

*Please reply to:*

Contact: Gill Hobbs  
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Our ref: GH/AUD  
Your ref:  
Date: 10 September 2007

## **NOTICE OF MEETING**

### **AUDIT COMMITTEE**

**DATE: TUESDAY 18 SEPTEMBER, 2007**

**TIME: 7.30 P.M.**

**PLACE: COUNCIL CHAMBER, COUNCIL OFFICES, KNOWLE GREEN, STAINES**

**TO: ALL MEMBERS OF THE AUDIT COMMITTEE**

J.D. Pinkerton (Chairman)

M.L. Bouquet

C.V. Strong

K. Chouhan (Vice-Chairman)

M.J. Collis

H.A. Thomson

E. O'Hara

#### **EMERGENCY PROCEDURE**

In the event of an emergency the building must be evacuated. All Members and Officers should assemble on the Green adjacent to Broome Lodge. Members of the Public present should accompany the Officers to this point and remain there until the Senior Officer present has accounted for all persons known to be on the premises.

#### **THE LIFT MUST NOT BE USED**

This Agenda and any Reports are available in Large Print on request. Contact: Gill Hobbs (01784) 446405

## **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 Statement on Internal Control, 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.

## **A G E N D A**

### **1. APOLOGIES**

To receive any apologies for non-attendance.

### **2. DISCLOSURES OF INTEREST**

To receive any disclosures of interest from Members in accordance with the Members' Code of Conduct.

### **3. MINUTES**

To consider the Minutes of the meeting held on 19 June 2007 (copy attached).

### **4. MATTERS ARISING FROM THE MINUTES**

### **5. STATEMENT ON INTERNAL CONTROL - UPDATES**

To receive a report from Management Team on internal control issues. (to follow)

To receive oral reports on

- 1. Procedures in respect of s106 agreements – Senior Auditor
- 2. Checks on payroll transactions – Head of Human Resources

**6. EXTERNAL AUDIT REPORT ON 2006/07 AUDIT AND STATEMENT OF ACCOUNTS**

To receive a report from Baker Tilly, the Council's 2006/07 External Auditors. (copy attached)

**7. AUDIT SERVICES REPORT: JUNE – JULY 2007**

To receive a report from the Strategic Director (Support) (copy attached).

**8. AUDIT CHARTER AND TERMS OF REFERENCE**

To receive a report from the Strategic Director (Support) (copy attached).

**9. CORPORATE RISK MANAGEMENT**

To receive a report from the Strategic Director (Support) (copy attached).

**10. MEETING DATE JUNE 2008**

The Head of Financial Services has advised that the Audit Committee meeting date in the Council's diary for June 2008 (5<sup>th</sup>) will be too early for the Committee to be able to consider and approve the Statement of Accounts. In the circumstances, the Chairman will be consulted on possible alternative dates and a revised date will be proposed for consideration at the meeting.

**11. COMMITTEE WORK PROGRAMME 2007/8**

To consider the Committee's Work Programme for 2007/08 (Copy attached).

## MINUTES OF THE AUDIT COMMITTEE

19 JUNE, 2007

### Present:

Councillor *J.D. Pinkerton (Chairman)*

Councillors *M.L. Bouquet, M. Collis, E. O'Hara and C. V. Strong*

**Apologies:** Councillors *K. Chouhan (Vice-Chairman) and H.A. Thomson*

### Officers

Deanna Harris – Head of Audit Services

Terry Collier – Head of Financial Services

Punita Talwar – Senior Auditor

Nighat Sheikh – Auditor

Trevor Baker – Senior Committee Manager

Gillian Hobbs – Committee Manager

### In Attendance

Derek McManus – Head of Audit, Surrey Heath

### 188/07 MINUTES

**RESOLVED** that the minutes of the meeting held on 24 May 2007 be approved as a correct record.

### 189/07 STATEMENT ON INTERNAL CONTROL

The Chairman proposed and Members of the Committee agreed to take items 7 (Statement on Internal Control), 8 (Statement of Accounts) and 9 (Approval of Statement of Accounts – amendment to terms of reference) on the agenda first, as these involved reports that had a statutory deadline for completion by 30 June 2007, so it was imperative that the Committee completed these items of business at this meeting.

The Head of Financial Services presented his report and outlined the content of the Statement on Internal Control. The Head of Audit Services summarised key areas of concern arising from work undertaken by Audit Services. Following lengthy discussion of the content of the Statement, Members sought and received assurances from Audit Services that the issue concerning an IT failure to properly back up one of the Council's systems had been addressed and was being monitored regularly. In addition, officers would make available to members of the Committee, copies of correspondence detailing enquiries to the Planning Department by Audit Services on income procedures relating to S106 agreements.

### RESOLVED:

1. that the draft Statement on Internal Control be approved and the improvement actions identified in part 5 of the Statement be endorsed.

2. that the Head of Audit Services update the next meeting of the Committee on monitoring undertaken by Audit Services to ensure adequate procedures are in place in respect of S106 agreements;
3. that the Head of Human Resources be asked to report to the next meeting of the Committee unless Audit Services were satisfied that checks of payroll transactions had been undertaken on a monthly basis during the coming quarter; and
4. to seek assurance from MAT that the concerns identified in the Statement of Internal Control on other 'significant internal control issues' were being addressed.

#### **190/07 STATEMENT OF ACCOUNTS**

The Head of Financial Services outlined the Statement of Accounts for 2006/07 and summarised the major differences between the final outturn and the original budget. The External Audit of the Council's accounts was due to commence in Mid August.

The Accounts and Audit Regulations required that the accounts for 2006/2007 be completed and approved by the full Council by 30 June 2007, and be signed by the Leader of the Council and the Council's Chief Financial Officer.

**RESOLVED** to recommend that the Council approve the Statement of Accounts 2006/2007 and agree that they be signed by the Leader of the Council and the Council's Chief Financial Officer.

#### **191/07 APPROVAL OF STATEMENT OF ACCOUNTS - Amendment to Terms of Reference**

The Head of Financial Services noted that under the Council's Constitution the annual Statement of Accounts were currently approved by Full Council.

He explained that in the past there had not been an Audit Committee and therefore there had not been an appropriate committee of the Council to approve the Statement of Accounts, as provided for under the Accounts and Audit Regulations 2003 10 (3) (a). It had been suggested that in light of 10 (3) of the Accounts and Audit Regulations that the remit of the Audit Committee be amended to enable it as an appropriate committee of the Council to approve the annual Statement of Accounts.

**RESOLVED** to recommend to Council that the Committee's terms of reference be changed to allow it in future to approve the annual Statement of Accounts subject to members of the Committee receiving appropriate and adequate financial training.

#### **192/07 AUDIT SERVICES REPORT: APRIL – MAY 2007**

Prior to presenting her report the Head of Audit Services circulated slides to members which explained the role of the Audit Committee and the difference between Internal and External Audit.

She then presented the report which outlined the work undertaken by Audit Services during the period April – May 2007 and responded to questions from Members. She highlighted significant areas of work including the internal audit partnership with Surrey Heath BC. She introduced the Head of Audit Services at Surrey Heath who explained his role in the Audit Services' partnership between Spelthorne and Surrey Heath.

**RESOLVED**

That the contents of the Audit Services' Report for April – May 2007 be noted and approved.

**193/07            AUDIT SERVICES ANNUAL REVIEW**

The Head of Audit Services presented the report on the Audit Services Annual Review, which was a new requirement of the Accounts and Audit Regulations. She gave an overview of the work undertaken by the Audit Services team last year and responded to questions from members. The report highlighted audit work of particular interest including:

- Compliance with the Chartered Institute of Public Financial Services and Accountancy (CIPFA) Code of Practice 2006
- External audit assessment/ reliance on internal audit
- Customer survey feedback
- Adding value and assisting the organisation in achieving its objectives

The Head of Audit Services also summarised achievements in Audit Services during 2006/7 and identified areas for improvement in the coming year.

**RESOLVED** that the Audit Services Annual Review 2007/08 as submitted be noted and approved.

**194/07            COMMITTEE WORK PROGRAMME 2007**

The Committee considered its Work Programme for the period September 2007 to March 2008.

**RESOLVED** that the Work Programme as submitted be approved.

**REPORT TO AUDIT COMMITTEE**  
**STATEMENT ON INTERNAL CONTROL**

At the meeting of the Audit Committee held on 19 June 2007, the Statement of Internal Control (SIC) was considered. The SIC contains a section on the key areas of concern.

The meeting resolved the following:

1. that the draft Statement on Internal Control be approved and the improvement actions identified in part 5 of the Statement be endorsed.
2. that the Head of Audit Services update the next meeting of the Committee on monitoring undertaken by Audit Services to ensure adequate procedures are in place in respect of S106 agreements;
3. that the Head of Human Resources be asked to report to the next meeting of the Committee unless Audit Services were satisfied that checks of payroll transactions had been undertaken on a monthly basis during the coming quarter; and
4. to seek assurance from MAT that the concerns identified in the Statement of Internal Control on other 'significant internal control issues' were being addressed.

Management Team is monitoring the progress of the respective Heads of Service. The position at the current time is as follows:

1. Main accounting system

Procedures have now been put in place. The Head of Planning and Housing Strategy has drawn up a comprehensive list, showing the details of the Section 106, with a named responsible officer for actioning the work. This will be presented to the Asset Management group on a quarterly basis.

2. Sundry debtors

Written procedures are currently being documented.

3. NNDR

The two issues here are currently being addressed.

4. Payroll checks

HR have agreed to carry out independent checks. Master password is only used to implement statutory upgrades to the system. Management Team is satisfied that effective procedures are in place.

5. Projects

A master list of projects and the officer responsible has been drawn up. This will be used by Management Team to ensure the authority has sufficient resources to deliver the overall programme of projects. A range of training courses has been set up for September and October.

The process of reporting from Project Boards to MAT still needs to be considered and resolved. The issue of Members' arrangements also needs to be resolved.

6. Car parks

Progress has been made in implementing new procedures. The new cash collection contract is now in place and officers are monitoring the performance of the contractors. The Strategic Director (Community) will ensure Audit recommendations are implemented.

7. Asset Management

The Head of Corporate Governance has set down new procedures regarding the appointment and management of consultants.

8. Business Improvement Programme

An independent review of the Chief Executive's department is currently taking place and consideration is being given to the resources required for completion of the Business Improvement Programme.

9. Business Continuity

Management Team will ensure that business continuity plans are completed, tested and updated regularly.

Management Team will continue to monitor the progress on these issues.

**Sue Sturgeon, Strategic Director (Support) 01784 446221**



## External Audit Report on 2006-07 Audit and Statement of Accounts

Audit Committee 18 September 2007

Recommendation Required

Report of the Strategic Director (Support)

# Executive Summary

### Purpose of Report

To inform Members of the outcome of the External Auditor's 2006-07 audit.

### Key Issues

- External Audit of Statement of Accounts has been concluded.
- The auditors conclude that the financial statements present fairly the financial position of the Council as at 31 March 2007.
- The auditors have issued an unqualified opinion on the financial statements.
- The auditors conclude that there are no significant or material errors in the accounts
- Auditors conclude that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

### Options

There are none

### Financial Implications

There are none

### Corporate Priority

All 4 Priorities

### Officer Recommendations

The Audit Committee is asked to note the External Auditor's 2006/07 audit report ([Appendix A](#)).

That the Chairman of the Audit Committee and the Strategic Director (Support) sign the letter of representation.

Contact: Terry Collier, Head of Financial Services 01784 446296

Portfolio Holder: Councillor Michel Bouquet

## MAIN REPORT

### 1. BACKGROUND

- 1.1 External auditors appointed by the Audit Commission, Baker Tilly, are required, in accordance with international auditing standards, to annually report to the Council on:
- Their audit opinion of the Statement of Accounts;
  - Any uncorrected items in the Statement of Accounts;
  - Qualitative aspects of the Council's accounting practices and financial reporting
  - Their annual Value for Money conclusion

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

- 1.2 Attached as [Appendix A](#) is the Baker Tilly report on the 2006/07 audit.

### 2. KEY ISSUES

- 2.1 Baker Tilly state (pages 4 of the draft audit report) that they are satisfied that the Council has properly dealt with significant changes in the accounting framework which impact upon its financial reporting requirements.
- 2.2 Baker Tilly state (page 5) that the Council has prepared the financial statements in accordance with the relevant accounting codes of practice. Baker Tilly are satisfied that the Statement on Internal Control complies with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and is consistent with the annual review of effectiveness carried out by Internal Audit.
- 2.3 Baker Tilly report that Internal Audit testing met the external auditor requirements and external testing was only required to ensure sample items tested covered the whole financial year. Baker Tilly comment (page 7) that Internal Audit's work was of again of good quality.
- 2.4 Baker Tilly conclude that in all significant respects the Council have made proper arrangements to secure economy, efficiency and effectiveness.

### 3. PROPOSALS

- 3.1 That the Strategic Director (Support) in her role as statutory chief financial officer, and the chairman of the Audit Committee sign the draft letter of representation as appended to the auditors' report.

### 4. FINANCIAL IMPLICATIONS

- 4.1 There are none.

### 5. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

- 5.1 There are none

### 6. RISK IMPLICATIONS

- 6.1 There are none

**Report Author: Terry Collier Head of Financial Services**

**Background Papers:**  
**There are none**



# **Spelthorne Borough Council**

## **ISA 260/Governance Report on the 2006/07 audit**

4 September 2007



## EXECUTIVE SUMMARY

We summarise below the key results from our 2006/07 audit work.

Area	Results	Page
<b>Interim audit</b>	High level controls in place and operating in all key systems. Risk of material misstatement in the accounts as a result of fraud is low.	4
<b>Opinion on the Financial Statements</b>	Unqualified opinion proposed.	5
<b>Qualitative aspects of financial reporting</b>	Overall, the quality of the draft financial statements and supporting working papers was satisfactory and the Authority has complied with new accounting guidance and 2006 SORP. We identified a number of non material errors in the draft accounts. All non trivial errors have been adjusted by management.	5
<b>Adjustments and unadjusted misstatements</b>	No significant or material unadjusted errors in the accounts.	5
<b>Use of Resources Assessment</b>	We completed this work in February 2007 and reported our findings to the Audit Committee in March. The Authority scored 3 (consistently above minimum requirements) in each of the five areas that we assessed.	7
<b>Value for Money Conclusion</b>	Positive Value for Money Conclusion proposed (i.e. that the Authority has arrangements in place to achieve economy, efficiency and effectiveness in its use of resources).	7
<b>Public Interest Reports and referrals to the Secretary of State</b>	None issued in the year.	8

## 1. INTRODUCTION

### *Background*

The International Standard on Auditing 260 (ISA 260 ‘Communication of audit matters to those charged with governance’) provides standards and guidance governing the communication of audit matters between the auditor and those charged with governance of an entity.

Under this standard we are required to consider audit matters of governance interest that arise from our audit of the financial statements and communicate them with those charged with governance. For the Authority we have previously agreed that those charged with governance are the Audit Committee, whose remit includes consideration of this governance report.

At the time we are drafting this report our financial statements audit work is substantially complete. We are therefore able to indicate our anticipated audit findings and conclusions to members of the Audit Committee. We fully expect, however, to be able to present the final results of our work at the Audit Committee meeting on 18 September.

### *Auditors’ responsibilities*

Auditors have a number of statutory responsibilities under the Audit Commission Act 1998, including:

- to give an opinion on the financial statements
- to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources
- to consider whether to issue a report in the public interest or to refer an unlawful matter to the Secretary of State.

The work that we have undertaken is based on our 2006/07 audit plan.

### *Responsibilities of the Authority*

The published accounts of the Authority are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the responsibility of the Authority to:

- prepare accounts that present fairly its financial position and its expenditure and income
- maintain proper accounting records

- ensure the regularity of transactions, by putting in place systems of internal control to ensure that financial transactions are lawful.
- Confirmed scores from our Use of Resources review (*refer section 3*).

### ***Content of this report***

In this report we set out our findings from the audit of the financial statements, including:

- Our proposed audit opinion on the financial statements
- Our views about the qualitative aspects of the Authority's accounting practices and financial reporting
- The results of our interim audit of accounting and internal control systems, including details of any specific weaknesses
- Details of adjustments to the accounts and any uncorrected items in the financial statements
- The final draft of the letter of representation (*refer appendix*).

Within this report we have also included an update of recent audit work covering our other responsibilities:

- The results of our review of the Authority's arrangements to achieve economy, efficiency and effectiveness in its Use of Resources

## 2. OPINION ON THE FINANCIAL STATEMENTS

### *Planning risks*

Our initial audit planning identified the implementation of the requirements of the new Statement of Recommended Practice (SORP) 2006 as the key risk. The main changes required by the SORP are: the replacement of the Consolidated Revenue Account (CRA) with an Income and Expenditure account; the introduction of a Statement of Total Recognised Gains and Losses (STRGL); and the removal of the requirement to charge service users asset rental charges for the use of fixed assets.

### *How the Authority dealt with the new accounting requirements for 2006/07*

Our audit work has confirmed that the Authority has complied with new guidance in accounting for the above issues and that the balances as stated in the Authority's accounts are materially correct.

### *Audit of the Authority's Key Financial Systems*

In order to arrive at an opinion on the Authority's accounts we assess whether the key financial systems on which the accounts are based are adequate and are operating as prescribed. The Authority has controls in place that enable it to assess during the year itself whether its controls are functioning properly. Of these, the key one is the presence of an effective Internal Audit service.

The Authority's key financial systems are subject to an annual review by Internal Audit and, in undertaking our assessment of the Authority's key financial systems, we again aimed to place reliance on the work of the Internal Audit department. By undertaking the work in this way, we aim to minimise duplication of the combined Internal and External Audit effort.

We identified the following financial systems as being material to the audit opinion on the financial statements:

- Main accounting system
- Payroll
- Income and Debtors
- Purchases and Creditors
- Cash receipting and banking
- Loans and Investments
- Benefits
- Council Tax income
- Business Rate income.

These systems generate material transactions and, as such, have a material impact on the Authority's annual accounts.

For each key system we reviewed the work undertaken by Internal Audit and, where necessary, performed additional testing to cover the entire 2006/07 period in sufficient detail.



***Findings from the key financial systems audit***

We confirmed that for each system the high level controls were in place and that during the period in question they operated as expected. In these cases we have therefore been able to place reliance on the systems for the purpose of our audit and reduce the amount of testing required during our final audit visit. The only issue arising from our work was that identified a journal which did not balance or show evidence of authorisation. We carried out additional journal testing as part of our audit of the financial statements and concluded that this was an isolated case.

We concluded that the work of the Internal Audit department was again of a good quality in 2006/07 and that it provided a satisfactory level of assurance to the Authority on the adequacy of internal financial controls.

***Risk of material mis-statement from fraud or other irregularity***

Under ISAs 240 and 250 we are also required to assess the risk of material mis-statement in the Authority's accounts as a result of fraud or other irregularity.

Based on our work in this area we have concluded that the risk of material mis-statement due to fraud is low. In addition, our work on legality indicated that the Authority has adequate management arrangements to safeguard legality. We therefore considered the risk of material misstatement from this source to be low.

***Financial statements audit***

The Authority approved its draft accounts and submitted them for audit by the 30 June deadline. Our audit started on 30 July and our main audit fieldwork was completed by 24 August. We can confirm that the Authority has prepared its financial statements for 2006/07 in accordance with the requirements of the 2006 SORP.

***Proposed Audit Opinion***

On the basis of our work so far we propose to issue an unqualified opinion on the financial statements following receipt of a letter of representation from management (*refer appendix*) and formal approval and signing of the financial statements, including the Statement on Internal Control.

***Adjusted and unadjusted errors***

During the course of our audit fieldwork we identified a number of non material errors in the draft financial statements. We discussed these with management and, where appropriate, suitable amendments were agreed.

Where management does not adjust the accounts for significant misstatements and errors we are required to obtain formal representations from those charged with governance that they are satisfied with management explanations for not adjusting the accounts. On certification we do not anticipate that there will be any significant or material unadjusted errors in the accounts.

**Future developments: International Financial Reporting Standards**

The Government's Financial Statement and Budget report, published on 21 March 2007, stated that the accounts of public sector organisations, including local authorities, would be prepared using International Financial Reporting Standards (IFRS) from the first year of the Comprehensive Spending Review period, 2008/09. This reflects Government's desire that financial reports across sectors and globally should be more consistently prepared and easily comparable.

The adoption of IFRS will have significant implications for the way in which local authorities prepare their annual financial statements, although these have yet to be worked through in detail.

The impact of the move to IFRS will vary from body to body, depending on materiality and local circumstances. The treatment of leases and private finance initiative (PFI) schemes in particular could have material implications for many bodies.

While the International Accounting Standards Board has issued guidance on accounting for PFI, that guidance only applies to the operators of PFI rather than to the public sector partner. Accordingly, it will be necessary to develop additional guidance for the public sector. Most commentators agree, however, that under international standards most PFI schemes are likely to come on to the balance sheet. Again, the practical financial implications of such a change will need to be thought through.

IFRS will impact on the Authority, although the timetable for transition to IFRS in local government has yet to be confirmed.

### 3. ARRANGEMENTS FOR ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

It is the responsibility of the Authority to put in place arrangements to achieve economy, efficiency and effectiveness in the use of resources. We are required to consider those arrangements and to report on whether we are satisfied that the Authority has put proper arrangements in place.

#### *Authority Use of Resources scores*

We completed our second Use of Resources review in February 2007. This involved scoring the Authority's arrangements for:

- Financial Reporting
- Financial Standing
- Financial Management
- Internal Control
- Value for Money.

The Authority was scored 3 in each of these areas (on a scale of 1 – 4 where 4 equates to excellent, or performing strongly). We have reported the results of this review have been reported separately to management.

#### *VfM audit conclusion*

The work we undertake on Use of Resources informs the Value for Money conclusion, which we provide annually in the Authority's financial statements. The VfM conclusion is an assessment of the Authority's arrangements on a range of issues, including:

- Establishment of strategic and operational objectives
- Community engagement and ensuring that services meet the needs of patients and taxpayers
- Monitoring and reviewing of performance
- Risk management
- Financial management
- Standards of conduct.

On the basis of our Use of Resources work we are content that we can issue a positive Value for Money audit conclusion. This will be issued alongside our audit opinion on the financial statements.

#### 4. PUBLIC INTEREST REPORTS AND REFERRALS TO THE SECRETARY OF STATE

No matters have arisen in respect of the 2006/07 audit about which we have issued public interest reports or made referrals to the Secretary of State.

#### 5. AUDIT FEES

A comparison of the planned and actual audit fees for 2006/07 is set out below.

	<b>Planned</b>	<b>Actual</b>
	£	£
Opinion on the financial statements and the SIC	37,122	37,122
Use of Resources	16,800	18,200
Best Value	13,600	12,200
	<u>67,522</u>	<u>67,522</u>
Contribution to Audit Commission	1,378	1,378
Total	<u><b>68,900</b></u>	<u><b>68,900</b></u>

APPENDIX

DRAFT LETTER OF REPRESENTATION

Baker Tilly UK Audit LLP  
Lancaster House  
7 Elmfield Road  
Bromley  
BR1 1LT

Date: xx September 2007

Dear Sirs

**AUDIT OF FINANCIAL STATEMENTS – 31 MARCH 2007**

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officers of the Authority, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2007.

1. We acknowledge as directors our responsibility for the financial statements. All the accounting records have been made available to you for the purpose of your audit and all transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information and explanations, including minutes of all Council and Executive meetings held between the beginning of the accounting period and the date of this letter, have been made available to you.
2. We confirm that we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.
3. We confirm that:
  - a. We acknowledge responsibility for the design and implementation of internal control to prevent and detect fraud;
  - b. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
  - c. We have disclosed to you our knowledge of fraud and suspected fraud affecting the Authority involving:
    - i. Management;
    - ii. Employees who have significant roles in internal control; and
    - iii. Others where the fraud could have a material effect on the financial statements; and
  - d. We have disclosed to you our knowledge of any allegations of fraud, or

suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

- 4 There have been no significant or material unadjusted misstatements drawn to our attention by the auditors.
- 5 We confirm that full disclosure is made in the financial statements of:
  - a. transactions and balances with related parties including:
    - i. the names of the transacting parties;
    - ii. a description of the relationship between the parties;
    - iii. a description of the transactions;
    - iv. the amounts involved (even if nil);
    - v. any other elements of the transactions necessary for an understanding of the financial statements;
    - vi. the amounts due to or from related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and
    - vii. amounts written off in the period in respect of debts due to or from related parties;
  - b. outstanding capital commitments contracted for at the balance sheet date;
  - c. all contingent liabilities including details of pending litigation and material claims against the Authority;
  - d. all guarantees or warranties or other financial commitments.
- 6 We have disclosed all events of which we are aware which involve possible non-compliance with those laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to its ability to conduct that business. We have also notified you of the actual or contingent consequences which may arise from such non-compliance.
- 7 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 8 There have been no events (other than those already disclosed in the financial statements) since the balance sheet date, which necessitate revision of the figures in the financial statements or inclusion of a note thereto. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the Audit Committee at its meeting on 18 September 2007.

Yours faithfully

Signed on behalf of Spelthorne Borough Council:

Mrs S. Sturgeon  
Strategic Director (Support)

Councillor Jack Pinkerton  
Chairman of the Audit Committee

## **AUDIT COMMITTEE**

### **AUDIT SERVICES REPORT For the period June – July 2007**

**Audit Committee 18 September 2007**

**Resolution Required**

**Report of the Strategic Director (Support)**

### **EXECUTIVE SUMMARY**

#### **How does the content of this report improve the quality of life of Borough Residents**

The Accounts and Audit Regulations require the Council to maintain an adequate and effective internal audit of their accounting records and control systems. This report provides the Council with assurance of the adequacy of those controls as a contribution to the proper, economic, efficient and effective use of resources.

#### **Purpose of Report**

The report provides details of work undertaken by Audit Services during the period June - July 2007.

#### **Key Issues**

Internal Audit Partnership  
Corporate Risk Register  
Planning / Housing Strategy  
Choice Based Lettings (CBL)  
National Fraud Initiative  
Environmental Health

#### **Financial Implications**

There are none.

#### **Corporate Priority**

The maintenance of a strong internal control environment supports all corporate priorities.

#### **Officer Recommendations**

**The Audit Committee is asked to note and approve the Audit Services' Report for the period June – July 2007.**

**Contact: Deanna Harris  
Portfolio Holder: Councillor Bouquet**



## MAIN REPORT

### 1. BACKGROUND

- 1.1 The Accounts and Audit Regulations require the Council to maintain an adequate and effective internal audit of their accounting records and control systems. This report provides the Council with assurance of the adequacy of those controls.

### 2. KEY ISSUES

- 2.1 **Internal Audit Partnership with Surrey Heath Borough Council.** Both Audit teams agreed a number of projects which would be led by one auditor and undertaken at both authorities. These include audit reviews in IT, Asset Management and Debtors. In addition, risk assessment on Contaminated Land, Main Accounting and Cash/Bank systems will be undertaken jointly. This should result in more efficient use of resources.
- 2.2 **Corporate Risk Register.** Audit Services co-ordinated the revised the Corporate Risk Register through liaison with the Corporate Risk Management Group and other senior officers/ Management Team. See separate report.
- 2.3 **Planning / Housing Register.** Findings from a risk assessment were reported to the previous Audit Committee. The risk assessment assists Audit by identifying areas where testing is required. There are no issues to report from testing undertaken and a report will be issued shortly. Audit have continued to liaise with Planning Officers to ensure that section 106 agreement income due is promptly identified, recorded, monitored and collected. The following advice has been issued and agreed:
- (a) Ensure compliance with established procedures for s106 income, with particular reference to the detailed flowchart drawn up by the former s106 Officer covering every stage of the process.
  - (b) To keep the section 106 income register up to date (with clear responsibility for this task), and notify the Revenues Officer once income becomes due.
  - (c) Maintain a pending record for section 106 agreements (e.g. where income not yet due or agreements not finalised) to ensure there is no risk of cases being overlooked.
  - (d) To add a section in the register on 'monitoring of monies spent' to ensure monies are spent by the required timescales specified in the s106 agreement, which could feed into quarterly monitoring to the Asset Management Group.
- 2.4 **Choice Based Lettings (CBL).** The authority obtained government funding to establish a choice based lettings system with four partner organisations. A project officer has been appointed and assistance has been given to establish a risk assessment. Advice has been provided, particularly in relation to the need to formulate an agreed protocol for decision making within the partnership.
- 2.5 **National Fraud Initiative.** The Audit Commission compares data from each local authority to identify potential 'matches', for example benefit claimants receiving payments from more than one authority or duplicate creditor payments. Although the exercise identifies several thousand potential matches, further

investigation usually provides a valid explanation. Occasionally, frauds are detected and these would be investigated accordingly.

- 2.6 Audit investigated a small number of Council Tax refunds appearing in NFI matches. Extensive testing of Council Tax and NNDR refunds was undertaken to confirm validity of payments made. Further investigation into the reported matches confirmed that a small number of payments had been made into invalid accounts due to a system error. Management had been aware of the problem and had already amended procedures internally.
- 2.7 Audit is currently co-ordinating the Council's investigations into other NFI matches and further details will be reported in due course.
- 2.8 **Environmental Health and Building Control.** Risk assessment and testing in this service has been completed and a draft report issued to management. Recommendations have been made in the following areas:
- (a) Additional checks required to improve control over income collected in respect of taxi licenses.
  - (b) Separate risk assessment recommended for contaminated land issues. (with assistance from Surrey Heath Audit)
  - (c) Business Improvement Program to consider the resources available and effectiveness of enforcement responsibilities.
  - (d) Business Continuity Plan to be communicated to all staff, tested and updated as necessary.
  - (e) Service plan outlining key targets and performance indicators to be updated.

### 3. **OTHER AUDIT WORK**

- 3.1 **External Audit** – Audit liaised with new external auditors to agree testing schedules required for all main financial systems. This testing commenced during the period and will be available for inspection by KPMG later in the year. This is a major element of the work of Audit Services and focuses on the following key financial systems:
- (a) Main Accounting
  - (b) Cash and Bank
  - (c) Loans and Investments
  - (d) Payroll
  - (e) Creditors
  - (f) Debtors
  - (g) NNDR
  - (h) Council Tax
  - (i) Housing Benefits
  - (j) Asset Management/Capital – new area and additional work for Audit Service.
- 3.2 Sample sizes are specified by external audit and work has to be completed and recorded to meet their requirements.

- 3.3 **GIS/CAPS** – Attendance at user group meetings, advice to users and management regarding operational and system implementation issues.
  - 3.4 **Rent Deposit Scheme** – Advice regarding potential risks associated with new system.
  - 3.5 **Business Improvement Programme** - Audit continued to advise the Programme Board and individual review teams on the approach, potential efficiencies and control related matters.
  - 3.6 **Direct Services / Customer and e Government Services** – Risk assessments in progress
  - 3.7 **Planned Maintenance** – Review of management report and advice regarding the appointment of consultants.
  - 3.8 **Advice** - Advice has been requested from all directorates on a variety of risk and control issues.
  - 3.9 **Miscellaneous** – Various meetings (staff/team/departmental/manager’s briefings), training (Capital budget / Housing subsidy / London Audit Group), Audit Committee reports, liaison with Surrey Audit Group and external audit, budget monitoring, registering interim contract payment certificates and reviewed the e-tendering policy. Health and Safety risk assessments completed for the service, Audit Plan reviewed and work planning, various staffing issues and review of job descriptions.
  - 3.10 Meeting with Audit Committee Chairman to discuss role of audit and risk assessment.
  - 3.11 **Partnering** – attendance at meeting with other districts/consultants to discuss wider partnering initiatives and audit advice on protocols.
  - 3.12 **Statement on Internal Control** – Statutory document completed with report from Head of Audit highlighting matters in relation to internal control.
- 4. OPTIONS ANALYSIS**
- 4.1 There are none.
- 5. PROPOSALS**
- 5.1 To note the report.
- 6. BENEFITS AND SUSTAINABILITY**
- 6.1 N/A.
- 7. FINANCIAL IMPLICATIONS**
- 7.1 There are none.
- 8. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**
- 8.1 Completion of the Audit Plan demonstrates compliance with Local Government Act 1972 and Accounts and Audit Regulations.
- 9. RISKS AND HOW THEY WILL BE MITIGATED**
- 8.1 Significant risks associated with individual audits are reported in this report. Implementation of audit recommendations will reduce risks for the authority. All audit work is supported by detailed risk assessment.

**10. TIMETABLE FOR IMPLEMENTATION**

10.1 N/A.

**Report Author: Deanna Harris 01784 446207**

**Background Papers: There are none**

## **AUDIT COMMITTEE**

### **AUDIT CHARTER AND TERMS OF REFERENCE**

**Audit Committee 18 September 2007**

**Resolution required**

**Report of the Strategic Director (Support)**

#### **EXECUTIVE SUMMARY**

#### **How does the content of this report improve the quality of life of Borough Residents**

The Audit Service provides assurance that the authority's risk management processes, control systems, accounting records and governance arrangements are in place and operating properly.

#### **Purpose of Report**

To agree the revised Charter and Terms of Reference for Audit Services.

#### **Key Issues**

The Charter and Terms of Reference for Audit Services sets out the following:

- Objectives
- Scope
- Status
- Audit style and content
- Audit resources
- Audit training
- Audit reporting
- Related policies/documents

#### **Financial Implications**

No financial implications

#### **Corporate Priority**

The Audit Service supports all corporate priorities.

#### **Officer Recommendations**

**The Audit Committee is asked to approve the Charter and Terms of Reference for Audit Services.**

**Contact: Deanna Harris (Head of Audit Services) 01784 446207**

**Portfolio Holder: Councillor Michel Bouquet**

## **MAIN REPORT**

### **1. BACKGROUND**

- 1.1 The current Audit Charter was approved by members in 2003 and now requires some revision following the publication of the Chartered Institute of Public Finance and Accountancy's (CIPFA) new Code of Practice for Internal Audit in Local Government and various other operational changes.

### **2. KEY ISSUES**

- 2.1 The Charter and Terms of Reference for Audit Services is attached (Appendix 1).

- 2.2 The document has been prepared following reference to:

- (a) The existing Charter
- (b) CIPFA model documents
- (c) CIPFA Code of Practice for Internal Audit in Local Government

- 2.3 The document has been amended to reflect:

- (a) Partnership working
- (b) Emphasis on risk based auditing
- (c) Relationship with the Audit Committee
- (d) New standards relating to fraud investigation
- (e) Current audit planning processes
- (f) Quality Assurance
- (g) Current audit resources

- 2.4 The document sets out the responsibilities of Audit and scope of the service including unrestricted access to records, assets, officers and members. It also highlights the need for Audit to operate independently and objectively.

### **3. OPTIONS ANALYSIS**

- 3.1 There are no options

### **4. PROPOSALS**

- 4.1 There are none.

### **5. BENEFITS AND SUSTAINABILITY**

- 5.1 Not applicable.

### **6. FINANCIAL IMPLICATIONS**

- 6.1 Not applicable.

### **7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

- 7.1 The Accounts and Audit Regulations require the Council to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control....." Audit Services operates in accordance with CIPFA's professional standards.

### **8. RISKS AND HOW THEY WILL BE MITIGATED**

8.1 Failure to agree and operate in accordance with the Charter and Terms of Reference for Audit Services could compromise the Council's ability to meet statutory obligations.

**9. TIMETABLE FOR IMPLEMENTATION**

9.1 Not applicable.

**Report Author: Deanna Harris**

**Background Papers:  
There Are None**

## AUDIT CHARTER and TERMS OF REFERENCE

### Introduction

This Charter and Terms of Reference for Audit Services sets out the following:

- Objectives and responsibilities
- Scope of Internal Audit
- Status
- Audit style and content
- Audit resources
- Audit training
- Audit reporting
- Related documents

### Objectives and Responsibilities of Internal Audit

The Accounts and Audit Regulations require the Council to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control....."

Audit responsibilities include:

- Providing independent **assurance** to the authority that risk management processes, control systems, accounting records and governance arrangements are in place and operating properly.
- Providing **advice** regarding risk, internal control and governance arrangements.
- Assisting management in **assessment of risk**.
- Undertaking special investigations as necessary.
- Testing of financial systems on behalf of external audit.

### Scope of Internal Audit

The scope of Internal Audit's remit includes the organisation's entire control environment and allows for unrestricted access to all records and assets deemed necessary by auditors in the course of an audit. In addition, Audit Services, will have unrestricted access to:-

- The Audit Committee
- The Chief Executive
- Members of Council
- Directors
- All authority employees

**Fraud and Corruption** - The Head of Audit Services should be notified of all suspected or detected fraud, corruption or impropriety and the service may go beyond the work needed to meet its assurance responsibilities and assist with



investigations. This will be dependent on resources available and circumstances. The service will follow guidelines set out by Cipfa and will follow any relevant statutory duties in respect of investigations.

*'Managing the risk of fraud and corruption is the responsibility of management. Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. ....Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.'* – CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.

**Partnership** – The Head of Audit jointly manages the audit team at Surrey Heath Borough Council and the arrangement is supported by a protocol agreed by both authorities. This also involves sharing of audit expertise and other audit resources.

### Status of Internal Audit

Audit Services is located within the Support Services Directorate reporting directly to the Strategic Director (Support).

To be effective, internal audit must be and be seen to be independent. To ensure this, Audit Services will operate within a framework that allows:

- Unrestricted access to all officers, members and those charged with governance.
- Reporting in its own name
- Segregation from line operations.

Every effort will be made to preserve objectivity by ensuring that all audit staff are free from any conflicts of interest and do not undertake any non-audit duties, with the current exception of recording contract payments and at the Head of Audit's discretion involvement may include:

- Ad-hoc fraud work
- Consultancy services
- Participation in service improvement projects.

### Audit Style and Content

The primary task of Audit Services is to provide independent **assurance** to the authority that risk management processes, control systems, accounting records and governance arrangements are in place and operating properly and in this will adopt a predominantly risk and systems-based approach to audit.

The Head of Audit Services will be required to manage the provision of a complete audit service to the authority which will include provision of advice as required. In discharge of this duty, the Head of Audit Services will:

- Prepare a rolling annual risk-based audit plan, for formal ratification by Management Team and Audit Committee. This plan will be regarded as flexible rather than as an immutable expression of audit policy.
- Ensure a system of supervision of audit work, and maintain a review of audit documentation through the supervisory structure.

- Assist managers to formulate/update risk assessments, undertake testing and issue a draft report summarising the key findings and recommendations.
- Prepare, for agreement with the Management Team, quarterly reports on audit activities for presentation to the Audit Committee.
- Issue an opinion/annual report within governance framework.

The quality of Audit Services is managed through the following:

- Reporting to the Audit Committee (responsible for approving (but not directing) internal audit's strategy, plan and performance).
- Auditors are required to comply with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (standards relating to independence, ethics, relationships, staffing/training, due professional care, reporting and performance).
- Customer Satisfaction Questionnaires/Surveys.
- External Audit assesses the service annually and determines whether reliance can be placed on its work.
- The Accounts and Audit Regulations 2006 introduced a requirement for authorities to 'conduct a review of the effectiveness of internal audit'. This is achieved through an Annual Review reported to Management Team and Audit Committee.

## Audit Resources

The staffing structure of the section will comprise a mix of qualified and trainee posts with additional resources used to buy in specialist support as required. The service currently comprises

1 x Head of Audit Services (.60 FTE)

1 x Senior Auditor (.6 FTE)

Auditor (1.7 FTE)

Specialist IT audit (budget available)

As far as is practicable, Audit Services will not participate in the day-to-day operation of any systems of internal financial control. However, in strict emergency situations only, audit personnel may be called upon to carry out non-audit work on a short term basis.

Members of the audit section will be expected to contribute to the general management and conduct of business through membership of working groups and participation in ad hoc exercises.

Upon request from the Strategic Director (Support), appropriate specialists from other departments should be made available to take part in any audit or corporate review requiring specialist knowledge.

## **Audit Training**

The Head of Audit Services will carry out a continuous review of the development and training needs of all audit personnel and will arrange in-service training covering both internal and external courses.

## **Audit Reporting**

All audit assignments and significant unplanned work will be the subject of formal (summary) reports. Draft reports will be sent to the managers responsible for the area under review for agreement to the factual accuracy of findings. After agreement, they will be issued to the director of the department under review and the Strategic Director (Support), with copies sent to relevant managers.

## **Related Documents**

To ensure there is an adequate control framework and environment, all staff should be aware of and comply with the following policies and procedures.

- Code of Conduct
- Anti-Fraud and Corruption Policy
- Confidential (Whistleblowing) Reporting Code - regarding suspected malpractice
- Contract Standing Orders - supply of goods and services and/or entering into contracts
- Procurement Guide
- Financial Regulations (rules applicable to key areas of financial administration)
- Finance Manual (covers procedures for all financial systems)
- Financial Regulations

**CORPORATE RISK MANAGEMENT**  
**Audit Committee 18 September 2007**  
**Resolution required**  
**Report of the Strategic Director (Support)**  
**EXECUTIVE SUMMARY**

**How does the content of this report improve the quality of life of Borough Residents**

Regular review of the corporate risk register helps to improve overall risk management arrangements, which supports all corporate priorities.

**Purpose of Report**

This report provides MAT and the Audit Committee with an opportunity to review the revised Corporate Risk Register and proposed actions for improvement.

**Key Issues**

- The Corporate Risk Register has been reviewed and updated.
- Actions have been proposed in the register to mitigate risks as far as possible.

**Financial Implications**

Staff time to implement actions proposed should be contained within existing budgets.

**Corporate Priority**

All 4 Priorities.

**Officer Recommendations**

**The Audit Committee is asked to note and accept the contents of the Corporate Risk Register.**

**Contact: Deanna Harris, Head of Audit Services, 01784 446207.**  
**Portfolio Holder: Councillor Michel Bouquet**

## **MAIN REPORT**

### **1. BACKGROUND**

- 1.1 The Council's Risk Management Policy/Strategy was approved by the Executive in 2002.
- 1.2 The policy/strategy, flowchart of responsibilities and Corporate Risk Register can be found on Spelnet, and the Service risk registers can be found on global public folders.
- 1.3 The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements, and receives regular reports on risk issues.
- 1.4 This report provides the Audit Committee with an opportunity to review the revised Corporate Risk Register and proposed actions for improvement.

### **2. KEY ISSUES**

- 2.1 The Corporate Risk Management Group have revised the Corporate Risk Register (Appendix 1). Actions required to reduce risks are shown together with officers responsible for implementing recommendations and deadlines.
- 2.2 It should be noted that the existing corporate priorities have been used for the purpose of relating specific risks to priorities.
- 2.3 Member training on risk management will be provided in November 2007.

### **3. OPTIONS ANALYSIS**

- 3.1 There are two options:
  - (a) To accept the Corporate Risk Register as drafted and proposals for improving overall risk management arrangements. (Preferred option). The revised register is considered to be an accurate reflection of the high level risks affecting the authority, based on our assessment of risk and controls in operation.
  - (b) To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

### **4. PROPOSALS**

- 4.1 MAT and the Audit Committee are asked to note and accept the contents of the Corporate Risk Register.

### **5. BENEFITS AND SUSTAINABILITY**

- 5.1 Proposals set out in the Corporate Risk Register should improve overall risk management arrangements across the authority, which supports all corporate priorities.

### **6. FINANCIAL IMPLICATIONS**

- 6.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets

### **7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

- 7.1 There are none.

## **8. RISKS AND HOW THEY WILL BE MITIGATED**

- 8.1 If actions outlined in the Corporate Risk Register are endorsed by MAT and implemented by relevant officers, this should improve the council's overall risk management arrangements.

## **9. TIMETABLE FOR IMPLEMENTATION**

- 9.1 The Corporate Risk Register shows officers responsible for progressing actions, together with timescales for implementation.
- 9.2 The revised Corporate Risk Register will be placed on Spelnet and actions will be monitored by the Corporate Risk Management Group through the Council's performance management and monitoring system (PB Views).

**Report Author: Punita Talwar/Deanna Harris, Head of Audit Services, 01784 446207.**

**Background Papers: There Are None.**

**SPELTHORNE BOROUGH COUNCIL****DRAFT CORPORATE RISK REGISTER – 2007/08**

The register summarises the main high level risks faced by the Council in relation to achieving the objectives and priorities as defined in the Council's corporate plan. The register sets out the control procedures in place to mitigate these risks, and identifies any further action needed to manage these risks effectively. Actions are assigned to appropriate officers with target dates for implementation.

- Corporate Priorities :**
- 1. Making Spelthorne Safer**
  - 2. Engaging Younger People**
  - 3. Making Spelthorne a Better Place**
  - 4. Improving Customer Satisfaction with our Services**

**NB Corporate Priorities are currently under review**

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

Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
Partner/ Contractor / Commercial	No significant risks					
Financial / Economic	Poor vfm / failure to implement procurement strategy / identify and manage savings  Business Improvement Program progressing but loss of skills transfer resource could delay process.		3	<b>Controls:</b> Procurement strategy, action plan and clear responsibilities through Corporate Procurement Group, AES, Financial strategy/budgetary constraints.  <b>Action 1: Consideration should be given to resources available to complete program..</b>	Service Heads/TC/BC  BC/ Sponsors Board/MAT	Dec 07
Regulation/ Legal / Litigation	Health and Safety failing resulting in injuries and legal action against the Council	1, 2, 3 & 4	4	<b>Controls:</b> Managers are responsible for regular risk assessments and all staff have responsibilities pointed out on Induction and in various policies and training events, Health and Safety Officer in post and reports relevant issues to CRMG, contract let to manage legionella (to ensure compliant with APEC regs) and progress reported to AMG and MAT as appropriate.  <b>Action: Procedure document required to clarify health and safety responsibilities/ arrangements where the authority leases out assets.</b>	All staff  DP	Jan 2008



Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
<b>Organisation/ Management / Personnel</b>	Overstretched resources resulting in poor service delivery, failure in achieving desired outcomes	1.3 & 4	3  ????	<p><b>Controls:</b> Appraisal process, job descriptions, performance clinics, targets linked to service plans, staff surveys, various HR policies/handbook, training program related to needs. Staffing reviews, Business Improvement Program in progress, corporate group set up to develop pool of expertise/skills in project management and business process analysis, Policy Officer summarised all projects with relative significance rating.</p> <p><b>Action: <i>Assessment of Council's overall program of projects required to consider capacity/skills issue.</i></b></p>	Service heads / MAT / CX          MAT	Sep 2007
<b>Political / Elected Member</b>	No significant risks					

Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
Environment	Disaster- major in borough	3 & 4	4	<p><b>Controls:</b> Emergency plan has been recently updated.</p> <p><b>Action:</b> <i>The authority should ensure the plan is fully communicated, tested and updated regularly.</i></p>	NL/SM	Dec 2007
	Uncertainty surrounding the financial /other consequences of contaminated land		4	<p><b>Controls:</b> Legal duty to inspect land and prioritise action, progress reports issued to MAT outlining financial and risk implications.</p> <p><b>Action:</b> <i>It is recommended that a separate risk assessment be prepared for Contaminated Land covering in particular, contractual, financial/resources and legal/regulatory matters. Controls available to mitigate risks associated with potential lack of funding or resources to undertake further detailed site investigations should be identified and incorporated in the risk assessment.</i></p>	NL/MAT	Dec 2007
	Waste and alternative weekly collections– project to deliver alternate weekly collections fails to meet expected outcomes/unsuccessful/ customer dissatisfaction/ recycling targets not		4	<p><b>Controls:</b> A risk assessment has been completed. Project management arrangements in place. Performance on recycling is recorded quarterly against BVPI'S on PB Views and performance below target is highlighted/ reported to MAT.</p> <p><b>Action:</b> <i>Risks to be reviewed and monitored</i></p>	NL/SM/SC	Ongoing

Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
	achieved					
<b>Technology/ Infrastructure /Operations</b>	Security breaches/system failure/ loss of data	1, 3 & 4	3	<p><b>Controls:</b> Back up and continuity arrangements managed by Steria and tested by Service Heads, IT security policies, contractual responsibilities of Steria.</p> <p><b>Action:</b> <i>IT security group to assess ongoing risks and IT disaster recovery plans to be tested.</i></p>	Steria/RW/ Service heads	Oct 2007
	Breaches in security of buildings		3	<p><b>Controls:</b> Knowle Green offices alarmed and entry controlled, CCTV, sensors connected to alarms. Security protocol documented. Depot has CCTV and controlled entry access. Access to satellite buildings e.g. day centres, village halls, park pavilions and museums controlled by key access, held by authorised staff.</p> <p><b>Action:</b> <i>Security protocol for satellite buildings should be documented, which clearly sets out responsibilities.</i></p>	DP/JF	
	Disaster in Council buildings / Lack of continuity planning within services and reliance on individuals/systems			3	<p><b>Controls:</b> Business Continuity plans have recently been updated. Bob Coe is responsible for co-ordinating plans.</p> <p><b>Action:</b> <i>The authority should ensure the</i></p>	Service Heads/MAT
				<b>Action:</b> <i>The authority should ensure the</i>	BC/Service	Dec 07

Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
	<p>Failure of projects due to poor project management</p> <p>Current projects include:</p> <ul style="list-style-type: none"> <li>• Staines Town Centre (all areas)</li> <li>• Stanwell Regeneration</li> <li>• BIP</li> <li>• Elderly Services</li> <li>• Leisure Centre – new contract &amp; refurb work???</li> <li>• Recycling</li> <li>• Alternative Weekly collections</li> <li>• Contaminated land</li> <li>• Legionella contract</li> <li>• All other asset related projects</li> <li>• All e related projects</li> <li>• Delivery of savings and income generation</li> <li>• Procurement initiatives</li> <li>• Comino / contact management / records</li> </ul>		3	<p><b>plans are fully communicated, tested and updated regularly.</b></p> <p><b>Controls:</b> The authority has agreed project management methodology and invested in software, training and consultancy to assist. Corporate PM software recently publicised with further training planned. Business Improvement program carried out using project management methodology. Varying levels of compliance with pm methodology across authority. Projects Officer issued report highlighting all projects being undertaken, with category (4 levels) based on relative significance. Procurement, E-Government and Asset Management boards to review the programme of projects within their remit to confirm compliance with PM systems.</p> <p><b>Action 1: MAT should examine the extent to which the organisation is using agreed methodology and the following addressed:</b></p> <ul style="list-style-type: none"> <li>• <b>Business case/whole life costings?</b></li> <li>• <b>Responsibility and accountabilities clearly defined?</b></li> <li>• <b>Resources identified (staff/budget)</b></li> <li>• <b>Deadlines agreed?</b></li> <li>• <b>Expected outcomes determined?</b></li> <li>• <b>Risks assessed?</b></li> <li>• <b>Gate reviews/reporting progress to MAT from PM Board</b></li> <li>• <b>All relevant stakeholders involved</b></li> </ul>	<p>Heads</p> <p>MAT</p>	<p>Oct 2007</p>

Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
	<p>management</p> <ul style="list-style-type: none"> <li>• Delivery of BPS proposals</li> </ul>			<p><i>and agreements/approvals received?</i></p> <ul style="list-style-type: none"> <li>• <b>Consider Member engagement in monitoring of projects via Exec or performance management and Review committee</b></li> </ul>		
	<p>Housing - failure to meet affordable housing targets.</p>		4	<p><b>Action 2: MAT should consider the Council's entire programme of projects and consider the level (capacity and skills) of resources available to deliver.</b></p> <p><b>Controls:</b> Housing Strategy group meet monthly to review Housing Strategy action plan and assess progress in achieving targets. New RSL's appointed during 2007 to help identify more housing development opportunities.</p>	MAT	Oct 2007
	<p>Failure to align service objectives to corporate aims</p>		3	<p><b>Controls:</b> Service plans are derived from Community and Corporate Plans. Current service plans cover 3 year period 2005 to 2008, although require annual updates. Planning to pilot new approach to assist service planning, using corporate template. Corporate priorities are being reviewed.</p> <p><b>Action : All Service Plans should be updated annually, to reflect the new</b></p>	Service Heads	Oct 2007

Risk Category	Risk / Consequences	Corp Priority	Level of risk	Control / Action	Ownership	Target Date(s)
				corporate priorities.		

24.1.2003; amended 3.4.03; 4.12.03; 1.7.04. 26.5.05 17.05.06 1.8.07