

Public



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Date: 15 March 2017

Notice of meeting

Audit Committee

Date: Thursday, 23 March 2017

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)
D. Patel (Vice-Chairman)

S.J. Burkmar
T.J.M. Evans

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

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| 1. Apologies
To receive any apologies for absence. | 5 - 10 |
| 2. Minutes
To confirm the minutes of the meetings held on 29 September 2016 and 26 January 2017. | 11 - 18 |
| 3. Disclosures of Interest
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members. | 19 - 34 |
| 4. Annual Audit Letter 2015-16 | 35 - 44 |
| 5. Corporate Risk Management | 45 - 52 |
| 6. Confidential Reporting Code (Whistleblowing Policy) | 53 - 60 |
| 7. Anti-fraud, Bribery and Corruption Strategy | 61 - 62 |
| 8. Annual Audit Plan 2017-2018 | 61 - 62 |
| 9. Committee Work Programme
To agree the work programme as submitted at this meeting. | 61 - 62 |

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**Minutes of the Audit Committee
29 September 2016**

Present:

Councillor M.J. Madams (Chairman)

Councillors:

S.A. Dunn H.A. Thomson
D. Saliagopoulos H.R.D. Williams

Apologies: Councillors T.J.M. Evans

In attendance:

217/16 Minutes

The minutes of the meeting held on 7 July 2016 were approved as a correct record.

218/16 Disclosures of Interest

There were none.

219/16 External Audit report on Audit and Statement of Accounts

The Deputy Chief Executive 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.

Neil Hewitson, on behalf of KPMG, presented the report and responded to members' questions. He concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and therefore was an unqualified, positive audit in relation to (a). The Financial Statement and (b). Value for Money (VFM).

The external auditor gave a positive overall conclusion and stated that this was a testament to the work of the Accountancy and Audit teams of the Council.

Resolved that:

- 1) The Audit Committee is asked to note the External Auditor's 2015/16 audit report (Appendix A). That the Chief Finance Officer sign the letter of representation (as attached to appendix 4 of the Auditors' report).
- 2) That the Chief Finance Officer and Chairman of the Committee sign the statement of accounts.
- 3) That the Audit Committee notes the draft officer responses to the recommendations made in Appendix 1 of the Auditors' report.

220/16 Corporate Risk Register (CRR)

The Internal Audit Manager reported that the Corporate Risk Register had undergone its regular review and update by the Corporate Risk Management Group to ensure that actions were being taken to deal with the identified risks. The revised register was considered to be an accurate reflection of the high level risks affecting the Authority. Progress on actions was documented on the register.

The Internal Audit Manager drew members' attention to the risks associated with prolonged staff vacancies (risk category 11) and reported on recommendations arising from recently commissioned work to review recruitment and retention practices. Risks relating to Partnership Governance arrangements were also highlighted (risk category 16).

221/16 Internal Audit Interim Report

The Internal Audit Manager presented her report which summarised the work undertaken by Audit Services during the period April 2016 to August 2016 and provided the Council with assurance on the adequacy of its internal audit systems of control.

222/16 Report on The Effectiveness of the System of Internal Audit

The Internal Audit Manager presented her report on the effectiveness of the system of internal audit. She referred to various performance indicators used to assess the system of internal audit including the Service Plan, Audit Plan, professional standards, external audit reliance and achievements in 2015/16.

223/16 Annual Governance Statement

The Chief Finance Officer presented his report and outlined the content of the Annual Governance Statement (AGS) 2015-16. 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.

224/16 Committee Work Programme

The Committee considered its Work Programme for the remainder of the 2016-2017 Municipal year.

Resolved that the Committee Work Programme for the remainder of the 2016-2017 Municipal year, be approved.

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**Minutes of the Audit Committee
26 January 2017**

Present:
Councillor M.J. Madams (Chairman)

Councillors:

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

Apologies: Councillors D. Patel and T.J.M. Evans

305/16 Disclosures of Interest

There were none.

306/16 Appointment of External Auditors

The Chief Finance Officer presented his report and set out the main advantages to the Council of opting into the appointing person arrangements made by Public Sector Audit Appointments.

Resolved that the Audit Committee recommends to the Council that this Council opts in to the appointing person arrangements made by Public Sector Audit Appointments for the appointment of external auditors.

307/16 Corporate Risk Register - Revised Layout

The Internal Audit Manager introduced the item and explained that a number of revisions to the layout of the Corporate Risk Register have been proposed, following recent discussions with Cabinet and the Corporate Risk Management group.

Resolved that the Audit Committee agrees to the revised layout of the Corporate Risk Register.

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Annual Audit Letter 2015/16

Spelthorne Borough Council

October 2016

Contents

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Hewitson, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at Spelthorne Borough Council in relation to the 2015/16 financial year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 30 September 2016. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> — The Authority is operating in a challenging financial environment. It is important that financial monitoring and forecasting processes are robust. This enables effective decision making and sustainable resource deployment. In response we reviewed the Authority's process for monitoring financial outturn against budget; and the process for preparing the Medium Term Financial Strategy. Our procedures did not identify any issues to report.
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 30 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Financial statements audit	<p>We did not identify any material misstatements during our financial statements audit. We found that:</p> <ul style="list-style-type: none"> — The accounts were well prepared and provided to us in accordance with the Department of Communities and Local Government (DCLG) deadline; — Progress has been made in implementing the recommendation we raised in our 2014/15 audit; and — We did not identify any significant control deficiencies or audit misstatements as a result of our work.

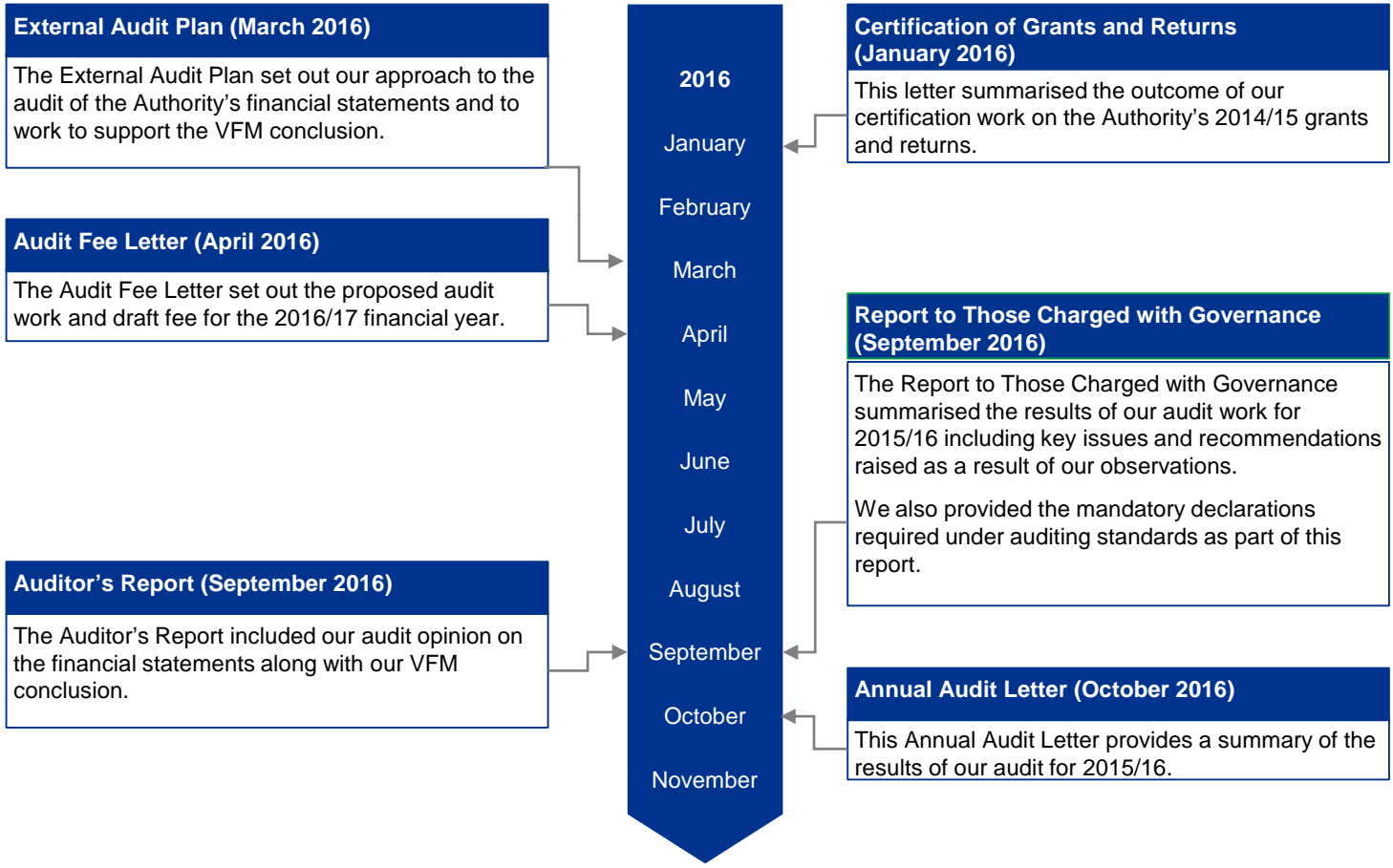
We have issued our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year.

Other information accompanying the financial statements	Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.
Whole of Government Accounts	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
Recommendations	We raised one medium priority and two low priority recommendations as a result of our 2015/16 audit work. We will formally follow up these recommendations as part of our 2016/17 work.
Certificate	We issued our certificate on 30 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fee for 2015/16 was £48,128 plus VAT. This fee was in line with that highlighted within our audit plan presented to Management in March 2016. Our other fees were £7,102 plus VAT for the housing benefits grant claim. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit Committee pages on the Authority's website at www.spelthorne.gov.uk.



Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

Our final fee for the 2015/16 audit of Spelthorne Borough Council was £48,128 plus VAT, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. Our fees for other grants and claims were £7,102 plus VAT for housing benefits.

Other services

We did not charge any additional fees for other services.



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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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Audit Committee**23 March 2017**

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 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 key risks are identified, managed and monitored. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).
- 1.2 There are a number of significant issues to report as follows:
 - (a) **Performance Management (4 & 5)** – An internal audit review conducted in October 2016 identified scope for improvement including re-establishing annual performance reviews of Service Plans, ensuring a clear Service Plan guideline and timetable is communicated, scheduling performance indicator returns into the Cabinet forward plan, scope to make some existing performance indicator's more meaningful and improved monitoring of the staff appraisal process. Findings have been discussed with the relevant Group Head and it is acknowledged that a number of positive steps have been taken since the audit review in October. This includes issue of a timetable and revised templates for the Service Planning and Annual Performance review process in February 2017 as well as quarterly reporting on performance indicators.
 - (b) **Information Governance (7a)** – An Information Governance Officer has recently been appointed to provide ongoing guidance and ensure compliance with statutory obligations. Two new risk mitigating actions have been added to this section, including the need for a decision on where the Senior Information Risk Owner role (SIRO) should sit in light of the organisational restructure, and secondly for Data Protection training to highlight the implications of the new Data Protection Regulations Act effective from May 2018 (whereby regulators can

impose a significant increase in fines up to £20m or 4% of global revenue turnover).

- (c) **ICT Security (8)** – In light of the increased risks for any organisation posed by cybercrime, an Internal Audit review is scheduled for later this year to consider measures being taken to protect the authority from Cyber Security threats as well as an assessment of the adequacy of the authority's response to any such attacks.
- (d) **Business Continuity (9)** – Service-Level plans are outstanding in some areas. Issues arising from the corporate table top exercise of September 2016 have been fed into the Corporate Business Continuity Operational Plan.
- (e) **Failure in service delivery (10)** – A number of imminent departures are planned within Finance and Customer Relations, resulting in a significant loss of experience, expertise and systems knowledge. An ongoing management of change and interim pastoral support is therefore required within this area until the new Group Head for Finance and Customer Relations is in post. Human Resources are liaising with Deputy Chief Executives to progress Management development training needs across the authority with a view to addressing succession planning and resilience.
- (f) **Code of Corporate Governance (13)** – Review of this code remains outstanding. This is important to promote high standards of conduct and behaviour.
- (g) **Procurement (14i & 14ii)** – New risk mitigating actions have been raised following an Internal Audit Review of January 2017. In particular, full compliance with the Local Government Transparency Code is required (we are only partially compliant), Procurement and Contract Management guidelines need updating to reflect regulatory requirements and should be followed by staff training/awareness sessions once resource is available. The Procurement strategy has been revised and published on the Spelthorne web site and an action plan has been developed. The Leisure Centre project should be included in the Corporate Project Register to facilitate regular reporting by the Corporate Project team.
- (h) **Economic Development (17ii)** - The updated 3 year economic assessment & development strategy for 2017-2022 and associated processes incorporate recommendations raised by Internal Audit in their review of December 2016. This includes establishing timescales for actions in the strategy (wherever possible) to improve accountability, documentary evidence for decision making, enhancing performance review and monitoring mechanisms, and ensuring regular formal Member oversight of the strategy.
- (i) **Financial Sustainability – (20)** In light of Central Government funding being withdrawn the Council continues to find innovative ways to fund services and create new revenue streams in order to minimise the budget gap. Effective systems will need to be put in place to record and recover ongoing rental income due from recent asset acquisitions, as

well as ensuring that the authority's interests are protected through robust contract agreements with relevant parties.

- (j) **Brexit - (22)** – Management team to consider potential Brexit uncertainties for Spelthorne and assess preparedness with a plan in place.
- (k) **Debt Recovery (23 & 15)** – It may be timely for the Deputy Chief Executive (Terry Collier) to reconvene the Corporate Debt Group meetings in order to coordinate and progress the outstanding actions raised, with a view to strengthening debt recovery procedures and monitoring processes.
- (l) **Serious and Organised Crime (24)** - An audit to be carried out led by the Internal Audit Manager in accordance with the official Police framework. This is intended to identify areas where Spelthorne is most vulnerable/ at risk of being targeted. Group Heads and Managers will also need to provide input in assessing governance arrangements currently in place within their remit to help combat the risk of serious and organised crime.

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 layout of the Corporate Risk Register has been revised and approved by Audit Committee members in January (at the extraordinary meeting of 26th January 2017). The register now incorporates a direction of travel for progress on addressing risk mitigating actions.
- 4.2 The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives, failure in

service delivery, financial losses, poor value for money, health and safety incidents, legal challenges and reputational damage. The three most significant risks identified as part of this review include Performance Management, potential failure in Service Delivery and Procurement/Contract Management. Management Team may therefore need to assess if these areas 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 Audit Services.

Background papers: There are none.

Appendices: Appendix 1 – Corporate Risk Register

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

APPENDIX 1

CORPORATE RISK REGISTER

This register summarises the Councils most significant risk. 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.

Layout of register updated January 2017
Content reviewed March 2017 by the Internal Audit Manager

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

PREVIOUS RAG (SEP)	CURRENT RAG (MAR)	RISK / CONSEQUENCES	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		1. Health and Safety failing resulting in death or serious injury to staff /public and legal action against the Council	2	4	4	Policies and SHE (Safety Health and Environment) system .The Health and Safety, Insurance and Risk Administrator manages the SHE Database, overseen by the Health and Safety, Insurance and Risk Manager. Managers have a legal requirement to conduct regular risk assessments. Induction training. Annual reminders have recently been introduced to encourage all employees to complete/update health and safety risk assessments (DSE, Homeworking, and Service). The SHE system is being used to ensure that automatic reminders are set for completion and renewal of risk assessments. The Health and Safety Policy for Spelthorne Borough Council has been updated and circulated to Group Heads and Managers.	<i>1i. Annual checklist and instructions for Managers being prepared.</i> <i>1ii. Recommendations raised in a recent Internal Audit review of January 2017 are being considered. There is scope to tighten up controls relating to training and the 2017 Management activity/compliance programme . (NEW)</i>	MAT/ All Group Heads HSIRM*	30 May 2017 *R Requires Monitoring	1i. Annual health and Safety checklist for Managers has been prepared and communicated at a Manager's Briefing in December 2016. 1ii A recent internal Audit review identified scope to strengthen further some processes relating to the 2017 Management compliance programme.
		2. Uncertainty surrounding the financial /economic/other consequences of contaminated land. Legal action against the Council.	2	4	4	Legal duty to inspect land and prioritise action. Documented records of all site investigations and assessments held. A separate risk assessment is held which is reviewed regularly. Reports periodically issued to Management Team and Cabinet.	<i>2.The Contaminated Land Strategy to be finalised and approved by Cabinet (June 2017).</i>	DCX (LO)/SEHM*	30 June 2017 *R Requires Monitoring	Contaminated land risk assessment was reviewed in November 2016, with the next review due November 2018, or sooner if need be. During 2015-2016 Spelthorne participated in the recent Inquest, assisting the Coroner by providing a comprehensive study on the historic land use of the area in question and by commissioning independent experts in the field of contaminated land. The contaminated land strategy has been prepared and is currently being peer reviewed.
		3. Disaster- major in borough, e.g. flooding, resulting in significant strain on council services	2	4	4	Corporate Emergency Plan updated January 2016. Multi-agency flood plan completed December 2015. Function being delivered via the Mutual Applied Resilience Service. Membership of Local Resilience Forum (LRF). Regular testing of Emergency Assistance Centre plan. Borough Emergency Centre Plans.Improvements made to the Business Emergency Centre (BEC) by ICT. Incident management training and exercising.The two DCX's have attended Multi-Agency Gold Command Courses. Emergency Response requirements remain the responsibility of the authority. Contract agreement in place with Applied Resilience, with increased resilience and support for Emergency Planning.	<i>3. Monitoring the agreement with Applied Resilience should incorporate specific targets and expected outcomes in order to measure actual performance.</i> <i>Monitoring needs to be meaningful and clearly evidenced.</i>	CX (RT)/ GH C & T*	30 April 2017 (R*). Requires Monitoring	Audit Services have held discussions with Group Head for Commissioning and Transformation regarding the importance of monitoring the agreement with Applied Resilience.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

PREVIOUS RAG (SEP)	CURRENT RAG (MAR)	RISK / CONSEQUENCES	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		4. Failure to manage corporate and service performance / failure to meet Council objectives and targets (Performance Management)	2	3	3	The Corporate Plan sets out targets for the authority which should be monitored by Members and Management Team. Service performance should be monitored by Management Team. Individual performance should be monitored through the appraisal process. Flagship project performance is reported to Management Team and Members. Performance Management Working Group has been established to improve monitoring arrangements. Revised Corporate Plan approved and publicised.	<i>i. Revised Corporate Plan and priorities . The impact on ongoing projects, resources and Service Planning will need to be assessed. ii. An internal audit review conducted in October 2016 identified scope for improvement including re-establishing annual performance reviews of Service Plans, ensuring a clear Service Plan guideline and timetable is communicated, scheduling performance indicator returns into the Cabinet forward plan, scope to make some existing performance indicator's more meaningful and improved monitoring of the staff appraisal process. Findings have been discussed with the relevant Group Head and it is acknowledged that a number of positive steps have been taken since the audit review in October. This includes issue of a timetable and revised templates for the Service Planning and Annual Performance review process in February 2017 as well as quarterly reporting on performance indicators. (NEW)</i>	MAT / DCX LO/GH C & T	30 April 2017 * Requires Monitoring	See also risk category 5.
		5. Failure to align service objectives to corporate aims and priorities / Failure to deliver services effectively due to poor service planning	2	3	3	The Corporate Planning process should set out a clear vision for the authority and specific targets. Some services have statutory responsibilities. Individual Service Plans should be derived from the Council's Corporate Plan and statutory/other responsibilities. Plans incorporate resources, risks, workforce, significant projects and performance indicators.	<i>5. Service Plans are currently being prepared for 2016/17, taking into account the latest Corporate Plan and priorities. They will be made available on Spelnet, enabling other services to assess the likely impact. See new actions at risk category 4.</i>	Group Heads/ MAT / DCX LO/GH C & T	30 April 2017 *R Requires Monitoring	See also risk category 4. Service Plans for 2016/17 are being prepared and some completed. A Service Planning timetable has been provided to Group Heads in February 2017.
Page 24		6. Failure of projects due to poor project management arrangements. Lack of resource and expertise to deliver and coordinate asset related/other projects whilst continuing to maintain services.	2	3	3	1. Project management arrangements are in place including process for project initiation, consideration of resources available to deliver, identification of project risks and progress reporting processes. Corporate Project Register updated as necessary. Corporate Project team is in place. The Council's Management Team ensures project documentation is completed, resource implications assessed and agreed control processes adhered to. 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.	<i>6.1 i. Development of a Contract and Procurement Hub by December. (NEW) 6.1 ii. Prepare an action plan for the implementation of the Hub. (NEW)</i>	MAT /GH C & T*	31 December 2017 *O Requires Monitoring	A plan is held for the development and implementation of a Contract and Procurement hub, setting out the Council's strategic approach to Procurement.
							<i>6.1 iii.Management team to consider limited capacity and revenue implications prior to approving additional / new projects. 6.1iv. The Projects Assurance Officer to promote the importance of following correct procurement processes in delivering projects.</i>	MAT	Ongoing monitoring	Approx. 35 projects are currently being tracked through the Project Office and TaSF programme. Resourcing of projects remains an ongoing challenge. The Project Assurance Officer will be focussing on procurement in the projects process during the coming months.
						2. Staines upon Thames - The Group Head for Regeneration and Growth oversees Staines upon Thames regeneration with support from consultants. 5 work streams have been fully defined and documented.	<i>6.2. A number of options are being considered for the Bridge Street site.</i>	GH R & G *	31 May 2017 *O Requires monitoring	Developer Bellway pulled out of acquiring the Bridge Street site in 2016. The Council is therefore considering options.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

PREVIOUS RAG (SEP)	CURRENT RAG (MAR)	RISK / CONSEQUENCES	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
						3. Towards a Sustainable Future - The programme for this challenging initiative identifies roles, responsibilities, key deadlines, financial implications and risks. There are three work streams/mini programmes falling under the overall TaSF programme. MAT have assigned resources to the main areas of the TaSF programme, and projects are underway. The TaSF Programme Support Officer coordinates all three main work streams under the TaSF programme, reporting to the Group Head for Commissioning and Transformation who currently oversees the direction of the programme. TaSF structural review completed with the Group Head appointments from April 2016 and Deputies from July 2016. Review completed of document retention and electronic data management systems (see section 7).	6.3. High level overview of the three work streams has been identified to ensure cohesion and coordination.	MAT	31 May 2017 * R Requires monitoring	Close monitoring of TaSF projects and timeframes is ongoing to manage risks and overall impact of the delays on the programme as a whole. Some TaSF projects have been completed whilst other areas are outstanding.
		7a. Security / data breaches, resulting in system failure, Information Commissioner fines and reputational damage.	2	4	3	Back up and continuity arrangements managed by ICT and tested by Service Heads. ICT security policies. Personal Commitment statement required from staff. ICT security group assess ongoing risks. ICT Disaster Recovery test conducted in December 2016. Information Governance Group. Head of Corporate Governance is currently the Senior Information Risk Owner (SIRO) but see action. Removal of the Microsoft Outlook 'Auto-Complete' feature recommended.	7i. Information Governance Group to pursue action plan to ensure information assets are identified and managed. 7ii. In view of the organisational restructure, confirmation of where the authority's Senior Information Risk Owner role (SIRO) should sit and identification of training requirements requires pursuing. 7iii. Refresher training for Data Protection to be rolled out which should take into account the implications of the new Data Protection Act due to take effect from May 2018 (whereby regulators can impose a significant increase in fines up to £20m or 4% of global revenue turnover).	GH C & T */IGO *	31 May 2017* R Requires Monitoring	Information Governance Officer has been appointed to provide ongoing guidance and ensure compliance with statutory obligations. The Information Governance Group are due to reconvene to address outstanding actions.
		7b. See above.				Document Retention Policy held.	7iii. Electronic document management systems (EDMS) project is due to be completed by December 2017, which is intended to help strengthen information security. (NEW) 7iv. The Document Retention Policy is being revisited in relation to back scanning of Building Control and Disabled Facilities Grants. (NEW)	GH C & T */IGO* MAT	30 June 2017 R* Requires Monitoring	The authority has decided on its approach to document management and implemented the first phase. EDMS is progressing. The Idox document management system has been implemented for Environmental Health, Planning and Building Control with training delivered. Some clarification required for Building Control. Analysis work underway to identify requirements to expand Civica Contact Manager additional modules to accommodate other service areas (HR, Housing, Leisure). For internal Documents the plan is to upgrade and rebrand Sharepoint, although sufficient resourcing is required to progress this.

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		8. Failure to meet the minimum security requirements of the Government Code of Connection resulting in termination of connection to any other government sites/data, uncertainty over direction of ICT within the authority. Unavailability of ICT systems and/or unauthorised removal and selling of data/ fraud as a result of inadequate measures to combat cyber security attacks or respond effectively. Lack of staff awareness about emerging security threats.	2	3	3	A review group assesses compliance with the Government Code of Connection (CoCo). Firewall installed, laptops encrypted, memory sticks banned until they are 'white-listed' as known devices on the network, 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 completed.CoCo re-accreditation achieved in January 2016. The Cabinet Office has increased security requirements due to the implementation of the Public Service Network (PSN). Successful certification of Public Service Network (PSN) compliance gained on 16 January 2016 which is valid until 15 January 2017. Mimecast e-mail filtering software installed June 2016 to help reduce infected and problematic e-mails entering the Council's network. DR plan for ICT developed alongside Applied Resilience. National Cyber Security Strategy.	8. i. Production, approval and implementation of an ICT Strategy consistent with the core objectives of the Council, ensuring effective and efficient use of resources and service delivery. 8ii. Government Code of Connection (Coco) resubmitted for 2017 and awaiting decision. 8iii. Certification of the Public Sector Network (PSN) compliance (renewal) is currently outstanding. 8iv. Internal Audit review scheduled for 2017 of measures being taken to protect the authority from Cyber Security threats and adequacy of the authority's response to any such attacks. (NEW)	Head of ICT *	30 April 2017 R * Requires monitoring	8i. The Head of ICT has prepared a formal strategy, to be passed to MAT for consideration and approval. The strategy has identified a requirement for a Business Analyst post, currently being recruited to enhance resource. 8ii. 2017 CoCo was submitted on 1 Feb 2017, currently awaiting outcome. Incidence Response internal audit review recently conducted.
		9. Lack of business continuity planning to cover loss of building, equipment, ICT or staff - leading to loss or disruption to services	2	3	3	Business Continuity (BC) Policy updated .The BC Forum oversees progress of BC planning. Business Impact Assessments identify priority services, resources required for their continuation and time frame. Emergency protocols for loss of building access/loss of power/loss of ICT are being developed. Emergency messaging system for staff. Improvements made to telephony resilience. Contract agreement in place with Applied Resilience , with increased resilience and support for Business Continuity Planning. Updated staff contacts list.	9i. Monitoring the agreement with Applied Resilience (by Spelthorne) should incorporate specific targets and expected outcomes in order to measure actual performance. Monitoring needs to be meaningful and clearly evidenced. 9ii. Corporate Business Continuity Operational Plan is being updated. 9iii. Applied Resilience to issue a final deadline regarding the outstanding service-level continuity plans.	GH C & T*	30 April 2017 (R*) Requires Monitoring	i.Audit Services have held discussions with Group Head for Commissioning and Transformation regarding the importance of monitoring the agreement with Applied Resilience. ii. Issues arising from the corporate table top exercise of September 2016 have been fed into the Corporate Business Continuity Operational Plan. This plan now forms two plans so it is more meaningful for the key responders (Incident Management Team and recovery team). iii. Applied Resilience have collated updated Service-Level Plans (SLP) and are pursuing outstanding plans (at least six) . Group Heads have commented positively on guidance offered by the Resilience Advisor in this process.
		10. Failure in service delivery due to over reliance on individuals; loss of technical systems knowledge,staff uncertainty due to changes	3	3	3	Group Heads/MAT are responsible for ensuring business continuity, including loss of key staff. Critical procedures should be documented and staff appropriately trained. Group Heads should review as part of the service planning process. Resilience may be provided from other local authorities or other organisations. Wellbeing and Resilience Training provided in 2015.	10i. MAT have reviewed structures as part of the budget saving exercise, and consideration is being given to resilience and succession planning arrangements. 10ii. Human Resources to arrange staff development and training plans for the Group Heads and Deputy Group Heads. 10iii. Human Resources to commission bespoke training as well as utilise existing management development courses on offer. 10iv. Deputy Chief Executives to provide corporate steer for progressing Management development training based on needs identified. (NEW) 10v. Ongoing management of change within Finance and Customer Relations and interim pastoral support will be required until the new Group Head for Finance and Customer Relations is in post.	Group Heads/ MAT/HRM/DC X (TC)/DCX (LO)	31 May 2017 (R*) Requires Monitoring	Human Resources are reviewing development needs for recently appointed Group Heads and Deputies. Human Resources met with the Deputy Chief Executives to discuss corporate requirements for generic management development training, with a view to addressing issues around succession planning and resilience. Human Resources subsequently met with Group Heads and Managers on a 1-1 basis and produced a paper in December 2016 for consideration by the Deputy CX'S. A number of imminent departures planned within Finance and Customer Relations, resulting in a significant loss of experience, expertise and knowledge. In particular there will be a significant loss of ICT systems knowledge. Whilst resilience arrangements have been considered and are being implemented , there is likely to be reduced capacity levels in the short term which may impact on staff morale /potential stress. Significant investment has been built into the approved 2017-18 Budget to address resourcing, retention and morale issues these include moving back to a local pay award likely to mean an additional 1% for staff, building in £200k for market supplements, additional resourcing for key delivery areas of Legal and Asset Management.

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		11. Failure in service delivery due to reduced capacity and increasing demands from the community; prolonged staff vacancies due to inability to recruit; posts advertised as temporary may be adversely impacting on the Council's ability to recruit. Increased risk of delay, errors or stress.	3	4	4	Short term reductions in capacity are accommodated by prioritisation and reallocating work amongst staff. Longer term impacts and changes to demand may be more difficult to address. Service review may be required to help match resources to the level of work. Resources need to be diverted to implementing new systems or introduce new ways of working. If resources cannot be enhanced, services will have to prioritise work to resources available. Staff have access to counselling via Occupational Health. Posts advertised with Surrey Jobs which also feeds into a wider network of job sites. Specialist websites and publications are also used as necessary to advertise posts. Human Resources have highlighted posts where recruitment has been challenging. Recruitment and Retention Policies requested from other authorities. Annual report by Human Resources issued to Management Team summarising staff recruitment and turnover.	11i. 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. 11ii. The former Head of Human Resources has been commissioned to carry out specific research on recruitment and retention practices elsewhere and produce a report for Spelthorne to consider, with a view to sharing best practice. 11iii. Implementation of requirements relating to the national apprenticeship scheme. (NEW) 11iv. Human Resources to monitor the effectiveness of proposed changes to recruitment and retention processes, in collaboration with Services. (NEW)	Group Heads/ MAT/HRM	31 May 2017 * R Requires monitoring	11i. The commissioned piece of work on areas under specific pressure has been completed with MAT consideration of options. Market supplements will be awarded to certain roles. Some Group Heads have issued reports to MAT setting out specific difficulties experienced in their areas around recruitment and retention and suggested options going forward. 11iii. Once details of the national apprenticeship scheme are finalised Human Resources will feedback to Group Heads and MAT on the exact requirements. Elements of the commissioned work will also feed into traineeships and 'growing our own talent'. Currently, managers are expected to consider if a post can be converted into an apprenticeship. At least one Group Head is looking at apprenticeships within their service area for succession planning.
Page 27		12. Low morale as a result of increasing service demand, lack of staff & finance, organisational restructure. Increased turnover, high staff stress levels, risk of losing expertise and impact on services.	2	3	3	Employment arrangements in place include recruitment and selection, pay and rewards, training and development. Change Management process, communications, performance management systems, appraisals, one to one's, team meetings, performance clinics, staff meetings. Stress audit conducted in Housing. The Human Resources Manager advises MAT as appropriate. Planned TaSF Senior management restructure taken place in 2016.	12i. Management Team to keep under review.	MAT	Completed/Ongoing monitoring	MAT maintaining under review. There is an ongoing risk of low morale and increased turnover during times of organisational change and uncertainty which MAT acknowledge.
		13. Failure to comply with the Council's corporate governance requirements and standards resulting in poor value for money, costly legal challenges and reputational damage.	3	3	3	Corporate Plan setting out clear purpose, vision and outcomes. Constitution setting out clearly defined roles/rules for Members/Officers. Code of Corporate Governance and Codes of Conduct to promote high standards of conduct and behaviour. Informed and transparent decision making processes open to scrutiny. Member and staff training programmes. Accountability through published accounts and community engagement. Induction programme delivered for new councillors during 2015 including briefing on roles and responsibilities, financial position, delivering services and current key issues.	13. The Council's Code of Corporate Governance is due for review.	MAT or Head of CG	31 May 2017 R* Outstanding Action	The review of the code of Corporate Governance remains outstanding.

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		14a. Procurement - Weak governance arrangements and lack of transparency in procurement decisions. Financial penalties for non-compliance with legislative requirements. Contractual disputes and claims through poor specifications. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes. Reputational damage and costly challenge by other companies. Financial loss/poor vfm as a result of poor contract management. Reliance on Legal for support on tendering processes/appointment of Contractors.	3	3	3	Contract Standing Orders set out tendering requirements, revised in April 2016. Contract guidelines with compliance checklist. Officer Code of Conduct sets out requirement for declaration of interests. Contract management training held in 2012 and 2013. Specification writing training taken place. Procurement training provided in October 2014. Development of the e-procurement system continues and further contracts continue to be sourced with this solution which offers significant time savings and efficiencies for staff in Legal. Development of Contract and Procurement hub.	14i. Full compliance with the Local Government Transparency Code is required and should be confirmed once achieved. (REVISED) 14ii. 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. Responsibility for this task needs to be re-assigned in light of the organisational changes. (REVISED). 14iii. The Procurement strategy has been updated recently, to include a strategy action plan to facilitate monitoring. (NEW) 14iv. The Procurement Board is being amalgamated with other Boards to improve efficiencies. (NEW) 14v. Development of a Contract and Procurement Hub by December 2017 and preparation of an action plan to assist implementation. (NEW) 14vi. 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. 14vii. MAT will monitor the appointment of consultants and contractors for the Council's projects including Town Centre, Knowle Green and other initiatives to ensure full compliance with governance requirements.	MAT DCX (TC)/ PS/Group Head C & T*	30 June 2017 *R Requires Monitoring	During a recent Procurement audit (January 2017) the following key issues were ascertained: - The Council is only partly compliant with the Local Government Transparency Code requirements. - Procurement guidelines available do not reflect significant regulatory changes of 2015 (UK Public Contract Regs) and therefore staff may be applying out of date regulations. It is acknowledged that verbal updates have been communicated to MAT and Senior Managers. -The Procurement Board have not met frequently since 2015, due to the organisational restructure and uncertainty over assigned roles, responsibilities and direction of Boards - A plan is held for the development and implementation of a Contract and Procurement hub, setting out the Council's strategic approach to Procurement. -Testing of contract files found that there was not always a clear audit trail of actions to evidence whether the correct procurement process had been followed. Similarly evidence of performance monitoring of contract was either insubstantial or not held. . - 14vii. MAT are monitoring. Knowle Green Estates set up.
		14b. Major Contracts - Lack of forward planning in preparation for the expiry of existing Leisure Centre arrangements in 2021, resulting in delays in Service provision. Delays in delivery of project and key milestones.	3	3	3	Leisure centre Contract ends 2021. A paper entitled "Leisure Centre Needs Analysis" was submitted to MAT in July 2014. This recommended the need for a feasibility study to refine options going forward. A lead time of seven years was quoted. Member involvement in considering alternative options. Project Manager is Deputy Group Head for Community Wellbeing.	14bi. Regarding post 2021 Leisure Centre provision, urgent action to be taken to set up a dedicated project team and redefine project objectives, roles, responsibilities and timetables. Project progress to be monitored against plan to ensure timely progress. 14bii. This project should be included in the Corporate Project Register to facilitate regular monitoring and reporting by the Corporate Project team. (NEW)	Joint Group Heads CW/Deputy Group Head CW *	31 May 2017 *R Requires Monitoring	High level concept plans have been produced by Wilmot Dixon based on the initial feedback provided by SBC. A high level discussion document was presented to Cabinet in October 2016 and a project team has subsequently been formed to support the future direction of this project. A specification is being drawn up for appointing specialist consultancy and advice primarily around the development of a feasibility study and a sound business case to take the project forward. Liaised with other local authorities who have recently completed similar construction projects. As this project is not recorded on the Corporate Projects Register, it is unlikely to be included in project monitoring exercises or high level reporting carried out every quarter by the Corporate Project team. Project slippages may not be identified in a timely way. This is partly because the authority has just come to a stage where it has a full understanding of its requirements from the project.

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		15. Pressures on Housing Service as a result of economic climate and welfare reforms including changes in government policy to restrict housing benefit. Introduction of Universal Credit may lead to staff retention issues. Loss of Housing Benefit subsidy and uncertainty over recovery of outstanding debt. London Boroughs increased use of Spelthorne properties. Local Housing Allowance limited. A2D rents unaffordable. Insufficient affordable properties being built. Housing shortage leading to an inability to house vulnerable applicants. Benefit Cap effected many families.	3	3	3	Group Heads/ MAT/Members are aware of risks. Working groups established to deal with changes. The authority faces some challenges in managing the loss of £500k per annum in subsidy (recovery of Housing Benefit overpayments) and the roll out of Universal Credit is now projected for 2022. Therefore the loss of subsidy will be spread over a longer period of time as completion of Universal Credit roll out slips. Accountancy have factored into outline budget projections. There is currently £2.7m of outstanding Housing Benefit overpayment debt in the Council's accounts. This is being recovered, albeit repayments are often small due to Housing Benefit regulations. Cabinet has received updates on Welfare Reforms. This includes a suggested approach to the use of discretionary housing payments. Strategic Housing Group. Officers and A2D have been working with families affected by the benefit cap. The Department for Work and Pensions (DWP) have advised further on the number of cases that have been affected by the new benefit cap rules and this is 161 claims, less than the previous prediction of 215 claims (up to 500 was originally anticipated).Housing Company being set up. Close working with private landlords. New Landlord Guarantee scheme.	15. i. The Corporate Debt Group to discuss legal support for recovery of Housing Benefit overpayments, bearing in mind the need for the authority to secure value for money. 15.ii. The Housing Benefits Manager to provide information supporting overpayment statistics issued to the Corporate Debt Group. 15.iii. A model for the strategic way forward in delivering the Housing function has been drafted and is to be discussed/agreed.	MAT / Joint Group Heads CW *	31 May 2017 * R Requires Monitoring	As there have been no Corporate Debt Group meetings held since the summer of 2016, actions at 15.i and 15.ii remain outstanding. 15.iii There is a continual increase (although has eased off slightly in the last few months) of households in bed and breakfast (with the added issue of overspend on the bed and breakfast budget) and the lack of resources to discharge duty. A number of options are now being pursued and MAT and Cabinet are supportive of this approach. New Landlord guarantee scheme went live in September with a number of Landlords having signed up. Projects commenced to ensure strategies are followed. A model for the strategic way forward has been drafted. Knowle Green Estates (subsidiary) set up in May 2016 focusing on Housing Delivery.
Page 29		16. Poor partnership governance arrangements	3	3	3	MAT set strategic direction for Partnerships. Partnership governance policy out of date (August 2009). Insurance arrangements in place.	16i. A responsible officer to review, update and re-issue the Partnership Governance policy. 16ii. A list of significant Partnerships entered into should be identified and recorded centrally. 16iii. Completion of questionnaires to make an assessment of Partnership governance arrangements. 16iv. Members of Overview and Scrutiny Committee to scrutinise Partnership activity if required.	MAT	31 May 2017 *R	Internal Audit review of August 2016 identified limited attention has been given to Partnership Governance since 2011 and therefore some actions are required to revitalise the necessary governance arrangements and associated controls. MAT agreed a set of responses to the Audit report with the Group Head for C & T.
		17. Uncertainty over economic growth and supplier failure, impacting on: • Delivery of contracts and services • Business Rate income. SBC now bears a significant share of any losses on collection. Economic Development Strategy fails to be implemented and expected outcomes/anticipated benefits are not achieved. Leadership and management decision making may be impaired if performance indicators reflecting the levels of economic development activity in Spelthorne are not regularly monitored/reviewed.	2	3	3	Financial Services monitor the financial media in relation to larger companies and critical commercial partners. Recovery and inspection of business properties is being strengthened to maximise collection/minimise losses for the Council. Spelthorne are a member of the Surrey Business Rates pool for 2015-16 enabling enhanced monitoring and data sharing with the other four participating councils. Business Rates Subgroup formed with agreed terms of reference focusing on Group Training, specialist advice, cross boundary prosecutions and legal advice.On 15 February 2017 the DCLG published a second consultation on further business rates retention, alongside a summary of responses to the first consultation last year.	17i. Impact of new Business Rate arrangements on Council finances is under ongoing review. 17ii. Business Rates project being pursued.	DCX (TC)/Group Head - F & CR *	31 May 2017 * R Requires monitoring	A service level project has been initiated to focus on 3 areas of business rates: Increase tax base Reduce Business Rate avoidance Increase admin grant Business Rates Avoidance Officer post approved and currently being recruited. This role is intended to assist in maximising the tax base and target potential areas of avoidance. Business Rates Inspector role now permanent. Use Analyse Local software as information source .

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						Economic Development Strategy is reviewed every three years. Communication of the vision, proposed actions and measures of success is taking place. Regular reporting to the Cabinet Member with responsibility for Economic Development to advise on progress with action plans and delivery of the strategy. LGA funded adviser produced 3 reports on Key Account Management, Inward Investment and Visitor Numbers, with a number of recommendations having resourcing implications. This was considered as part of the budget process and a growth bid to the value of £100.9k has been approved. Welcome packs for new businesses as well as property agents have been developed and circulated. A CRM is being developed to track Spelthorne's top 20 businesses with regards to key account management. Approval has been received from SCC with regards to 4 improvement projects at shopping parades, with SCC funding £100k and SBC match funding, totalling £200k. An advisor was appointed in November 2015 to support inward investment and Key Account Management.	17iii. Economic development is a Council priority and growth will impact on business rate income - this is under ongoing review. 17iv. The updated 3 year economic assessment & development strategy for 2017-2022 and associated processes incorporate recommendations raised by Internal Audit in their review of December 2016. One such recommendation made is that progress on each of the 'actions' in the strategy needs to be regularly monitored by the Economic Development Engagement Group (EDEG) bi-annually. (NEW) 17v. 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. (NEW)	DCX (TC)*/GH R & G'/CS & EDO*	30 June 2017* Requires monitoring	The 3 year economic assessment & development strategy has been updated to cover the period 2017 - 2022, approved by Cabinet in February 2017. It incorporates recommendations made by Internal Audit in their recent review such as formal clarification of responsibilities, establishing timescales for actions in the strategy (wherever possible) to improve accountability, documentary evidence for decision making, enhancing performance review and monitoring mechanisms, and ensuring regular formal Member oversight of the strategy. A Business Improvement District has taken effect for Staines-upon-Thames and charges have been incorporated into annual billing for business rates.
		18. Failure to comply with employment legislation or statutory duty leading to possible compensation (unlimited), damage to reputation, Legal costs and significant officer time.	2	3	3	Human Resources (HR) identify changes in employment legislation, provide guidance and training to ensure compliance. Professional HR support. Equality and Diversity working group and training provided to all staff.	18. Where HR guidance is issued to officers in relation to changes in employment legislation, this needs to be consistently evidenced (documented) as a safeguard against potential employee claims. (NEW)	MAT/ Group Heads/ HR Manager *	30 June 2017* Requires monitoring	A recent audit review identified an absence of documentary evidence to support HR advice provided in relation to new employment legislation. Whilst it is acknowledged that advice may have been provided, it appears not to have been documented.
		19. Failure to comply with statutory duty / adhere to Safeguarding Policy leading to death or injury to child or vulnerable adult, legal action and reputational damage. Failure by County to address Spelthorne referrals relating to vulnerable children/adults.	2	4	4	Council has statutory responsibility for safeguarding children and Adults. Safeguarding policies and procedures. Staff and Member training. All referrals to Surrey County Council should be reported to a nominated Spelthorne Officer. Regular meetings held with Surrey County Council and consultation with the Surrey Safeguarding Children's Board (SSCB), Annual Section 11 audit. The Children's Safeguarding and Adults at Risk Strategies have been revised Feb 2017.	19i. The Leisure Services Manager to review changes required to the Children's safeguarding policy, particularly with regards to child sexual exploitation. 19ii. Further liaison with Surrey County Council is necessary in order to strengthen the feedback process relating to children's referrals. 19iii. To seek clarification over responsibility for dealing with safeguarding issues for cross border referrals (where families located out of Surrey). 19iv. Staff training needs to be assessed and revised policies/processes publicised in due course. 19v. Internal Audit recommendations of December 2016 are being implemented. (NEW)	DCX (TC)/LSM/ILM/ Joint Group Heads - CW *	Completed/ongoing monitoring	Actions have been implemented. 19i. The draft Surrey Wide District and Borough Policy for Safeguarding Children and Adults has been amended to include Spelthorne contacts and is due to go to Cabinet in March. This includes information on a variety of Safeguarding issues including CSE. A County wide Chief Officers Group has been leading on this. Dcx, Terry Collier is the Spelthorne representative. 19ii. Implemented - The Surrey Safeguarding Hub for referrals was launched several months ago. The Hub seems to be working well for referrals, but housing have raised general communication difficulties with social services and social workers, which are being followed up by Group Head for Community Wellbeing, Deborah Ashman. 19iii. Implemented- Instructed to escalate any cross border referrals/ issues in the future to the senior safeguarding managers. 19iv. The Leisure Services Manager has liaised with Human Resources to ensure an accurate list is held of staff requiring training and DBS checks. A new online safeguarding training module was launched at Spelthorne in December 2016 and cascade training has been provided for Streetscene and Spelride drivers.

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		20. Service delivery and planning difficulties due to Central Government funding being withdrawn and therefore reduction in spending. Possible withdrawal of New Homes Bonus with impact on Revenue Budget. Opportunities for significant income generation and investments are missed, impacting on the Council's ability to close the budget gap and deliver vital services.	3	4	4	Long term strategic/financial planning. Corporate Plan / priorities reviewed. Member engagement "Towards a Sustainable Future" programme identified potential savings and additional sources of income. The Council is working to find innovative ways to fund services and create new revenue streams. Advice is sought from the Treasury Management advisors as appropriate.	<p>20i. Towards a sustainable future programme to be delivered</p> <p>20ii Contract agreements to include relevant clauses in order to safeguard the Council's interests , with monitoring arrangements to follow. 20iii. Effective systems need to be in place to record and recover rental income due to SBC.</p>	MAT	Completed/ongoing monitoring	TaSF programme being progressed. Officer Structural Review completed. As part of Income Generation there have been significant Asset acquisitions and Investments during 2016/17 . In September 2016 Spelthorne Borough Council announced the purchase of the campus occupied by BP in Sunbury-on-Thames. BP will remain as tenants at the Sunbury site leasing back the offices from SBC for a minimum of 20 years. This will generate significant income year on year helping the financial sustainability of the Council.
							20iv. Identify alternative service delivery models and prepare business cases. Assess the impact on in-house Services.	Group Heads	Completed/ongoing monitoring	Business cases submitted for alternative service delivery models have been reviewed and decisions made on approaches to service provision.
		21. Reduction in service delivery, reduced capacity and possible loss of internal control as a result of savings required to balance budget	3	3	3	Management as the first line of defence 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.	21i. MAT to acknowledge that reduced resources and capacity levels has an impact on the level/adequacy of controls operating within functions/corporate systems and processes. Associated with this is a lower level of assurance.	Group Heads/ MAT	30 June 2017* Requires monitoring	2017/18 Budget providing additional resources for Housing, Legal and Asset Management.
		22. Changing political landscape - Brexit represents many potential uncertainties for organisations such as currency devaluation/volatility, trade, investments, relocation of Partners/Suppliers, changing access to EU funds, level of compliance with EU regulations , workers rights (EU Nationals), existing policies and procedures, procurement process and contract agreements.	3	3	3	At the request of Management Team, a discussion paper setting out potential staffing implications has been prepared by the Human Resources Manager (March 2017). A verbal update has been provided with regards the potential financial implications and considerations.	22i. MAT to consider potential Brexit risks for Spelthorne and have a plan in place to address.	MAT	30 June 2017* Requires monitoring	March 2017 - NEW RISK CATEGORY

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PREVIOUS RAG (SEP)	CURRENT RAG (MAR)	RISK / CONSEQUENCES	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		23. Poor return on long term investments /investments insecure in current climate	2	3	3	Treasury Management Strategy approved annually by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely. Council's investments managed internally in consultation with Arlingclose. Quarterly meetings and conference calls held with Arlingclose. Deputy Chief Executive, Terry Collier and Portfolio Holder, Councillor Williams are involved in key decisions. Use a range of credit ratings and criteria recommended by Arlingclose. Regular monitoring ,reporting of investment portfolio and returns achieved.		DCX (TC) *	Ongoing monitoring	The team continues to explore options for diversifying the portfolio. As well as investments the Council now has £413m worth of debt (fixed rate) a result of the recent asset acquisitions. The portfolio continues to deliver good rates of return.
		24. Failure to collect/recover income due, resulting in losses to the authority.	3	3	3	Corporate Debt Officer Group. 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 shortfall in income. Accountancy report to Management Team and Members on significant variances and comparisons with previous year. Corporate Debt Group have in the past encouraged strengthening of processes. Debt recovery training for relevant staff has been provided.	24i. Recovery arrangements for significant debts/other income streams and amounts outstanding to be periodically monitored through the Corporate Debt group. 24ii. Management Team (MAT) should co-ordinate action to tackle aged debt that is unlikely to be recovered. Going forward, targets should be set for keeping aged debt to a minimum. 24iii The DCX, Terry Collier, as S151 Officer, to receive and review a monthly status report on 'at risk' debts i.e. higher value aged debts over 6 months old in order to confirm that suitable recovery action has been taken, and where exhausted, ensuring write- off action is pursued. 24iv. The Deputy Chief Executive in his capacity as Section 151 Officer to reconvene the Corporate Debt Group, coordinating outstanding actions such as strengthening recovery procedures for sundry debts to reflect Spelthorne's recovery policy wherever possible and practical, with less intervention from Services; perusal of older debts by the Recovery team and monitoring by Management.(NEW ACTION)	MAT/ DCX, TC/GH F&CR/ Group Heads	30 June 2017 * R Requires Monitoring	As there have been no Corporate Debt Group meetings held since the summer of 2016, partly due to the reorganisation and review of all working groups, actions at 24.i and 24.ii remain outstanding. Corporate Debt Group to meet in March 2017. 24iii. Monthly status reports are sent to the DCX, Terry Collier for monitoring.
		25. Serious and organised crime poses a threat to national security;lack of awareness may lead to harm to the local community or staff; intelligence is not shared or acted upon; organised crime groups could be benefiting from public sector procurement contracts resulting in financial or reputational losses	3	4	4	The Internal Audit Manager is Spelthorne's Single Point of Contact for Serious and Organised crime. There has been initial liaison with the Police and official documentation provided on requirements for Spelthorne. Close working with the Police will continue in order to identify and discuss vulnerable areas for Spelthorne.	25i. Serious and Organised Crime Audit to be carried out in accordance with the official Police framework. This is intended to identify areas where Spelthorne is most vulnerable/ at risk . 25ii. Group Heads and Managers to assess governance arrangements currently in place to help combat the risk of serious and organised crime.	IAM/ Group Heads/MAT	30 September 2017 * O Requires Monitoring	March 2017 - NEW RISK CATEGORY.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

PREVIOUS RAG (SEP)	CURRENT RAG (MAR)	RISK / CONSEQUENCES	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		26. Increased risk of fraud / theft due to economic climate resulting in financial losses and damage to reputation of authority. Housing tenancy fraud reduces availability of social housing.	3	3	3	Corporate Policies including Confidential Reporting Code (Whistle blowing), Anti-fraud, Bribery and Corruption Strategy, Proceeds of Crime and Anti-Money Laundering, Code of Conduct including rules relating to gifts and hospitality, and declaration of interest. Staff are reminded about governance policies during the appraisal process. Refresher fraud and anti-bribery awareness training for staff and Members is due. Various policies and procedures such as 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 . Audit Services and Investigating Officers continue to attend specialist Fraud groups with Surrey Partners which are very useful forums for sharing skills, knowledge and approaches to tackling fraud/ business rate avoidance/evasion cases. Internal Fraud Overview meetings also held to disseminate high level issues. Fraud alerts and relevant reports are circulated.	26i. Prepare business case for a Corporate Fraud resource/function. 26ii. To arrange Fraud and anti-bribery and corruption training for all staff and Members (following 24ii) 26iii. Assign additional counter fraud resource to priority areas and monitor financial payback. (NEW ACTION)	Group Heads/ MAT/IAM	30 June 2017 *R Requires monitoring	Counter fraud work continues with non-benefit fraud returns being collated quarterly, focusing on housing, (homeless and housing applications, tenancy fraud) and business rates (evasion and avoidance). 26i. Implemented - a growth bid for a Corporate Counter Fraud resource has been approved for 2017/18. The Internal Audit Manager is liaising with relevant Group Heads to allocate resource to areas where it is most needed, giving consideration also to the likely financial payback. 26ii. The Internal Audit Manager has liaised with Human Resources as part of their recent review to identify corporate management training requirements, and recommended a need for Corporate Fraud , anti-bribery and corruption awareness training for all staff and Members. It has been about 5 years since such training was provided and it is therefore overdue.

***KEY TO RAG RATING**

***KEY TO TARGET DATES**

- Actions overdue and outstanding
- Partially actioned
- Completed/Ongoing monitoring

- * O = Original target date for assigned action
- * R = Revised target date for assigned action
- * N = New Action

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

***KEY TO OFFICERS**

- MAT - Management Team
- GH F & CR - Group Head - Finance and Customer Relations, Linda Norman
- Head of CG – Head of Corporate Governance, Michael Graham
- Head of ICT – Helen Dunn
- 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

- 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
- CS & EDO – Community Safety and Economic Development Officer, Keith McGroary
- IAM - Internal Audit Manager, Punita Talwar

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Audit Committee**23 March 2017**

Title	Confidential Reporting Code (Whistleblowing Policy)		
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 proposed amendments to the Confidential Reporting Code (Whistleblowing Policy) and the leaflet and to recommend any further amendments if necessary.		
Reason for Recommendation	Not applicable		

1. Key issues

- 1.1 The Confidential Reporting Code forms part of the Council's Constitution and sets out how to raise serious concerns about any aspect of the Council's work. It also sets out legal protection against reprisals under the Public Interest Disclosure Act. The Code is attached as Appendix 1.

2. Options analysis and proposal

- 2.1 The Audit Committee is required to review the Code annually.
- 2.2 The Code details:
- (a) The nature of concerns which may be reported.
 - (b) Other policies such as the Grievance Procedure which exist to deal with employment issues including bullying or harassment.
 - (c) Safeguards against harassment or victimisation as a result of raising a concern.
 - (d) Processes for raising and dealing with concerns including the various officers and organisations who could be contacted.
- 2.3 The Code is available to staff and Members on the intranet and it is included in the Council's Constitution. A leaflet (Appendix 2) has been placed on every staff notice board.

- 2.4 There are two proposed amendments (additional text) to the Confidential Reporting Code highlighted at paragraph 2.2, relating to possible concern areas that may be raised under the Code:
- ‘Serious and Organised Crime’
 - ‘If Safeguarding concerns are highlighted, then the Safeguarding policy and procedures must be adhered to’.
- 2.4 One further amendment is recommended at paragraph 7.5, to include the Deputy Chief Executive, Lee O’Neil as an additional named officer to whom concerns can be raised.
- 2.5 Communications have recommended some slight changes to the wording on the Leaflet (Appendix 2). Consideration is being given to make some further updates to the leaflet.
- 3. Financial implications**
- 3.1 Not applicable.
- 4. Other considerations**
- 4.1 There are none.
- 5. Timetable for implementation**
- 5.1 Not applicable.

Background papers:

Appendices:

Appendix 1 – Confidential Reporting Code

Appendix 2 – Leaflet displayed on notice boards

CONFIDENTIAL REPORTING CODE (Whistleblowing)

1. INTRODUCTION

- 1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it expects staff and others that it deals with who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.3 Staff are often the first to realise that there may be something seriously wrong within the Council. However, they may not raise their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern instead of reporting what may just be a suspicion of malpractice.
- 1.4 The adoption of this confidential reporting Code by the Council is intended to encourage and enable all staff to raise any serious concerns they have within the Council, rather than overlooking a problem or 'blowing the whistle' outside. The Code makes it clear that you can raise concerns on a confidential basis, without fear of victimisation, subsequent discrimination or disadvantage. It is based on the Public Interest Disclosure Act 1998, which gives staff raising concerns under its rules legal protection against reprisals.
- 1.5 The Code applies to all staff and contractors working for the Council on Council premises, including agency staff. It also covers suppliers and those providing services under a contract with the Council.
- 1.6 The procedures in this Code are in addition to the Council's existing Complaints Procedure.
- 1.7 This Code has been discussed with UNISON and the Transport and General Workers Union and has their support.

2. AIMS AND SCOPE OF THIS CODE

- 2.1 This Code aims to:
 - encourage you to feel confident about raising serious concerns
 - encourage you to question practice and act upon any concern
 - provide clear channels for you to raise those concerns
 - ensure that you receive a response to concerns you raise and that you are clear about how to pursue them if you are not satisfied
 - reassure you that you will be protected from possible reprisals or victimisation if you raise a concern in good faith reasonably believing something is wrong.
- 2.2 The Council has a Grievance Procedure to enable you to lodge a grievance relating to your own employment and a Harassment and Bullying Policy to enable you to raise any concerns about this area, which should be directed to Human Resources. This Confidential Reporting Code is intended to cover

major concerns you might have that fall outside the scope of other procedures. Such concerns might include:

- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as other staff
- damage to the environment
- the unauthorised use of public funds
- possible fraud and corruption
- serious and organised crime
- sexual or physical abuse of clients, or
- other unethical conduct.

If safeguarding concerns are highlighted then the Safeguarding Policy and procedures must be adhered to.

2.3 Any serious concerns that you have about any aspect of service provision or the conduct of staff or councillors of the Council or others acting on behalf of the Council can be reported under the Confidential Reporting Code. This could be about something that:

- makes you feel uncomfortable in terms of your past experience or what you know about standards set by the Council; or
- is against the Council's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

2.4 This Code does not replace the corporate complaints procedure.

3. SAFEGUARDS

Harassment or Victimisation

3.1 The Council is committed to good practice and high standards and wants to be supportive of staff.

3.2 The Council recognises that making the decision to report a concern can be difficult. If what you are saying is true, you should have nothing to fear because you will be doing your duty to the Council and those for whom you are providing a service.

3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) of someone raising something of concern to them and will take appropriate action to protect you against this when you raise a concern in good faith.

3.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

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4. CONFIDENTIALITY

- 4.1 All concerns raised will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness.

5. ANONYMOUS ALLEGATIONS

- 5.1 This Code encourages you to put your name to your allegation whenever possible.
- 5.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 5.3 In deciding whether to consider anonymous concerns the following are some of the factors which will be taken into account :
- the seriousness of the issues raised
 - the credibility of the concern; and
 - the likelihood of confirming the allegation from attributable sources

6 UNTRUE ALLEGATIONS

- 6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against you in accordance with the Council's disciplinary procedures.

7 HOW TO RAISE A CONCERN

- 7.1 As a first step, you should normally raise concerns with your immediate manager or their manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that your management is involved, you should approach the Chief Executive, Chief Finance Officer, Monitoring Officer, or Audit Services.
- 7.2 Concerns may be raised verbally or in writing. If you wish to make a written report it is best to use the following format:
- the background and history of your concern (giving relevant dates);
 - the reason why you are particularly concerned about the situation.
- 7.3 The earlier you express your concern the easier it is to take action.
- 7.4 Although you are not expected to prove beyond doubt the truth of an allegation you make, you will need to demonstrate to the person you contact that there are reasonable grounds for your concern.
- 7.5 You can obtain advice/guidance on how to pursue matters of concern from:

Chief Executive	Roberto Tambini	(01784 446250)
Chief Finance Officer	Terry Collier	(01784 446296)
Deputy Chief Executive	Lee O'Neil	(01784 446377)

Monitoring Officer	Michael Graham	(01784 446227)
Internal Audit Manager	Punita Talwar	(01784 446454)
Principal Solicitor	Victoria Statham	(01784 446241)
Human Resources Manager (where specifically relates to a Human Resources matter)	Debbie O'Sullivan	(01784 446289)

7.6 In addition you could contact any of the following:-

The Chairman or Vice Chairman of the Members' Code of Conduct Committee: the Council has a Members' Code of Conduct Committee, the purpose of which is to help the Council operate to the highest ethical standards. Both the Chairman and Vice-Chairman are non-councillors and can be approached for advice. Their details can be obtained from Committee Services on 01784 446240/444243 or found on the Council's web site; or

Public Concern at Work - This is a registered charity which seeks to ensure that concerns about serious malpractice are properly raised and addressed in the workplace and they can be contacted on 020 7404 6609; or

Your trade union or professional body.

7.7 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

7.8 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

8. HOW THE COUNCIL WILL RESPOND

8.1 The Council will always respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

8.2 If you raise a concern with your manager which they feel is beyond the scope of their authority or of a serious nature they will refer it to the Monitoring Officer rather than dealing with it personally.

8.3 Where appropriate, the matters you raise may:

- be investigated by managers, audit services, or through the disciplinary process
- be referred to the police

- be referred to the external auditor
 - form the subject of an independent inquiry.
- 8.4 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle for the Council is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example grievance or sexual harassment) will normally be referred for consideration under those procedures.
- 8.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.6 Within ten working days of a concern being raised, the manager with whom you raise your concern or the Monitoring Officer will write to you:
- acknowledging that your concern has been received
 - indicating how the Council propose to deal with the matter
 - giving an estimate of how long it will take to provide a final response
 - telling you whether any initial enquiries have been made
 - supplying you with information on staff support mechanisms, and
 - telling you whether further investigations will take place and if not, why not.
- 8.7 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 8.8 Where any meeting is arranged, which can be away from the offices or your place of work if you so wish, you can be accompanied by a union or professional association representative or a friend.
- 8.9 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.
- 8.10 The Council accepts that you need to be assured that the matter has been properly addressed and so, subject to legal constraints, will inform you of the outcome of any investigation.

9. THE RESPONSIBLE OFFICER

- 9.1 The Council's Monitoring Officer has overall responsibility for the maintenance and operation of this Code. That officer will maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

10. HOW THE MATTER CAN BE TAKEN FURTHER

- 10.1 This Code is intended to provide you with clear channels within the Council to raise concerns and the Council hopes you will be satisfied with any action

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taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- Public Concern at Work
- the Council's external auditor
- your trade union
- your local Citizens Advice Bureau
- relevant professional bodies or regulatory organisations
- the police.

10.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

Worried that something may be going seriously wrong in your

Workplace?



Not sure who you can talk to? Under our Confidential Reporting Code (whistleblowing policy), if you do not feel able to raise it with your line manager, you can get advice and guidance on how to pursue matters of concern, in confidence, from:

Chief Executive, Roberto Tambini on 01784 446250

Deputy Chief Executive, Terry Collier on 01784 446296

Monitoring Officer, Michael Graham on 01784 446227

Internal Audit Manager, Punita Talwar 01784 446454

You can also speak to the charity Public Concern at Work for independent and confidential advice by calling 0207 404 6609

Please refer to the Confidential Reporting Code on our website: www.spelthorne.gov.uk/Whistleblowing

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Audit Committee**23 March 2017**

Title	Anti- Fraud, Bribery and Corruption Strategy		
Purpose of the report	To make a decision		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	<p>The Audit Committee is asked to:</p> <p>1. Endorse the Council’s Anti-Fraud, Bribery and Corruption Strategy</p> <p>2. Approve the changes recommended to the Council’s Anti-Fraud, Bribery and Corruption Strategy.</p>		
Reason for Recommendation	The Audit Committee is required to make any recommendations for change to the Cabinet.		

1. Key issues

1.1 The Audit Committee is required to review the Council’s Anti-Fraud, Bribery and Corruption Strategy annually and to make any recommendations for change to the Cabinet. Some changes are proposed as follows:

- Remove any references to ‘Service Heads’ and replace with ‘Group Heads’ to reflect the organisational restructure of 2016.
- Include in the strategy the implications of the Government’s Serious and Organised Crime Strategy (under Section 13 – Prevention)

1.2 The five key principles of the code are set out below:

1. Acknowledge the responsibility of the governing body for countering fraud and corruption

2. Develop an appropriate counter fraud and corruption strategy

3. Take action in response to fraud and corruption.

Spelthorne’s position: Principles 1-3 are covered by the Council’s Anti-Fraud, Bribery and Corruption Strategy.

4. Provide resources to implement the strategy

Spelthorne's position – Group Heads and unit managers are the first line of defence to prevent and minimise the risk of fraud/detect fraud and it is their responsibility to operate appropriate control systems. The Council has a small resource within Internal Audit to investigate fraud.

A growth bid for Corporate Fraud resource has been approved for 2017/18 to tackle non-benefit fraud and this resource is being assigned to priority areas such as Housing. Refresher Counter Fraud training (to incorporate awareness of bribery and corruption) for staff and Members is due and has been raised with Human Resources as a corporate training need.

5. Identify the fraud and corruption risks

Spelthorne's position – Managers are responsible for identifying fraud, bribery and corruption risks in their services, and for operating systems of control to prevent and detect fraud. Internal Audit provides independent assurance that effective controls are in place to mitigate the risk of fraud, bribery and corruption.

In accordance with the Government's Serious and Organised Crime Strategy, an audit review will be conducted during 2017/18 (led by the Internal Audit Manager) to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Group Heads and Managers will be providing input in assessing governance arrangements in place to combat risks in this area.

2. Options analysis and proposal

Either:

i. To note and accept the amendments proposed to the Anti-Fraud, Bribery and Corruption Strategy. **(Preferred option)**

Or:

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

3. Financial implications

3.1 Resources required (staff time) to implement actions to prevent and detect fraud risks should be contained within existing budgets. Funding for corporate fraud resource from April 2017 to March 2018 has been approved by Management Team and Cabinet. Costs associated with Corporate Fraud awareness training are to be explored in due course.

4. Other considerations

4.1 Associated risks and consequences of fraud, bribery and corruption include financial losses (potentially high value), reputational damage to the authority and harm to the local community.

5. Timetable for implementation

5.1 There are none.

Background papers:

Appendices:

Appendix 1 – Anti-Fraud, Bribery and Corruption Strategy

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APPENDIX 1 - ANTI FRAUD, BRIBERY AND CORRUPTION STRATEGY

Introduction

1. The Borough of Spelthorne is committed to providing a high standard of service and accountability. An important aspect of this is a strategy which protects against fraud, bribery and corruption within the Council itself and from external sources.

In this context

Fraud means - the illicit gaining of cash or other benefit by deception; and

Corruption means - the dishonest influencing of actions and decisions.

Bribery means – the offering, giving or soliciting of an inducement or reward which may influence a person to perform a function or activity improperly.

2. The Council recognises that it is already subject to a high degree of external scrutiny of its affairs by a variety of parties. This includes the general public, Council Tax / Business Rates payers, service users, The European Institute for combatting corruption and fraud (TEICCAF), the Local Government Ombudsman, Central Government, in particular, HM Revenue and Customs, the Department for Communities and Local Government and the Department for Work and Pensions.
3. It also has external auditors who advise whether the Council has in place adequate arrangements for the prevention and detection of fraud, bribery and corruption.
4. While this external scrutiny assists in protecting against fraud, bribery and corruption the Council believes a clear statement of its own strategy is needed.
5. The key elements of the Council's strategy to combat fraud, bribery and corruption are:
 - An open and honest culture
 - Adequate preventative measures
 - Systems for detection and investigation
 - Understanding and awareness within the Council and the adoption of a "whistleblowing" policy

Culture

6. The Council expects Members and staff at all levels to behave with integrity and propriety and to act within the law and the regulations, procedures and

practices laid down in relation to the conduct of the Council's business. The Council believes this is achieved best through the promotion of an atmosphere of honesty and openness.

7. The Council encourages Members and staff to raise any concerns they have about fraud, bribery and corruption immediately as they occur. It will treat all concerns raised, seriously and in confidence.
8. The Council has three senior officers who have particular responsibility for regulating the conduct of the Council and its activities. These are:

Chief Finance Officer (currently Terry Collier)

Responsible for the financial management, audit and financial probity of the Council and also for its proper personnel policies and practices.

Monitoring Officer (currently Michael Graham)

Responsible for the legal probity and avoidance of maladministration or injustice by the Council.

Chief Executive (currently Roberto Tambini)

Responsible as Head of Paid Service for the overall management and direction of the Council and for ensuring adequate staff resources for services.

9. In addition each **Head of Service** has responsibility for the proper organisation and conduct of their service area.
10. Concerns should be raised with any of the above officers or with the Council's Internal Audit Manager (Punita Talwar).
11. More detailed guidance and advice on how to raise any concerns is contained in the Council's whistleblowing policy.
12. If anyone feels they are unable to raise their concerns through any of the above routes they may contact 'Public Concern at Work' (0207 404 6609), a registered charity whose services are free and strictly confidential.

Prevention

13. The adoption of proper and adequate measures to prevent fraud, bribery and corruption is the responsibility of Members, Chief Executive, Deputy Chief Executives, **Heads of Service** and other managers. Preventative measures can be classified under two broad headings - Codes/Procedures and Systems.

1. Codes/Procedures

All Members and staff need to be aware of, and have ready access to, the Council's agreed policies and procedures eg. Financial Regulations, Standing Orders, Codes of Conduct, and any relevant practice and procedure documents.

In particular staff must observe the Council's Code of Conduct for Staff (a copy of which is made available to all staff) and any relevant professional codes.

References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity.

Members will in particular observe the Spelthorne code of conduct adopted on the 27 June 2012 and any other local Spelthorne code which may be adopted and will be supplied with a copy of any relevant code and advised of their responsibilities.

In accordance with the Government's Serious and Organised Crime Strategy, an audit review is required to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime, in close consultation with the local police. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Group Heads and Managers will be providing input in assessing governance arrangements in place to combat risks in this area.

2. Systems

The Council has and will maintain in place systems and procedures which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud, bribery and corruption are prevented.

The Chief Finance Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs. Financial procedures detail key financial systems and provide guidance which underpins the Council's Financial Regulations.

Chief Executive, Deputy Chief Executives, **Heads of Service** and managers are responsible for ensuring that appropriate internal controls are properly maintained.

A detailed analysis of the risks associated with any service should be carried out by managers (with assistance from Audit Services as necessary) to ensure that fraud, bribery and corruption is minimised.

Detection and investigation

14. Concerns should be reported to one of the individuals referred to in paragraphs 8 to 10 above or in accordance with the Council's whistleblowing policy. A detailed investigation of any concerns raised will be undertaken with the assistance of the Council's Internal Audit Service.

15. The Council will deal with any instances of fraud or corruption swiftly. Disciplinary action will be taken if appropriate after the police have been informed/involved, and the relevant Cabinet Member informed where necessary. Where the Council has adopted a prosecution policy for any business area (eg Housing Benefit Fraud) this will be followed.
16. In the event that fraud is suspected on the part of contractors' employees or internally, by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Council will inform and involve employing contractors or agencies when appropriate.
17. Given the significance of corporate fraud in national and local statistics, the Council recognises the important role of its Fraud Investigation team in preventing and detecting fraud.
18. **Awareness**
18. The Council recognises the continuing effectiveness of the Anti Fraud, Bribery and Corruption Strategy depends largely on the awareness and responsiveness of Members and staff. It is essential that both Members and staff are made aware of the strategy when they join the Council and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Council's activities. Action will be taken on a regular basis to remind both Members and staff of the importance the Council places on avoiding and preventing fraud and corruption. Effective methods for training and raising awareness shall be periodically explored.

Audit Committee**23 March 2017**

Title	Internal Audit Service Annual Plan 2017/18		
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	Not Applicable.		
Reason for Recommendation	Not Applicable.		

1. Key issues

- 1.1 This report sets out the work planned by Audit Services during 2017/18 in order to fulfil its statutory and professional requirements.
- 1.2 Accounts and Audit Regulations require local authorities '*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*'.
- 1.3 Internal Audit is defined as "*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.*" (Public Sector Internal Audit Standards).
- 1.4 The audit planning process is set out below:
- 1.4.1 All auditable areas are identified (known as the 'Audit Universe'). These include:
- Significant risks included in the Corporate Risk Register
 - Financial and fraud risks
 - Corporate systems and processes
 - Functions operating within Group areas
 - Information governance and security
 - Council acquisitions and Investments
 - Key Council projects and government led initiatives

- 1.4.2 In establishing the internal audit resource requirement and priorities for 2017/18 consideration has been given to existing sources of assurance. These include existing management controls (first line of defence), corporate review and monitoring processes (second line of defence) and independent sources of assurance such as Internal Audit (third line of defence).
- 1.4.3 Continued reliance will need to be placed on other sources of assurance (other than Internal Audit) where possible. During 2016/17 Internal Audit have continued to encourage Group Heads and Managers (representing the first line of defence) to provide assurance that controls in their functions/services are operating effectively, which contributes to a more efficient way of working as well as promoting Management ownership of risks and controls. Group Heads are now required to sign off final versions of audit reports to confirm that the report is factually correct and that the controls are operating as described.
- 1.4.4 Audit work is prioritised and time allocated to each area which is related to factors such as budgetary implications, value/volume of transactions, likelihood and impact of risks, known system weaknesses and vulnerabilities, changes in personnel, management requests for Internal Audit input and availability of Internal Audit staff.
- 1.4.5 The Internal Audit annual plan for 2017/18 will be delivered with a total resource of 1.55 FTE's plus some bought in time equivalent to approximately one third of a post. It is intended to continue commissioning experienced audit resource from Surrey County Council and it is reassuring that Group Heads have provided positive feedback about the calibre of Auditors used.
- 1.4.5 The Annual Plan is intended to be flexible allowing for periodical review to take into account changing priorities according to perceived risks.
- 1.5 Group Heads have been consulted during the audit planning process to identify emerging risks following the organisational restructure, which has been fed into the 2017/18 Audit Plan.
- 1.6 A copy of the Internal Audit Annual Plan Summary (2017/18) is attached at Appendix 1.
- 2. Options analysis and proposal**
 - 2.1 There are no options.
- 3. Financial implications**
 - 3.1 Not applicable.
- 4. Other considerations**
 - 4.1 There are no further considerations to be taken into account.
- 5. Timetable for implementation**
 - 5.1 The Internal Audit Annual Plan sets out work to be undertaken by the Internal Audit team during the 2017/18 financial year.

Background papers: There are none.

Appendices: Appendix 1 – Internal Audit Annual Plan– 2017/18.

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Appendix 1 - Internal Audit Annual Plan 2017/18

Planned Audits - Assurance	Potential Risk implications
Serious and Organised Crime Audit (In accordance with official framework)	Poses a threat to national security; lack of awareness may lead to harm to the local community or staff; intelligence is not shared or acted upon; organised crime groups could be benefitting from public sector procurement contracts resulting in financial or reputational losses
Regeneration and Growth – Asset Management	Weak contract management resulting in Contractors/partners failing to deliver expected outcomes. Financial loss and poor value for money. Failure to follow Contract Standing Orders or Procurement Regulations.
Regeneration and Growth – Planning (Development Management)	Impact of central government policy changes on fee setting, processes and performance management
Regeneration and Growth – Planning – Community Infrastructure Levy (CIL)	Income generated from CIL may not be spent increasing risk of challenge; facilities provided fail to meet community needs
Regeneration and Growth – Planning Policy/New Homes Bonus	Withdrawal of New Homes Bonus if Local Plan not prepared; impact on revenue budget ; lack of skilled resource to deliver
Commissioning and Transformation - Information governance and security (to include a review of the authority's readiness for the new Data Protection Regulations effective from May 2018)	Security/data breach leading to fines and reputational damage. Insufficient preparation for new Data Protection Regulations, which stipulate significantly increased financial penalties for non-compliance.
Commissioning and Transformation – ICT (to include an assessment of risks relating to cybercrime and review of measures being taken to protect the authority from Cyber Security threats)	Failure in service delivery; unavailability of systems; fraud, theft, error; poor value for money through failure to use or develop technology; lack of staff awareness about potential security threats
Finance and Customer Relations	Failure in service delivery due to over reliance on individuals; poor succession planning and resilience arrangements following the planned departure of experienced personnel; loss of technical systems knowledge; ongoing management of change and support for staff; failure to comply with regulatory requirements
Community Wellbeing - Housing	Housing shortage leading to an inability to house vulnerable applicants; continuing external pressures on the Service
Community Wellbeing - Independent Living	Significant funding cuts; failure in service delivery; vulnerable client needs not met
Neighbourhood Services –	Financial loss/ poor value for money from

Appendix 1 - Internal Audit Annual Plan 2017/18

Spelride	Partnership arrangement; inadequate income recording systems; vulnerable client needs not met
Health and Safety - Lone Working	Death or serious injury, increased stress levels and sickness, prosecution of Council/Officers and reputational damage
Procurement / Contract management/Appointment of Consultants The following contracts will be considered, due for review in 2017/18: - Office Cleaning - Insurance - Market	Weak governance and lack of transparency in procurement. Contractual disputes and claims arising from poor specifications. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes. Failure to follow Contract Standing Orders and non-compliance with Procurement Regulations. Reputational damage and costly challenge by other companies. Financial loss / poor value for money as a result of poor contract management.
Financial • Core financial systems • Service based financial systems	Financial losses due to fraud, theft, poor value for money, error. Reductions in staff resources impacts segregation of duties and the level of management checks. Inefficient systems.
Follow up previous audit recommendations to confirm implementation.	Financial/legal/security/ health and safety/fraud/environmental/reputational/ other consequences
<u>Council Functions</u> - Assess risks relating to functions (to include fraud risks) and review evidence/test to confirm relevant controls are in place. Some reliance will be placed on Managers to confirm controls are operating effectively for their respective areas.	Failure to manage service risks - leading to service delivery failure, delays, errors, losses, inefficient systems, injury/death and reputational damage.
<u>Projects/Major Developments</u> • Property acquisitions and investments • Regeneration • Business Rates - regulatory changes • Spelthorne Leisure Centres (Post 2021) • Agile working • Rent Management System • On – line Booking system	Financial losses.Failure of projects due to poor project management arrangements, lack of resources and expertise. Failure to deliver project outcomes within budget, (cost and time) and/or objectives not met. New systems purchased do not fulfil business, customer or user needs.
<u>Counter Fraud</u> • In liaison with relevant Group Heads, appoint Corporate Fraud resource and monitor payback	Financial losses and reputational damage. Social housing fraud deprives people in genuine need of a home, placing increased pressure on the Housing Service.

Appendix 1 - Internal Audit Annual Plan 2017/18

<p>(Growth bid approved for 2017/18)</p> <ul style="list-style-type: none">• Review Counter Fraud policies• Arrange Fraud, Bribery and Corruption awareness training for all staff• Attendance at Surrey Counter Fraud Board and dissemination of best practice	
<p><u>Corporate/Other</u></p> <ul style="list-style-type: none">• Attendance at Working Groups such as the Corporate Risk Management Group, Counter Fraud Group, ICT SIG and Information Governance• Input into Code of Corporate governance review/ Annual Governance Statement• External Audit liaison• Advice and support to managers• Contingency time for unplanned work requests/special investigations	N/A

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WORK PROGRAMME 2016 – 2017

AUDIT COMMITTEE – 23 March 2017

Resolution Required

1. Work Programme

- 1.1 This report covers the Work Programme for the current municipal year 2016/17.
- 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 2016-17.
- 2.2 Meetings of this Committee have been scheduled in the Council's Diary for 2016/17 on the following dates:-
 - **7 July 2016**
 - **29 September 2016**
 - **23 March 2017**
- 2.3 Details of the Work Programme for the current and future meetings are as follows:

July 2016		
Corporate Risk Management	Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Audit Services Annual Report	Internal Audit Manager	Report
Committee's Work programme for 2016/2017	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

September 2016		
Corporate Risk Management	Internal Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Annual Governance Statement	Chief Finance Officer	Approval
External Audit Plan	External Audit	Report
External Audit report on Audit and Statement of Accounts	Internal Audit Manager	Report
Report on The Effectiveness of the System of Internal Audit	Internal Audit Manager	Report
External Audit Annual Audit Letter	External Audit	Report

Internal Audit Interim Report	Internal Audit Manager	Report
Committee's Work programme for 2016-2017	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

March 2017		
Annual Audit Letter 2015-16	External Auditors	Report
Corporate Risk Management	Internal Audit Manager	Report
Confidential Reporting Code (Whistleblowing Policy)	Internal Audit Manager	Report
Anti-fraud, bribery and Corruption Strategy	Internal Audit Manager	Report
Annual Audit Plan 2017-18	Internal Audit Manager	Report
Committee's Work programme for 2016/2017	Internal Audit Manager/Chief Finance Officer/Audit Committee	Work Programme

- 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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