DATES**

* N = New Action

*R = Revised target date for assigned action

*O = Original target date for assigned action

***KEY TO OFFICERS**

- MAT - Management Team
- CX, - Daniel Mouawad
- Head of CG – Head of Corporate Governance, Michael Graham
- Deputy Head of ICT – Alistair Corkish
- DCX (TC) – Terry Collier
- HSIRM - Health and Safety, Insurance and Risk Manager – Stuart Mann
- GH C & T - Group Head - Commissioning and Transformation, Sandy Muirhead
- GH - NS - Group Head - Neighbourhood Services- Jackie Taylor
- DCX (LO) – Lee O'Neil
- SEHM - Senior Environmental Health Manager, Tracey Wilmott-French
- PS - Principal Solicitor, Victoria Statham
- AGH CR - Acting Group Head for Customer Relations, Roy Tilbury

- GH R & G - Group Head - Regeneration and Growth, Heather Morgan
- IGO - Information Governance Officer, Clare Williams
- HRM – Human Resources Manager, Debbie O'Sullivan
- CM- Contract Managers
- Joint Group Heads of CW – Joint Group Heads for Community Wellbeing, Deborah Ashman and Karen Sinclair
- LSM - Leisure Services Manager, Lisa Stonehouse
- RRO – Risk and Resilience Officer, Nick Moon
- EDM – Economic Development Manager, Keith McGroary
- IAM - Internal Audit Manager, Punita Talwar

PORTFOLIO HOLDERS - recorded under risk ownership column

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Brexit Briefing – “No Deal” scenario

Introduction

From reviewing the Local Government Association (LGA) information and other web sites regarding the impact of a “No Deal” Brexit it is evident it will affect local authorities very differently depending on local demographics, proximity to a major port and use of EU structural funding.

Spelthorne would seem to be relatively protected from the potential impacts of Brexit as we are not a port, do not have large number of EU residents or employees and no EU funding. Even with Heathrow as a major entry point on the edge of the Borough, as this is already a highly regulated site for entry of goods and people, Brexit is unlikely to change this significantly.

There are potential indirect effects in terms of skills shortages, particularly in the construction and social care sectors, and in a “No Deal” scenario any tariff impacts could be felt through suppliers via increased prices. It is unclear if any extra regulatory burdens would be put onto Environmental Health to spread increased workload associated with assessing incoming products. With no detailed guidance, as yet, in many areas from Government on a “No Deal” scenario it is difficult to provide further detail at this stage.

Key Areas of Impact through Brexit and a “No Deal” scenario.

Council services cover a wide range of issues, but there are a number of key areas which will be impacted by a “No Deal”. A brief synopsis of each key area of impact is given below:-.

Laws Regulating Government Services.

Many local government services are covered by European Union (EU) rules and regulations including waste management, environmental standards, trading standards and procurement. The Withdrawal Act 2018 ensures that there is legal certainty for Councils as those EU laws that underpin key services on exit day would continue to apply through UK law, even under a “No Deal”.

There could be some issues of transition to resolve, if for example, a council is half-way through a major procurement exercise using EU processes and systems – there is no certainty that councils would continue to be able to access EU systems under a “No Deal” scenario. Equally going forward procurement laws could be positively amended under UK legislation to specify local apprenticeships/a degree of local employment in public contracts or have more concrete policies on SME preferences.

“No Deal” would mean the absence of an implementation period to the end of 2020. A transition phase would help create continuity and an effective period of change. On the positive side there is also the opportunity to amend and strengthen former EU laws to help local communities.

A New Constitutional Settlement

Under a ‘No Deal’ scenario, all EU legislative, enforcement and judicial powers would immediately return to the UK, with no implementation period. Consequently, under

the current UK constitutional settlement, powers would return immediately to Whitehall, Stormont, Cardiff Bay and Holyrood. The LGA and the local government associations of Wales, Scotland and Northern Ireland have been clear that Brexit must create the opportunity for a devolution of powers beyond central government to local communities and cannot result in a centralisation of powers. Therefore, under a “No Deal” scenario, the LGA suggest there should be consideration of a new central-local agreement across the UK which results in the devolution of powers to local communities through local government, as well as giving local government a more formal role in law-making.

Regeneration and other Funding Sourced from the EU

Under a “No Deal” scenario, the UK would lose access to European Structural and Investment Funding (ESIF), worth £5.6 billion to local communities in England (2014-20). In July 2018 the Treasury announced that in the event of ‘No Deal’ the Government would ‘underwrite’ ESIF funding until the end of 2020. The Government has committed to a UK replacement for EU funds. As Surrey is considered an “affluent” area EU funding has not been and in future scenarios is unlikely to be supported through such funding.

It is also worth noting that from the beginning of the transition period next year, the UK would no longer be eligible for billions of pounds worth of European Investment Bank (EIB) monies reserved for EU members. This may potentially increase demand/competition for UK funds.

Workforce

Councils play a leading role in bringing communities together and this will be important in tackling the challenges and taking the opportunities of Brexit. For example, leaving the EU represents the possibility of a direct impact on both the local government workforce and the wider national workforce, especially with key sectors such as construction and tourism vulnerable to reductions in the supply of labour from the European Economic Area. The LGA has set out clearly the number of non-UK EU workers that provide vital public services including 7% of social care staff in England.

The current draft Withdrawal Treaty sets out a reciprocal agreement between the EU and the UK. It provides for ‘settled-status’ for those (non-UK) EU citizens⁶ living in the UK and gives such rights to UK citizens living elsewhere in the EU. This provides short-medium term assurance about residency and employment rights and for the delivery of vital public services.

In the event of “No Deal”, there will be no Withdrawal Treaty. As such the provision for a reciprocal agreement on ‘settled status’ contained in the draft Treaty will go. Currently how UK legislation will be then be altered to address the issue is uncertain, it is hoped that provision for “settled status” could still be put in place.

Although Spelthorne has a small EU resident population and only a small number in Spelthorne’s employment we could indirectly be affected by any skills shortages resulting from no agreement on settlement rights especially in relation to Spelthorne’s building projects and older residents receiving care. Skills shortages in construction could affect both costs and timings of works.

It is hoped that as the Government produce their “No Deal” technical papers these issues will be addressed as well as EU citizens’ rights to access public services in the future.

Ports, Public Health and Local Regulation

Under a “No Deal” scenario, as an example of the impact on local authority services at ports of entry, the City of London, which provides port health services at a number of ports, estimates that, were imports from the EU subject to the same checks as imports from elsewhere (as they could be under a “No Deal” scenario), there could be an increase of up to 25 per cent in the checks that they are required to undertake.

Additionally duties and inspections at ports – and beyond – are reliant upon UK access to European-wide databases which provide much of the intelligence for assessing risks. Under a “No Deal” scenario there would be no access to such EU databases and more checking is inevitable, and protections weakened, if there is no viable UK alternative database. Local trading standards and environmental health teams operating inland from ports would also be affected by the loss of intelligence gathered from UK access to key EU databases. This would potentially reduce their ability to target their work and enforcement activity appropriately.

There are also concerns that as local regulatory capacity has reduced by around 50 per cent following cuts to local government funding that, without additional resources, local teams would be unable to absorb any additional work arising as a result of EU exit. Until further guidance is produced it is difficult to assess any direct impacts on the Borough’s Environmental Health team.

Goods and services

Under a “No Deal” scenario, Councils need to consider whether imported goods could be subject to new tariffs and thus services would be subject to new costs. On the basis of a “No Deal” and the assumption of no free trade agreement (FTAs) with the EU it is expected the UK will revert to World Trade Organisation (WTO) rules. There would be many choices available to the UK such as a policy of tariff free trade with every nation or the UK may choose to try and ‘roll over’ the current EU tariffs. What is clear is that under WTO rules, the UK would have to treat the EU the same as other trading nations.

Councils, or more likely their suppliers, currently buy EU goods tariff free. If tariffs are applied the UK supplier (not the council itself) would have to pay the new tariffs. How these costs would be passed on to Councils would depend on the nature of the contract – fixed or some variability allowance on price. Certainly cost increases would be passed on in new or renewed contracts. This may have a significant impact on councils’ budgets and local services.

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External Audit: Progress report to the Audit Committee

Spelthorne Borough Council

01 November 2018

External Audit Progress Report - November 2018

Below we provide a status update against each of the areas of our audit work:

<p>2016/17 Audit of the Financial Statements</p>	<p>Our work in relation to the audit of the 2016/17 financial statements is substantially complete, subject to the following:</p> <ul style="list-style-type: none"> • Full reconciliation of all adjustments to the accounts from the first draft presented for audit through to the final version of the financial statements, including the Group accounts; • Casting and quality check of the final financial statements; • Review of all post closing journals; • Completion of our finalisation procedures in relation to post balance sheet events; • Receipt of signed management representations. <p>Our ISA260 report was presented to you in relation to our work on the accounts in October 2017. A full list of all adjustments between the draft and final 2016/17 financial statements will be provided to the Audit Committee.</p> <p>Subject to the above criteria, we anticipate providing our opinion on the 2016/17 financial statements by 30 November 2018.</p>
<p>2017/18 Audit of the Financial Statements</p>	<p>Our work in relation to the 2017/18 financial statements is ongoing and we are working to finalise our audit procedures by 30 November 2018.</p> <p>The issue of our opinion in relation to the 2017/18 accounts will be subject to our findings for the 2017/18 value for money work.</p>
<p>Value for Money conclusion (2016/17 and 2017/18)</p>	<p>Our work in this area is ongoing. A report was provided to the Audit Committee in July 2018.</p>
<p>Whole of Government Accounts</p>	<p>Our work in relation to the WGA return will be completed once the financial statements are finalised.</p>
<p>Housing Benefits Return 2018/18</p>	<p>Our work on the housing benefits (HB01) return is progressing and we are working towards finalisation and submission ahead of the 30 November 2018 deadline. Our work has not identified any issues to date.</p>



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Private and Confidential

Terry Collier
Deputy Chief Executive
Spelthorne Borough Council
Council Offices
Knowle Green
Staines-upon-Thames
TW18 1XB

12 September 2018

Dear Terry

BDO audit appointment and independence

I am writing in respect of our recent discussion regarding the commercial relationship between BDO LLP and Spelthorne Borough Council and our independence as auditor to the Council.

We have been appointed by Public Sector Audit Appointments Limited (PSAA) as auditor for the period commencing 1 April 2018 as successor auditor to KPMG LLP.

Since our appointment, the Council has acquired the freehold interest in Thames Tower, Reading where we currently hold a lease under the terms arranged with the previous owner.

The Financial Reporting Council's Ethical Standard 2016 includes certain requirements for auditors to maintain independence and objectivity including prohibition on certain commercial or business relationships (section 2.27 of the guidance). One example of a commercial relationship given includes an audit firm leasing its office space from another entity. The prohibition does not apply where those relationships:

- Involve the purchase of goods or services from the firm or the entity in the ordinary course of business and on an arm's length basis and which are not material to either party; or
- Would be inconsequential to either party in the view of an objective, reasonable and informed third party. Where there are doubts about whether a relationship would be inconsequential to either party in the view of an objective, reasonable and informed third party, then the relationship is not regarded as inconsequential.

I have discussed this commercial relationship with the firm's Ethical Partner and we concluded that this does not present a threat to our independence and objectivity as auditor under this guidance as follows:

- The rental of office space is in the ordinary course of business of both BDO and the Council.
- The terms of the lease was negotiated at arm's length with the previous owner at market rates after taking into account advice of property advisors. Any future rent reviews as these fall due will be at market rates and both parties will take advice from their respective property advisors.
- Audit team staff and partners have no influence on office locations or rent negotiations since this is undertaken by the firm's Leadership Team and finance function.

- No senior staff on the audit team will be provided from the Reading office.
- The annual rents are approximately £500,000 and service charges approximately £100,000. These are not considered material to the firm or the Council when we apply a benchmark of 2% of total revenue / income to each party.

We have also discussed this matter and our conclusions with PSAA.

However, we would request that this is brought to the attention of the Audit Committee as Committee members may not necessarily come to the same conclusion and it is vitally important in today's environment around audit independence that Committee members are comfortable that this commercial relationship does not prejudice our independence and objectivity as auditor to the Council.

In the event that the Committee members do not believe that we should continue to act as auditors we will discuss this with PSAA and may, as a result, be obliged to resign our appointment as auditor.

I would be grateful if you could share this letter with the Chair of the Audit Committee and include this as an agenda item for the next Committee.

Yours sincerely



Leigh Lloyd-Thomas

Audit Committee

01 November 2018



Title	Effectiveness of the system of Internal Audit		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	There are no recommendations		
Reason for Recommendation	Not Applicable		

1. Key issues

- 1.1 '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'. (Definition of Internal Auditing - Public Sector Internal Audit Standards)
- 1.2 The Public Sector Internal Audit Standards (PSIAS) have been adopted by the Certified Institute of Public Financial Accounting (CIPFA) and apply to internal audit service providers working within the public sector, whether in-house, shared services or outsourced.
- 1.3 PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:
 - Definition of Internal Auditing
 - Code of Ethics
 - Core Principles and
 - International Standards for the Professional Practice of Internal Auditing
- 1.4 Requirements relating to quality assurance are set out in the PSIAS, with some extracts highlighted below:

'The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme must include both internal and external assessments'.

'External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:

- *The form of external assessments. (see below)*
- *The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest'. (see below)*

1.4 As set out above an 'External Quality Assessment' for Internal Audit is a requirement under the Public Sector Internal Audit Standards (PSIAS) and the process is currently underway through a three way reciprocal arrangement with two other local authorities in Surrey. This arrangement is considered acceptable by the Chartered Institute of Internal Auditors UK. Alternative options for undertaking this review were explored and considered in advance, with approval of the preferred approach sought from the Deputy Chief Executive (Chief Finance Officer) and the Chief Executive. The qualifications and independence of the external assessor, including any potential conflict of interest were also considered. It can be confirmed that there was no known conflict of interest, and the three way reciprocal arrangement ensures independence whilst also providing an opportunity for Auditors working at borough level authorities to share best practice. All Auditors undertaking the review at respective sites are suitably qualified (holding either CMIIA or CCAB qualifications) with extensive internal audit experience. The external assessment has focussed on compliance with the Public Sector Internal Audit Standards (PSIAS).

1.5 As part of this process the respective Internal Audit Managers/Heads of Internal Audit have each completed a detailed PSIAS self-assessment checklist (70 page document) and collated associated evidence for the 2017/18 period which has been validated by peers. The outcome of the review for Spelthorne including the overall conclusions of the assessor and any corrective action plans will be reported to Audit Committee in due course (following production of the report by the Head of Audit at Elmbridge). In the interim it seems appropriate to highlight key outcomes from Internal Audit activity relating to 2017/18, as ascertained from the self-assessment process. These provide examples of conformance with Public Sector Internal Audit Standards (PSIAS) and/or demonstrate how Internal Audit has added value.

1.6 **Internal Audit output / outcomes – 2017/18**

1.6.1 Risk Based Audit Planning – a risk based approach is applied to determine the annual audit plan of activity to be undertaken each year through consultation with Group Heads and Managers, consideration of the Corporate Risk Register and all known auditable areas (audit universe). The plan is approved by Audit Committee (March) and used to evaluate (through risk assessment) and improve the effectiveness (through delivery of agreed audit recommendations) of risk management, control and governance processes within the organisation. As new risks emerge the audit plan objectives are

reviewed and reprioritised. During 2017/18 there was a significant period of unplanned sickness absence in the team and therefore reprioritising of the plan took place.

- 1.6.2 Assurance Framework - Internal Audit represents the third line of defence in the assurance framework and provides independent assurance to management and councillors that the Council's key risks are being properly managed, with advice on enhancing control and addressing weaknesses where necessary. Consideration is given to all sources of assurance for each area in the Audit Plan as this will influence time allocations/areas of focus for the audit. Regular assurance reporting to Audit Committee summarising work undertaken and assurance ratings granted for specific reviews has taken place throughout the year. Internal Audit have continued to encourage managers representing the first line of defence to provide assurance that controls in their functions/services are operating effectively. Group Heads are requested to sign off internal audit reports for their respective areas to confirm that reports are factually correct and controls are operating as described.
- 1.6.3 Independent Audit Opinion - based on Internal Audit work undertaken, the Internal Audit Manager provided an opinion on the Council's internal control environment, which fed into the Annual Governance Statement for 2017/18. The Annual Audit report presented to the July 2018 meeting of the Audit Committee sets out audit work undertaken during 2017/18.
- 1.6.4 Follow Up of Audit Recommendations - to promote greater management ownership of controls and risk mitigating actions, Group Heads and Deputy Chief Executives (as appropriate) are required to provide confirmation that agreed audit recommendations for their respective functions have been implemented. The Internal Audit Manager reports the direction of travel in implementing audit recommendations to Management Team and Audit Committee (Annual Audit Report and Interim Audit Report). This approach was endorsed by Management Team in 2017 and is working well.
- 1.6.5 Quality Assurance and Improvement Programme – Internal Audit's performance is managed through the Council's performance management framework. The internal audit service plan outlines the key performance data that will measure delivery of the service. Annual performance reviews are carried out, with service and personal targets monitored periodically through appraisals and 1-1's. An external quality assessment of Internal Audit activity focusing on 2017/18 is underway and a review of the 'Effectiveness of Internal Audit' is already undertaken annually and reported to Management Team and Audit Committee each Autumn. All audits undertaken apply methodology set out in the PSIAS and are subject to a review process by the Internal Audit Manager. These combined mechanisms provide opportunities to identify ongoing improvements in working practices as well as highlight achievements.
- 1.6.6 Scrutiny and review - External Audit assess the work of Internal Audit at interim and final audit stages, and all audit reports and recommendations raised during 2017/18 were submitted to External Audit at their request. There is also regular dialogue between Internal and External Audit during the year. Current regulations do not allow External Audit to use Internal Audit work to inform their own opinions and therefore they place a lower level of reliance on Internal Audit than previously. No issues of concern were raised by External Audit for 2017/18.

1.6.7 Declaration of Interest – An annual declaration of interest submission is a requirement for all officers at Spelthorne in accordance with the staff code of conduct. This ensures that any potential conflicts of interest or matter that may impair their ability to be impartial and unbiased in performing their duties are appropriately managed. No conflicts of interest have been declared during 2017/18 from Internal Auditors' submissions. Paragraph 1.7.5 also gives reference to a Professional Code of Ethics for Internal Auditors.

1.6.8 Proficiency and Due Professional care– The Internal Audit Manager holds a professional auditing qualification from the Chartered Institute of Internal Auditors and has full chartered status (CMIIA). The former Senior Auditor gained an ICT Audit qualification in 2017 (Certified Information Systems Auditor) and applied skills in undertaking ICT Audits both at Spelthorne and Woking. Contracted audit resource was used to plug skills gaps in some areas to supplement in-house skills and knowledge, or to fill resource shortages. The Internal Audit Manager is confident that Internal Audit possesses or has the means to obtain, the skills, knowledge or other competencies required to deliver its responsibilities.

1.6.9 Corporate (Non-Audit Work) - Corporate Risk Management - The Internal Audit Manager regularly coordinates and updates the Council's Corporate Risk Register, reporting three times a year to members of Audit Committee and Cabinet. The Audit Committee monitors significant issues raised in the Corporate Risk Register and Managers have attended the committee on some occasions to advise where there are outstanding risk mitigating actions. The efficiencies associated with Internal Audit's role in coordinating the Corporate Risk Register have been highlighted to Management Team and Audit Committee, for example significant audit recommendations are transferred onto the Corporate Risk Register to enable regular monitoring and review. Similarly, the Corporate Risk Register is used to inform the audit process including planning.

1.6.10 Corporate (Non-Audit Work) - Corporate Counter Fraud - The Internal Audit Manager continued to collate quarterly corporate fraud returns for submission to Surrey County Council. Significant payback/returns are continuing to be achieved from the counter fraud work and as at 30.6.18 the cumulative return for Spelthorne in terms of notional savings to the public purse exceeds £1.9m (since the start of the Surrey Fraud Partnership in January 2015 and shared across SBC, Surrey CC and Surrey Police) with estimated cashable savings for Spelthorne of £354k. Specifically for the 2017/18 period, the overall savings to the public purse equated to £676,805 with cashable savings for Spelthorne amounting to £92,603.

Arrangements to buy-in additional counter fraud resource to target areas which are likely to generate greater financial payback (business rates and housing) has taken effect from August 2017. Spelthorne is procuring services from Reigate and Banstead and the Internal Audit Manager worked closely with relevant teams to scope the specification and finalise the contractual arrangements, which continue to be closely monitored. Collaborative working

has produced positive outcomes particularly in Housing with the introduction of enhanced verification checks for new claims. Referrals to Reigate since the commencement of the contract until 31.3.18 have demonstrated significant returns for Housing equating to over £400K (notional savings to the public purse). There have also been wider benefits for Spelthorne's Housing team with opportunities to enhance learning and skills in this area. A joint report prepared by the Deputy Group Head for Customer Relations and Internal Audit Manager was issued to Overview and Scrutiny Committee in January 2018 highlighting measures being taken by Spelthorne to address business rates tax avoidance and evasion, along with further initiatives to explore.

1.7 **Improvement Plan 2018/19**

- 1.7.1 The improvement areas identified from the PSIAS self-assessment checklist are as follows :
- 1.7.2 An Internal Audit Charter setting out the purpose, authority, responsibility and organisational independence of the function is held but requires refreshing to reflect the current resourcing position. It should be noted however that most of the content contained in the existing Charter is still relevant. The Internal Audit Manager intends to update the Charter by December 2018 ensuring it reflects all requirements of the PSIAS, with subsequent reporting to Audit Committee. It is intended that the Charter will be reviewed either biennially or annually thereafter and reported to Management Team and Audit Committee at the appropriate time of year.
- 1.7.3 Organisational Independence - The Internal Audit Manager reports directly to the Deputy Chief Executive (Section 151 and Chief Finance Officer) who is a member of the corporate Management Team, and also has access to the Chief Executive and the Audit Committee. The Internal Audit Charter states 'Internal Audit will have unrestricted access to the Audit Committee, Chief Executive, Members of Council, the Deputy Chief Executives and all employees of the authority'. The Internal Audit Manager is confident that the reporting lines allow the Internal Audit activity to fulfil its responsibilities. The Internal Audit Manager attends every meeting of the Audit Committee as well as the Chairman's pre-meetings. The Deputy Chief Executive and Internal Audit Manager have also met separately with the Portfolio Holder for Finance and Audit as necessary. In order to preserve internal audit's independence and objectivity, the requirement to arrange at least one independent meeting a year between the Internal Audit Manager and the Chair of the Audit Committee as well as more informal liaison was raised by an external trainer during Audit Committee training in July 2018 and is also promoted in the PSIAS. Therefore this needs to be considered further in order to meet best practice.
- 1.7.4 Consideration is being given to developing an Internal Audit Strategy that clearly sets out the purpose and vision of Internal Audit, its links to organisational objectives and priorities, how the service will be developed in accordance with the Audit Charter.
- 1.7.5 Internal Audit staff have signed up to a Code of Ethics based on the Public Sector Internal Audit Standards. This gives reference to several core principles expected of Auditors, including integrity, confidentiality, objectivity and independence. Auditors have been reminded at regular intervals of the

importance of complying with this Code of Ethics, including at appraisals. There are no known breaches of the Code of Ethics. It is acknowledged that the Code requires revising and refreshing, with a view to re-issuing to team members. In future Auditors will be asked to submit an electronic confirmation on an annual basis to confirm their adherence to the Code of Ethics.

- 1.7.6 A comprehensive internal audit manual is held and whilst the content is still relevant, as with any procedure manual there is always scope for periodical review to enable any updated practices to be incorporated and documented as a reference point for all team members. Therefore a refresh and review will be undertaken at some stage.
- 1.7.7 Corporate Risk Management – Given that the Internal Audit Manager is responsible at Spelthorne for coordinating and updating the Council's Corporate Risk Register which falls under the category of corporate non-audit work, it seems inappropriate for Internal Audit to periodically review the effectiveness of the organisation's corporate risk management processes as part of the Internal Audit planned activity. Such a review is a requirement under PSIAS and therefore this is an area that the Deputy Chief Executive (S151 Officer) may wish to consider further in conjunction with the detailed findings in the forthcoming external quality assessment report.
- 1.7.8 Internal Audit will possibly consider undertaking a review of Organisational Ethics in 2019/20 as this is a requirement under PSIAS i.e. to evaluate the design, implementation and effectiveness of the organisation's ethics related objectives, programmes and activities.
- 1.7.9 To supplement informal feedback received from auditees, customer satisfaction questionnaires will be issued promptly and consistently following issue of the final audit report, enabling any scope for improvements to the audit process to be highlighted and considered.

2. Options analysis and proposal

2.1 Not Applicable.

3. Financial implications

3.1 Resources required (staff time) to implement improvement plan actions should be contained within existing budgets as far as possible.

4. Other considerations

4.1 Not Applicable.

5. Timetable for implementation

5.1 Improvement Plan actions aim to be delivered by 31 March 2019.

Background papers: Public Sector Internal Audit Standards

Appendices: There are none.

Audit Committee**01 November 2018**

Title	Internal Audit Interim Report		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	That the Committee notes the report.		
Reason for Recommendation	Not Applicable.		

1. Key issues

- 1.1 *“Internal Audit 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.”* (Definition of Internal Auditing - Public Sector Internal Audit Standards)
- 1.2 Appendix 1 summarises Internal Audit work undertaken in the period April to September 2018. Audit reports were issued to Group Heads and relevant managers, as well as Management Team, and these included recommendations aimed at reducing risks and strengthening internal controls. Progress on implementation of audit recommendations together with the direction of travel is provided.
- 1.3 In addition to audit reviews, details of other work undertaken (including corporate tasks and quality assurance process for Internal Audit) is outlined at Appendix 1. Some examples of how Internal Audit supports the organisation in achieving its objectives are set out below:
- (a) Reactive and pro-active advice provided to services and corporate groups on various risk and control issues
 - (b) Management of counter fraud initiatives
 - (c) Suspected fraud Investigations
 - (d) Supporting corporate governance arrangements

- (e) Corporate Risk Management – see separate report. Audit provides advice to Management Team, Corporate Risk Management Group (CRMG) and co-ordinates the Council's Corporate Risk Register
- 1.4 The Internal Audit function has operated with a significant resource shortage during the first half of 2018/19, essentially a reduction of 1 FTE from a team of 1.75 FTE. Following a recruitment process to fill the vacant Senior Auditor post, it is reassuring that the newly recruited post holder will be commencing in November. In addition the ongoing requirement for Contractor Audit resource to support delivery of planned assignments prevails and Spelthorne have recently joined the Croydon legal Framework for Internal Auditor Resource which provides a mechanism to procure Auditor days as required. The Internal Audit Manager is working with the service provider to progress audits to be undertaken. These circumstances have inevitably required some reprioritising of the 2018/19 Internal Audit plan.
- 2. Options analysis and proposal**
- 2.1 There are no options.
- 3. Financial implications**
- 3.1 The Corporate fraud returns collated by the Internal Audit Manager demonstrate the significant cumulative financial returns/savings achieved. From January 2015 to June 2018, savings to the public purse exceed £1.9m with estimated quantifiable cashable savings for Spelthorne amounting to £354k. Returns for quarter 2 of 2018/19 are currently being collated.
- 4. Other considerations**
- 4.1 Implementation of audit recommendations will assist in the reduction of risks faced by the authority and improve control procedures.
- 5. Timetable for implementation**
- 5.1 Not applicable.

Background papers:

Appendices: Summary of Internal Audit work April – September 2018

***ASSURANCE KEY (Columns 2 & 6 of table)**

Effective - Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Some Improvement Needed - A few specific control weaknesses were noted; generally, however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Major Improvement Needed - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

Unsatisfactory - Controls evaluated are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Page 41

*** Internal Audit Recommendations (column 5 of table):**

***Reporting on the status of whether internal audit recommendations have been implemented or remain outstanding is based on confirmation from Group Heads/ Managers i.e. Internal Audit have not verified this. MAT & Members should note the comments recorded under the Progress column when considering the direction of travel. It seems appropriate that an effective assurance rating for the current RAG is issued only where all audit recommendations have been implemented.**

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
1.Payroll May 2018 (Final)	Some Improvement Needed	Group Head for Commissioning and Transformation	<ol style="list-style-type: none"> 1. The HR Manager should, seeking advice from the Information Governance Officer as necessary, prepare a plan for how the department is going to meet the new GDPR regulations and what resource will be needed to complete the necessary work. This plan should then be submitted to the Group Head for approval. 2. The HR Manager should document the need for the current system access arrangements, the risks, the mitigating controls/factors and the efforts made to find alternatives in full each year. This document should be submitted to the Group Head for approval to continue using this approach. 3. The HR Manager should review the access rights to ITRENT on a quarterly basis. This review should be formally documented. 4. The HR Manager should, over a period of time and with the assistance of her team, create a list 	<p>Actions agreed May 2018.</p> <ol style="list-style-type: none"> 1. In progress 2. Outstanding. The role of systems administrator and where it should be positioned is currently under review. The HR Manager has highlighted capacity issues in terms of continuing with this role. 3. Outstanding. As above the HR Manager is unable to undertake this and needs to be reviewed in line with systems admin requirements (point 2) 4. Outstanding /not pursued as there is currently no budget to cover any 	Some improvement Needed Corporate Risk Register (Capacity)

			<p>of tasks that are carried out using the Establishment List (or are not carried out at all) because of limitations in the functionality of ITRENT. This information could then be used for one or more of the following purposes: Requesting enhancements from the software supplier; Acquiring additional software modules from the supplier; Communication with other users; and acting as the basis of a needs specification when the time to change the software arrives.</p> <ol style="list-style-type: none"> 5. The HR Manager should ask the approved signatories what information they would like to help them discharge their responsibility to provide effective review of the proposed payment. It may be helpful to suggest that a trend together with brief commentary is provided. 6. The HR Manager should design an escalation procedure so that senior management is informed of non-replies regarding the Establishment List Review. This procedure should be presented to the Group Head for approval. 7. The HR Manager, or another senior member of the team, should formally review records evidencing HR checks carried out to confirm the validity of Payroll input. This should be on a timely basis to ensure that it 	<p>enhancements and additional software modules. There are no current plans to change the software.</p> <ol style="list-style-type: none"> 5. Outstanding. If self-service and manager approval is rolled out fully then the submission and approval process will be streamlined. Current high ongoing workloads in HR and Payroll have not enabled this to take place. 6. In Progress - senior managers are already alerted when responses to establishment checks are not received. Reminder to ensure that Group Heads are also notified automatically. 7. Members of the HR team (normally HR Assistants) already undertake these tasks and they are evidenced. Counter checks and balances are in place to mitigate. 	
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Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

			<p>has been carried out correctly. Review should be evidenced.</p> <p>8. The Accountancy department should inform the HR Manager if the payroll reconciliation cannot be prepared on time so that the HR manager can check that the actual BACS transmission was for the amount approved by the final approver.</p> <p>9. The Accountancy department should document the steps necessary to complete the payroll reconciliations so that this work can be completed by others in the event that those who usually carry it out are unavailable.</p>	<p>(Independent management review of HR checks undertaken is not confirmed)</p> <p>8. Implemented - The target is to balance the Payroll reconciliation by 10th of the following month. If for any reason this is not achieved then the Deputy Group Accountant is notified, they will then notify HR if necessary.</p> <p>9. Implemented - There are written procedures in place for the reconciliation to be followed in the absence of the Assistant Accountant.</p>	
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Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

<p>2.General Data Protection Regulations (2018) May 2018 (Final)</p>	<p>Major Improvement Needed</p>	<p>Group Head for Commissioning and Transformation</p>	<ol style="list-style-type: none"> 1. The project sponsor should put in place the key elements normally associated with a formal project (including those listed in the audit report) as soon as possible. 2. The IGO should prepare a detailed plan, to the extent possible given the currently available information, at the earliest possible opportunity (perhaps after the information asset registers have been completed). This plan should be submitted to the project steering committee for approval and then, if necessary, to MAT for approval of the resource necessary to implement it. 3. The project plan should be monitored and updated as the work progresses to ensure that all tasks are identified and thus can be properly planned, resourced, monitored and completed in the most effective way possible. 4. The monthly reports should in future provide the information needed by MAT without requiring oral explanations. This is likely to include: An attempt to measure progress against milestones; information about operational (and other) areas that are not completing the tasks allocated to them in the project plan; additional resource requirements (current or anticipated); and the 	<p>Actions Agreed May 2018.</p> <ol style="list-style-type: none"> 1.Progressed - a service level data protection compliance plan prepared - Group Heads/Managers to address for their respective services. 2.Progressed - See reference 1 above. 3. Outstanding as Information Asset Registers still need to be moved forward by services to enable full implementation. 4. Outstanding - Services will be charged with providing reports from their areas since they are responsible for implementing compliance plans. 	<p>Some Improvement Needed Corporate Risk Register</p>
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			<p>latest estimated completion date. The draft report should be reviewed by the project steering committee (once established) to ensure that it meets the requirements of MAT.</p> <ol style="list-style-type: none"> 5. The project sponsor should alert MAT to the fact that requests for a significant amount of additional resource will shortly be made. 6. Where decisions have to be taken about the principles to be applied in undertaking the GDPR project, they should be approved by the project steering committee and reported to MAT. Consideration should also be given to prioritising areas where the ICO has already publicly announced that it expects immediate compliance. 7. The project sponsor should develop a contingency plan for how to continue the project should the project manager become temporarily unavailable. 	<p>5. Partially implemented as a resource is now in place to support the Data Protection Officer, although any additional service level resource requirements will need to be identified.</p> <p>6. Implemented/Ongoing The terms of reference for the project steering committee will inform how the committee oversees the project. DPO constantly monitoring ICO issues</p> <p>7. Partially implemented – currently documenting procedures and additional resource to support the DPO provides some resilience.</p>	
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Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating

Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

	audit * (see key)				
3.Cleaning Contract May 2018 (final)	N/A STATUS REPORT	Group Head for Regeneration and Growth	<ol style="list-style-type: none"> 1. The quality control process should include a review by an individual with cleaning expertise to ensure that the specification accurately describes the cleaning required by the council. 2. A plan for measuring the performance should be prepared so that the practical difficulties, resource requirement and other matters arising can be considered and a realistic approach to performance measurement devised. The targets should also include a qualitative element as well. 3. If the in-house option is not to be considered, approval for focusing solely on the external option should be obtained from the Group Head of Regeneration and Growth in the first instance. 4. The approach proposed relating to the performance management arrangements for the new contract are documented in full and presented to Group Head for approval. 5. After the new contract has been agreed, consideration is given to wider issues such as those mentioned in the audit report, so 	<p>Actions agreed May 2018.</p> <ol style="list-style-type: none"> 1. Implemented 2. In progress - under active discussion with new contractor 3. Implemented - Group Head for Regeneration and Growth gave approval to go out to tender for an external provider 4. In progress- draft performance management arrangements prepared to be discussed with the new contractor 5. Under consideration and to be discussed with the new contractor as appropriate 	N/A STATUS REPORT

Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
4.Grounds Maintenance September 2018 (Final)	Some Improvement Needed	Group Head for Neighbourhood Services	<p>that they can be implemented, if appropriate.</p> <ol style="list-style-type: none"> 1. The Nursery refurbishment needs to be a priority due to officers from the JET team also being relocated from the Depot. Spelthorne Borough Council has a duty of care to all staff to ensure they are provided with adequate work and rest conditions. 2. Where Inspections are carried out they should be consistently documented and incorporate an element of Health and Safety checks as appropriate. (To be considered and applied in the broader context of the new in-house Grounds Maintenance operation, as well as part of Health and Safety generally) 	<ol style="list-style-type: none"> 1. Implemented In progress –recording and site monitoring is being further enhanced 	Some Improvement Needed Corporate Risk Register
				2.	

Page 49

Follow Up Audit Recommendations	As part of the Annual Audit report process (June 2018) Managers were requested to advise on the status of audit recommendations issued during 2017/18, which was reviewed, collated and reported to Audit Committee in July 2018. It is envisaged that this approach should encourage greater management ownership of control procedures and risk
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Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

	mitigation. Where appropriate previous audit recommendations are also followed up as part of specific audit reviews undertaken.
Work in Progress	Major Council Projects; ICT audit planning; preparation of several audit briefs and programmes.

Other work undertaken by the Internal Audit Manager (Includes corporate tasks)

Corporate Risk management	The Internal Audit Manager continues to coordinate the Council's Corporate Risk Register which represents the Council's most significant risks and reports regularly to Management Team, Audit Committee and Cabinet. A review of the risk template format was undertaken in June with a view to making the document more concise, whilst ensuring inclusion of relevant information. Discussions around having a risk appetite statement for Spelthorne have commenced. There is recognition that formulating such a statement, as well as establishing the broad categories for which it might be useful to highlight different risk appetites and subsequently identifying all the associated processes to meaningfully embed any agreed risk appetite will require significant time and resource to implement. The proposed work on the new Investment Strategy will have input to this process as there will be a requirement to articulate risk appetites for all investments.
Serious and Organised Crime	Following management feedback, the preferred approach and next steps in terms of Spelthorne addressing the Government's strategy has been discussed with Police representatives with an agreed way forward, intended to assist services in raising awareness by highlighting known risks. To compliment this further awareness training by Police representatives is to be arranged to a wider group of staff, to include known vulnerabilities.
Corporate Counter Fraud	The Internal Audit Manager collated quarterly fraud returns for submission to Surrey County Council. Significant payback/returns are continuing to be achieved from the counter fraud work and as at 30.6.18 the cumulative return for Spelthorne in terms of notional savings to the public purse exceeds £1.9m (since the start of the Surrey Fraud Partnership in January 2015 and shared across SBC, Surrey CC and Surrey Police) with estimated cashable savings for Spelthorne of £354k. Spelthorne has continued to procure services from Reigate and Banstead to target areas which are likely to generate greater financial payback (business rates and housing) and the Internal Audit Manager works with relevant teams to periodically monitor the contractual arrangements. Collaborative working has produced positive outcomes particularly in Housing with the introduction of enhanced verification checks for new claims and a high volume of referrals continue to be made to Reigate, generating notional savings (Housing) of £360k for the period April to September 2018.

Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

	<p>Positive results were publicised to serve as a deterrent. There have also been wider benefits for Spelthorne’s Housing team with opportunities to enhance learning and skills in this area, which has been positively embraced.</p> <ul style="list-style-type: none"> - External groups are attended with Surrey Partners including the Surrey Counter Fraud Board (SCFB). This enables the sharing of best practice and approaches in tackling housing fraud/business rate avoidance and evasion, and provides opportunities to pursue joint counter fraud initiatives, such as data matching exercises on small business rate reliefs across Surrey and SPD exercises. Spelthorne will also be represented at the NNDR sub group which is being reconvened from November and the Housing tenancy sub group. - Spelthorne participated in a County wide led exercise on Single Person Discount fraud which generated estimated council tax revenue of £241k, with Spelthorne’s share of this being approx. £26k. This prompted further work on smart referrals (cases of on-going fraud) which was managed by Reigate’s Counter Fraud team. - All audit reviews consider fraud risks and a number of specific audit tests have been undertaken to identify potential fraud. However, it remains the responsibility of management to ensure they have systems in place to prevent and detect fraud.
<p>Advice to management/services & liaison (responsive work)</p>	<ul style="list-style-type: none"> - Housing Benefits relating to a potential conflict of interest - Property Development Unit – reviewed and advised on the specification for the new Property Management system - New Homes Bonus – checks undertaken confirming accuracy - Legal liaison over contracts involving the processing of personal data - Assets (Letting of Contracts)– liaison with Runnymede Building Services regarding quality audit undertaken - Elections – Data Sharing/access for fraud prevention purposes - Human Resources – Transparency Code - Guidance/clarity on format of management responses to audit recommendations - Emergency Planning and Business Continuity Procurement - Corporate Governance – sharing of money laundering risk assessment template (regulations 2017) - Accountancy – bond records - Root and Branch review for Accountancy – advised on processes & internal audits undertaken - Various MAT reports – governance, risk and control issues - Confidential advice to some service areas/special investigatory work
<p>Miscellaneous incl. internal audit strategy</p>	<ul style="list-style-type: none"> - External Quality Assessment for Internal Audit is a requirement under the Public Sector Internal Audit Standards (PSIAS) and the process is currently underway through a reciprocal arrangement with two other local authorities in Surrey. As part of this process the respective Internal Audit Managers/Heads of Internal Audit have each completed a detailed PSIAS self-assessment document and collated associated evidence which is being validated by peers. The outcome of this review including any recommendations will be reported to the Audit Committee in

Appendix 1 to Internal Audit Interim Report (Covers April to September 2018)

- due course and is referred to in greater detail in a separate report 'Annual Review of the Effectiveness of Internal Audit'.
- Resource Planning for 2018/19:
 - i. Following the departure of the former Senior Auditor in May, an options paper for future resource was prepared and considered. A recruitment process took place to fill the vacant post and an appointment has been made. The newly recruited post holder will be commencing shortly.
 - ii. Spelthorne have joined the Croydon Framework for Internal Auditor Resource which provides a mechanism to procure Auditor days as required. The Internal Audit Manager liaised closely with Legal and the Procurement Officer in considering this option and is working with the service provider to progress audits to be undertaken.
 - Preparation and presentation of reports for MAT and Audit Committee (Reported in July and October 18)
 - Support to the Council's governance arrangements such as contribution to the Annual Governance Statement (annual independent audit opinion for 17/18 on the adequacy of the overall control environment)
 - Service Planning
 - Performance Management (Annual Performance Review for 17/18, 1-1's, appraisal)
 - Team management including liaison with Human Resources
 - Preparation of audit briefs/programmes and management review of Audits carried out
 - Audit Planning 18/19 - work allocations
 - Budget Management
 - Project Lima (Office move)
 - Training & Development – Audit/ Corporate training
 - Input to Audit Committee Training provided by external trainer in July
 - MAT feedback meetings with the Deputy Chief Executive
 - External audit liaison (Interim Audit and introductory meeting with new Auditors)
 - Information Asset Registers and updating data retention policy for the service
 - Responding to Freedom of Information Request (Counter Fraud)
 - Health and Safety tasks
 - Corporate staff meetings

WORK PROGRAMME 2018/19

AUDIT COMMITTEE – 1 November 2018

Resolution Required

1. Work Programme

- 1.1 This report covers the Work Programme for the current municipal year 2018/19.
- 1.2 The Committee's terms of reference are set out at the front of the agenda.

2. Current Work Programme

- 2.1 This is the second meeting of the Committee scheduled for the municipal year 2018/19.

3. Future Meetings

- 3.1 Meetings of this Committee have been scheduled in the Council's Diary on the following dates:-
 - **28 March 2019**
- 3.2 Details of the Work Programme for future meetings are as follows:

March 2019		
Annual Audit Letter 2016-17	External Auditors	Report
Annual Audit Letter 2017/18	External Auditors	Report
External Audit report on Audit and Statement of Accounts	Internal Audit Manager	Report
External Audit Plan 2018/19	External Audit	Report
Corporate Risk Management	Internal Audit Manager	Report
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Recruitment and Retention update	Group Head Commissioning and Transformation	Report
Confidential Reporting Code (Whistleblowing Policy)	Internal Audit Manager	Report
Anti-fraud, bribery and Corruption Strategy	Internal Audit Manager	Report
Annual Audit Plan 2019/20	Internal Audit Manager	Report
Committee's Work programme for 2018/2019	Internal Audit Manager/Chief Finance Officer/Audit Committee	Work Programme

Recruitment and Retention update	Group Head Commissioning and Transformation	Report
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- 2.4 Any topics identified during consideration of the business at this meeting will need to be included in the above Work Programme.
- 2.5 Other issues Members wish to raise for consideration at the next or any future meeting and agreed by the Committee, may be included in the Work Programme.
- 2.6 External audit may have one or two reports that arise from time to time which are not possible to predict in advance but will be incorporated into the Work Programme or appear on the agenda as appropriate.
- 2.7 Managers may be required to attend the Committee, similarly to that resolved in Minute No. 227/06, to explain why they have not implemented the recommendations of the Head of Audit Services. It is not possible to predict these circumstances but they will be dealt with as and when they arise either by incorporating into the Work Programme or appearing on the agenda as appropriate.

3. Resolution

The Committee is asked to consider and approve the Work Programme as submitted and/or amended at the meeting.

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