



Please reply to:

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Date: 18 July 2018

Notice of meeting

Audit Committee

Date: Thursday, 26 July 2018

Time: 7.30 pm

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

To the members of the Audit Committee

Councillors:

M.J. Madams (Chairman)
D. Patel (Vice-Chairman)
C.A. Davis

Q.R. Edgington
J.G. Kavanagh
H.A. Thomson

H.R.D. Williams

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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RESPONSIBILITIES OF THE AUDIT COMMITTEE

Purpose

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

Core Functions

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

AGENDA

Page nos.

- 1. Apologies**
To receive any apologies for absence.
- 2. Minutes** **5 - 6**
To confirm the Minutes of the meeting held on 17 May 2018 as a correct record.
- 3. Disclosures of Interest**
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.
- 4. External Audit Report on Audit & Statement of Accounts** **To Follow**
To receive a report from the External Auditor.
- 5. Annual Internal Audit Report 2017/18** **7 - 38**
To receive a report by the Internal Audit Manager.
- 6. Corporate Risk Management** **39 - 52**
To receive a report by the Internal Audit Manager.
- 7. Committee Work Programme** **53 - 54**
To consider and approve the work programme for the municipal year.

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**Minutes of the Audit Committee
17 May 2018**

Present:

Councillor M.J. Madams (Chairman)

Councillors:

C.A. Davis	H.A. Thomson
Q.R. Edgington	H.R.D. Williams

Apologies: Councillors D. Patel and J.G. Kavanagh

135/18 Appointment of Chairman

It was proposed by Councillor H.R. Williams and seconded by Councillor H. Thomson and

Resolved that Councillor M.J. Madams be appointed Chairman of the Audit Committee for the forthcoming Municipal Year 2018/19.

136/18 Minutes

The minutes of the meeting held on 22 March 2018 were approved as a correct record.

137/18 Appointment of Vice-Chairman

It was proposed by Councillor M.J. Madams and seconded by Councillor H. Thomson and

Resolved that Councillor D. Patel be appointed Vice-Chairman of the Audit Committee for the forthcoming Municipal Year 2018/19.

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Audit Committee**26 July 2018**

Title	Annual Internal Audit Summary 2017/18		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee notes the Annual Internal Audit Summary Report for 2017/18.		
Reason for Recommendation	Not Applicable		

1. Key issues

- 1.1 *“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”* (Definition of Internal Auditing - Public Sector Internal Audit Standards)
- 1.2 Appendix 1 summarises Internal Audit reviews carried out in 2017/18, including assignments undertaken in April 18 which also relate to this period. Progress on implementation of audit recommendations together with the direction of travel is provided. Details of other work undertaken by the team is outlined. Audit reports were issued during the year to Group Heads and relevant managers, as well as Management Team, and these included recommendations aimed at reducing risks and strengthening internal controls.
- 1.3 In addition to the reviews carried out, Internal Audit assists the organisation in achieving its objectives through other aspects of its work at Spelthorne:
- Advice provided to services and corporate groups on various risk and control issues
 - Management of counter fraud initiatives
 - Supporting corporate governance arrangements
 - Suspected fraud Investigations

- (e) Corporate Risk Management – see separate risk report. Audit provides advice to Management Team, Corporate Risk Management Group (CRMG) and co-ordinates the Council's Corporate Risk Register.
- 1.4 A progress report was submitted to the Audit Committee in October 2017 detailing work undertaken from April to September 2017. A significant period of sickness absence within the team during 2017/18 required some reprioritising of the Internal Audit plan. Some contracted resource was commissioned to deliver priority audit assignments.
- 1.5 The Internal Audit Managers opinion on the Council's control environment for 2017/18 (as prepared in May 2018) is as follows:

Whilst the overall opinion is that the Council's internal control environment is generally adequate, significant shortcomings identified by Internal Audit need to be highlighted. In the majority of cases Management have agreed to address, or accept the associated risks of not doing so. We consider the following represents the key themes and issues arising from Internal Audit's work:

- *The Authority should be much closer to being compliant with significant legislation than it is (such as GDPR). It is, therefore, vital that efforts to implement the new GDPR regulations are increased immediately and the necessary resources to enable this to happen are made available. An Information Governance Officer was appointed in 2017 and represents the subject matter expert in leading progress. Going forward, the authority needs to plan more effectively for preparedness and implementation of significant legislation (including resource planning and application of corporate project processes) which links to the point below. Recent developments include preparation of a data protection compliance plan to assist services and persual of additional resource to support the Data Protection (IG) Officer;*
- *Consistent application of robust Project Governance arrangements are required to contribute to the likely success of projects whilst reducing potential risks of delays and overspend. Effective governance should incorporate the necessary structures and processes to support key decisions and approvals, promote the need for robust project plans, monitor progress of the project against pre-determined plans and milestones, and include regular effective reporting to the appropriate monitoring board/committee. Recent amendments to project documentation are intended to assist project monitoring going forward and the review continues;*
- *Effective reconciliation exercises between key financial systems represent a fundamental financial control and need to be carried out regularly to enable prompt identification and investigation of discrepancies, errors and potential fraud. Adequate staff contingency arrangements need to be built into the process. This has been acknowledged by the Accountancy team with additional resource now in place to support such tasks.*
- *As System Administrators also have operational and processing roles within the associated service area, this lack of segregation of duties (between operations and administration) increases associated risks of*

fraud or error. This is a longstanding issue and will be considered further as part of the review of the ICT function.

- *A recurring theme across some service areas is resourcing (constraints) often combined with weak resilience arrangements. These are often highlighted as reasons for controls and governance processes being compromised. This will be one of the issues considered as part of the root and branch service reviews being undertaken in 2018/19. Additional growth was built into the 2018-19 budget to provide additional resources in HR, Accountancy, Legal and Property.*

Issues with a significant level of risk attached have been transferred into the Council's Corporate Risk Register for regular monitoring by Management Team, Cabinet and the Audit Committee.

The above issues are also referred to in the Council's Annual Governance Statement.

2. Options analysis and proposal

- 2.1 There are no options.
- 2.2 Implementation of audit recommendations will reduce risks for the authority which is acknowledged by the Councils Management Team.
- 2.3 Failure to undertake internal audit work to the required professional standards would lessen the Council's assurance that effective control systems are in place and could result in an increase in the Council's annual external audit fee.

3. Financial implications

- 3.1 The Corporate fraud returns collated by the Internal Audit Manager demonstrate the significant cumulative financial returns/savings achieved. From January 2015 to March 2018, savings to the public purse exceed £1.5m with quantifiable cashable savings for Spelthorne amounting to £327k. Specifically for the 2017/18 period, the overall savings to the public purse equated to £676,805 with cashable savings for Spelthorne amounting to £92,603.

4. Other considerations

- 4.1 There are none.

5. Timetable for implementation

- 5.1 Not applicable.

Background papers:

Appendices: Appendix 1 – Summary of Internal Audit Work for the year 1 April 2017 – 31 March 2018

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***ASSURANCE KEY (Columns 2 & 6 of table)**

Effective - Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Some Improvement Needed - A few specific control weaknesses were noted; generally, however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Major Improvement Needed - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

Unsatisfactory - Controls evaluated are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met.

*** Internal Audit Recommendations (column 5 of table):**

***Reporting on the status of whether internal audit recommendations have been implemented or remain outstanding is based on confirmation from Group Heads/ Managers i.e. Internal Audit have not verified this. MAT & Members should note the comments recorded under the Progress column when considering the direction of travel. It seems appropriate that an effective assurance rating for the current RAG is issued only where all audit recommendations have been implemented.**

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
<p>1. ICT - Incident management process</p> <p>September 2017 (final)</p>	<p>Some Improvement Needed</p>	<p>Group Head for Commissioning and Transformation</p>	<p>Incident Management is defined as the capability to effectively manage unexpected disruptive events, with the objective of minimizing impact or restoring normal operations, within defined limits. In general, controls were operating satisfactorily, although the following recommendations have been made to address some weaknesses found:</p> <ol style="list-style-type: none"> 1. Users to be made aware of their responsibilities and procedures to follow when reporting a security incident, ensuring prompt reporting of any security weaknesses or incidents, without any fear of recrimination. 2. All security incidents to be logged with event history, audit trail and escalation process, to ensure identification of responsibility. 3. Regular training to be offered to staff in order to avoid/minimise risk of security breaches. 	<p>Recommendations implemented and ongoing monitoring as follows:</p> <p>Reference 1 Completed via training (Implemented)</p> <p>Reference 2 Incidents logged (Implemented)</p> <p>Reference 3 Training undertaken and further training planned for July (Implemented)</p>	<p>Effective</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
2.Main Accounting Systems May 2017 (final)	Some Improvement Needed	Chief Accountant	1. Maintain a succession plan to ensure a smooth transition if key members of the Finance team leave the Council. 2. Update the Finance service risk register with the risk and mitigating controls in the event of possible disruption to the service through absence or vacant positions. 3. Ensure there is a comprehensive procedure manual for finance which is periodically reviewed. 4.Periodically review transactions on the audit log to identify anomalies, irregularities or inconsistencies 5.Ensure that Journals are properly authorised by an independent officer 6.Sales Ledger reconciliations to the general ledger should be evidenced 7. As a 'lessons learned exercise', review the close down process that took place for the 2015/16 accounts. Identify any areas where improvements can be made for 2016/17 for delivery of the final accounts. (This can be applied as an annual exercise)	Reference 1 – Implemented, new posts created and procedure notes being produced. Reference 2 – Outstanding. Reference 3 – Outstanding but in progress. Reference 4 – Implemented. Reference 5 – Implemented. Reference 6 – Implemented, but reconciliation not fully completed yet. Reference 7 – Implemented.	Some Improvement Needed

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments - 'Implemented or Outstanding'	Current RAG rating
3.Creditors October 2017 (final)	Some Improvement Needed	Chief Accountant	<p>1.The need to implement compensating controls in view of the absence of segregation of duties between system administration and the processing of transactions on the system (the option to transfer system administration to ICT was not agreed). To incorporate regular review of the Integra system audit logs by an officer independent of the System Administrator/Creditor Manager. To identify an officer within the Accounting team who could deputise for the System Administrator/Creditor Manager in the event of a prolonged absence and as part of general succession planning. Ensure that an up to date Job Description and Job Specification is held for the role of System Administrator/Creditor Manager.</p> <p>2. A manager independent of the Assistant Accountant and the Creditors Manager should review the monthly reconciliation exercise between the BACS payment and the General Ledger to confirm it has been carried out accurately, completely and promptly.</p>	<p>Reference 1 – Outstanding but progressing, temporary resource in place to cover the systems role. New post to be appointed in August that will enable greater segregation.</p> <p>Reference 2 -Implemented</p>	Some Improvement Needed

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

			3. The Chief Finance Officer to send out a reminder to all staff regarding the requirement to comply with the corporate credit card procedure. The Finance team also need to be advised that they are in a position to challenge any credit card activity which appears to be in breach of the corporate policy, which will also strengthen controls and reduce risks.	Reference 3 – Implemented	
Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
4.Partnership Governance May 2017 (final)	Major Improvement Needed	Group Head for Commissioning and Transformation	<p>1. A responsible officer to review, update and re-issue the Partnership Governance policy.</p> <p>2. A list of significant Partnerships entered into (strategic, commercial and work- related) should be identified and recorded centrally</p> <p>3. Governance status questionnaires to be completed for any identified strategic partnerships.</p> <p>4. Members of Overview and Scrutiny Committee to scrutinise Partnership activity if required.</p> <p>5. Arrangements made to ensure that partnerships are supported by suitable contract documentation (where appropriate)</p>	<p>Management team report of July 2017 outlined the intention to implement all of the recommended actions.</p> <p>Reference 1 In progress</p> <p>Reference 2 Implemented</p> <p>Reference 3 Identified and recorded</p> <p>Reference 4 Very few real partnerships now exist</p> <p>Reference 5 All in place – Implemented</p>	Some Improvement Needed

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
5.Performance Management July 2017 (final)	Major Improvement Needed	Group Head for Commissioning and Transformation	Recommendations include: <ol style="list-style-type: none"> 1. Re-establishing annual performance reviews of Service Plans 2. Ensuring a clear Service Plan guideline and timetable is communicated 3. Scheduling performance indicator returns into the Cabinet forward plan 4. Scope to make some existing performance indicator's more meaningful 5. Improved monitoring of the staff appraisal process 	Implemented (All) – As advised September 2017	Effective (Corporate Risk Register)

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review granted at time of audit * (see key)	Progress comments - 'Implemented or Outstanding'	Current RAG rating
6.Debtors July 2017 (final)	Major Improvement Needed	Acting Group Head for Customer Relations	<p>Current and outstanding internal audit recommendations representing a medium or high priority are to be monitored and progressed through the Corporate Debt Group.</p> <p>Recommendations include:</p> <ol style="list-style-type: none"> 1. Review the terms of reference for the Corporate Debt Group 2. Analyse debt balances that have been overdue over a protracted period to determine what action needs to be taken. This should include a review of Bed and Breakfast debts. 3. Responsibility for recovery of sundry debt should be clearly defined and documented in procedures. 4. Targets should be established to measure the achievement of collection rates and ratios. 5. Reports summarising Sundry Debtor arrears rates and collection performance should be produced to coincide and be presented at meetings of the Corporate Debt Group (CDG). 6. Accountability for arrears rates and collection performance 	<p>Actions agreed July 2017 and subsequent liaison with the Corporate Debt Group</p> <p>Reference 1 implemented</p> <p>Responses to the following to be provided after the Corporate Debt Group of 5.7.18:</p> <p>Reference 2</p> <p>Reference 3</p> <p>Reference 4</p> <p>Reference 5</p> <p>Reference 6</p> <p>Reference 7</p>	Some Improvement Needed (Corporate Risk Register)

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
7. Contaminated Land October 2017 (final)	Effective	Senior Environmental Health Manager	Minor suggestions made to further improve the risk assessment methodology applied.	Implemented - As advised September 2017	Effective
8. Procurement July 2017 (final)	Major Improvement Needed	Group Head for Commissioning and Transformation	<p>1. It was acknowledged that a plan is held for the development and implementation of a Contract and Procurement hub by December 2017, setting out the Council's strategic approach to Procurement</p> <p>2. Review the Procurement strategy and prepare an accompanying action plan.</p> <p>3. Full compliance with the Local Government Transparency Code is required.</p> <p>4. Procurement and Contract Management guidelines to be updated and publicised to reflect regulatory changes of 2015.</p> <p>5. Implement a programme of training for contract managers where the principles of Contract Standing Orders and Contract checklists form the core element of the learning.</p>	<p>Actions agreed July 2017.</p> <p>The new Procurement Officer who took up post from September 2017 will be progressing actions.</p> <p>Reference 1 – N/A Reference 2 Implemented Reference 3 In progress Reference 4 In progress awaiting Constitutional change Reference 5 To be completed (Outstanding)</p>	Some Improvement Needed (Corporate Risk Register)

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
9.Parking November 2017 (final)	Major Improvement Needed	Group Head for Neighbourhood Services	<ol style="list-style-type: none"> 1. A number of previous audit recommendations remain outstanding and require addressing. 2. The Parking Services Manager and Senior Administrator to update the Civil Parking Enforcement Policy. Financial Procedures to be updated annually. 3. The Senior Administration Assistant to liaise with Accountancy regarding Fees and Charges at charge setting time, to ensure that all documents match up and are in line with fees published on SBC's website. 	<p>Actions discussed August 2017</p> <p>Reference 1 – Implemented Reference 2 – Commenced</p> <p>Reference 3 – Implemented</p>	Some Improvement Needed

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
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Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

<p>10. Corporate Health and Safety August 2017 (final)</p>	<p>Some Improvement Needed</p>	<p>Senior Environmental Health Manager and Health and Safety Officer</p>	<ol style="list-style-type: none"> 1. It was acknowledged that a 12 month rolling health and safety programme being introduced for 2017 (now deferred to commence from 2018) is a series of health and safety activities to be undertaken by operational managers. To ensure an inspection plan is in place which will provide structure to the new process and evidence of the Health and Safety Officers monitoring activities. <i>(To ensure the delivery of the annual rolling plan, Champions for Health and Safety have been recently identified in each Service area to implement the necessary actions. IOSH training is being encouraged).</i> 2. Health and Safety policy reviews should be formally approved by Members of the Council. <i>(The Health and Safety Policy has since been updated and went to Cabinet for adoption on the 21 June 2017). (Implemented)</i> 3. Update the Health and Safety pamphlet to include details of the Health and Safety Policy. <i>(Due to be updated in October 2017).</i> 4. Ensure the Managers Guide to Health and Safety is completed, distributed and publicised before the 12 month rolling H&S program commences, to incorporate the proposed process by which self-audits should be undertaken by Managers. <i>(Health and</i> 	<p>Actions agreed July 2017</p> <p>Responses are outstanding.</p> <p>Reference 1</p> <p>Reference 2 – Implemented</p> <p>Reference 3</p> <p>Reference 4</p>	<p>Some Improvement Needed Corporate Risk Register</p>
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			<p><i>Safety at Work Regulations have been circulated for Managers attention).</i></p> <p>5. The Health and Safety Officer will be arranging training sessions for all staff on the use of SHE.</p>	Reference 5 – Commenced	
Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
11.Cyber Security January 2018 (final)	Some Improvement Needed	Group Head for Commissioning and Transformation	<p>1. ICT to consider a dedicated resource for the Network Security Management of Spelthorne BC, to ensure a more timely response, particularly in the event of a cyber attack.</p> <p>2. Due to the lack of segregation of duties operating within services in respect of system administrator roles and poor resilience arrangements, managers to review any application access levels set up by the system administrators.</p> <p>3. Managers to ensure that system administrators continue to conduct periodical reviews of user rights to ensure good housekeeping of the systems.</p>	<p>1. Implemented.</p> <p>2. Response not provided</p> <p>3. Response not provided</p> <p>(2 & 3 – It is acknowledged the System Administrators role to be considered as part of the ICT review).</p>	Some Improvement Needed Corporate Risk Register

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

<p>12. Letting and Management of Asset contracts (Runnymede Contract) January 2018 (final)</p>	<p>Some Improvement Needed</p>	<p>Group Head for Regeneration and Growth</p>	<p>1. The audit identified that a number of previous audit recommendations require addressing (i. KPI analysis, ii. independent quality audit, iii. revised Asset Management Strategy/Plan).</p>	<p>Actions agreed January 2018 1i. Outstanding 1.ii Implemented 1.iii Outstanding</p>	<p>Some Improvement Needed</p>
<p>13. Treasury Management April 2018 (final)</p>	<p>Some Improvement Needed</p>	<p>Chief Accountant</p>	<p>1. The Service should draw up a new formal Treasury Management policy statement for approval by the Council. 2. The Service should ensure that a timetable is agreed for the review, update and approval of the Treasury Management Practices and Schedules. 3. Regular cashbook reconciliations (reconciliations between the cash book, general ledger, and the bank) to be completed monthly to ensure any potential errors and discrepancies are promptly identified and rectified. Responsibility for undertaking this task needs to be reassigned and reviewed by an independent officer each month. 4. The Deputy Accountant and Chief Accountant to ensure that going forward half yearly treasury management reports are produced in a timely manner, and reported to members.</p>	<p>Actions agreed March 2018. 1. Implemented. 2. To be implemented by December. 3. Implementation in progress. 4. Implemented.</p>	<p>Some Improvement Needed Corporate Risk Register</p>

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
14. Council Tax April 2018 (final)	Major Improvement Needed	Group Head for Customer Relations	<ol style="list-style-type: none"> 1. The Council Tax should be reconciled to the General Ledger on a monthly basis and evidence retained that it has been subject to secondary independent review. 2. Regular monthly reconciliation exercises from Council Tax to AIM should be undertaken, which are signed off by the preparer and reviewed by an independent person, including any supporting documentation which is maintained. 3. Customer Services should write up to date procedures for the effective management of alerts for new builds from Building Control and Planning. 4. Customer services, Building and Planning should set a process of having regular liaison meetings to provide updates on permission granted for new builds and completions. 5. Customer Services should liaise with the Chief Finance Officer, Terry Collier to escalate a formal letter to the Valuation Office with a view to addressing the ongoing delays. 6. All suppressions should be periodically review by a senior officer to confirm validity of suppressions 	<p>Actions were agreed February 2018.</p> <p>1 & 2. (Implemented)</p> <p>3. (Implemented)</p> <p>4. This is part of the root and branch review.(To commence)</p> <p>5. Delays are nationwide and VO have a new set of rules and if they are not followed then reports are rejected. (Ongoing)</p> <p>6. Suppressions / diary codes have expiry dates and are checked regularly and failure to do so would result on the suppression ending.(Implemented)</p>	Some Improvement Needed

Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

			<p>granted to accounts. This should be evidenced.</p> <ol style="list-style-type: none"> 7. Customer Services should review and update the documented procedures for granting Single Person Discounts and ensure documented procedures are produced for the independent reviewing of exemptions/other discounts granted. 8. As part of the procedural review, a decision should be made on effective end dates to be input for all SPD cases i.e. one year seems a reasonable timescale, enabling review at this point. 9. An appropriate officer within the Council Tax team to monitor SPD results from the countywide Datatank exercise, ensuring any positive fraud returns are included in the corporate fraud returns (collated quarterly by the Internal Audit Manager). A clear timetable should be set for the annual review of all Class N exemptions and 25% Disregard discounts (including SPD), to mitigate against erroneous or fraudulent status. 10. Regular review of the Ctax suspense should be undertaken on a monthly basis and balances in the suspense account should be cleared. There may be scope to delegate this task to the Income and Cashiers Officer. 	<p>7. Discounts generally have a procedure where the officer can backdate for a year only - any longer requires senior officer/manager verification. (Documented procedures required)</p> <p>8. There is no time limit for backdating as the regulations state the authority should be satisfied it is reasonable. As 7 above officers are restricted.(Implemented)</p> <p>9.The Systems Administrator monitors the work undertaken by Datatank which will be reported quarterly. Class N exemption were fully reviewed in 2016 and will be reviewed again in 2018. Planned review of all discounts in 2018 with periodic reviews thereafter. Again the discounts have a provisional end date and should clock off when the date is attained. (Partially Implemented)</p>	
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Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

			<p>11. Customer Services should review and update the Council Tax recovery policy and Arrears recovery process and save on the T: drive, ensuring accessibility to all officers.</p> <p>12. Outstanding credits balances should be reviewed and reasonable steps taken to refund Council Tax payers where appropriate or credits removed from the Council Tax account and the necessary adjustment made in the Council's main account.</p> <p>13. Recovery action should take place promptly as per recovery guidance 2017/18 and records kept of all recovery action.</p> <p>14. The collection for Council Tax should be reviewed and increased from the current target to 99.50%.</p> <p>15. Customer Services should produce regular monthly reports and issue to the Deputy Chief Exec. (CFO) and Corporate Debt Working Group. These reports should cover: All council tax debts for previous years, Aged debts, collection rate for arrears, customer service telephone call responses (from customers/receive and transfer to other departments).</p> <p>16. The Service should review the current write off policy and update where necessary, as this was last</p>	<p>10. This is done monthly with Accountancy. (Implemented)</p> <p>11. Updated recovery procedures will be completed in 2018 with flow chart and review of appropriate actions.(Outstanding)</p> <p>12. Refunds are being done monthly. Clearing old credit balances is to be considered. (In progress)</p> <p>13. Recovery follows a tight timetable every year. (Implemented)</p> <p>14. 99.5% is unrealistic as an in year collection rate. The current 98.5% is a challenging in year target. (No further action)</p> <p>15. The collection rates are produced. Together with the arrears figure. Further meaningful statistics will be produced. (Partial)</p> <p>16. The write off policy was reviewed in 2016 as a result of the introduction of the</p>	
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Appendix 1 to Annual Internal Audit Summary Report (Covers April 2017 to March 2018)

Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
15. Payroll May 2018 (Final)	Some Improvement Needed	Group Head for Commissioning and Transformation	<p>reviewed in 2014. It should then be publicised to relevant staff.</p> <ol style="list-style-type: none"> 1. The HR Manager should, seeking advice from the Information Governance Officer as necessary, prepare a plan for how the department is going to meet the new GDPR regulations and what resource will be needed to complete the necessary work. This plan should then be submitted to the Group Head for approval. 2. The HR Manager should document the need for the current system access arrangements, the risks, the mitigating controls/factors and the efforts made to find alternatives in full each year. This document should be submitted to the Group Head for approval to continue using this approach. 3. The HR Manager should review the access rights to ITRENT on a quarterly basis. This review should be formally documented. 4. The HR Manager should, over a period of time and with the assistance of her team, create a list of tasks that 	<p>Group Head. (Documented policy required)</p> <p>Actions agreed May 2018. Progress updates not provided but this is considered reasonable given that the final report was issued in May 18.</p>	Some improvement Needed

			<p>are carried out using the Establishment List (or are not carried out at all) because of limitations in the functionality of ITRENT. This information could then be used for one or more of the following purposes: Requesting enhancements from the software supplier; Acquiring additional software modules from the supplier; Communication with other users; and acting as the basis of a needs specification when the time to change the software arrives.</p> <ol style="list-style-type: none"> 5. The HR Manager should ask the approved signatories what information they would like to help them discharge their responsibility to provide effective review of the proposed payment. It may be helpful to suggest that a trend together with brief commentary is provided. 6. The HR Manager should design an escalation procedure so that senior management is informed of non-replies regarding the Establishment List Review. This procedure should be presented to the Group Head for approval. 7. The HR Manager, or another senior member of the team, should formally review records evidencing HR checks carried out to confirm the validity of Payroll input. This should be on a timely basis to ensure that it has been carried out correctly. Review should be evidenced. 		
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			<p>8. The Accountancy department should inform the HR Manager if the payroll reconciliation cannot be prepared on time so that the HR manager can check that the actual BACS transmission was for the amount approved by the final approver.</p> <p>9. The Accountancy department should document the steps necessary to complete the payroll reconciliations so that this work can be completed by others in the event that those who usually carry it out are unavailable.</p>		
Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
16. Business Rates May 2018 (final)	Some Improvement Needed	Group Head for Customer Relations	<p>1. Documentation of each of the three key stages in the control over the billing process should be approved by a senior individual and retained on file to demonstrate that they were properly completed.</p> <p>1. The System Administrator should prepare a report showing who has access to the system at present and present this to the Interim Customer Services and Revenue Manager for review and approval. Any changes needed should be made as soon as possible. This exercise should be repeated quarterly to ensure that access rights continue to be appropriate.</p>	<p>Actions agreed May 2018.</p> <p>1. Done as and when and reviewed quarterly (Implemented)</p>	Some Improvement Needed

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			<ol style="list-style-type: none"> 2. The ICS&RM should review the suppression report every month and ensure that cases are suppressed only for valid reasons. 3. As part of the restructure of the department or otherwise, another individual should be trained to carry out the Academy reconciliation so that this control can continue to be operated even if the CSNO is not available. The Academy Reconciliation should be reviewed monthly by the ICS&RM. 4. Responsibility for the approval of refunds should be reviewed with the aim of implementing a stratified approach whereby the DGHCS&C continues to review the highest value proposed refunds but others are reviewed by other members of the management team. 5. Retrospective approval of automatic refunds should be fully documented. 6. Either as part of the restructuring exercise or otherwise, the process for identifying new properties should be reviewed to determine whether a single consistent process would be more effective. The review should also consider whether “pro-active” communication with the departments who provide the information would be beneficial. 7. The Accountancy department should notify the relevant business manager when a control process falls behind or 	<ol style="list-style-type: none"> 2. Done and as part of Council Tax Audit above. (Implemented) 3. Agreed 4. Agreed 5. Completed (Additional controls implemented during the audit) 6. Under discussion. 7. Accountancy to provide response. (Additional resource for reconciliation control process now in place) 	
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			is expected to fall behind so that consideration can be given to implementing compensating controls. The two individuals who have been re-engaged should produce detailed documentation explaining how the reconciliations etc. are performed before they leave and should perform an appropriate, documented handover to a suitable individual.		
Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
17.Homelessness Reduction Act April 2018 (final)	Some Improvement Needed	Group Head for Community Wellbeing & Deputy Group Head for C & T	<ol style="list-style-type: none"> 1. The Project Manager (Siraj Choudhury, Deputy Head of Commissioning & Transformation), with the input of key individuals, should prepare a detailed plan showing how the project will move from its current status to full compliance by 3 April 2018. He should then provide the plan to all those involved in the management or governance of the project. 2. Weekly progress reports should be prepared for the final few weeks of the project to ensure that all necessary work is completed on time. These reports should be sent to all those involved in the management and governance of the project. 	<p>Actions agreed March 2018. Reference 1 Implemented</p> <p>Reference 2 Implemented</p>	Effective Corporate Risk Register

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			<ol style="list-style-type: none"> 3. The project should be reclassified as “priority flagship” or other arrangements made for MAT to receive, review and approve the weekly project progress reports. 4. The steering committee (Corporate Project Committee) should monitor progress of the project against pre-determined plans, milestones or other plans. 5. The steering committee should oversee the production of regular reporting to those charged with governance of the council. 6. The Project Manager (Siraj Choudhury, Deputy Head of Commissioning & Transformation), should make arrangements to enable the flowcharting work to commence as soon as possible and allocate sufficient resource to ensure that this task is completed in sufficient time that the systems, processes and controls described in the flowcharts can be implemented before the legislation comes into force. 	<p>Reference 3 Reporting was put in place and then project ended so reclassification not required.</p> <p>Reference 4 Implemented</p> <p>Reference 5 Implemented</p> <p>Reference 6 Implemented</p>	

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Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
18.General Data Protection Regulations (2018) May 2018 (Final)	Major Improvement Needed	Group Head for Commissioning and Transformation	<ol style="list-style-type: none"> 1. The project sponsor should put in place the key elements normally associated with a formal project (including those listed in the audit report) as soon as possible. 2. The IGO should prepare a detailed plan, to the extent possible given the currently available information, at the earliest possible opportunity (perhaps after the information asset registers have been completed). This plan should be submitted to the project steering committee for approval and then, if necessary, to MAT for approval of the resource necessary to implement it. 3. The project plan should be monitored and updated as the work progresses to ensure that all tasks are identified and thus can be properly planned, resourced, monitored and completed in the most effective way possible. 4. The monthly reports should in future provide the information needed by MAT without requiring oral explanations. This is likely to include: An attempt to measure progress against milestones; information about operational (and other) areas that are not completing the tasks allocated to 	Actions Agreed May 2018 Reference 1 Project Plan updated Reference 2 In progress Reference 3 and 4 in progress but to fulfil tasks 3 and 4 more resourcing required and total corporate buy in	Some Improvement Needed Corporate Risk Register

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			<p>them in the project plan; additional resource requirements (current or anticipated); and the latest estimated completion date. The draft report should be reviewed by the project steering committee (once established) to ensure that it meets the requirements of MAT.</p> <p>5. The project sponsor should alert MAT to the fact that requests for a significant amount of additional resource will shortly be made.</p> <p>6. Where decisions have to be taken about the principles to be applied in undertaking the GDPR project, they should be approved by the project steering committee and reported to MAT. Consideration should also be given to prioritising areas where the ICO has already publicly announced that it expects immediate compliance.</p> <p>7. The project sponsor should develop a contingency plan for how to continue the project should the project manager become temporarily unavailable.</p>	<p>Reference 5 resource been advertised for</p> <p>Reference 6 Being undertaken but DPO constantly horizon scanning to be aware of ICO issues</p> <p>Reference 7 SIRO aware and more resource in place should provide some resilience</p>	
19. Spelthorne Leisure Centre April 2018 (Pre-Draft)	N/A STATUS REPORT	Group Head for Community Wellbeing	Findings and recommendations raised are currently under discussion. Awaiting management comments to report.		N/A STATUS REPORT
20. Grounds Maintenance June 2018 (Draft)	Some Improvement Needed	Group Head for Neighbourhood Services	1. The Nursery refurbishment needs to be a priority due to officers from the JET team also being relocated from the Depot. Spelthorne Borough	1. Implemented	Some Improvement Needed

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			<p>Council has a duty of care to all staff to ensure they are provided with adequate work and rest conditions.</p> <p>Other findings and recommendations raised are currently under discussion.</p>		
Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
21.Cleaning Contract May 2018 (final)	N/A STATUS REPORT	Group Head for Neighbourhood Services	<ol style="list-style-type: none"> 1. The quality control process should include a review by an individual with cleaning expertise to ensure that the specification accurately describes the cleaning required by the council. 2. A plan for measuring the performance should be prepared so that the practical difficulties, resource requirement and other matters arising can be considered and a realistic approach to performance measurement devised. The targets should also include a qualitative element as well. 3. If the in-house option is not to be considered, approval for focusing solely on the external option should be obtained from the Group Head of Regeneration and Growth in the first instance. 4. The approach proposed relating to the performance management 	Actions agreed May 2018. Progress updates not provided but this is considered reasonable given that the final report was issued in May 18.	N/A STATUS REPORT

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			<p>arrangements for the new contract are documented in full and presented to Group Head for approval.</p> <p>5. After the new contract has been agreed, consideration is given to wider issues such as those mentioned in the audit report, so that they can be implemented, if appropriate.</p>		
Audit Review & issue date of draft/final report	Assurance Level granted at time of audit * (see key)	Accountable Officer	Areas agreed by Managers for improvement arising from Internal Audit Review	Progress comments i.e. 'Implemented' or Outstanding*	Current RAG rating
22.Human Resources (Employment Legislation) July 2017 (final)	Some Improvement Needed	Group Head for Commissioning and Transformation	Where guidance is issued to officers by Human Resources in relation to changes in employment legislation, this needs to be consistently evidenced (documented) as a safeguard against potential employee claims.	Action discussed July 2017 but no further action is deemed necessary by the service	N/A

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Follow Up Audit Recommendations	N/A	Audit recommendations were followed up in some higher risk areas to monitor implementation. In June 2017 Management Team supported a change in approach with Managers taking increased responsibility to monitor and report on the implementation of audit recommendations within their teams. This was supported further recently as Managers have been requested to advise on the status of audit recommendations issued during 2017/18 (see above). It is envisaged that this should encourage greater management ownership of control procedures and risk mitigation.
Assurance template	N/A	Internal Audit have continued to encourage Managers representing the first line of defence to provide assurance that controls in their functions/services are operating effectively. Where considered appropriate Managers are asked to populate an assurance template for functions being reviewed, facilitated by Internal Audit.

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Audit assignments at other Councils	-	The former Senior Auditor completed a number of ICT Audit reviews at Woking Borough Council relating to SharePoint, Cyber Security and Cloud Computing. Best practice was shared with Spelthorne, an example being Cyber Security as this review was subsequently undertaken here.
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Other work

Corporate Risk management	The Internal Audit Manager continues to coordinate the Council's Corporate Risk Register which represents the Council's most significant risks and reports regularly to Audit Committee and Cabinet.
Serious and Organised Crime	As Single Point of Contact for Serious and Organised Crime the Internal Audit Manager met with the local Police team to identify high risk areas generally and specifically for Spelthorne. The framework to be applied for the Serious and Organised Crime Audit was also discussed. A local Police representative raised general awareness of this topic at a Group Head's meeting in March 2018, which will be followed up with further training to a wider group of staff. Following management feedback, the preferred approach and next steps in terms of Spelthorne addressing the Government's strategy has recently been discussed with Police representatives with an agreed way forward, intended to assist services in raising awareness by highlighting known risks.
Corporate Counter Fraud	<p>-Collate quarterly fraud returns for submission to Surrey County Council. Significant payback/returns are continuing to be achieved from the counter fraud work and as at 31.3.18 the cumulative return for Spelthorne in terms of notional savings to the public purse exceeds £1.5m (this is since the start of the Surrey Fraud Partnership in January 2015 and shared across SBC, Surrey CC and Surrey Police) with estimated cashable savings for Spelthorne of £327k.</p> <p>-Arrangements to buy-in additional counter fraud resource to target areas which are likely to generate greater financial payback (business rates and housing) has taken effect from August 2017. Spelthorne is procuring services from Reigate and Banstead and the Internal Audit Manager worked closely with relevant teams to scope the specification and finalise the contractual arrangements, which continue to be closely monitored. Collaborative working has produced positive outcomes particularly in Housing with the introduction of enhanced verification checks for new claims. Referrals to Reigate since the commencement of the contract until 31.3.18 have demonstrated significant returns for Housing equating to over £400K. There have also been wider benefits for Spelthorne's Housing team with opportunities to enhance learning and skills in this area.</p> <p>- A joint report prepared by the Acting Group Head for Customer Relations and Internal Audit Manager was issued to Overview and Scrutiny Committee on 16.1.18 highlighting measures being taken by Spelthorne to address business rates tax avoidance and evasion, along with further initiatives to explore.</p>

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	<ul style="list-style-type: none"> - External groups are attended with Surrey Partners including the Surrey Counter Fraud Board (SCFB). This enables the sharing of best practice and approaches in tackling housing fraud/business rate avoidance and evasion. Spelthorne participated in a County wide led exercise on Single Person Discount fraud. - The Internal Audit Manager chairs the internal Fraud working group and disseminates any best practice. - A meeting was also held in June between Housing, Internal Audit and A2D to discuss scope for greater joint working in an attempt to combat tenancy fraud. A further meeting is planned. - The possibility of procuring a specialist product (Trust ID) to verify the validity of identity documents is being considered as a corporate counter fraud measure. An initial system demonstration of Trust ID has taken place and liaison with relevant services would suggest there is interest in some areas. - Internal Audit circulates details of frauds identified nationally to make staff aware of risks. - The Whistleblowing poster was revised in March 2018 and placed on all staff noticeboards. - All audit reviews consider fraud risks and a number of specific audit tests have been undertaken to identify potential fraud. However, it remains the responsibility of management to ensure they have systems in place to prevent and detect fraud.
<p>Advice to management & Liaison (responsive work)</p>	<ul style="list-style-type: none"> - Community Safety – Equipment - Project management - Significant procurements / acquisitions and investments /related governance policies and strategies - Rent Accounting System (project) - Policies and procedures eg PCI DSS (Payment Card Industry Data Security Standard) - Parking – machines/monies - ICT – equipment purchases - Customer Services – Document Retention and Disposal; segregation of duties ; debt write off procedures - Building Control- Document Retention - Planning – CIL monies and related process - Information Governance and Data Protection - Accountancy – Integra system (Housing Benefit Payment Run);corporate credit cards; credit and debit cards; PayPal & Paynet system; grants - Legal – Procurement risks - Assets – Liaison with Runnymede Building Services - Independent Living – Disposals - HR- Reference Checks - Elections – Data Sharing/access - Confidential advice to some service areas - Introductory Meetings with new Managers within Finance, Housing and Procurement to highlight recent audit recommendations issued

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	<ul style="list-style-type: none"> - Various MAT reports – governance, risk and control issues - Periodical attendance, advice and support to a number of internal working groups including Corporate Risk Management Group, Information Governance, ICT SIG (Service Improvement Group), ISRG (Information Security Review Group) and Corporate Debt Recovery.
Miscellaneous	<ul style="list-style-type: none"> - MAT and Audit Committee (presentation of reports 3 times a year) - Support to the Council’s governance arrangements such as contribution to Annual Governance Statement and consulted on the Code of Corporate Governance review - Service Planning - Meeting with Group Heads to discuss audit planning for 2018/19 - Performance Management (Service and personal targets, 1-1’s, appraisals, resource allocations for 2017/18 Audit Plan and monitoring progress in delivering Internal Audit Plan) - Team Management - Resource Planning (appointment and management of Contractor resource) - Preparation of audit briefs/programmes and management review of Audits carried out - Spelthorne’s former Senior Auditor commissioned to carry out ICT Audits at Woking- liaison with Officers at this Council /preparation of contract/ associated management - Budget Management - Training – Audit/ ICT skills/Corporate training and briefings - MAT feedback meetings with the Deputy Chief Executive - External audit liaison - Responding to Freedom of Information Requests - Participation in Borough Emergency Centre (BEC) exercise - Health and Safety tasks - Corporate staff meetings - Support with election duties

Audit Committee**26 July 2018**

Title	Corporate Risk Management		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee notes the Corporate Risk Management report.		
Reason for Recommendation	Not applicable		

1. Key issues

- 1.1 The Corporate Risk Register ensures significant potential risks are identified, managed and monitored. A risk is the chance of something happening or not happening that will have an influence upon the achievement of an organisations objectives. Risks may include failure to not seek positive opportunities. As part of this review, alignment between corporate risks and corporate priorities has been highlighted, and at the request of the Portfolio Holder for Financial Sustainability, reference has also been made to the Portfolio Holders for each risk category to facilitate overview and monitoring (see Risk Ownership column). Some risk categories have been removed or amalgamated in an attempt to streamline the process and promote accessibility, whilst other categories have remained to enable ongoing visibility. The register continues to highlight the direction of travel in implementing risk mitigating actions and the narrative in the 'Progress' column supports this as well as providing further detail on the status of actions. There are several areas where positive progress has been made. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).
- 1.2 The most significant risks to be highlighted at this review for consideration by Management Team and Audit Committee are set out at 1.2 (a) to 1.2 (d) below:
- (a) **Project Management (4)** A new action has been added to the register acknowledging that whilst the Council has a proportionate project governance framework, consistent and proportionate application of

project governance arrangements are required to contribute to the likely success of projects whilst reducing potential risks of delays and overspend. Effective project governance should incorporate the necessary structures and processes to support key decisions and approvals, promote the need for robust project plans, monitor progress of the project against pre-determined plans and milestones, and include regular effective reporting to the appropriate monitoring board/committee. It is reassuring that the Group Head for Commissioning and Transformation has reported some recent amendments to project documentation to assist in any start up process and project monitoring going forward.

- (b) **Information Governance (5a – Organisational Measures)** – Further overview training on GDPR has been delivered to staff and Members. Regular progress reports are submitted to Management Team and the additional resource has helped to accelerate the production of information asset registers across service areas. Whilst the Information Governance Officer has a detailed work plan for the General Data Protection Regulation (GDPR), there is scope to consider further the need for a detailed project plan to highlight timeframes and dependencies. It is noted that Management are considering and pursuing all recommendations raised in the internal audit review of April. The Senior Information Risk Owner has provided management assurance that an amber RAG rating seems appropriate for this risk category.
- (c) **Resilience, Resources and Capacity (8, 9 & 16)** In light of the issues highlighted under these risk categories (including a lower level of assurance), Management Team will need to keep resourcing levels, capacity issues and resilience arrangements under ongoing review. The root and branch review of Services during 2018/19 aims to identify scope for process improvements and efficiencies whilst recognising capacity issues, with a view to improving organisational performance and resilience. It is acknowledged that additional staffing resource has been recently approved for some service areas for 2018/19 and significant investment was also built into last year's budget.
- (d) **Acquisitions and Investments (Rental Income) (15)** – A robust governance framework continues to be developed to support all property acquisitions and investment processes with various policies, strategies, action plans and reporting mechanisms in place. In light of the Council's ongoing commercial asset acquisitions and investments, effective systems and processes need to be in place to record, recover and monitor significant rental income due to Spelthorne. The Group Head for Regeneration and Growth has organised several Process Mapping workshops to move this forward and it is also being considered as part of the root and branch review. Coinciding with this, work is underway to procure and deliver a Property Management System that enables the Asset Manager to effectively manage Spelthorne's complete property portfolio. It is intended that any such system covers asset management, recording and collection of rental income due, debt management and supplier management processes.

- (e) A number of new risk mitigating actions underway have been included in this review, relating to Emergency and Business Continuity Planning– risk categories 2 and 7, System Administrator roles – risk category 6, Spelthorne Leisure Centre – risk category 11b , financial reconciliation exercises – risk category 16 and monitoring of CIL income – risk category 19.

2. Options analysis and proposal

Either:

- i. To note and accept the contents of the Corporate Risk Register. The revised register is considered to be an accurate reflection of the high level risks affecting the Authority, as well as the progress made on actions previously proposed, based on our assessment of risk and controls in operation. (Preferred option)

Or:

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

3. Financial implications

- 3.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets as far as possible. There may however be some areas where additional resource /time/management support is required in order to implement risk mitigating actions.

4. Other considerations

The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives, failure in service delivery, financial losses, poor value for money, health and safety incidents, legal challenges and reputational damage. The four most significant risks identified as part of this review include Project Management, Information Governance (GDPR), Resourcing/Resilience/Capacity issues and commercial asset acquisitions and investments (systems to recover and monitor rental income due). Management Team may therefore need to assess if these areas are being adequately managed or require further resource/time and support.

5. Timetable for implementation

- 5.1 The Corporate Risk Register shows officers responsible for progressing actions, together with target timescales for implementation. The register is reviewed and updated three times a year by the Internal Audit Manager.

Background papers: There are none.

Appendices: Appendix 1 – Corporate Risk Register

APPENDIX 1

CORPORATE RISK REGISTER

This register summarises the Council's most significant risks which align to one or more Corporate Priority. It sets out controls in place and identifies any further action needed to mitigate risks. Actions are assigned to appropriate officers with target dates for implementation. The relevant Portfolio Holder for each risk category is also highlighted.

A

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

Content reviewed July 2018 by the Internal Audit Manager

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT (WITH REFERENCE TO CORPORATE PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		1. If Health and Safety fails it could result in death or serious injury to staff /public and legal action against the Council, with associated reputational damage (CLEAN & SAFE ENVIRONMENT)	2	4	4	Approved Health and Safety Policy. Health and Safety at Work Regulations. SHE (Safety Health and Environment) system . Managers have a legal requirement to conduct regular risk assessments. Staff Induction training. Annual reminders to complete/update health and safety risk assessments (DSE, Homeworking, and Service). From January 2018, annual health and Safety checklist , activity and compliance programme for Managers. Health and Safety Champions . Personal Safety Training and Lone Worker protection process. IOSH training provision and Champions encouraged to attend.	1i. Recommendations raised in an Internal Audit review of January 2017 are being pursued . There is scope to tighten up controls relating to training, procedures and the 2017 Management activity/compliance programme 1ii. The inspection process across the authority needs to made more robust - regular inspections/site monitoring to be carried out and consistently documented to ensure evidence is available. 1iii A project is due to be undertaken to enhance the efficiency of the SHE system (health and safety management).	HSIRM/ SEHM/ MAT/ All Group Heads * Cllr Boughtflower	31 October 2018 *R Requires Monitoring	1i. Partially Implemented & Progressing. The new Health and Safety Officer is conducting training sessions for Safety Champions on the use of SHE and highlighting some key requirements under the Management compliance programme. In recent months 17 officers i.e. Safety Champions and Team Leads/Managers have received IOSH health and safety training on risk assessment and control; further training for additional officers is to be arranged. Further documentation and development of Health and Safety Procedures is ongoing. 1ii. Partially Implemented/Ongoing . The robustness of inspections and site monitoring to be periodically discussed at the Corporate Risk Management Group, enabling feedback . Appointment of a dedicated Health and Safety Officer within Neighbourhood Services is helping to develop monitoring systems, with inspections underway and evidenced for a number of areas. Planned restructuring of the parks team is intended to provide greater dedicated supervision and recording of inspections. 1iii. Commenced Some changes have been made to SHE to make it more user friendly. SHE user guidance notes are being written.
		2. If there was a major Disaster in the borough, e.g. flooding, this may result in significant strain on council services (CLEAN & SAFE ENVIRONMENT)	2	4	4	Performance monitoring by Commissioning and Transformation. Ongoing provision of Emergency Planning support is being reviewed. Corporate Emergency Plan (updated January 2016). Multi- agency flood plan reviewed January 2018. Membership of Local Resilience Forum (LRF). Regular testing of Emergency Assistance Centre plan. Borough Emergency Centre (BEC) Plans and staff training in 2017. Staff feedback considered in updates to (BEC) plan and equipment. Incident management and Multi-Agency training. Prevent Strategy training and awareness (March 2017).	2i. Ongoing provision of Emergency Planning support is being reviewed with the Procurement Officer leading on the re-tendering process. (NEW)	CX (DM)/ GH C & T* Cllr Harman	Completed/ Ongoing Monitoring	2. Implemented. A report has been issued to Cabinet for a proposed procurement of emergency planning / business continuity services, as the current contract period is due for review. A tender process has now been completed, including evaluation and formal appointment is imminent.
		3i. If performance at corporate and service level is not effectively managed then the authority could fail to deliver priorities, objectives and targets. 3ii. If there is failure to align service objectives to corporate priorities and objectives this could result in services not meeting residents /stakeholder needs. (ALL PRIORITIES)	2	3	3	Corporate Planning process incorporates a vision, priorities and targets. Monitoring by Members and Management Team. Service Planning and review process. Individual Service Plans should consider the Council's Corporate Priorities and statutory/other responsibilities (this is in the guidance). Service performance monitored by Management Team. Individual performance monitored through 1 to 1's and the appraisal process. Appraisal timetable. Priority Flagship project performance is reported regularly to Management Team and Members. Previous internal audit review of Performance Management.	3i. Service Planning for 2018/19 is due to be undertaken.	MAT / DCX LO/GH C & T /Group Heads * Cllr Boughtflower	Completed/ Ongoing Monitoring	3i. Implemented. The 2018/19 Service planning and performance review process for 2017/18 has taken place coordinated by the Group Head for Commissioning and Transformation. A Corporate Annual Report for 2017/18 has been produced and reported to Cabinet in July 2018.

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT REFERENCE TO CORPORATE PRIORITY) (WITH PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		4. If there are inadequate project management arrangements (including lack of resources and relevant expertise or skills), then outcomes are unlikely to meet community/ service needs or projects fail to be delivered on time/ to budget. If projects do not incorporate sufficient governance standards, then this could result in poor decision making and unclear justification for actions, resulting in potential challenge (ALL PRIORITIES)	2	3	3	Project governance framework/methodology is held including processes for project initiation, resource planning, risk assessment, and progress reporting processes. Corporate Project Register updated as necessary. Corporate Project resource is in place but ownership for ensuring that project documentation is completed, resource implications assessed and necessary control processes are applied rests with Project Managers and Sponsors. Priority Flagship project performance is reported weekly to Management Team and includes asset acquisitions and development projects. On a quarterly basis a report goes to MAT, Cabinet Briefing and Overview and Scrutiny committee outlining progress made with projects and the work of the corporate project team.	4 i Management team to consider limited capacity and revenue implications prior to approving additional / new projects. (Ongoing) 4ii. Whilst the Council has a proportionate project governance framework, consistent and proportionate application of project governance arrangements are required to contribute to the likely success of projects whilst reducing potential risks of delays and overspend. Effective governance should incorporate the necessary structures and processes to support key decisions and approvals, promote the need for robust project plans, monitor progress of the project against pre-determined plans and milestones, and include regular effective reporting to the appropriate monitoring board/committee. (NEW)	MAT/GH C&T /Group Heads* Cllr Boughtflower	31 October 2018 * O Requires Monitoring	4i. Ongoing. Approx. 35 projects are currently being tracked through the Project Office . Resourcing of projects remains an ongoing challenge as officers are often balancing several work tasks. Through the root and branch review of Services, the Commissioning and Transformation team will continue to identify projects and resources required but also improve processes and systems to assist the organisation's capacity and resilience. (This also links in with risk categories 8 & 9 below). 4ii. Commenced - The Group Head for C & T has advised that amendments to project documentation have been completed and are to be rolled out to assist in any start up process and project monitoring.
		5a. Information Governance risks relating to organisational measures. Non compliance with data protection legislation. Information could be processed inappropriately resulting in breaches of the DP legislation, Information Commissioner fines, reputational damage, and loss of public confidence. Potential to breach Freedom of Information (FOI) Act resulting in disclosure of personal data or commercial sensitive data, and ICO enforcement. (ALL PRIORITIES)	4	4	4	Mandatory data protection online training. Information Governance Group. Information Governance Officer (trained and experienced) provides ongoing guidance on the Data Protection Act (2018). GDPR is recognised as a step up from the DP Act of 1998. (Legislation effective from May 2018). Staff training for GDPR and DPA Act continues. Information Governance structure agreed by MAT and made available on Spelnet; this identifies the Senior Information Risk Owner (SIRO) and lines of responsibility for Information Assets. The Information Governance Officer is now also the Data Protection Officer. FOI requests: FOI online training, FOI process flowchart.	5i. Information Governance Group to pursue action plan to ensure information assets are identified and managed. 5ii. Raise awareness of Information Governance and the requirements of the DP legislation amongst staff and members. Identification of detailed training requirements in services. (SEE ALSO FURTHER ACTIONS BELOW)	GH C & T */IGO * All Portfolio Holders	31 October 2018* R Requires Monitoring	5i. Partially implemented - The Information Governance Officer has produced a detailed work plan to work towards GDPR compliance. There is considerable work to be done in many Service Lines. A data protection plan for services has been produced and is being reviewed prior to circulation. These plans need to be reviewed in conjunction with the recommendation raised in the audit review (project plan). As the level of data protection awareness in the Council increases the demands on the IGO's time increases which has inevitably impacted on the IG Groups action plan. Employment of a temporary assistant has helped to alleviate this. 5ii. Implemented & Ongoing : The Information Governance area available on Spelnet continues to be developed. More appropriate online DP training, designed for anyone who has access to council information has been identified. Overview training on GDPR has been delivered to staff and a session completed for Councillors at Full Council (Feb 18). In house (more specific) training for staff continues as requested by services; supplemented by external training.
		See above (Continuation of risk category 5a).				See above (Continuation of risk category 5a).	See above (Continuation of risk category 5a). 5iii. Information flows to be mapped and Information Asset Owners to be identified. 5iv. Management Team have requested periodical progress reports on preparedness for the GDPR 5v. An Internal Audit review of GDPR preparedness was undertaken in April 2018 highlighting the position and recommending improvement actions. In particular there are lessons around resource planning and application of corporate project processes, which are currently being considered by Management (NEW) 5vi. Implement mandatory FOI training and raise awareness of Public Sector Information Regulations.			5iii. Partially implemented - Significant progress has been made on Information Asset Registers (IARs) for customer data collections across all services, accelerated by the employment of a temporary assistant. The majority of these IARs have been reviewed by IG staff and areas requiring action have been identified. It remains ongoing and represents a large piece of work. 5iv Implemented - Periodical progress reports are issued to Management team so these should highlight areas requiring attention. MAT agreed the Information Governance Officer formally becomes the Data Protection Officer for the Council. 5vi . Partially implemented ; an online FOI module, a process map for FOI and templates for response text are available. FOI has been given a lower priority than data protection due to GDPR. However, responses to FOI's in a timely fashion is now exceeding target. The Information Governance Officer advises on FOI requests as requested. The Feb 2017 version of the Local Public Services Data Handling Guidelines is available on Spelnet.

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		5b Information Governance risks relating to technological measures. If security breaches occurred this may cause system failure, non compliance with various information legislation which might lead to Information Commissioner fines/enforcement and reputational damage, with loss of public confidence. (ALL PRIORITIES)	2	4	3	Data Back up and continuity arrangements managed by ICT and tested by Managers. ICT security policies. Personal Commitment statement required from staff on appointment. ICT security group assess ongoing risks. Series of Security Awareness updates conducted in October 2017 for all staff. Information Governance Group. Information Governance Officer in post. Further ICT Disaster Recovery test conducted in November 2017 (successful).	NONE	GH C & T*/DHICT * Cllr Boughtflower	Completed/Ongoing Monitoring	N/A
		6. Failure to meet the minimum security requirements of the Government's Public service Network resulting in termination of connection to any other government sites/data; unavailability of ICT systems impacts service provision; unauthorised creation & amendment of records for fraudulent purposes; inadequate measures to combat cyber security attacks or respond effectively resulting in reputational damage and financial losses (ALL PRIORITIES)	2	3	3	National Cyber Security Strategy. A review group assesses compliance with security requirements - Public Service Network (PSN). Successful certification of the Public Service Network (PSN) compliance. Security measures include firewalls, encryption, egress, black-listing of memory stick, CD's and DVD'S, and universal serial bus (USB) ports locked down. Dual factor authentication on all laptops. All Baseline Personnel Security Standard checks completed. Annual health check and security penetration test . Mimecast e-mail filtering software in place. Disaster Recovery plan for ICT developed alongside Applied Resilience. ICT Strategy consistent with the core objectives of the Council. Network refresh undertaken. System Administrators are currently assigned for each key application system, with privileged access rights to undertake relevant duties.	6i. The annual health check and security penetration test are currently being carried out (February 18), with ICT addressing any critical and high risk issues (should they be highlighted) . 6ii. As System Administrators also have operational and processing roles within the associated service area, this lack of segregation of duties (between operations and administration) increases associated risks of fraud or error. This is a longstanding issue and will be considered further as part of the review of the ICT function. (NEW)	DHICT *Cllr Boughtflower	Completed/Ongoing Monitoring	6i. Implemented. The annual health check was completed on 23rd February 2018 with all risks now addressed, PSN was submitted and Spelthorne have passed. 6ii. To Commence. The role of system administrators and where they should sit is to be reviewed as part of a "root and branch" review in early 2018-19 of ICT arrangements.
		7. Ineffective business continuity planning to cover loss of building, equipment, ICT or staff could lead to loss of service or disruption in a real scenario (CLEAN & SAFE ENVIRONMENT)	2	3	3	Performance monitoring by Commissioning and Transformation. Business Continuity (BC) Policy . Corporate Business Continuity Plan and Service Level plans. The BC Forum oversees progress of BC planning. Business Impact Assessments . Emergency protocols for loss of building access/loss of power/loss of ICT are being developed. Emergency messaging system for staff. Telephony resilience. Key responders - Incident Management Team and recovery team.	7i. Management Team are keen to undertake a fire evacuation procedure combined with a scenario where re-entering the building is not possible. 7ii. Management Team have highlighted that bomb awareness procedures require updating 7iii. Ongoing provision of Business Continuity Planning support is being reviewed with the Procurement Officer leading on the re-tendering process. (NEW)	GH C & T*	31 May 2018 R* Requires monitoring	7i Outstanding. 7ii. In progress. 7iii. Implemented - A report has been issued to Cabinet for a proposed procurement of emergency planning / business continuity services, as the current contract period is due for review. (See action at risk category 2 above). A tender process has now been completed, including evaluation and formal appointment is imminent.
		8. If there is over reliance on individual officers then in the event of absence or departure this may cause a gap in technical/systems knowledge and expertise, with subsequent failings in delivery of functions/ services (ALL PRIORITIES)	3	3	3	Business continuity arrangements to cover loss of key staff. Critical procedures should be documented and staff appropriately trained. Any weaknesses in resilience arrangements should be highlighted in the service planning process. In some service areas greater resilience is being built into teams with some individuals taking on a variety of roles. (An example of this is the Project Officer/Committee Manager within the Commissioning and Transformation team)	Management Team to keep resilience arrangements under review.	MAT/ Group Heads/ GH C & T * All Portfolio Holders	Completed/Ongoing Monitoring	8. Commenced. Resilience will be one of the issues considered as part of the root and branch service reviews being undertaken in 2018/19.

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		9. If increased service demands coincide with a lack of staff resources/capacity to deliver then this may result in reduced morale, high staff stress levels, delays and errors, increased turnover, with subsequent failings in delivery of services (ALL PRIORITIES)	2	3	3	Short term reductions in capacity are accommodated by prioritisation and reallocating work . Longer term impacts and changes to demand may be more difficult to address. Employment arrangements and staff support mechanisms. Market supplements/allowances to assist with recruitment and retention. Training and development. (Recent training for Managers on Practical Workplace Mediation Skills and Mental Health Awareness for Employers) Performance management systems, (appraisals, one to one's). Regular staff meetings. Stress audits (risk assessments) can be arranged if necessary. Human Resources reporting to MAT. Significant investment was built into the 2017-18 & 2018-19 budget to address resourcing.	<i>Management Team to keep resourcing levels under review.</i>	MAT *Cllr Boughtflower	Completed/Ongoing monitoring	9. Partially Implemented. Additional staffing resource has been recently approved for some service areas (HR, Legal, Independent Living). The Council is considering a move to local arrangements for deciding pay awards and to local terms and conditions of employment rather than continuing with the current nationally agreed pay awards and conditions. This is subject to a consultation process . Root and branch review of services have commenced in order to identify efficiencies and capacity issues which can be resolved to improve organisational performance and resilience .
		10. If there are prolonged staff vacancies due to inability to recruit, then this may result in a failure in service delivery (ALL PRIORITIES)	3	4	4	Market supplements awarded to certain roles when recruiting. Recruitment and retention allowances. Posts advertised with Surrey Jobs as well as a wider network of job sites. Specialist websites are also used to advertise posts where necessary. Annual report summarising staff recruitment and turnover. National apprenticeship scheme.	<i>11i. Members and Management Team will need to keep resourcing levels under review, particularly the impact of new projects and any statutory obligations on service/project delivery. 11ii. Implementation of requirements relating to the national apprenticeship scheme. 11iii. Human Resources to monitor the effectiveness of measures taken to improve recruitment and retention across the authority , in collaboration with Services.</i>	MAT/Group Heads/ GH C & T/HRM * Cllr Boughtflower	31 October 2018 R * Requires monitoring	11i. Ongoing 11ii. Partially Implemented - A decision was made by Management Team that the Apprenticeship Levy would be spent on upskilling internal employees mainly. There will be some recruitment of new apprenticeships under the levy, and progress is being made. (No further updates have been reported) 11iii. Ongoing. Group Head for Commissioning and Transformation provided an update report to the March 2018 Audit Committee to advise on the latest position .
Page 46		11a. Procurement - If governance arrangements are weak with a lack of transparency, this could result in any of the following: financial penalties for non-compliance with legislative requirements; contractual disputes and claims through poor specifications; contractors/partners failing to deliver expected outcomes; reputational damage, challenge and poor VFM. (This section links also with section 4 above - Project Management) (ALL PRIORITIES)	3	3	3	Contract Standing Orders (April 2016). Contract guidelines with compliance checklist. Requirement for declaration of interests (Officers and Members). Corporate Procurement training last provided in October 2014. E-procurement system in place and contracts sourced with this solution. Procurement strategy and action plan to facilitate monitoring. Developing improved reporting systems. Procurement Officer in post providing support, advice and steer for procurement processes.	<i>14i. Full compliance with the Local Government Transparency Code is required and should be confirmed once achieved. 14ii. To ensure there is an ongoing reference for officers involved in procurement activity, Procurement and Contract Management guidelines need to be updated and publicised to reflect regulatory changes of 2015. 14iii. Implement a programme of training for contract managers where the principles of Contract Standing Orders and Contract Check list form the core element of the learning. 14iv. The future of the Procurement Board to be considered as part of a review of all boards across the authority. 14v. Enhanced monitoring arrangements for key suppliers is being implemented</i>	MAT DCX (TC)/ Group Head C & T * Cllr Boughtflower	31 October 2018 R * Requires monitoring	Group Head for Commissioning and Transformation and the Procurement Officer provided an update to the March 2018 Audit Committee. The updated procurement strategy/action plan has been reported to March Cabinet. Compiling a central contract register. Specific Actions progress: 14i, 14ii & 14iii . Partially Implemented. Proposed actions are being taken forward and implemented. Compliance with the transparency code is being addressed through the purchase of a procurement and contract management system used by 27 local authorities. Documentary evidence of procurement processes followed and performance monitoring is now being addressed. The Group Head for C & T envisages further improvements with the support of the Procurement Officer and a service level monitoring officer at the Depot . 14iv. Partially implemented. A decision as to whether the board continues has been incorporated into the Action Plan and this will also be considered through the Project Governance process and liaison with service areas. 14v. Implemented. Key suppliers now added to the S&P Watch list to enable concerns to be picked up pro-actively.

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		11b. Major Procurement - A lack of ongoing forward planning in preparation for the expiry of existing Leisure Centre arrangements in 2021 may result in delays in delivery of key project milestones and provision of leisure facilities to the community. If the project is not effectively managed, this could result in overspends, delays and significant ongoing strain on the Council's financial resources. (This section links also with section 4 above - Project Management)	3	3	3	Current Leisure centre operator contract ends 2021. "Leisure Centre Needs Analysis" submitted to MAT in 2014 and updated in 2017, which endorsed the recommendation to carry out a feasibility study. A high level discussion document was presented to Cabinet in October 2016 and a project team formed. Project Sponsors and Project Managers identified. Project related documentation. Risk Register. Councillors and staff kept informed of key progress milestones, requirements and timeframes. Feasibility study completed March 2018 by specialist Advisors, design brief signed off and public consultation underway to help inform design and build phase.	14bi The tender for the appointment of specialist advisors to assist with the development of the feasibility study and financial business plan is due to be published by 30th September 2017. 14bii. A final decision on the site for the new leisure centre is under consideration. 14biii. A Cabinet report was submitted in February 2018 requesting delegated authority to commission a design project team to progress to the next stage i.e. a PM, QS, Architect etc. 14biv. An internal audit review was conducted in April 2018 and Management are considering findings and recommendations. In particular there may be scope to enhance governance arrangements to support the decision making process. (NEW)	Dcex (LO)/ Group Head CW* Cllr Attewell	31 October 2018 R * Requires monitoring	Current completion of the project is estimated mid-2021, based on an assumption that Planning Permission will be granted late 2018. July 2018 - Awaiting further status update on the following areas: 14bi Previously reported - The feasibility study will form the basis of a Cabinet report in April 2018 outlining the preferred facilities mix and a high level cost plan including capital and revenue expectations. The Cabinet report will request authorisation to proceed with the next phase of the project (design and build). - <i>Feasibility study report completed March 2018. Please confirm the April Cabinet report has been actioned/approved.</i> 14bii. Pending. This will be based on an environmental report which has been commissioned by Asset Management.. <i>Please confirm the report has been fully completed/considered.</i> 14b iii. Some Progress. Procurement of a design team to progress the project will be pursued (once agreed by Cabinet). <i>Please confirm this has been fully actioned.</i>
		12. External factors including national housing shortage , insufficient affordable properties, London Boroughs increased use of Spelthorne properties and welfare reforms such as Universal Credit may all increase pressures on the Housing Service, resulting in staff retention issues. Ongoing uncertainty over recovery of outstanding Housing Benefit debt. (HOUSING)	3	3	3	Group Heads/ MAT/ Members are aware of ongoing risks in this area. Staff recruitment and retention allowances applied in 2017. Universal Credit expected end of 2018. Housing Benefit overpayment debt being recovered, albeit repayments are often small due to Housing Benefit regulations. Discretionary housing payments, Corporate Debt Group and Strategic Housing Group. Officers and A2D continue to work with families affected by the benefit cap. Close working with private landlords. Landlord guarantee scheme. Various projects underway to ensure strategies are followed. Knowle Green Estates (subsidiary) set up in May 2016 focusing on Housing Delivery. Implementation of legislative changes arising from the Homelessness Reduction Act of April 2018 (e.g. project team meetings, recruitment of new housing options staff , an operational sub-group focussing on implementation , exploration of products and solutions to address significant system changes anticipated).	12i. Management Team to continue to monitor the ongoing pressures facing the Housing Service (including impact of County Council cuts and statutory changes). 12ii. A high level internal audit review was completed in March 2018 considering the authority's readiness for the homelessness legislative changes (HRA). The recommendations were agreed by Management and relate to enhancing project governance arrangements (REVISED)	MAT / Joint Group Heads CW * Cllr Francis	31 October 2018 R * Requires monitoring	12i. Ongoing 12ii. Management will be providing status updates on recommendations raised in the Internal Audit review.
		13a. Uncertainty over economic growth and supplier failure could impact on: • Delivery of contracts and services • Business Rate income collected/retained , thereby affecting the Council's overall finances. (ECONOMIC DEVELOPMENT & FINANCIAL SUSTAINABILITY)	2	3	3	Financial Services monitor the financial media in relation to larger companies and critical commercial partners. Enhanced Monitoring arrangements implemented as key suppliers now added to the S&P Watch list . Aim to maximise Business Rate collection/minimise losses for the Council. Additional quarterly monitoring of collection and projected outturn retention to be implemented by end of quarter 1 2018-19 . Additional counter fraud resource is available to identify and investigate potential tax avoidance and evasion cases, which can be translated into cashable savings for the authority. (Being pursued under Corporate Counter Fraud work).	17i. Impact of Business Rate arrangements on Council finances is under ongoing review. 17ii. Spelthorne are participating in the 100% retention of business rates pilot for 2018/19 providing further incentive to maximise income collection	DCX (TC)/Acting Group Head CR * Cllr Barnard & Cllr Williams	Completed/ Ongoing Monitoring	17i. Implemented and ongoing

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		13b. If the Economic Development Strategy fails to be implemented, this could impact on growth (ECONOMIC DEVELOPMENT)	2	3	3	Regular reporting to Members. A 5 year economic assessment & development strategy for 2017 - 2022 (previous audit recommendations were taken into account). Economic Development Strategy is reviewed every three years. Annual review of the strategy including targets. A Business Improvement District for Staines-upon-Thames with charges applied. Identification of Spelthorne's top 20 businesses.	<i>13bi. Economic development is a Council priority and growth will impact on business rate income - this is under ongoing review.</i> <i>13bii. Through the EDEG 5 areas have been identified as the most important areas of delivery within the strategy and will be reported on every 6 months to the group to strengthen performance monitoring.</i>	DCX (TC)*/GH R & G*/ EDM* Cllr Barnard	Completed/Ongoing Monitoring	13bi & ii. Implemented and ongoing review. Annual review of the Economic development strategy is complete and was recently issued to the Economic Development Engagement Group on 12 June 2018. Prioritisation of projects to benefit from business rates retention complete.
		14. If there was failure to comply with statutory duty / adhere to Safeguarding Policy, (including failure by County to address Spelthorne referrals), this could lead to death or injury to a child or vulnerable adult, resulting in legal action and reputational damage. (CLEAN & SAFE ENVIRONMENT)	2	4	4	Council has statutory responsibility for safeguarding children and Adults. Approved and publicised Safeguarding policies and procedures. Staff and Member training. All referrals to Surrey County Council should be reported to a nominated Spelthorne Officer. Regular liaison with the Head of the MASH team, Surrey County Council and the Surrey Safeguarding Children's Board (SSCB). Annual Section 11 audit. Escalation of any cross border referrals/ issues to the senior safeguarding managers. Liaison with Human Resources for training purposes and DBS checks. Online safeguarding training module and cascade training. Procedure to deal with the Multi Agency Safeguarding Hub (MASH) enquiries. Spelthorne is represented on the new Early Help Advisory Board by the Deputy Chief Executive.	NONE	DCX (TC)/LSM/LM/Joint Group Heads - CW * Cllr Attewell	Completed/ongoing monitoring	14. Implemented and ongoing. July 2018 : The Leisure Services Manager has confirmed there are no further updates or concerns to report in this area.

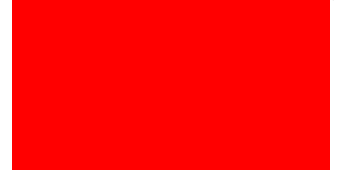
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		15. In light of ongoing reduction in Central Government funding, if opportunities for significant income generation and investments are missed, then this will impact on the Council's ability to close the budget gap and deliver vital services. If weak governance arrangements prevail, this may contribute to poor investment outcomes and increase exposure to financial risk including loss of anticipated rental income and poor investment returns. (FINANCIAL SUSTAINABILITY)	3	4	4	Long term strategic/financial planning. Corporate Plan / priorities reviewed. Member engagement. The Council is applying innovative ways to fund services and create new revenue streams through significant commercial asset acquisitions and investments. Since September 2016 an additional ongoing annual net income of £7.5m has been generated from commercial asset acquisitions. This has enabled a balance budget to be set for 2018-19 and to make revenue contributions towards capital to put capital programme financing on a more sustainable basis. Investment Asset Strategic Parameters approved by Council in December 2017. Advice is sought from the Treasury Management advisors as appropriate. Thorough due diligence undertaken with respect to leases and acquisitions and with respect to evaluating strength of covenant of tenants- now using S&P to evaluate. A robust governance framework is being developed and continues to support property acquisitions and investment processes, to include 1. Asset Governance framework and action plan; 2. Property Investment Strategy; 3. Development and Investment Group meet weekly to track project progress plus a Councillor led Investment and Development Committee; 4. Revised regulatory investment guidance (Feb 18) requires LA'S to develop quantitative indicators to assess a local authority's total risk exposure as a result of its investment decisions. Planned reporting on these Prudential indicators from March 2018; 5. Presentation by the Portfolio Holder for Finance and DCX (TC) to O & S on the council's approach to management of risk with respect to commercial property acquisitions; 6. Robust Treasury Management Strategy; 7. Weekly update to MAT on status of Priority Flagship projects (incl. commercial asset acquisitions).	15i. A robust governance framework continues to be developed to support property acquisitions and investment processes. 15ii. Robust and effective systems need to be in place to record and recover significant rental income due to SBC from it's increased property portfolio. (REVISED)	MAT/GH R & G* Cllr Williams	31 October 2018 R * Requires monitoring	15i. Implemented/ Ongoing . Has planned reporting of prudential indicators taken place ? 15ii. Some Progress. The Property Development Managers and additional resource within the PDU are involved in setting up and implementing such systems, in close collaboration with other Services such as Corporate Governance, Customer Services and Finance. Work is underway to deliver a Property Management System that enables the Asset Manager to effectively manage Spelthorne's property portfolio (investment, community, commercial and residential properties). It is intended that any such system covers asset management, recording and collection of rental income due, debt management and supplier management processes. A high level business requirements document has been prepared. Process Mapping workshops have also been held with a view to assigning roles and responsibilities which is being considered further at as part of the Root and Branch review.
		16. If there is reduced service capacity then this may result in greater instances of error, loss, fraud, theft , irregularity, all representing a loss of internal control. (ALL PRIORITIES)	3	3	3	Management as the first line of defence in the overall assurance framework are responsible for maintaining key services and internal controls. Reduced resource levels in some areas are likely to impact on the ability to operate an adequate level of controls. For example segregation of duties is not always possible and there may be fewer management checks. In such cases compensating controls are required which is promoted by Internal Audit where deemed appropriate. In some areas additional resources have been provided and key governance roles have also been introduced such as a Procurement Officer and Information Governance Officer.	16i. A recurring theme across some service areas is resourcing constraints often combined with weak resilience arrangements. These are often highlighted as reasons for controls and governance processes being compromised within functions/corporate systems and processes. Associated with this is a lower level of assurance and therefore MAT need to keep this area under review. (REVISED) 16ii. Effective reconciliation exercises between key financial systems represent a fundamental financial control and need to be carried out regularly to enable prompt identification and investigation of discrepancies, errors and potential fraud. Adequate staff contingency arrangements need to be built into the process. (NEW)	Group Heads/ MAT All Portfolio Holders	31 October 2018 O * Requires monitoring	16. i. Some progress- Additional growth to provide additional resources in HR, Accountancy, Legal and Property was built into the 2018-19 and recruitment processes are underway. Resilience will be one of the issues considered as part of the root and branch service reviews being undertaken in 2018/19. 16ii. In progress - This has been acknowledged by the Accountancy team with additional resource now in place to support such tasks.

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		17. In light of the changing political landscape & Brexit, this represents many potential uncertainties of a staffing, financial and regulatory nature arising from currency devaluation/volatility, trade, investments, relocation of Partners/Suppliers, changing access to EU funds, level of compliance with EU regulations , workers rights (EU Nationals). These could all impact on existing policies, procedures, and processes. ALL PRIORITIES	3	3	3	A discussion paper setting out potential staffing implications and uncertainties associated with Brexit has been prepared by the Human Resources Manager (March 2017). A verbal update has been provided with regards the potential financial implications, risks and opportunities .	22i. MAT to periodically consider potential Brexit uncertainties for Spelthorne and have a plan in place to address.	MAT All Portfolio Holders	31 October 2018 R * Requires monitoring	July 2018: There are no further developments to report. This area requires ongoing review .
		18. If the Council receives a poor return on long term investments and/or investments become insecure in the current climate, then this will have an adverse impact on the Council's financial position. (FINANCIAL SUSTAINABILITY)	2	3	3	Treasury Management Strategy approved annually by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely and apply criteria recommended by Arlingclose. Council's investments managed internally in consultation with Arlingclose. Roles and responsibilities assigned within Accountancy. Deputy Chief Executive and Portfolio Holder are involved in key decisions. Regular monitoring ,reporting of investment portfolio and returns achieved. CIPFA Code of Practice and Prudential Code being applied with new recommended indicators for measuring investment performance.	NONE	DCX (TC) * Cllr Williams	Ongoing monitoring	18. Completed/Ongoing review. The team continues to explore options for diversifying the portfolio. The portfolio continues to deliver good rates of return - on core pooled funds achieved average rate of return of 4.79 %. As well as investments the Council now has considerable debt (fixed rate) as a result of the asset acquisitions.
		19. If there is a failure to collect/recover income due, this will result in financial losses to the authority. (FINANCIAL SUSTAINABILITY)	3	3	3	Corporate Debt Group monitor the more material items on the aged debt analysis and also coordinate action to tackle debt that is unlikely to be recovered. The Chief Finance Officer reviews a monthly status report of higher value aged debts over 6 months old for reasonableness. A review of the terms of reference for the Corporate Debt Group has been carried out which includes reference to the Group's remit in monitoring outstanding internal audit recommendations (in particular actions relating to the monitoring and recovery of outstanding aged debt and the governance of the recovery process). A progress review of audit recommendations is discussed at each Corporate Debt Group meeting. Corporate Recovery Policy. Recovery policies also exist for specific areas such as Council Tax, NNDR, Sundry Debts etc. Debt collection statistics produced and analysed. Budget Monitoring identifies any anticipated shortfall in income. Accountancy report to Management Team and Members on significant variances and comparisons with previous year.	19i. The sundry debt recovery policy is being reviewed with a view to speeding up the recovery timetable process. 19ii. In order to improve efficiency, there is scope for Customer Services to take greater control over the persual of all sundry debts. 19iii. The Corporate Debt Group monitor developments in recovering Community Infrastructure Levy (CIL) with particular focus on larger sums due. (NEW)	MAT/ DCX, TC/AGH CR/ Group Heads Cllr Williams	31 October 2018 * R Requires Monitoring	19i. Progress/status being reviewed at the July Corporate Debt Group meeting . 19ii. Some analysis has been undertaken to identify and address historic debts which are not cost effective to pursue or with low probability of recovery, and therefore require write off. Progress/status of Customer Services lead in the persual of debts is being reviewed at the July Corporate Debt Group meeting 19iii. Implemented and ongoing. The enforcement process for CIL has been developed by the Planning team , taking into consideration advice from the Corporate Debt Group.

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT (WITH REFERENCE TO CORPORATE PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK (to evaluate)	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	TARGET DATE	PROGRESS /REASONS WHERE NOT IMPLEMENTED
		20. If there is an Increased risk of fraud / theft due to the economic climate, this will result in financial losses and reputational damage. Housing tenancy fraud reduces availability of social housing impacting on the Housing register. Business Rates Avoidance and Evasion results in loss of income. (FINANCIAL SUSTAINABILITY & HOUSING)	3	3	3	Various corporate Policies including Confidential Reporting Code (Whistle blowing), Anti-fraud, Bribery and Corruption Strategy, Proceeds of Crime and Anti-Money Laundering, Code of Conduct, Financial Regulations and Contract Standing Orders. Management checks, segregation of duties, reconciliation processes for financial systems and IT Security measures. An internal fraud referral process/system has been implemented within Housing. Specialist Fraud groups with Surrey Partners enable sharing of skills, knowledge and approaches. Internal Fraud Overview Group. Fraud alerts circulated. Additional Corporate Counter Fraud resource procured from Reigate and Banstead Council, in accordance with a pre-defined specification. This contractual arrangement is monitored by the Internal Audit Manager including consideration of financial payback. Member reporting - a joint report of January 2018 issued to Overview and Scrutiny Committee highlighting measures being taken by Spelthorne to address business rates tax avoidance and evasion, along with further initiatives to explore.	26i. Monitor financial payback from Counter Fraud work. 26ii. To arrange refresher Fraud and anti-bribery and corruption training for all staff and Members.	Group Heads/ MAT/IAM Cllr Williams & Cllr Francis	31 October 2018 * R Requires Monitoring	26i. Implemented/Ongoing. Counter fraud work continues with non-benefit fraud returns being collated quarterly, focusing on housing and business rates (evasion and avoidance). At 31.3.18 the cumulative return for Spelthorne (since the start of the Surrey Fraud Partnership in January 2015) exceeds £1.5m in terms of savings to the public purse, with estimated cashable savings for Spelthorne of £327k. In addition there are wider benefits being realised from this counter fraud work. Collaborative working with Reigate and Banstead's Counter Fraud team has continued to produce positive outcomes and impressive financial returns, particularly in Housing with the introduction of enhanced verification checks for new claims. 26ii. Some Progress. Consideration of suitable external trainers is underway.

***KEY TO RAG RATING**

Actions Overdue & Outstanding



Partially Actioned



Completed/Ongoing Monitoring



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

***KEY TO TARGET DATES**

* N = New Action

*R = Revised target date for assigned action

*O = Original target date for assigned action

***KEY TO OFFICERS**

- MAT - Management Team
- CX, - Daniel Mouawad
- Head of CG – Head of Corporate Governance, Michael Graham
- Deputy Head of ICT – Alistair Corkish
- DCX (TC) – Terry Collier
- HSIRM - Health and Safety, Insurance and Risk Manager – Stuart Mann
- GH C & T - Group Head - Commissioning and Transformation, Sandy Muirhead
- GH - NS - Group Head - Neighbourhood Services- Jackie Taylor
- DCX (LO) – Lee O'Neil
- SEHM - Senior Environmental Health Manager, Tracey Wilmott-French
- PS - Principal Solicitor, Victoria Statham
- AGH CR - Acting Group Head for Customer Relations, Roy Tilbury

- GH R & G - Group Head - Regeneration and Growth, Heather Morgan
- IGO - Information Governance Officer, Clare Williams
- HRM – Human Resources Manager, Debbie O'Sullivan
- CM- Contract Managers
- Joint Group Heads of CW – Joint Group Heads for Community Wellbeing, Deborah Ashman and Karen Sinclair
- LSM - Leisure Services Manager, Lisa Stonehouse
- RRO – Risk and Resilience Officer, Nick Moon
- EDM – Economic Development Manager, Keith McGroary
- IAM - Internal Audit Manager, Punita Talwar

PORTFOLIO HOLDERS - recorded under risk ownership column

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WORK PROGRAMME 2018/19

AUDIT COMMITTEE – 26 JULY 2018

Resolution Required

1. Work Programme

- 1.1 This report covers the Work Programme for the current municipal year 2018/19.
- 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 first meeting of the Committee scheduled for the municipal year 2018/19.

3. Future Meetings

- 3.1 Meetings of this Committee have been scheduled in the Council’s Diary on the following dates:-

- **1 November 2018**
- **28 March 2019**

- 3.2 Details of the Work Programme for future meetings are as follows:

July 2018		
External Audit report on Audit and Statement of Accounts	Internal Audit Manager	Report
Corporate Risk Management	Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Audit Services Annual Report	Internal Audit Manager	Report
Committee’s Work programme for 2018/2019	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

November 2018		
Annual Audit Letter 2017/18	External Auditors	Report
Annual Governance Statement	Chief Finance Officer	Approval
Corporate Risk Management	Internal Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
External Audit Plan	External Audit	Report
Report on The Effectiveness of the System of Internal Audit	Internal Audit Manager	Report

Internal Audit Interim Report	Internal Audit Manager	Report
Committee's Work programme for 2018/19	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

March 2019		
Corporate Risk Management	Internal Audit Manager	Report
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Confidential Reporting Code (Whistleblowing Policy)	Internal Audit Manager	Report
Anti-fraud, bribery and Corruption Strategy	Internal Audit Manager	Report
Annual Audit Plan 2019/20	Internal Audit Manager	Report
Committee's Work programme for 2018/2019	Internal Audit Manager/Chief Finance Officer/Audit Committee	Work Programme

- 2.4 Any topics identified during consideration of the business at this meeting will need to be included in the above Work Programme.
- 2.5 Other issues Members wish to raise for consideration at the next or any future meeting and agreed by the Committee, may be included in the Work Programme.
- 2.6 External audit may have one or two reports that arise from time to time which are not possible to predict in advance but will be incorporated into the Work Programme or appear on the agenda as appropriate.
- 2.7 Managers may be required to attend the Committee, similarly to that resolved in Minute No. 227/06, to explain why they have not implemented the recommendations of the Head of Audit Services. It is not possible to predict these circumstances but they will be dealt with as and when they arise either by incorporating into the Work Programme or appearing on the agenda as appropriate.

3. Resolution

The Committee is asked to consider and approve the Work Programme as submitted and/or amended at the meeting.

Contact: Punita Talwar, Internal Audit Manager (01784) 446454.

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