

Please reply to:

Contact: Gill Hobbs
Service: Corporate Governance
Direct line: 01784 446405
Fax: 01784 446333
E-mail: g.hobbs@spelthorne.gov.uk
Our ref: GH/AUD
Your ref:
Date: 17 March 2010

NOTICE OF MEETING

AUDIT COMMITTEE

DATE: THURSDAY 25 MARCH, 2010

TIME: 7.30 P.M.

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

TO: ALL MEMBERS OF THE AUDIT COMMITTEE

D.L. McShane (Chairman)
M.L. Bouquet

H.R. Jaffer
L.E. Nichols
E. O'Hara

S.J. Rough
H.A. Thomson

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 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.
- (h) To approve the annual Statement of Accounts.

MOBILE TECHNOLOGY – ACCEPTABLE USE

Use of mobile technology (mobiles, Blackberries, etc) in meetings can:

- Interfere with the PA and Induction Loop systems
- Distract other people
- Interrupt presentations and debates
- Mean that you miss a key part of the decision

PLEASE:

Either switch off your mobile phone/Blackberry OR turn off its wireless/transmitter connection for the duration of the meeting.

Thank you for your co-operation.

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 14 December 2009 (copy attached).

4. CORPORATE RISK MANAGEMENT

a) To receive a presentation and report from the Head of Asset Management (see Min 310/09 and 393/09) (Briefing Paper attached)

b) To receive a report from the Chief Finance Officer (copy attached).

5. AUDIT SERVICES ANNUAL PLAN 2010/11

To receive a report from the Head of Audit Services (copy attached).

6. ANTI FRAUD AND CORRUPTION STRATEGY

To receive a report from the Assistant Chief Executive (copy attached).

7. COMMITTEE WORK PROGRAMME 2010/11

The Committee is requested to consider and approve its work programme for 2010/11 (copy attached).

MINUTES OF THE AUDIT COMMITTEE

14 DECEMBER 2009

Present:

Councillor S.J. Rough (vice-Chairman – in the Chair)

Councillors:

L.E. Nichols

E. O'Hara

H.A. Thomson

Apologies: Councillors H.R. Jaffer and D.L. McShane

In attendance: Councillor J.D. Packman

392/09 MINUTES

The minutes of the meeting held on 24 September 2009 were approved as a correct record, subject to the inclusion of the revised wording to Minute 309/09 as follows:-

“£1,031k of expenditure was agreed by KPMG as non enhancing capital expenditure i.e. expenditure which is capital in nature but does not increase the value of the assets held (an impairment of the asset).

The increase in the recorded value of the fixed assets for both enhancing and non enhancing expenditure is transferred to the fixed asset account. Non enhancing expenditure (£1,031k) is treated as an impairment of the asset and charged to the Income and Expenditure (I&E) account to reduce down the value of the fixed assets account.

The £1,031k is charged, as part of the total cost to the authority, in the I+E but gets offset by a transfer to the Capital Adjustment Account (CAA - a non financial reserve) through the statement of movement in the general fund (SMOGF).

The value of the assets impaired is included in the reconciliation statement which is the adjustment that ensures there is no change in the overall revenue spend and therefore no effect on the Council Tax requirement

All entries that were required by KPMG were required for completeness and did not affect either the draft I+E or balance sheet as they had both been correctly charged in the draft statement of accounts”.

393/09 CORPORATE RISK MANAGEMENT

Contaminated Land

Arising from Minute 310/09 of the last meeting, the Head of Environmental Health and Building Control Services appeared before the Committee and

explained in detail the reasons for the continuing delay in completing a risk assessment in respect of contaminated land.

Members then asked the officer questions on his report.

RESOLVED that the information be noted and the Officer be thanked for his attendance and explanation.

Asset Management

Arising from Minute 310/09 of the last meeting, the Head of Asset Management had been requested to attend this meeting to explain the continuing delay in completing actions on high level risks. The Head of Asset Management was unable to attend due to personal commitments but had agreed with the Chairman of the Committee to submit a written report.

The Chairman of the meeting informed Members of the Committee that the report was being withdrawn as it was unsatisfactory and did not address the issues raised by the Committee.

RESOLVED that the Head of Asset Management be asked to appear before the Committee to explain the reasons for the delay in completing actions identified in the Corporate Risk Register relating to leased properties.

Corporate Risk Register

The Senior Auditor reported that the Corporate Risk Register had undergone its quarterly review and update by the Corporate Risk Management Group to ensure actions were being taken on identified risks. The revised register was considered to be an accurate reflection of the high level risks affecting the authority as well as the progress made on actions previously proposed.

She summarised the progress which had been made in a number of areas on actions proposed at the last review to address high risks. Where target dates were overdue an explanation for this had been provided with a revised target date.

RESOLVED that the contents of the Corporate Risk Register be noted, accepted and recommended for approval by Cabinet.

394/09 AUDIT SERVICES QUARTERLY REPORT

The Head of Audit Services presented her report which summarised the work undertaken by Audit Services during the period July – November 2009 and responded to questions from Members. Details of recommendations made by Audit Services as a result of completed audits were attached to the report.

RESOLVED that the Audit Services quarterly report for the period July – November 2009 be noted and approved.

395/09 CONFIDENTIAL REPORTING CODE (WHISTLEBLOWING POLICY)

The Head of Audit Services submitted the Confidential Reporting Code (Whistleblowing Policy) which formed part of the Council's Constitution for review. The Code set out how to raise serious concerns about any aspect of the Council's work and the legal protection against reprisals under the Public Interest Disclosure Act.

The Code was available on the Council's intranet, a bright orange leaflet was posted on every internal notice board and regular reminders were given to staff of its existence.

RESOLVED to note and approve, without amendment, the Confidential Reporting Code (Whistleblowing Policy) as submitted.

396/09 COMMITTEE WORK PROGRAMME 2009/10

The Committee considered its Work Programme for the remainder of the 2009/10 Municipal year. Issues raised at this meeting would be incorporated into the programme.

RESOLVED that

1. the Work Programme as submitted and amended be approved and
2. in future update reports will be provided by Audit Services on a six monthly basis – (Audit Committee meetings in December/June.)

BRIEFING PAPER

Progress report on the Health & Safety in leased properties.

Audit Committee 25th March 2010

REPORT SUMMARY

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

The council have a responsibility to ensure those council owned assets leased to third parties are maintained in accordance with current Health & Safety legislation for the benefit of users and occupiers, that the fabric of the building is maintained and to minimise the risk to the council in letting the assets.

Purpose of Report

To update members on the progress of the Health & Safety review.

Corporate Priority 1. Community Safety, 9. Sustainable Financial Future.

Officer Recommendation

The committee is asked to note the content of this report.

Contact: Terry Colliers Assistant Chief Executive 01784 446296

Cabinet member: Councillor Frank Ayers

MAIN REPORT

1. BACKGROUND

- 1.1 The project began in May 09. The original scope of the project was to contact existing tenants of the 46 non-operational sites which were leased from the council and issue them with a questionnaire regarding their site's compliance with Occupiers Liability Act and Health and Safety legislation.
- 1.2 The council must test the tenants understanding of this through a system of audit, inspection and review as a one off to measure the baseline information and to introduce a system/process for future years.
- 1.3 Of the 46 sites officers decided not to include a number of sites in the initial review. 5 sites were sensitive issues existed, 3 further site that were considered low risk due to the commercial nature of the occupiers and 2 further areas where the lease were in negotiation.
- 1.4 This left a total number of sites in the initial review of 36. A questionnaire was devised with the council Health and Safety officer Stuart Mann and this was then e mailed to the relevant contacts with the links to the relevant sites for information.
- 1.5 This provided very little response and the decision was taken in September to then send paper copies to them all by recorded post with a deadline of response by December 2009
- 1.6 As of the 19th March 2010 twenty seven (27) completed forms have been returned and are being entered on to the council's SHE system.
- 1.7 The replies are being analysed and will be categorised in to low, medium and high risk areas for further attention.
- 1.8 Officers will continue to chase the outstanding request for information and the results of the assessment and any increase in the returns will be reported as part of the presentation to committee.

Report Author: David Phillips Head of Asset Management Services 01784 446424.

**Background Papers:
List of leased properties (attached)**

S.No	Rec Y/N	Site	Details	Site Address		
1	Y	Ashford Community Centre	Ashford Community Centre	Woodthorpe Road,Ashford,Surrey,TW15 3NJ		
2	Y	Ashford Multi Storey Car Park	Ashford Police Office	Church Road,Ashford,Surrey,TW15 2TX		
3	Y	Charlton Village Hall	Burge School of Dance	Hetherington Road,Shepperton,Surrey,TW17 0SP		
4	Y	Ford Close-Land adj 41-Scout Hut	3rd Ashford (St Matthew's)Scout Group	Kingston Road,Ashford Surrey,TW15 3SB		
5	N	Fordbridge Recreation Ground-Beresford House	Capitol Security Service	Kingston Road,Ashford,Surrey,TW15 3SJ		
6	N	Groveley Road-Scout and Guides Hall	2nd & 3rd Sunbury Guides & District Rangers Association	Groveley Road,Sunbury,Surrey,TW13 4PL		
7	Y	Groveley Road-Scout and Guides Hall	Groveley Hall Nursery School	Groveley Road,Sunbury,Surrey,TW13 4PL		
8	Y	Hengrove Park-Scout Hall	2nd Ashford Methodist Scout Group	Hengrove Crescent,Ashford,Surrey,TW15 3DE		
9	Y	Hengrove Park-St Johns AmbulanceSt Johns Ambulance	St Johns Ambulance	Moretaine Road,Ashford,Surrey,TW15 3DQ		
10	Y	Heritage Centre/Parish Office	Parochial Church Council Ecclesiastical Parish of All Saints	The Broadway,Laleham,Staines,Surrey,TW18 1RZ		
11	Y	High Street,Staines 119	Tracey's Florist	High Street,Staines,Surrey,TW18 4PD		
12	Y	High Street,Staines 121/121a	Canaan Bookshop	High Street,Staines,Surrey,TW18 4PD		
13	Y	Laleham Park- The Boathouse	Burway Rowing Club	Thameside,Laleham,Surrey,TW18 1UQ		
14	N	Laleham Park	Laleham Camping Club	Thameside,Laleham,Staines,Surrey,TW18 1SS		
15	N	Lammas Recreation Ground	Kiosk	Wraysbury Road,Staines,Surrey,TW18 4TS		
16	Y	Lammas Recreation Ground	Staines & Egam Group Sea Cadets,	Wraysbury Road,Staines,Surrey,TW18 4TS		
17	Y	Manor Park-Cricket Club	Shepperton Cricket Club	The Old Manor House,Russell Road,Shepperton,Surrey,TW17 9JR		
18	Y	Manor Park-Guide Hut	1st Shepperton Guides & Brownies	Dawson Hall,Russell Road,Shepperton,Surrey,TW17 9HY		
19	Y	Paxmead Dockett Eddy Lane-Clubhouse	Paxmead Guides Association	Dockett Eddy Lane,Shepperton,Surrey,TW17 9NT		
20	Y	Riverside Arts Centre	Riverside Arts Centre	59 Thames Street,Sunbury,Surrey,TW16 5QF		
21	Y	Scout Hut,Commercial Road,Staines	1st Staines Scout Group	Parkside Place,off Commercial Road,Staines,Surrey,TW18 2QW		
22	Y	Shepperton Recreation Ground-Scout Hall	1st Shepperton St Nicholas Scout Group	Glebeland Gardens,Shepperton,Surrey,TW17 9DH		
23	Y	Shepperton Recreation Ground	Shepperton Pre-School Group	Glebeland Gardens,Shepperton,Surrey,TW17 9DH		
24	Y	Ecclesford Sports Ground	Ashford Town Football Ground-Clubhouse	Short Lane,Stanwell,Surrey,TW19 7BH		
25	N	St Martins Court Hall	Dance Group	St Martins Court,Ashford,Surrey,TW15 3NB		
26	Y	Staines Park-Minature Railway Club House	Staines Society of Model Engineers	Commercial Road,Staines,Surrey,TW18 2QJ		
27	N	Stanwell Moor Recreation Ground-	Stanwell Moor Village Hall	Horton Road,Stanwell Moor,Staines,Surrey,TW19 6AG		
28	Y	Sunbury Golf Club	Crown Golf at Sunbury Ltd	Charlton Lane,Shepperton,Surrey,TW17 8QA		
29	Y	Sunbury Park-The Walled Garden	Sunbury Embroidery Gallery	Thames Street,Sunbury,Surrey,TW16 6AB		
30	N/A	Vineries Allotments-Flight Control Station		Spout Lane,Stanwell Moor,Staines,Surrey,TW19 6BP		
31	Y	Knowle Green	Bayliss Brands	Knowle Green Council Offices		
32	Y	Knowle Green	Community Link (VAIS)	Knowle Green Council Offices		
33	Y	Knowle Green - Surrey Chambers		Knowle Green Council Offices		
34	Y	Knowle Green - Surrey Community Development		Knowle Green Council Offices		
35	N	Knowle Green - Surrey County Council				
36	N	White House				
37	Low Risk	Elmsleigh Centre				
38	Low Risk	Communication House		South Street,Staines,Surrey,TW18 4QE		
39	Low Risk	Thames Side House (BUPA)		South Street,Staines,Surrey,TW18 4TL		
40	Sensitive	Ashford Cemetery	Cemetery Lodge	Long Lane,Stanwell,Staines,Surrey,TW19 7AD		
41	Sensitive	Ashford Recreation Ground	Groundsman Flat	Clockhouse Lane,Ashford,Surrey,TW15 1BY		
42	Sensitive	Bishop Duppas Park	Groundsman Flat	Walton Bridge Road,Shepperton,Surrey,TW17 8NR		
43	Sensitive	Stanwell Recreation Ground	Groundsman Flat	Oaks Road,Stanwell,Staines,Surrey,TW19 7LG		
44	Sensitive	Staines Park	Groundsman Flat	Commercial Road,Staines,Surrey,TW18 2QJ		
45	Rent Review	Bagster House	Clubhouse and flat	Walton Lane,Shepperton,Surrey,TW17 8LP		
46	Rent Review	Minicab Office				
		Lotus Buildings				
		Bowls Clubs				

CORPORATE RISK MANAGEMENT

Audit Committee 25 March 2010

Resolution required

Report of the Chief Finance Officer

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.
- Progress on actions proposed at the last/prior review has been documented on the register.
- Further 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 12 Priorities.

Officer Recommendations

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

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

Contact: Deanna Harris, Head of Audit Services, 01784 446207.

Lead Member: Councillor McShane

Portfolio Holder: Councillor Vivienne Leighton

MAIN REPORT

1. BACKGROUND

- 1.1 The Council's Risk Management 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.
- 1.2 The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements, and receives regular reports on risk issues.
- 1.3 This report provides the Audit Committee with an opportunity to review the revised Corporate Risk Register, assess progress on actions previously recommended, and review new actions proposed 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. Where actions made previously have been addressed, it is still felt that risks need to remain in the register, as they represent the authority's most significant risks, i.e. could have a major impact on service provision/delivery if not managed effectively, or could potentially result in serious injury/fatality.
- 2.2 Progress on actions proposed at the last review has been documented on the attached register (please refer to columns titled control/action and progress). Progress has been made in the following areas:
 - IT Security (additional security measures being implemented).
 - Issues arising from the corporate training on Business Continuity in July 2009 are being taken forward by the Business Continuity forum and some testing has been conducted.
 - Under emergency planning opportunities for the former Environmental and Technical Projects Officers post to be shared with Runnymede Borough Council has been approved.
 - A risk assessment for contaminated land has been produced, which was presented to the Audit Committee on 14 December 2009.
 - Approval by Members of a partnership governance policy at SBC which officers have been reminded to consider, and scope for independent review of our significant partnerships.
 - Mandatory training relating to procurement and contract management has been provided to officers during November 2009; Contract Standing Orders have been updated and guidelines/compliance checklist circulated.
 - Delivery board meetings held to monitor implementation of the sustainability strategy and delivery of National Indicator 188 (Climate Change), and action plans prepared assigning tasks and targets to named officers, with timescales for delivery.
- 2.3 The following areas have not been fully addressed:

- (a) Service plans outstanding for Environmental Health and Building Control areas, although it is acknowledged that the Head of Environmental Health and Building Control will be finalising this by the end of April 2010. (Technology/Infrastructure/Operations risk). Please see part 1 of the detailed risk register.
- (b) Procedure document to clarify health and safety responsibilities where assets leased (regulatory/legal risk). Whilst some progress has been made on the leased asset project, there are a number of outstanding returns/surveys, and the general procedure document will be drawn up at project completion stage. The Briefing paper provided to Audit Committee Members on 14 December 2009 was considered unsatisfactory, and therefore Cabinet and Audit Committee members received an update briefing during February 2010. The Head of Asset Management will be attending the next Audit Committee on 25 March 2010 to provide a further update and outline positive progress made, whilst explaining the reasons for the continuing delay in completing this action. A revised approach is being undertaken in 2010 involving Building Control assisting leaseholders to complete the assessments to ensure the process is completed as quickly as possible.

2.4 It should be noted that the corporate priority themes have been used for the purpose of relating specific risks to priorities. Corporate priorities will be reviewed in the future.

3. OPTIONS ANALYSIS

Either:

- 1. 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, as well as the progress made on actions previously proposed, based on our assessment of risk and controls in operation.

Or:

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

4. PROPOSALS

- 4.1 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 Risk register outlines circumstances where the authority may well be at risk of unacceptable outcomes; risks to health and safety; risks to the finances of the council etc. Should these risks not be addressed adequately then it follows that there may well be undesirable legal consequences arising. The purpose of the risk register is in part to avoid such consequences.

8. RISKS AND HOW THEY WILL BE MITIGATED

8.1 If actions outlined in the Corporate Risk Register are endorsed by Members 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.

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

Background Papers: There Are None.

APPENDIX 1

SPELTHORNE BOROUGH COUNCIL
CORPORATE RISK REGISTER – 2009/10 QUARTER 4

The register summarises the 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 Priority themes are referred to in the risk register.

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	Owner ship	Target Date(s)	Progress
1. Technology/ Infrastructure /Operations	Failure to align service objectives to corporate aims	All	3	Controls:	Service Heads	Apr 2009 (Revise to Dec 2009) (Revise to April 2010)	Some. <i>March 2010: The Environmental Health & Building Control Plan is almost complete, and will be finalised by the end of April 2010 (previously awaiting outcome of the budget task group).</i>
				<ul style="list-style-type: none"> • Service plans are derived from Community and Corporate Plans. 			
				<ul style="list-style-type: none"> • Corporate priorities being reviewed. 			
				Action: All Service Plans require updating annually and need to reflect new corporate priorities. It is noted that due to current review of corporate priorities, updating of service plans may be deferred until these have been approved.			
2. Technology/ Infrastructure/ Operations	Failure of projects due to poor project management and overstretched resources.	All	3	Controls: <ul style="list-style-type: none"> • Master list of projects reviewed by Management team monthly to assess resources/skills/capacity to deliver 	MAT	Ongoing	Ongoing

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<ul style="list-style-type: none"> Agreed project management methodology overseen by Project Sponsors. 	MAT	Ongoing	Ongoing
				<ul style="list-style-type: none"> Programme boards issue progress/exception reports to MAT on projects within their programme 	MAT	Ongoing	Ongoing
3. Technology/ Infrastructure/Operations	3i. Security breaches/system failure/ loss of data	All	3	Controls: <ul style="list-style-type: none"> Back up and continuity arrangements managed by Steria and tested by Service Heads. 	TC/HD	Ongoing	Actioned/Ongoing
				<ul style="list-style-type: none"> IT security policies. Personal Commitment statement required from all staff. 			
				<ul style="list-style-type: none"> Contractual responsibilities of Steria. 			
				<ul style="list-style-type: none"> IT security group assess ongoing risks. 			
				<ul style="list-style-type: none"> IT disaster recovery test held in June 2009 and further test held in Dec 2009 where outstanding actions from June were addressed. 			
	3ii. Failure to meet the minimum security requirements of the new Government Code of Connection resulting in termination of connection to any other government	All	3	Controls: <ul style="list-style-type: none"> COCO review group assess compliance with the Code of Connection Successfully passed security requirements of the Government Code of Connection in January 09, and currently being reassessed, awaiting response 	TC/HD	Ongoing	Actioned/Ongoing

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
	sites/data.			<p>from COCO (Mar ch2010)</p> <ul style="list-style-type: none"> IT Security Penetration test completed in April 2009. New firewall been installed. Independent health check completed in July 2009 with results fed back to the ICT task group. Actions identified have been addressed. Additional security measures to be implemented from March 2010, including encryption of memory sticks, CD'S and laptops, locking down USB ports and improved authentication for remote working. 			
4. Financial	Poor return on long term investments/investments insecure in current climate.	All	3	<p>Controls:</p> <ul style="list-style-type: none"> Treasury Management strategy approved by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely. Council's investments managed internally in consultation with Sector Treasury. Use Fitch ratings and criteria recommended by Sector Treasury. 	TC		

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
				<ul style="list-style-type: none"> Regular monitoring and reporting of investment portfolio and returns achieved. 			
5. Technology/ Infrastructure/Operations	Disaster in Council buildings / Lack of continuity planning within services and reliance on individuals/systems	All	3	Controls: <ul style="list-style-type: none"> Assistant CX (Bob Coe) responsible for chairing the 'Gold' corporate group in the event of an incident where business continuity plans need to be invoked. Following the departure of the ACX (Bob Coe), this role is to become the responsibility of the Health and Safety Officer. 	Service Heads/ MAT		Actioned//Ongoing. March 2010: A corporate training/desk top test was held on 30.7.09 which focused on assessing the consequences of Pandemic flu on SBC services. Issues arising are being taken forward by the business continuity forum. Some further testing was conducted in Feb 2010 relating to the conference call facility.
				<ul style="list-style-type: none"> Assistant CX (BC) currently responsible for co-ordinating business continuity plans, which will be transferred to the Health and Safety Officer in due course. 	Service Heads /BC/SM	Annual/Ongoing	
				Action: The authority must ensure the plans are fully communicated, tested and updated regularly.			
6. Environment	Disaster- major in borough, e.g. pandemic influenza, resulting in inability to provide services	Environment	4	Controls: <ul style="list-style-type: none"> Emergency plan been updated Aug 09, acknowledging need for Deputy Officers to provide cover as appropriate. Annual review and testing of plan scheduled. 	NL/SM	Dec 2009 (Revise to April 2010)	Actioned/Ongoing. March 2010: The Head of Environment Services has approached Runnymede Borough Council about scope for

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<ul style="list-style-type: none"> • Desk top testing exercise successfully completed in Dec 08 with lessons learnt fed into revised Emergency plan. • Risk assessments completed and major incident flood plan been submitted to Surrey Local Resilience forum, which will be passed to MAT for approval in due course. • Advice and training provided by Surrey Local Resilience forum and the PCT, although recent departure of the Environmental and Technical Projects Officer. <p>Action Nov 09: To ensure there is adequate support and resilience within the Authority should an emergency arise, opportunities for the former Environmental and Technical Projects Officers post to be shared with another authority need to be explored.</p>			<i>sharing resources, which has now been approved.</i>
7. Environment	Uncertainty surrounding the financial /other consequences of contaminated land	Environment	4	<p>Controls:</p> <ul style="list-style-type: none"> • Legal duty to inspect land and prioritise action • Progress reports issued to MAT outlining financial and other risks 	LB/LO	Jan 2009 (Revise to Dec 2009)	<p>Actioned/Ongoing. March 2010:</p> <p><i>The risk assessment was presented to the Audit Committee on 14 December 2009, where</i></p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
				Action: A separate risk assessment is required to address contractual, financial/resources and legal/regulatory risks. Controls to reduce risks associated with potential lack of resources to undertake further detailed site investigations should be identified.			the Head of Environmental Health also outlined reasons for the continuing delay in completing this action. The risk assessment document will be reviewed periodically.
8. Regulation/ Legal / Litigation	Health and Safety failing resulting in death or serious injuries to staff/public and legal action against the Council	All	4	Controls: <ul style="list-style-type: none"> Managers responsible for conducting regular risk assessments Induction training for staff and policies clarify responsibilities 	DP	Jan 2008 (Revised to June 2009) (Revised to Dec 2009) (Revised to April 2010)	Some. March 2010: The Head of Asset Management advised the Audit Committee on 24 June 2008 of a delay in meeting original target date and proposed a new completion date of June 2009 (due to the size of the project, other priorities and resource limitations). The following progress has been made: <ul style="list-style-type: none"> -Leased asset sites have been identified and prioritised (43). -Questionnaires have been sent to 28 sites. - 15 sites are on hold as there are issues regarding sensitivity of sites. - There are seven

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
				<ul style="list-style-type: none"> <li data-bbox="1021 959 1505 1177">• Health and Safety Officer in post and reports relevant issues/legislation to Executive, MAT, CRMG, all staff, e.g. Corporate Manslaughter act and associated risks. <li data-bbox="1021 1187 1505 1294">• Contract let to manage Legionella and progress reported to AMG and MAT as appropriate. <p data-bbox="1021 1393 1505 1457">Action: Procedure document required to clarify health and</p>			<p data-bbox="1839 220 2201 655">completed surveys. - Outstanding returns are being monitored. - A revised approach is being undertaken in 2010 involving Building Control assisting leaseholders to complete the assessments. -Regular flash reports showing progress with the project, enabling monitoring.</p> <p data-bbox="1839 695 2201 826">The general procedure document will be drawn up at project completion stage.</p> <p data-bbox="1839 866 2201 1369">Cabinet and Audit Committee members received an update briefing following the January Cabinet meeting. The Head of Asset Management will attend the Audit Committee on 25 March 2010 to provide a further update and outline positive progress made, whilst explaining the reasons for the continuing delay in completing this action.</p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
				<i>safety responsibilities/ arrangements where the authority leases out assets.</i>			
9. Regulation/ Legal / Litigation	Failure to comply with employment legislation or statutory duty, resulting in an increase in employment discriminatory cases being submitted with the following potential consequences:	All	3	Controls:	Service Heads/ JH/MAT		
				<ul style="list-style-type: none"> Human Resources identify new employment legislation 			
				<ul style="list-style-type: none"> HR provide staff guidance on new/existing legislation and arrange training to ensure compliance 			
				<ul style="list-style-type: none"> Clear documented processes exist for Recruitment and Selection, and Managers Briefings provide opportunity to promote corporate procedures. 			
	<ul style="list-style-type: none"> Equality and Diversity working group set up 						
	<ul style="list-style-type: none"> -Compensation levels for discriminatory claims are unlimited leading to significant financial payout as well as damage to authority's reputation -Claims dealt with via employment tribunal incur high legal costs, significant officer time, effecting service provision (Legal, HR and relevant service area) 						

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
10. Partner/ Contractor/ Commercial	Allegations that contracts have not been awarded fairly and failure to obtain best value for money for the authority.	All	3	Controls:			
	Poorly drafted contract agreements leading to contractual disputes and Potential claims.			<ul style="list-style-type: none"> • Performance measures in place and contractual safeguards - Management responsibility • Review of strategic and internal partnerships 			
	Contracts are entered into on the supplier's terms and conditions, increasing the likelihood of contract disputes			<ul style="list-style-type: none"> • Contract guidelines (simplified version of CSO'S in place with compliance checklist). 			
	Weak contract monitoring resulting in Contractors/partners failing to deliver expected outcomes (cost and quality). Poor clarity over roles, responsibilities and accountability relating to partnerships, resulting in lack of focus/vision. Inconsistencies in the			Action 1 : <i>Managers need to formalise protocols/agreements for all <u>significant</u> partnerships, ensuring that roles and responsibilities of each party are clear and risks identified. Outcomes to be monitored against expected targets/objectives.</i>	Service Heads/ MAT/TC /MG	Apr 2009 (Revise to Sep 2009)	Actioned/Ongoing. Action 1 and 2 –March 2010: <i>The Head of Corporate Governance has liaised with Elmbridge to share best practice in this area, and drew up a Partnership Governance policy in 2009, approved by Cabinet. This also sets out examples of significant partnerships that fall under the policy, and scope for partnership review by Performance</i>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
	way partnerships are managed across the authority			Action 2 : There is scope for drawing up a partnership framework that applies to all significant partnerships, to ensure that proper governance arrangements exist around our partnerships. SBC should share best practice with other Councils.	Service Heads/ MAT/TC /MG	Apr 2009 (Revise to Sep 2009)	Management and Review committee. A reminder has been issued to all Service Heads and Management Team on the need to consider the policy when entering into Partnerships.
10. Partner/ Contractor/ commercial	See above.	All	3	Action 3 : <ul style="list-style-type: none"> Mandatory training to be provided for relevant staff relating to the tendering, selection, awarding and monitoring of contracts, and applied to the management of contracts. (NB Procurement training has been provided). 	Service Heads/ MAT/TC /MG	Apr 2009 (Revise to Dec 2009)	Some. Action 3 – March 2010: The Due-North E-Tendering system is now live and being used by Asset Management and Environment Services. The system will be rolled out to other users on a ‘need to use’ basis.

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
				<p><i>Staff to be reminded of the requirement to comply with CSOs and Financial Regulations, and to seek approval for exemptions as appropriate.</i></p> <ul style="list-style-type: none"> <i>Staff to pass draft contract agreements to Legal for review (where over £20k or considered high risk)</i> <i>Regular contract monitoring must be carried out, to ensure that planned outcomes and objectives are met. Consideration to be given to how the system of contract management could be strengthened eg by channelling all asset related contracts through AM.</i> 			<p><i>Training relating to procurement and contract management was held on 23.11.09. CSO's have been updated which will be followed by review of the Procurement Manual. Responsive maintenance is being brought under asset management which may facilitate contract monitoring/management in this area. New Procurement Officer now in post (shared resource with neighbouring authorities).</i></p>
10.Partner/ Contractor/ Commercial	Suppliers/contractors go out of business, affecting the completion of contract works/service delivery, and ability to pay business rates.	All	3	Controls: Financial Services monitor the financial media in relation to larger companies and critical commercial partners that the authority engages with.	Service heads/M AT/TC	Jan 2009	Ongoing.
11. Economic/ Social	Service planning difficulties due to changes in economic and social conditions beyond Council's	Environment /Economic Develop	3	<p>Controls:</p> <ul style="list-style-type: none"> Long term strategic planning Corporate and community plans linked to service plans 	SM/BC	Ongoing	

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
	control	ment		<ul style="list-style-type: none"> New corporate priority themes 			
12. Environment	Failure to deliver sustainable community strategy	Environment	3	Controls: <ul style="list-style-type: none"> Sustainability and Climate change strategy. Action plans prepared assigning tasks and targets to named officers, with timescales for delivery. Surrey wide climate change projects being developed, to be assigned as and when appropriate. 	BC/SM	Ongoing	Ongoing
				<ul style="list-style-type: none"> Environmental impact assessments completed. 			
	Failure to deliver/implement adaptation to climate change strategy resulting in :			<ul style="list-style-type: none"> Delivery board set up to monitor implementation of sustainability strategy and delivery of National Indicator 188 (Climate Change). Meeting minutes available. 			
	-Contravening relevant legislation (climate change act 2008)						
	-Poor resilience to climate change by services and community						
-Services are not adequately prepared for climate change, effecting service delivery.							

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date(s)	Progress
13. Financial	Fraud / theft (income, assets, payments), resulting in financial losses and damage to reputation of authority.	All	3	<ul style="list-style-type: none"> Corporate Policies in place to help create a culture of honesty and ethical behaviour such as Whistle blowing, anti-fraud and corruption, employee code of conduct, gifts and hospitality, Register of Interest . 	Service Heads/ MAT	Ongoing	
	In current economic climate, increased risk that individuals will be tempted to perpetrate fraud.			<ul style="list-style-type: none"> Service risk assessments outlining control procedures and arrangements in place to prevent the risk of fraud or help detect it. Key controls include compliance with policies and procedures such as Fin Regs and CSO'S, management checks, segregation of duties, reconciliation processes for financial systems, good IT Security measures. 			

Reviewed March 2010

AUDIT SERVICES – ANNUAL PLAN 2010/11

Audit Committee: 25 March 2010

Report of the Head of Audit Services

Executive Summary

How do the contents of this report improve the quality of life of Borough Residents?

The Audit Plan demonstrates how the service will provide independent assurance to the organisation on the control environment which helps to ensure the proper, economic, efficient and effective use of resources.

Purpose of Report

This report summarises the work planned by Audit Services during 2010/11.

Key Issues

Details of planned audit work for 2010/11 is attached. (**Appendix 1**).

Financial Implications

None

Corporate Priority

The work of Audit Services supports all corporate priorities.

Officer Recommendations

The Audit Committee is asked to note the work plan (2010/11) for Audit Services.

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

Portfolio Holder: Councillor Leighton

MAIN REPORT

1. BACKGROUND

- 1.1 The 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'. The Annual Plan demonstrates how the authority will fulfil this requirement in accordance with the Code of Practice for Internal Audit (Chartered Institute of Public Finance and Accountancy).
- 1.2 The plan ensures all auditable areas are identified, prioritised and sufficient time allocated to carry out the work. The plan is supported by risk assessments undertaken for each service during the year and other factors such as value/volume of transactions, known system weaknesses etc.
- 1.3 The Annual Plan is finalised after consideration of risks and consultation with senior management. It also reflects the requirements imposed by external audit.
- 1.4 Audit projects are allocated to individual auditors who carry out the work and report back to management on their findings. Regular reports summarising the work of the section are prepared for Management Team and Audit Committee.
- 1.5 The plan is regularly reviewed by the Head of Audit.

2. KEY ISSUES

- 2.1 A copy of the Annual Audit Plan Summary (2010/11) is attached (Appendix 1).
- 2.2 Part 1 of the document shows the scope of audit work ie assurance (including testing), work completed on behalf of external audit, corporate projects and advice. Approximately 30% of available time is set aside for contingency. This time is then allocated to special investigations and other unplanned work as it arises.
- 2.3 Part 2 shows the actual work planned for each service. Risk assessments will be updated for each service, new systems will be examined, previous recommendations will be followed up and a number of known areas of medium/high risk reviewed.
- 2.4 In addition to the audit projects identified, assistance will be given to support corporate issues such as information security, Use of Resources assessment and corporate risk management.
- 2.5 The internal audit team works in partnership with Elmbridge Borough Council and therefore some of the work will be delivered jointly by auditors employed by those authorities.

3. OPTIONS ANALYSIS

None

4. PROPOSALS

None

5. BENEFITS AND SUSTAINABILITY

N/A

6. FINANCIAL IMPLICATIONS

None

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

7.1 Completion of the Audit Plan demonstrates compliance with Local Government Act 1972 and Accounts and Audit Regulations.

8. RISKS AND HOW THEY WILL BE MITIGATED

8.1 The Audit Plan is informed by the authority's risk management process and other issues such as volume/value of transactions, and previous audit findings. Significant risks identified by audit are reported to the Audit Committee on a quarterly basis. Implementation of audit recommendations will reduce risks for the authority.

Report Author: Deanna Harris (Head of Audit Services) – 01784 446207

**Background Papers:
There are none**

SPELTHORNE AUDIT SERVICES

ANNUAL AUDIT PLAN SUMMARY – 2010/11

1. **Scope of Audit Work**

1.1 Assurance

Audit provides independent **assurance** that risk management processes, control systems, accounting records and governance arrangements are in place and operating properly.

Audit use a risk based approach to identify controls which reduce risks. These risk assessments are also used to determine the nature and level of testing required in each service area.

Audit Services also review new systems/procedures, IT developments, introduction of new legislation etc. The level of audit input will be determined by assessed risks.

1.2 Work undertaken on behalf of external audit

Audit Services review and test all the authority's main financial systems and ICT controls on behalf of external audit.

1.3 Advice

Audit provides advice on financial procedures, compliance with Contract Standing Orders, Financial Regulations and other governance arrangements.

1.4 Contingency

Unplanned audit work including special investigations, management request for assistance, additional time required on planned audits if weaknesses identified etc.

1.5 Corporate Projects

Assistance with corporate issues such as information security, Corporate Governance review and Use of Resources assessment. Audit supports management in the corporate risk management process.

Whilst auditors are well placed to undertake corporate projects and other co-ordinating roles, it is important that audit independence is not compromised by excessive involvement in non-audit work.

2. Planned Audit Work Summary – 2010/11

- 2.1 Audit Category: Assurance
- Services to be Audited: **All** Services and corporate systems
- Audit Objectives: Update risk assessments.
 Carry out testing identified by the risk assessment. Follow up previous recommendations.
 In the current climate more emphasis will be placed on fraud and value for money risks.
- Joint work with ICT Services to review and improve IT security will continue and this will be supplemented by work undertaken on behalf of external audit (see below).
-
- 2.2 Audit Category: Work on behalf of external audit
- Systems to be audited: Main Accounting, Payments, Debtors, Cash and Bank, Payroll, Housing Benefits, Council Tax, NNDR, Capital Accounting, Loans / Investments and ICT.
- Audit Objectives: Complete documentation and testing of systems as directed by external audit. Follow up previous recommendations.
-
- 2.3 Audit Category: Advice
- Services: All – as necessary
- Audit Objectives: Provide advice and ensure that all relevant risks are considered.
-
- 2.4 Audit Category: Contingency
- Services All – as necessary
- Audit Objectives: Undertake any ad hoc work and special investigations.
-
- 2.5 Audit Category: Corporate Projects

Services to be audited:

All/Corporate

Audit Objectives:

Assistance/advice on the following corporate projects:

- Use of Resources assessment – completion of relevant assessment and provide supporting evidence
- Corporate Risk Management – assist the Risk Champion to co-ordinate authority's risk management arrangements.
- Corporate Governance – contribute to the review of corporate governance arrangements and provide an opinion to feed into the Annual Governance Statement

Deanna Harris
Head of Audit
March 2010

ANTI FRAUD AND CORRUPTION STRATEGY

Audit Committee: 25 March 2010

Resolution Required

Report of the Assistant Chief Executive

EXECUTIVE SUMMARY

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

Provides assurance that the Council's resources are protected through an Anti Fraud and Corruption Strategy.

Purpose of Report

To review the Anti Fraud and Corruption Strategy and to make recommendations for amendment if necessary.

Financial Implications

There are none.

Corporate Priority:

The Anti Fraud and Corruption Strategy forms part of the Council's overall Corporate Governance arrangements and therefore supports all priorities.

Officer Recommendations

The Audit Committee is asked to note the Anti Fraud and Corruption Strategy and, if necessary, recommend any amendments to Cabinet.

Contact: Deanna Harris, Head of Audit Services, 01784 446207

Portfolio Holder: Councillor Vivienne Leighton

MAIN REPORT

1. BACKGROUND

1.1 In it's guidance on Audit Committees, CIPFA recommends:

'Strategies to be overseen by the Audit Committee will include:anti-fraud arrangements, anti-corruption arrangements including the authority's whistle-blowing guidelines...'

In order to fulfil this requirement the work programme for the Audit Committee includes the review of the Council's Anti Fraud and Corruption Strategy. A review of the Council's Confidential (Whistle-blowing) Code was undertaken in November 2009.

1.2 The Anti Fraud and Corruption Strategy is a corporate document and therefore any recommendations for change should be submitted to the Executive. The strategy is reviewed annually.

1.3 The Standards Committee is also responsible for 'keeping an overview of and advising the Council on its Anti Fraud and Corruption Strategy and Confidential Reporting Code (Whistle blowing policy)'.

2. KEY ISSUES

2.1 The Anti Fraud and Corruption Strategy is attached (**Appendix 1**).

2.2 The key elements of the Council's strategy to combat Fraud 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 "whistle blowing" policy

2.3 No changes are proposed by officers.

3. OPTIONS ANALYSIS

3.1 There are none.

4. PROPOSALS

4.1 There are none

5. BENEFITS AND SUSTAINABILITY

5.1 N/A.

6. FINANCIAL IMPLICATIONS

6.1 N/A

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

7.1 There are none

8. RISKS AND HOW THEY WILL BE MITIGATED

The Anti Fraud and Corruption Policy forms part of the Council's overall Corporate Governance arrangements and is intended to assist in reducing the risk of fraud and corruption.

9. TIMETABLE FOR IMPLEMENTATION

9.1 N/A

Report Author: Deanna Harris, Head of Audit Services 01784 446207

Background Papers: There are none

WORK PROGRAMME 2010 – 2011

AUDIT COMMITTEE - 25 MARCH 2010

Resolution Required

1. Work Programme

- 1.1 This report covers the Work Programme for the 2010/11 municipal year.
- 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 last meeting of the Committee scheduled for the municipal year 2009/10.
- 2.2 Meetings of this Committee have been scheduled in the Council's Diary for 2010 -11 in the months of:-
 - June 2010
 - September 2010
 - December 2010
 - March 2011
- 2.3 The specific meeting dates will be confirmed when the Calendar of meetings is considered and approved by the Council at its Annual Meeting.
- 2.4 Details of the Work Programme for the next meeting are as follows:

June 2010		
Corporate Risk Register	Head of Audit Services	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Annual Governance Statement	Chief Finance Officer	Approval
Outturn and Statement of Accounts 2009/10	Chief Finance Officer	Approval
Audit Services Annual Report	Head of Audit Services	Report
Audit Services Annual Review	Head of Audit Services	Review
Committee's Work Programme	Head of Audit Services/ Assistant Chief Executive /Audit Committee	Report

- 2.5 Any topics identified during consideration of the business at this meeting, will need to be included in the above Work Programme.
- 2.6 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.

- 2.7 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.
- 2.8 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.

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

Report Author: Gillian Hobbs, Committee Manager (01784) 446405