



Please reply to:

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Date: 9 May 2018

Notice of meeting

Audit Committee

Date: Thursday, 17 May 2018

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

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

To the members of the Audit Committee

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

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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RESPONSIBILITIES OF THE AUDIT COMMITTEE

Purpose

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

Core Functions

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

AGENDA

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1. Appointment of Chairman

To appoint the Chairman of the Audit Committee for the next municipal year 2018-2019.

2. Apologies

To receive any apologies for absence.

3. Minutes

To confirm the minutes of the meeting held on 22 March 2018.

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4. Appointment of Vice-Chairman

To appoint the Vice-Chairman of the Audit Committee for the next municipal year 2018-2019.

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**Minutes of the Audit Committee
22 March 2018**

Present:

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

Councillors:

J.G. Kavanagh H.A. Thomson
B.B. Spoor H.R.D. Williams

Apologies: Councillors T.J.M. Evans

73/18 Minutes

The minutes of the meeting held on 17 October 2017 were approved as a correct record.

74/18 Disclosures of Interest

There were none.

75/18 Corporate Risk Management

The Internal Audit Manager summarised the risks affecting the Council as outlined in the report and highlighted a number of issues, specifically information governance risks relating to organisational measures, business continuity planning, readiness for the Homelessness Reduction Act, and the robust framework being developed to support property acquisitions and investment processes. The reasoning behind separating GDPR into two strands, organisational measures and technological measures, and for highlighting as red was explained. The Committee were informed that extra support had been provided on a short term basis to assist in pulling the asset registers together and progress was being monitored with regular reports to the Management Team.

The Committee discussed the risks associated with the development work being undertaken as a result of property acquisitions and asked that consideration is given to adding this to the register.

After discussion about what criteria needed to be met for an item to move from amber to green status, it was suggested that it would be useful for an additional sheet to be included showing items at amber status where only monitoring was required. The Internal Audit Manager agreed to consider this.

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

Resolved that:

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

76/18 Annual review of Procurement Strategy

The Group Head Commissioning and Transformation advised that the Procurement Strategy was a summation of the overarching strategy and actions to be taken and explained how procurement will be conducted and the processes required to comply with contract standing orders and public contract regulations.

Damola Aladesiun, Procurement Manager, was introduced to the Committee and answered questions about targets in the action plan, data analytics, and involvement with the Surrey Procurement Group and how these could all contribute towards more cost-effective streamlined procurement processes. The Procurement Manager also confirmed that contracts would include Construction (Design and Management) regulations that cover health and safety aspects and would form part of the terms and conditions.

Resolved to note the update on the Procurement Strategy and proposed actions.

77/18 Recruitment and Retention Update

The Group Head Commissioning and Transformation provided an update on recruitment and retention, advising that allowances had been used to recruit and retain staff where there was difficulty in recruiting. The shortages were due partly to the proximity of Heathrow and London and the higher salaries available in those areas and partly because of a shortage of specialist staff available. The allowances had been extended for a further year in some departments pending wider external benchmarking, and in relation to Building Control consideration was being given to reinvesting in the team through training opportunities, succession planning and resilience.

The Committee expressed the view that competitive salaries should be offered to attract and retain staff rather than payment of allowances and also that local pay bargaining would give more flexibility.

The number of apprenticeships offered had been below target due to difficulty in finding a suitable training provider. Waverley Training Services had now been engaged and new opportunities identified including two apprenticeships in Customer Services and four in Horticulture. A number of existing staff were also studying NVQs relevant to their roles.

Resolved to note the update provided and request a further update at their next meeting in November

78/18 Partnerships update

The Group Head of Commissioning and Transformation briefly summarised the report and advised that the list had been reviewed to include only those considered true partnerships and not where a contract is in place. Many of the partnerships were concerned with community wellbeing.

The Committee felt it would be beneficial to add further information to the schedule to identify the benefits gained from each partnership and the cost involved.

Resolved to note the update provided.

79/18 Update on Code of Corporate Governance

Terry Collier, Deputy Chief Executive, advised the Committee that an updated Code had been prepared following changes to the Delivering Good Governance in Local Government framework. The framework was broadly the same but the key principles had substantially changed. The Code of Corporate Governance had gone to Overview and Scrutiny Committee earlier this month and subsequently been approved by Cabinet.

When the Annual Governance Statement (AGS) is prepared it will need to reflect the changes and show how they are evidenced. The AGS forms part of the Annual Statement of Accounts and will be considered at the July Audit Committee meeting.

Resolved to note the update provided.

80/18 Confidential Reporting Code (Whistleblowing Policy)

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

The Code itself remained unchanged but the leaflet had been updated and redesigned to make it more conspicuous.

Resolved to note and approve the Code and leaflet as submitted.

81/18 Anti-fraud, Bribery and Corruption Strategy

The Internal Audit Manager presented the report on the annual review of the Anti-Fraud, Bribery and Corruption Strategy. The Strategy forms part of the Council's Constitution, is in line with best practice, and continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption.

The proposed amendments were highlighted in the report and discussed by the Committee. The Committee expressed concern that action is taken to

minimise the risk of fraud and money laundering and felt a corporate approach would be useful with regard to regular staff training and inclusion of a clause in Managers' job descriptions that it is their responsibility to minimise the risk of fraud.

Other options considered:

To make no changes to the strategy, thereby not reflecting current practices or requirements.

Resolved to:

1. Endorse the Council's Anti-Fraud, Bribery and Corruption Strategy;
2. Recommend the proposed changes to the Anti-Fraud, Bribery and Corruption Strategy to Cabinet.

82/18 Internal Audit Services Annual Plan 2018-19

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

She reported that a priority list had been drawn up for the year ahead, as the absence of a member of staff had created a gap. The Management team had supported resource for additional contractor days to cover the priorities which had been assessed according to statutory requirements and significance of risk.

The Internal Audit Manager responded to questions and concerns raised regarding timelines and also provided clarification on questions about ad hoc financial systems.

Resolved that the Committee note the Internal Audit Plan 2018-19.

83/18 Committee Work Programme

Terry Collier, Deputy Chief Executive, advised that there was one amendment to the proposed Committee Work Programme for 2018-19, namely the Annual Governance Statement will be considered at the July meeting as it forms part of the Annual Statement of Accounts, and not November as stated.

Resolved that the Committee Work Programme for 2018-19 be adopted subject to the above amendment.