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Our ref: GH/AUD
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Date: 19 November 2008

NOTICE OF MEETING

AUDIT COMMITTEE

DATE: THURSDAY 27 NOVEMBER, 2008

TIME: 7.30 P.M.

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

TO: ALL MEMBERS OF THE AUDIT COMMITTEE

M.T. Royer (Vice-Chairman)
M.L. Bouquet

M.J. Collis
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. ELECTION OF CHAIRMAN

To elect a Chairman for the remainder of the Municipal Year, following the resignation of Councillor J.D. Pinkerton as Chairman of the Audit Committee.

2. APOLOGIES

To receive any apologies for non-attendance.

3. DISCLOSURES OF INTEREST

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

4. MINUTES

To approve the Minutes of the meeting dated 4 September 2008 as a correct record. (copy attached).

5. MATTERS ARISING FROM THE MINUTES

a) Min 205/08/ Min 270/08 - Update on PCNs

Head of Environment Services to report to the meeting.

b) Min 271/08 – Assistant Chief Executive (Chief Finance Officer) to report the Council's responses on the External Auditors recommendations

Assistant Chief Executive to report to the meeting.

c) Min 274/08 – Emergency Planning - Testing

See agenda item 7.

d)Any other matters arising raised with the Vice-Chairman prior to the meeting.

6. ALTERNATE WEEKLY COLLECTION PROJECT RISK MANAGEMENT PROCESS

To receive a brief presentation from the Head of Environment Services.

7. EMERGENCY PLANNING - TESTING

To receive a verbal update from the Head of Environment Services.

8. AUDIT SERVICES QUARTERLY REPORT

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

9. CORPORATE RISK MANAGEMENT - REVIEW

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

10. CONFIDENTIAL REPORTING CODE (WHISTLEBLOWING POLICY)

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

11. COMMITTEE WORK PROGRAMME 2008/09

The Committee is asked to consider and approve its work programme for the remainder of the Municipal Year 2008/09 (copy attached).

MINUTES OF THE AUDIT COMMITTEE

4 SEPTEMBER 2008

Present:

Councillor J.D. Pinkerton (Chairman)
Councillor M.T. Royer (Vice-Chairman)

Councillors:

L.E. Nichols

E. O'Hara

H.A. Thomson

Apologies: Councillors M.L. Bouquet and M.J. Collis.

In attendance: Mr Ian Joynson and Mr Neil Thomas - KPMG (Council's Auditors)

269/08 MINUTES

The minutes of the meeting held on 24 June 2008 were approved as a correct record.

270/08 MATTERS ARISING FROM THE MINUTES

Minute 201/08 – Corporate Risk Register

The Chairman, Councillor J.D. Pinkerton, was authorised to contact the Emergency Planning Officer about testing of the Emergency Plan.

He reported that the Plan was being reviewed and updated to reflect the Council's new Management Structure. The Deputy Chief Executive had attended a gold exercise and fed back to the Emergency Planning Team to incorporate into the revised emergency plan.

Specific plans had been drafted for 'Pandemic Flu' and 'Flooding' which would be followed by testing of the Plan. A Business Continuity Management test held on 23 July 2008 covered some elements of emergency planning such as flooding.

Officers had recommended that consideration should be given to carrying out a desktop exercise in order to assess arrangements in place and highlight scope for continuous improvement. Spelthorne had now arranged for Surrey County Council to carry out a desktop exercise in December 2008.

Councillor Pinkerton stated that he would continue to monitor the problem and report back to this Committee.

Minute 205/08 – Audit Services Annual Report

The Chairman, Councillor J.D. Pinkerton, was asked to contact the Head of Parking Services about Penalty Charge Notices (PCNs).

He reported that he had received confirmation that unpaid PCNs were now being transmitted to the Traffic Enforcement Centre for debt registration and that outstanding payments would be passed to the bailiff shortly.

The issue relating to inaccurate information passed by the Parking Services Manager to Audit in 2007 regarding this process was currently under investigation by the Head of Environment Services. The Chairman stated that he would report further at the next meeting of this Committee.

IT Disaster Recovery Test Report

The Chairman, Councillor J.D. Pinkerton recalled that at the last meeting a Member requested a copy of the IT Disaster Recovery Test Report and advised copies of this would be available to Members following the meeting.

Minute 199/08 - Alternate Weekly Collection Project – Risk Management Process

A Member asked why the presentation on the Alternate Weekly Collection to follow the risk assessment process of a project which had been completed, did not appear on the Agenda.

The Head of Audit Services reported that following consultation with the Chairman this matter had been deferred until the next meeting of the Committee in view of the amount of business to be discussed at this meeting.

271/08 EXTERNAL AUDIT REPORT ON 2007- 08 AUDIT AND STATEMENT OF ACCOUNTS

The Chief Finance Officer reported that external auditors appointed by the Audit Commission, KPMG, were required, in accordance with international auditing standards, to report annually 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
- The Annual Governance Statement
- Their annual Value for Money conclusion

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

The Auditors gave an unqualified opinion on the Statement of Accounts for 2007-08.

They required some adjustments to entries in the accounts relating to interpretation of capital items, provisions and available for sale investments, which had already been implemented. The auditors had also made recommendations relating to the accounts production process which had been agreed in principle with management.

The Auditors concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

The Chairman then asked Ian Joynson and Neil Thomas to present the KPMG report and respond to Members' questions.

With reference to the section in the report on the Accounts and Annual Statement of Governance where KPMG provided a commentary on the status of the accounting treatment of wheelie bins, a Member sought clarification on the use of microchips attached to the bins.

RESOLVED:-

- (a) That the Assistant Chief Executive, in his role as statutory Chief Financial Officer, and the Chairman of the Audit Committee be authorised to sign the draft letter of representation as set out in appendix 7 of the auditors' report ; and
- (b) That the Committee note the recommendations made in Appendix 4 of the auditor's report and that the Chief Financial Officer will report responses to the Committee at its next meeting.

272/08 EXTERNAL AUDIT INTERIM AUDIT REPORT 2007-08

The Chief Finance Officer reported the outcome of the External Auditor's 2007-08 interim audit report.

The interim audit report was undertaken to assess the underlying financial systems of control and procedures as preparation for the audit of the Statement of Accounts. The auditors concluded that they could place a high degree of reliance on the work of the Council's Internal Audit team.

The auditors made 10 recommendations one of which was high priority, relating to the authorising of journals and which had been actioned immediately. Three of the recommendations were considered to be of medium priority. These focused on improvements to IT controls associated with the financial ledger and other key systems. The remaining six recommendations related to best practice which would help bring the controls already in place, in line with best practice.

Ian Joynson and Neil Thomas from KPMG presented the report and responded to questions from Members.

RESOLVED that the External Auditor's 2007/08 interim audit report recommendations, set out in Appendix A to the officer's report, be noted.

273/08 AUDIT SERVICES QUARTERLY REPORT

The Head of Audit Services presented her report which outlined the work undertaken by Audit Services during the period April 2008 – June 2008 and responded to questions from Members. She highlighted significant areas of the report including the extension of the internal audit partnership with Surrey Heath to include Elmbridge, and contract management skills training.

RESOLVED that the Audit Services' Report for the period April 2008 – June 2008 be noted and approved.

274/08 CORPORATE RISK MANAGEMENT - REVIEW

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. Progress on actions proposed had been made in a number of areas and further actions had been proposed in some areas to improve controls. She gave details of those areas where risks had not yet been fully addressed.

Members expressed concern that desk top exercises were not adequate to test such things as communications between partner authorities and sought further reassurance that live testing would be carried out in addition to desk top exercises.

The Head of Audit Services confirmed that the desk top exercise was only the first stage in the process and that further work with other authorities was being planned in the near future. She stated that these issues would be reflected in the register when it was updated within the next week or two. She suggested that either the Deputy Chief Executive or an appropriate officer be asked to report to the next meeting of the Committee.

RESOLVED:-

- a) that the contents of the Corporate Risk Register be noted and approved; and
- b) that either the Deputy Chief Executive or an appropriate officer be asked to attend and report on the issue raised by Members, at the next meeting of the Committee.

275/08 COMMITTEE WORK PROGRAMME 2008/09

The Committee considered its Work Programme for the remainder of 2008/09 Municipal year. Issues raised at this meeting would be incorporated into the programme.

Members asked for a performance matrix of outstanding internal audit recommendations to be presented at each meeting.

The Head of Audit Services explained that the Committee only dealt with high risk issues which were highlighted at every meeting in the report on the Corporate Risk Register. Low risk matters were continually being closed and new ones opened. It was not a question of chasing numbers but focussing on the high level issues.

Following further discussion she agreed to submit some statistical information to the next meeting for the information of Members.

RESOLVED that the Work Programme as submitted and amended be approved.

AUDIT SERVICES QUARTERLY REPORT

MAT: 18 November 2008 Audit Committee: 27 November 2008

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

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 summarises work undertaken by Audit Services during the period July 2008 – September 2008.

- Audit recommendations
- Financial systems
- Car Parks
- Asset Management
- Internal Audit Partnership
- Other Audit Work

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 July 2008 – September 2008.

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

Portfolio Holder: Councillor Michel 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 on the adequacy of those controls.

2. KEY ISSUES

2.1 Audit Recommendations

A new recommendation database has been implemented to improve the monitoring of outstanding issues. At the last Audit Committee meeting members requested statistics relating to recommendations issued, implemented and outstanding. Full details of all outstanding recommendations have been supplied to the Council's Management Team. It is important to acknowledge that audit work is not measured by the number of recommendations issued and minor/low risk issues are not included in statistics. These statistics do not reflect a number of audits issued in draft where management responses are awaited.

Risk Rating	Total no of recs	Implemented	Outstanding
High	16	5	9
Medium	41	19	19

2.2 Financial Systems

- (a) Capital Accounting – Audit completed testing in accordance with external audit requirements. Findings indicate scope for services to liaise closer with Asset Management when arranging property valuations in order for them to update the Asset Register; an annual impairment review of assets should be undertaken; annual updating of the Asset Management Plan to reflect the rolling valuation programme; evidencing physical verification/reconciliation exercises for fixed assets held.
- (b) Housing Benefit – fraud. Audit evaluated the performance of the fraud team against DWP best practice guidelines. Recommendations were made regarding raising the awareness of benefit fraud and performance management.
- (c) Testing of Main Accounting, Treasury Management and Cash collection and Banking commenced.

2.3 Parking Services

- (a) Audit assisted with a review of the service risk assessment, followed up previous recommendations, tested systems and provided advice.
- (b) Findings reported to senior management included:
- i) Retrospective member approval required to the appointment of the contractor supplying new pay and display equipment (£100k+).

The handling of this contract also emphasised the need for greater awareness and compliance with the Council's Contract Standing Orders regarding:

- Preparation of robust business cases including proper evaluation of revenue implications
 - Tendering procedures
 - Approval/authority for tendering, selection of tenderers and successful tenderer.
 - Consultation with Legal regarding terms and conditions/ contracts.
- ii) At the time of the audit unpaid penalty charge notices had not been transferred to the Traffic Enforcement Centre and therefore they could not be referred on to the bailiff for collection. This has recently been resolved. The Head of Environment Services will provide members with an explanation as to why this process was delayed and the number of penalty charge notices to be written off as a result of delays.
- iii) As a result of a review of overtime payments, Audit recommended that the Head of Human Resources should review overtime authorisation policy, overtime reporting systems and ensure that guidance is provided regarding health and safety where long hours are worked.
- iv) All staff should have up to date job descriptions, appraisals should be undertaken annually and in accordance with the corporate timetable, and staff should receive all necessary training.
- v) All health and safety risk assessments should be up to date.
- vi) Procedure notes should be completed.
- vii) The planned review of maintenance costs (£100k + pa) should be completed without further delay.
- viii) The performance/cost of temporary Civil Enforcement Officers should be kept under review as at the time of audit, concerns were raised that current levels of income were insufficient to fund additional temporary staff.
- ix) The rationale behind the proposal to change park and phone contractor should be reviewed by management.

Senior management are currently addressing these issues.

- (c) Counterfeit £1 coins – Approximately 2% of £1 coins in circulation nationally are reported to be counterfeit and the Council has experienced some losses as a result. Advice has been given regarding the need to identify susceptible machines which may need re-calibrating and to ensure the security collector properly accounts for coins found.

2.4 Asset Management

- (a) Audit assisted with a review of the service risk assessment, followed up previous recommendations, tested systems and provided advice. Draft report to be issued shortly.
- (b) Audit reviewed the tendering process for 2008/9 planned maintenance contract. Following identification of errors in the selection of tenderers, and in the specification completed by the consultant, it was agreed that the contract should be re-tendered. Training has been provided on the selection of tenderers through Constructionline and senior management have dealt with other issues.
- (c) Audit advised senior management that the 'planned maintenance' programme was not up to date and did not relate to current stock conditions. Senior management have agreed that further 'planned maintenance' will be put on hold until stock condition surveys have been completed.
- (d) Advice was given regarding proposal to partner with another local authority on planned maintenance. As the Council's planned maintenance programme was not up to date, the viability of joint tendering at this time has been questioned.

2.5 Internal audit partnership

The Head of Audit Services now manages three local authority audit teams under an extended partnership arrangement. A new Audit Assistant has been appointed and other staff have taken on additional responsibilities to ensure that planned audit work can be delivered.

2.6 Other work

2.7 Corporate Governance – A draft audit summary has been issued recommending:

- (a) Periodical reminders should be issued to Service heads to pass draft contracts to Legal.
- (b) Further consideration should be given to use of standard terms and conditions for contracts/purchases to ensure the Council's position is safeguarded.
- (c) Consideration should be given to how Legal could assist in strengthening contract management within the authority.
- (d) Periodical review of the Projects register should be undertaken by MAT to consider limited capacity within Legal.

2.8 Customer Services - A draft audit summary has been issued recommending:

- (a) The Council's contact management system should be used for corporate complaint monitoring.
- (b) Consideration should be given to wider use of the Council's contact management system throughout the authority.
- (c) A more formal tender process for external printing services should be undertaken to extend the list of suppliers and companies used rotated.
- (d) The Head of Planning and Head of Customer & Office Services should carry out periodical analysis in order to assess whether the anticipated savings and benefits identified under the BIP review are being realised.

- (e) Fees and charges input onto the Council's bookings system should be independently checked for accuracy against committee approved fees and charges.
 - (f) Any continuing discounts on bookings should be justified and formally approved and management should review exception reports showing discounts awarded.
 - (g) All bookings should be supported by evidence of public liability insurance.
 - (h) Service Heads should inform Customer Services of issues that are likely to generate calls from the public with agreements drawn up for any significant work areas.
 - (i) The incident register should be reviewed annually and reminders issued to staff outlining correct procedures to follow.
 - (j) Suppliers own terms and conditions were accepted for the 'Shred on Site' contract. In future all terms and conditions should be agreed by Legal.
- 2.9 Town Centre Development – a risk assessment has been prepared and the audit will commence next quarter. Testing will focus on project management arrangements and financial control.
- 2.10 Performance Indicators – three PI's were checked for accuracy. Results were reported to senior management and external audit.
- 2.11 Information Management – a risk assessment was completed and advice given regarding Information Management Policies recently prepared. Following the retirement of the officer responsible for preparing these policies it is essential that outstanding issues are pursued.
- 2.12 Procurement - Audit completed a risk assessment for the procurement function and tested systems. The draft Audit summary is being prepared and details will be reported to the next Audit Committee. Generally, findings indicate need for improved contract management including greater organisational awareness of corporate policies. An audit of the Procurement function at Surrey Heath has also commenced with assistance from Spelthorne Auditors.
- 2.13 Depot – (contracts) a review of contracts awarded indicates the need for improved contract management arrangements and greater awareness and compliance with the Council's Contract Standing Orders. This is linked to 2.11 above.
- 2.14 Depot – Risk assessment completed and testing carried out focusing on income management, overtime payments, responsive maintenance budget and invoice payments. Further detail will be provided to the next Audit Committee meeting.
- 2.15 Grounds Maintenance – advice was provided on proposals to extend the period of the new grounds maintenance contract particularly the need to ensure the specification and contract terms and conditions are sufficiently flexible to take account of changing assets, new grounds maintenance technology and different standards (including potential cost savings).
- 2.16 Responsive Maintenance – a review of contracts awarded to one particular contractor indicates the need for improved contract management arrangements and greater awareness and compliance with the Council's Contract Standing Orders.

- 2.17 Shopmobility – An audit of the Shopmobility accounts commenced.
- 2.18 Audit Committee – reports, correspondence and training provided for all committee members.
- 2.19 Corporate Risk Management – see separate risk report. Audit attended the Corporate Risk Management Group.
- 2.20 **Advice** - Advice has been requested from all directorates on various risk and control issues including partnering, data security, Use of Resources, income collection etc.
- 2.21 **Miscellaneous** – Meetings (staff performance clinics/team/ departmental/ manager’s briefings, Assistant Chief Executive), training, Audit Committee reports/issues, liaison with external audit, budget monitoring, processing contract payment certificates, Service Planning, work planning, Emergency Planning/Business Continuity, recruitment for Audit Assistant Post, and various other tasks.

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 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 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.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 N/A

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

Background Papers: There are none

CORPORATE RISK MANAGEMENT
AUDIT COMMITTEE 27 NOVEMBER 2008
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

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 corporate priority themes.

Officer Recommendations

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

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

Lead Member: Councillor Malcolm Royer

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, 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.
- 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). Some progress has been made in areas such as monthly review of the Council's programme of projects; reporting progress to the Assistant CX in complying with the government code of connection; business continuity management forum set up to address actions arising from the corporate training exercise; desk top testing of the borough's emergency plan scheduled for December 2008; corporate training on contract management scheduled for January 2009; the drafting of a sustainability strategy.

Most Service Heads have assessed the significance of partnership arrangements using CIPFA guidance and findings will be incorporated in the Use of Resources self assessment and action planning process.

In some of these areas further actions have been proposed to improve controls further.

- 2.3 The following areas have not been fully addressed:
 - (a) Risk assessment for contaminated land (Environment risk). Please see part 7 of the detailed register.
 - (b) Testing of the Emergency plan and briefing session for staff (Environment risk). Please see part 6 of the detailed register.
 - (c) Procedure document to clarify health and safety responsibilities where assets leased (regulatory/legal risk). Please see part 8 of the detailed register.
- 2.4 The Head of Environment Services will be attending the audit committee on 27 November to provide an update on the emergency planning process.
- 2.5 The Head of Asset Management attended the Audit Committee on 24 June 2008 to advise Members of progress in drawing up a procedure document to clarify health and safety responsibilities for leased assets, and set out timescales for this

project, with a proposed completion date of June 2009. It should be noted that the original target date for implementing this action point was January 2008. It is now understood that the project is currently one month behind schedule due to other priorities.

- 2.6 A new action has been proposed in the corporate risk register aimed at addressing potential risks relating to suppliers/contractors in the current economic climate (see Partner/Contractor/Commercial risk category 9). Potential risks relating to the councils investments have also been added to the register (see financial risk category 4).
- 2.7 It should be noted that the new corporate priority themes have been used for the purpose of relating specific risks to priorities.

3. OPTIONS ANALYSIS

Either:

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

Or:

- (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.

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 – 2008/09 QUARTER 3**

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 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	Ownership	Target Date(s)	Progress
1. Technology/ Infrastructure /Operations	Failure to align service objectives to corporate aims	All	3	Controls: <ul style="list-style-type: none"> • Service plans are derived from Community and Corporate Plans. • New Corporate priorities communicated. Action: All Service Plans should be updated annually and reflect new corporate priorities. Progress at Nov 08: Environmental Health & Building Control service plans remain outstanding as awaiting outcome of the BIP review.	Service Heads	Dec 08	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
2. Technology/ Infrastructure /Operations	Failure of projects due to poor project management and overstretched resources.	All	3	<p>Controls:</p> <ul style="list-style-type: none"> • Master list of projects reviewed by Management team to assess resources/skills/capacity to deliver • Agreed project management methodology overseen by Project Sponsors. • Programme boards issue progress/exception reports to MAT on projects within their programme <p>Action: MAT should continue to review the Council's entire programme of projects and consider the level (capacity and skills) of resources available to deliver effectively.</p> <p>Progress at Nov 08: MAT continues to review the Corporate Projects matrix on a monthly basis and have requested more detail for projects undertaken by Asset Management.</p>	MAT	Ongoing	Actioned/On going
3. Technology/ Infrastructure /Operations	3i.Security breaches/system failure/ loss of data	All	3	<p>Controls:</p> <ul style="list-style-type: none"> • Back up and continuity arrangements managed by Steria and tested by Service Heads. • IT security policies, contractual responsibilities of Steria. • IT security group assess ongoing risks • IT disaster recovery test conducted successfully in April 08. 	Steria/HD/ Service heads		

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
	3ii. Failure to meet the minimum security requirements of the new Government Code of Connection resulting in termination of connection to any other government sites/data.			<p>Controls:</p> <ul style="list-style-type: none"> COCO review group assess compliance with the Code of Connection. <p>Actions: Penetration testing should be undertaken during 2008/09. The Review Group should report regularly to the Assistant Chief Executive (Chief Finance Officer) to confirm compliance with the Code of Connection.</p> <p>Progress at November 08:</p> <ul style="list-style-type: none"> The ICT Manager is currently seeking alternative quotes for the penetration testing exercise. The ICT Manager reports progress to the Assistant Chief Executive periodically. The Assistant CX receives minutes of the Service and Improvement Group and the IT Security group. 	HD/TC	Dec 2008	Some
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. Councils 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	Ownership	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	<p>Controls:</p> <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. Assistant CX (BC) currently responsible for co-ordinating business continuity plans. <p>Action: <i>The authority should ensure the plans are fully communicated, tested and updated regularly.</i></p> <p>Progress at Nov 08: <i>Business continuity plans have been updated. A business continuity management forum has been set up to address the action plan arising from the BCM training/test held in July. Corporate issues will be dealt with initially followed by individual service areas.</i></p>	Service Heads/MAT BC/Service Heads	Jan 2009	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
6. Environment	Disaster- major in borough, e.g. pandemic influenza, resulting in inability to provide services	Environment	4	<p>Controls:</p> <ul style="list-style-type: none"> • Emergency plan has been reviewed and circulated annually • Risk assessments completed • Advice from Local Resilience forum <p>Action at Aug 08: Consideration should be given to carrying out a desk top testing exercise for emergency planning (such as that conducted for BCM), in order to assess arrangements in place and highlight scope for improvement.</p> <p>Progress at Nov 08: A desk top testing exercise has been scheduled for 19th December 08 for all Service heads and MAT. The Head of Environment Services will be attending the Audit Committee on 27.11.08 to provide an update.</p>	NL/SM	Jan 2009	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
7. Environment	Uncertainty surrounding the financial /other consequences of contaminated land	Environ ment	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 some risks <p>Action: A separate risk assessment is required to address contractual, financial/resources and legal/regulatory risks. Controls to reduce risks associated with potential lack resources to undertake further detailed site investigations should be identified.</p> <p>Progress at Nov 08: Authority waiting for the government to publish revised soil guideline values against which contaminated sites are assessed. Little progress has been made in re risk-rating sites of potential concern due to priority given to the work on the current investigation area. Awaiting confirmation of grant funding. In light of these issues and update provided to the Audit Committee on 24.6.08, the Head of Environmental Health feels it is not appropriate to undertake a full risk assessment at this time.</p>	LB/LO	Jan 2009	None

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
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 • Health and Safety Officer in post and reports relevant issues/legislation e.g. Corporate Manslaughter act and associated risks were reported to Executive, MAT, CRMG, all staff, during 			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p>June/July 2008.</p> <ul style="list-style-type: none"> Contract let to manage Legionella and progress reported to AMG and MAT as appropriate. <p>Action: Procedure document required to clarify health and safety responsibilities/ arrangements where the authority leases out assets.</p> <p>Progress at Nov 08: The Head of Asset Management attended the Audit Committee on 24.6.08 to advise Members of the latest position, and set out timescales for this project, with a proposed completion date of June 2009 (due to the size of the project, other priorities and resource limitations). However it is understood that the project is currently one month behind schedule due to other priorities. The general procedure document will be drawn up at project completion stage.</p>	DP	Jan 2008 (Revised to June 2009)	Some
9. Partner/ Contractor/ Commercial	<p>Allegations that contracts have not been awarded fairly and failure to obtain best value for money for the authority.</p> <p>Poorly drafted contract</p>	All	3	<p>Controls:</p> <ul style="list-style-type: none"> Performance measures in place and contractual safeguards - Management responsibility. Work being conducted on review of strategic and internal partnerships New Use of Resources and 			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
	<p>agreements leading to contractual disputes and Potential claims.</p> <p>Contracts are entered into on the supplier's terms and conditions, increasing the likelihood of contract disputes</p> <p>Weak contract monitoring resulting in Contractors/partners failing to deliver expected outcomes (cost and quality).</p>			<p>Comprehensive Area Assessments will have more focus on partnership governance arrangements.</p> <ul style="list-style-type: none"> Contract guidelines (simplified version of CSO'S) are being drafted <p>Action 1 : Managers should formalise protocols/agreements for all <u>significant</u> partnerships, ensuring that roles and responsibilities of each party are clear and risks identified. Outcomes should be monitored against expected targets/objectives.</p> <p>Progress at Nov 08: Most service Heads have assessed partnerships in their areas for relative significance using criteria set out by CIPFA. The Head of Financial Services is pursuing one outstanding return. Findings will be incorporated in the Use of Resources self assessment and action planning process.</p>	Service Heads/TC	Dec 2008	Some
9. Partner/ Contractor/ commercial	See above	All	3	<p>Action 2 – Aug 08 :</p> <ul style="list-style-type: none"> Relevant staff should be encouraged to attend training regarding the tendering, selection, awarding and monitoring of contracts, and apply to the management of 	Service heads/MAT/TC	Jan 2009	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
				<p><i>contracts. (NB Procurement training has been provided and Corporate Governance are organising further contract training for relevant officers).</i></p> <ul style="list-style-type: none"> • <i>Staff should be reminded of the requirement to comply with CSOs and Financial Regulations, and to seek approval for exemptions as appropriate.</i> • <i>Staff should pass draft contract agreements to Legal for review (where over £20k or considered high risk)</i> • <i>Regular contract monitoring should be carried out, to ensure that planned outcomes and objectives are met. Consideration should be given to how the system of contract management could be strengthened eg by channelling all asset related contracts through AM.</i> <p><i>Progress at Nov 08: The E-Tendering system will be launched in January 2009, which will provide an opportunity to engage with staff and promote some of the training issues/procedures outlined above. Audit Services have also highlighted these issues as part of the Procurement audit.</i></p>			

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress
9.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	<p>Controls:</p> <ul style="list-style-type: none"> Financial Services monitor the financial media in relation to larger companies. <p>Action: All critical commercial partners that the authority engages with should be formally identified and monitored through the financial media.</p>	Service Heads/TC	Jan 2009	
10. Economic/ Social	Service planning difficulties due to changes in economic and social conditions beyond Council's control	Environment /Economic Development	3	<p>Controls:</p> <ul style="list-style-type: none"> Long term strategic planning Corporate and community plans linked to service plans New corporate priority themes 	SM/BC	Ongoing	
11. Environment	Failure to deliver sustainable community strategy	Environment	3	<p>Controls:</p> <ul style="list-style-type: none"> Climate change strategy Environmental impact assessments completed. Draft sustainable strategy prepared with action points <p>Action May 08: Annual review of strategy and monitoring of action plans.</p> <p>Progress at Nov 08: A sustainability strategy has been prepared, containing a number of targets, and is being discussed with technical officers. External consultation will follow.</p>	BC/SM	Dec 08	Some

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date(s)	Progress

Reviewed November 2008

**CONFIDENTIAL REPORTING CODE
(WHISTLEBLOWING POLICY)**

Audit Committee: 27 November 2008

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 has in place policy for ensuring serious concerns are reported and investigated, and that the risk of loss as a result of improper use of resources or claims against the authority is reduced.

Purpose of Report

To review the Confidential Reporting Code (Whistleblowing Policy) and to make recommendations for amendment if necessary.

Key Issues

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

The Audit Committee is required to consider whether the Confidential Reporting Code (Whistleblowing Policy) is satisfactory.

Financial Implications

No financial implications

Corporate Priority

Supports all priorities

Officer Recommendations

The Audit Committee is asked to note the Confidential Reporting Code (Whistleblowing Policy) and to recommend any amendments as necessary.

Contact: Deanna Harris, Head of Audit Services 01784 446207

Portfolio Holder: Councillor Michel Bouquet

MAIN REPORT

1. BACKGROUND

- 1.1 The Confidential Reporting Code (Whistleblowing Policy) forms part of the Council's Constitution and sets 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.
- 1.2 The Code details:
 - (a) The nature of concerns which may be reported.
 - (b) Other policies such as the Grievance Procedure which exist to deal with employment issues such as bullying or sexual harassment.
 - (c) Safeguards against harassment or victimisation as a result of raising a concern.
 - (d) Processes for raising and dealing with concerns including the various officers and organisations who could be contacted.
- 1.3 The Code is available on the Intranet, a leaflet (**Appendix 2**) has been placed on every notice board and regular reminders are issued to remind staff of its existence.

2. KEY ISSUES

- 2.1 The Confidential Reporting Code provides the necessary policy and guidance for reporting concerns and is important element of the Council's corporate governance arrangements.

3. OPTIONS ANALYSIS

The Audit Committee may:

- (a) Note contents of the Code, or
- (b) Recommend amendment to the Code

4. PROPOSALS

- 4.1 There are no proposals.

5. BENEFITS AND SUSTAINABILITY

- 5.1 The Confidential Reporting Code should ensure that serious concerns are reported, investigated and dealt with. There are no ongoing costs or sustainability issues.

6. FINANCIAL IMPLICATIONS

- 6.1 None.

6.2 LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

- 6.3 The Public Interest Disclosure Act (PIDA) requires the authority to provide protection to anyone reporting concerns from victimisation, dismissal etc.

7. RISKS AND HOW THEY WILL BE MITIGATED


- 7.1 The risks associated with failing to report, investigate and deal with serious concerns in a manner which protects the whistleblower include: claims against the Council, poor morale, waste of resources, service failure and damage to reputation.

8. TIMETABLE FOR IMPLEMENTATION

Subject to any amendments recommended.

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

Background Papers:
There are none.



Worried that something may be going seriously wrong in **your** **Workplace?**

Not sure who you can talk to?

Under our Confidential Reporting Code (whistleblowing policy), if you don't feel able to raise it with your line manager, you can talk in confidence to a number of officers. Please refer to the Confidential Reporting Code, which can be found at www.spelthorne.gov.uk/constitution_confidentialreporting.pdf

You can also get independent, confidential advice from the charity Public Concern at Work on 0207 404 6609.

WORK PROGRAMME 2008 – 2009

AUDIT COMMITTEE - 27 NOVEMBER 2008

Resolution Required

1. Work Programme

1.1 This report covers the Work Programme for the remainder of the 2008/09 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 The remaining meeting of this Committee scheduled in the Council's Diary of meetings for 2008-09 is:-

- 26 March 2009

2.3 Details of the Work Programme for this meeting is as follows:

26 March 2009		
Annual Audit and Inspection Letter	External Audit and Audit Commission Relationship Manager	
Quarterly Audit and Risk Report	Head of Audit Services	Report for period November 08 to Feb 09
Corporate Risk Register	Head of Audit Services	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Anti Fraud and Corruption Policy	Head of Audit Services	Review
Annual Audit Plan	Head of Audit Services	Report
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