

Please reply to:

Contact: Chris Curtis
Service: Committee Services
Direct line: 01784 446240
E-mail: c.curtis@spelthorne.gov.uk
Date: 9 March 2020

Notice of meeting

Audit Committee

Date: Thursday, 19 March 2020

Time: 7.30 pm

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

To the members of the Audit Committee

Councillors:

C.F. Barnard
S. Buttar
J.H.J. Doerfel

A.C. Harman
L. E. Nichols
J.R. Sexton

V. Siva

Councillors are reminded that the Gifts and Hospitality Declaration book will be available outside the meeting room for you to record any gifts or hospitality offered to you since the last Committee meeting.

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

www.spelthorne.gov.uk customer.services@spelthorne.gov.uk Telephone 01784 451499

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. | Election of Chairman
To elect a Chairman of the Committee for the remainder of the Municipal Year following the appointment of the previous Chairman to Cabinet. | |
| 2. | Apologies
To receive any apologies for absence. | |
| 3. | Minutes
To confirm the minutes of the meeting held on 7 November 2019. | 5 - 8 |
| 4. | Disclosures of Interest
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members. | |
| 5. | Draft Corporate Risk Management Policy
To review the draft Corporate Risk Management Policy. | 9 - 34 |
| 6. | Corporate Risk Management report
To note the report by the Internal Audit Manager and recommend the Corporate Risk Register to Cabinet for approval. | 35 - 42 |
| 7. | Anti-Fraud, Bribery and Corruption Strategy
To review and recommend to Cabinet the changes proposed to the Anti-Fraud, Bribery and Corruption Strategy. | 43 - 52 |
| 8. | Internal Audit Services Annual Plan 2020-21
To receive the Internal Audit Annual Plan for 2020-2021. | 53 - 60 |
| 9. | External Audit update
To receive a verbal update on outstanding issues. | |
| 10. | Committee Work Programme
To consider and approve the work programme for the forthcoming municipal year. | 61 - 62 |

This page is intentionally left blank

**Minutes of the Audit Committee
7 November 2019**

Present:

Councillor J.R. Sexton (Chairman)
Councillor C.F. Barnard (Vice-Chairman)

Councillors:

S. Buttar	A.C. Harman	V. Siva
J.H.J. Doerfel	L. E. Nichols	

Apologies: There were none.

283/19 Minutes

The minutes of the meeting held on 25 July 2019 were agreed as a correct record.

284/19 Disclosures of Interest

There were none.

285/19 Confidential Reporting Code

The Confidential Reporting Code forms part of the Council's Constitution and sets out how to raise serious concerns about any aspect of the Council's work. The Audit Committee is required to review the code annually.

The Head of Corporate Governance advised that a review of the Code, using a benchmarking tool, had highlighted some areas for improvement and suggestions had been proposed for the Committee to consider. The benchmarking tool was designed for use by a wide range of organisations and therefore some of the standards would not be appropriate for the Council.

Questions were asked about the type and regularity of communications to staff to build awareness of the Code. Concern was also expressed at the low number of reported whistleblowing incidents and that this may not reflect the true situation. The Head of Corporate Governance advised that some instances would have been dealt with through other procedures, for example bullying and harassment by Human Resources and not brought to this area.

The Committee suggested it would be appropriate to arrange a staff survey by an external organisation on a number of issues and recommended that consideration is given to this.

Resolved:

1. That the Head of Corporate Governance should carry out further work on improving the Confidential Reporting Code and bring it back to the

Committee for consideration. The Head of Corporate Governance will provide a timeline to the Committee for this.

2. To recommend that the corporate management team consider appointing an external organisation to conduct an anonymous staff survey on a range of issues.

286/19 Update on Audit Services team resource

Terry Collier, Deputy Chief Executive, advised the Committee that a growth bid for the Internal Audit team had been submitted for consideration, together with bids from other departments, as part of the budget process for 2020/21. The proposals would be considered and then put to Cabinet and subsequently to Council for approval in February 2020.

The Internal Audit Officer outlined the historical structure of the team and cited her rationale for the extra resource, namely that the Council's operations had expanded considerably and therefore the level of risk had also increased. Audit planning processes had highlighted the shortfall of resource compared to need. The shortfall had been supplemented in terms of flexible resource but this had created some additional issues.

Resolved to note the update and record the Committee's support of the proposal for additional resource for the Internal Audit team.

287/19 Corporate Risk Management

The Internal Audit Manager reminded the Committee that changes were envisaged for the Corporate Risk Register, following the recent training session, to provide a greater focus on corporate objectives, with fewer risk categories, and identify the risks associated with those. The strategic planning process would also be taken into account.

The Internal Audit Manager summarised the risks affecting the Council as outlined in the report and highlighted a number of key issues, including cyber security, the proposed Heathrow expansion and the resultant risks for the borough, the environmental risk around climate change and political aspects connected to Brexit.

Terry Collier, Deputy Chief Executive, reported that the corporate management team were receptive to the proposals put forward for a more focused risk register relating to key priorities and looked forward to working with the Internal Audit Manager to move that forward.

The draft format for the Corporate Risk Register was to be presented back to the Committee for comment in January.

Resolved that:

1. The contents of the Corporate Risk Register be noted and accepted;
2. The Corporate Risk Register be recommended to Cabinet for approval.
3. The Committee support the changes proposed to the Corporate Risk Register.

288/19 Internal Audit Services half-yearly report 2019/20

The Internal Audit Manager presented her report which summarised the work undertaken by Audit Services during the period April 2019 to early/mid October 2019 and work in progress. In addition to planned assurance reviews, other work had been undertaken including reactive and proactive advice given to services on risk and control actions. The counter fraud arrangements with Reigate & Banstead Borough Council had proved effective and resulted in good returns. A growth bid in relation to this had been secured and a business case submitted.

The Internal Audit Manager indicated that she would like more involvement in emerging risks to give further insight and value in that area.

In response to a question from the Committee, the Internal Audit Manager spoke of the importance of trying to gain the support of staff and for the audit team to be viewed as being there to help rather than hinder. She was endeavouring to raise awareness and promote understanding of the role by attending meetings of the Heads of Services.

Questions were raised about some of the issues in the interim report. Specific concerns related to the project governance and procurement reports and recommendations. The Head of Corporate Governance responded to questions about procurement advising that a great deal of improvement work was taking place. He outlined the changes to strategy and operational measures that had taken place since procurement had been under his remit and the reasons the changes were necessary.

Resolved to note the Interim Internal Audit report.

289/19 Annual review of the effectiveness of Internal Audit 2018/19

The Internal Audit Manager presented her report on the effectiveness of the system of internal audit outlining the core principles and requirements they are required to adhere to.

An external quality assessment was undertaken in 2018/19 which resulted in some areas of good practice and also some improvement actions being identified. The Internal Audit Manager provided an update on those items which were in progress but had not yet been fully implemented.

The importance of the organisation supporting audit was one of the action points and the Internal Audit Manager advised that regular meetings were being set up with the Chief Finance Officer and the Chief Executive. Independent meetings with the Chief Executive would be set up if considered necessary.

Terry Collier, Deputy Chief Executive, advised the Committee of the introduction of the CIPFA Financial Management Code which provides

guidance for good and sustainable management in local authorities. The Council were engaging with CIPFA on this and would be holding a workshop at the Council offices. It was stressed that this was for all managers, and was not just a finance function. Once the initial training had taken place, the Committee would be provided with an update.

Resolved to note the report on the effectiveness of internal audit 2018/19.

290/19 Update from BDO, External Auditors

BDO, the External Auditors, did not attend the meeting as there was little to report due to the delay in KPMG, the previous external auditors, finalising the Statement of Accounts for 2018/19 and issuing the Value for Money opinion.

Terry Collier, Deputy Chief Executive, advised that KPMG are still considering their value for money opinion and had recently requested additional information. Officers were hoping to respond quickly to try to bring the situation to an end. Arrangements will be made for BDO to come to complete their work as soon as possible.

The Committee expressed their dissatisfaction with the situation and considered the options available to record their concern at the lack of progress and how KPMG could be brought to complete their findings.

Resolved to note the update and escalate concerns to Public Sector Audit Appointments Ltd (PSAA) if KPMG have not completed the value for money opinion by the end of 2019.

291/19 Committee Work Programme

The Committee considered its Work Programme for the remainder of the 2019/20 Municipal year.

Resolved that the Committee Work Programme for the remainder of the 2019/20 Municipal year, be approved.

Audit Committee**19 March 2020**

Title	Corporate Risk Management Policy		
Purpose of the report	To note		
Report Author	Terry Collier		
Cabinet Member	Councillor Tony Harman	Confidential	Choose an item.
Corporate Priority	Financial Sustainability		
Recommendations	That the Committee reviews the draft Corporate Risk Management Policy and feedback to officer any suggestions to revisions		
Reason for Recommendation	As existing Corporate Risk Management Policy has not been refreshed for a number of years it is timely to update the Policy.		

1. Key issues

- 1.1 The nature and complexity of the Council's operations and the service context it operates within has increased significantly in recent years. It is therefore right that the Council refreshes its Corporate Risk Management Policy and Guidance. This follows on from the training session members of the Audit Committee had with Elizabeth Humphrey in October 2019.
- 1.2 All activities that the Council undertakes involve risk and opportunity. We manage these risks and opportunities by identifying and analysing them and then evaluating whether action should be taken so that the risk or opportunity falls within our risk appetite. The Council believes that risks should be managed rather than avoided and that consideration of risk should not stifle innovation and creativity, but should enable it to take advantage of opportunities that present themselves. The draft policy outlines the Council's approach to the management of risks and opportunities, using a structured, focused and proportional approach.
- 1.3 The draft Policy has been discussed at the officer Corporate Risk Management Group on 4th March and has been refined in light of feedback.
- 1.4 It will be noted that the Policy sets out the Council's approach to Risk Management and sets out the links between risk management, corporate planning and operational management,. The guidance explains the corporate approach to scoring risk. The Policy sets out a suggested corporate view on

Risk Appetites, see section 8 of the report and Appendix 1) which builds on the discussion with Audit Committee members.

- 1.5 The Policy addresses, section 9, the approach to Risk Register including the Corporate Risk Register. This links to the updated approach towards the Corporate Risk Register and the focus on a smaller number of corporate risks which impact on the delivery of corporate objectives. See the separate Corporate Risk Register report on the Agenda of this meeting.
- 1.6 Once the Corporate Risk Management Policy has been approved it is intended to have a programme to raise manager's awareness. The Corporate Risk Management Group suggested provide two hour "bite size" refresher training sessions. An executive summary will be produced to aid communication of the key elements of the Policy.

2. Options analysis and proposal

- 2.1 The Corporate Risk Management Policy which has been appended to this report, is very much a draft, and officers would welcome feedback from Members of the Committee on any suggestions as to how the Policy can be refined before it is finalised. Officers would like to publish the report by the end of the current financial year, ie by 31 March 2020.

3. Financial implications

- 3.1 None directly. However, good risk management arrangements helps mitigate financial risks as well as other forms of risk.

4. Other considerations

- 4.1 As commented above effective corporate risk management helps protect the organisation against all forms of risk including with respect to Human Relations, legal challenge, addressing Sustainability issues.

5. Timetable for implementation

- 5.1 New Policy to be approved by 31 March 2020.

Background papers:

Appendices: 1- Draft Corporate Risk Management Policy and Guidance

Spelthorne Borough Council: Risk Management Policy and Guidance

Contents

1. Introduction	2
2. Our corporate approach to risk management	2
3. Our risk management framework	3
4. Risk assessment tool	3
The principles	3
Risk and opportunity identification	5
Describing risks	6
5. The links between risk management, corporate planning and operational management	7
6. Evaluating risks	8
Impact rating	8
Likelihood rating	9
7. How we respond to risks	9
8. Risk appetite	10
Spelthorne Borough Council's risk appetite 2020	10
9. Risk registers	11
10. Monitoring and reporting risks	11
Risk assurance	11
11. Timetable	12
12. Risk management roles and responsibilities	13
First line of defence	14
Second line of defence	14
Third line of defence	14
Specific responsibilities	15
Corporate risk register	16
Appendix 1: Risk Appetite Statement	17
Appendix 2: Risk Register Template	18
Appendix 3: Corporate Risk Management Group Terms of Reference	19
Glossary	20

January 2020

1. Introduction

In common with all organisations, Spelthorne faces internal and external factors and influences that make it uncertain whether or when it will achieve its objectives. The effect of this uncertainty on objectives could be either a risk or an opportunity. All activities that the Council undertakes involve risk and opportunity. We manage these risks and opportunities by identifying and analysing them and then evaluating whether action should be taken so that the risk or opportunity falls within our risk appetite. Effective risk and opportunity management is a crucial part of Spelthorne Borough Council's arrangements to ensure good governance by providing assurance and ensuring that the Council is risk aware. Being aware of risks includes being able to identify them, evaluating their potential consequences and determining the most effective methods of controlling or responding to them.

The Council believes that risks should be managed rather than avoided and that consideration of risk should not stifle innovation and creativity, but should enable it to take advantage of opportunities that present themselves. This policy outlines the Council's approach to the management of risks and opportunities, using a structured, focused and proportional approach. Risk management is integral to all policy planning and operational management throughout the Council and integrates with our corporate governance and performance management.

This approach to risk and opportunity management actively supports the achievement of the agreed actions, projects and programmes set out in the Council Strategy.

Risk is the chance of something happening or not happening that will affect the achievement of business objectives.

Good risk management is about identifying what might go wrong, assessing the Council's level of tolerance towards that and then putting in place measures to prevent the worst from happening, or to manage the situation if something goes wrong. It is also about assessing what must be done to enable the achievement of the Council's objectives and acting in a way that makes this more likely to happen. Opportunity management is about identifying potential developments that could make a positive difference to the achievement of the Council's objectives, assessing the pros and cons (the benefits and risks) of those opportunities and pursuing those that seem beneficial.

2. Our corporate approach to risk management

Risk management is the identification, analysis and effective control of all threats to the achievement of the organisation's strategies and operational activities.

Risk management is about providing assurance by being risk aware. Risk is present in everything that we do and taking some risks is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once decisions are made. By being risk aware, we are better placed to avoid threats and take advantage of opportunities. Proper project management processes and principles identify potential risks early on and set out how these can be avoided or mitigated and we aim to embed these principles in our practices.

By embedding a culture of conscious risk and opportunity management into the Council throughout all activities, including projects, members and officers are able to make effective decisions about services and the use of financial resources to ensure that the Council's objectives are met. An effective corporate approach to risk management will:

- Make it more likely that the Council's objectives, short and longer-term, are achieved
- Support the effective delivery of projects
- Safeguard the organisation and provide assurance to members and officers
- Become part of every manager's competency framework, job description and performance appraisal
- Provide support to the overall governance of the Council
- Inform and improve decision making
- Identify issues early on
- Provide a greater risk awareness and reduce surprises or unexpected events
- Develop a framework for structured thinking
- Raise awareness of the need for risk management by all our partners in service delivery
- Ensure better use of finances as risks are managed and exposure to risk is reduced
- Ensure a consistent understanding of and approach to risks

3. Our risk management framework

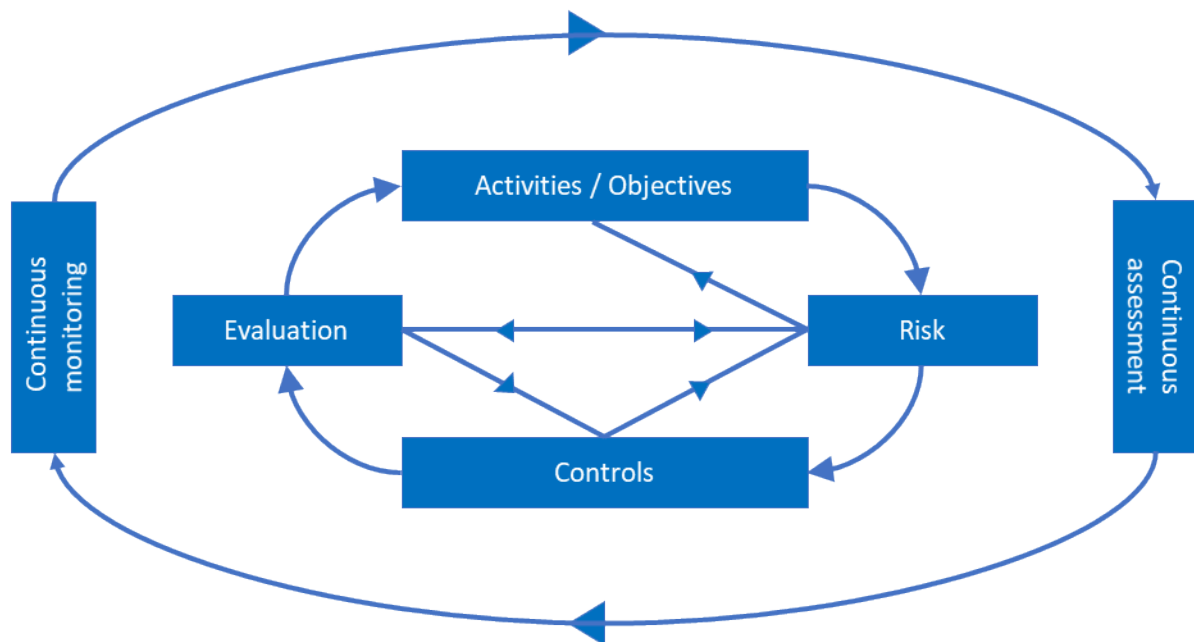
Risk management is the process of identifying significant risks and opportunities relevant to the achievement of Spelthorne's corporate and operational objectives, evaluating their potential consequences and implementing the most effective way of managing and monitoring them. The framework and processes supporting risk management at the council involve:

- A risk assessment tool (section 4)
- Details of how risk management supports corporate planning and operational management (section 5)
- Risk appetite statement (section 8)
- Monitoring and review arrangements (section 10)
- A timetable linked to the corporate programme (section 11)

4. Risk assessment tool

The principles

The Council generally manages risk effectively during the course of its normal operations through its management structure and governance arrangements. The process is a cyclical and iterative one which, at its simplest is summarised in the diagram overleaf.



Always keep a sense of proportionality regarding day-to-day risks and apply the following principles:

- Managers have a good understanding of their services and service developments, and are able to identify the risks and opportunities involved
- Managers understand the limits that the Council places on the action that can be taken by any individual officer. There is a general awareness of what management action is appropriate and where further consultation and approval are necessary. The risk appetite formalises this understanding and ensures a consistent approach is taken throughout the Council
- Bureaucracy is to be avoided, especially in preparing documents solely to demonstrate (rather than support or enhance) effective management. The cost (in terms of time involved) relative to the benefit gained by defining every possible risk in detail and assigning impact and likelihood scores to each risk associated with every planned or current activity is deemed too great to be worthwhile. However, where there are known concentrations of risk, such as in a service development or relating to our objectives or major projects, managers understand that they should document, monitor and manage these risks, using the Council's scoring mechanism. Similarly, the corporate management team should seek to identify, assess and manage those risks that seem likely to cause problems or bring benefits at a corporate level
- Managers should consider the potential threats and opportunities involved in any new service developments and improvement projects and should monitor ongoing performance. Documenting risks, related controls and mitigating actions should be undertaken where this is helpful and appropriate and risk registers should be prepared, using the Council templates (see appendix 2 and intranet REF)

It is the responsibility of all staff to assess the risks and opportunities associated with their work and projects and to escalate any potential risks, including project/programme risks, which they cannot manage within sensible parameters to the corporate management team and/or the corporate risk management group. Potential opportunities should also be raised so that well-thought-through decisions can be taken about pursuing them.

Risk and opportunity identification

We are all responsible for identifying risks to our daily activities and in our projects: even if you are not formally involved in a risk identification exercise, you should be alert to the possibility of unmanaged and/or changing risks and highlight these to senior management. We are also all responsible for identify potential opportunities that could enhance the services that we deliver.

Risks and opportunities must be identified at the start of any new projects or activities, at agreed points as those projects progress and as part of the annual Council planning process as part of setting and agreeing the Council's objectives. When identifying risks or opportunities, it is important to think broadly and across Council activities and structures, using your imagination and always remembering the link to Spelthorne's corporate objectives. Ask yourself the following questions:

- What are our major challenges?
- What are our objectives?
- What changes or other events are coming up?
- What must we get right?
- What can't we afford to get wrong?
- What keeps me awake at night?
- What could I get fired or disciplined for doing/not doing?
- What are our assumptions?
- Have we had any near misses?
- What are we choosing to ignore?

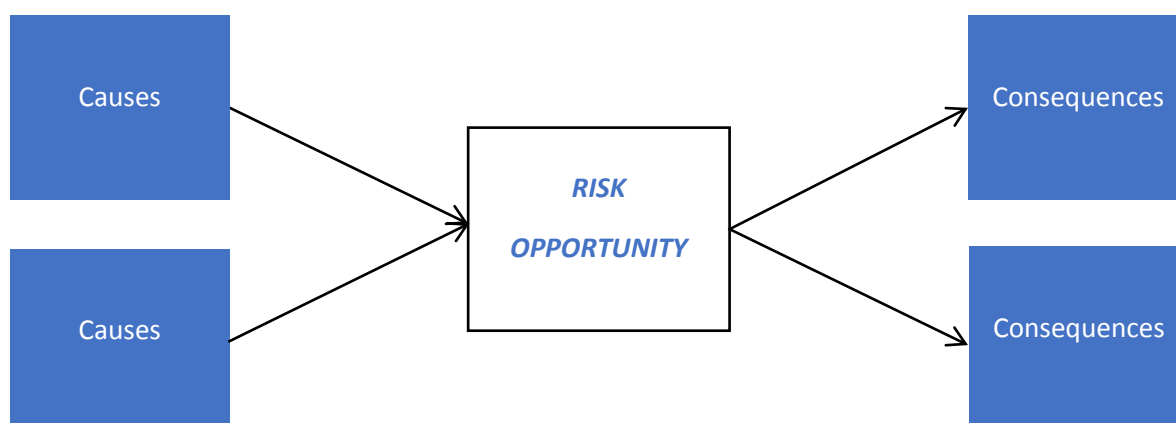
The following aide memoire, while not exhaustive, is helpful to ensure that all likely risk areas are considered:

Sources of risk	Risk examples
Physical, including infrastructure	Transport, communications and utilities, highways and access. Building conditions, location and site security. The impact of Acts of God or pollution. Security of plant, equipment, IT
Legal and political	Changing government policy, legislation, national or local political control, meeting manifesto commitments. Following organisational policy. Legality of operations, especially in relation to property purchases
Societal	Changes in demographic, residential or social trends on objective delivery
Technological	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability, use of technology to meet changing demand
Competition and markets	Affecting the competitiveness of services and/or ability to deliver value for money and general market effectiveness
Customers and stakeholders	Satisfaction of citizens, users, central/regional government and other stakeholders. Managing expectations, especially consulting and communicating on difficult issues
Sustainability, environmental	Environmental consequences arising from options (for example, in terms of energy efficiency, pollution, recycling, emissions, etc) Climate change adaptation/mitigation risks
Financial	Costs, long-term financial sustainability/reliance on finite or vulnerable funding streams. Management of investment properties, especially optimism bias. Financial control, fraud and corruption

Sources of risk	Risk examples
People management and human resources	Changes to services that may affect staff and/or ways of working. Resourcing the implementation of decisions. Employment issues. Health and safety of staff and users
Contracts and partnerships	Dependency on/failure of contractors to deliver services or products to the agreed cost and specification. Procurement, contract and relationship management. Overall partnership arrangements, for example for, community safety and regeneration
Reputation	Affecting the public standing of the Council, partnerships or individuals within these. Management of issues that may be contentious with the public or media. The impact of the actions of others on the Council's reputation
Professional judgement and activities	Risks inherent in professional work, for example assessing clients' welfare or planning or response to the Human Rights Act

Describing risks

To take effective action to manage risks or deliver opportunities, it is important to understand it as thoroughly as possible, which requires a clear description of the risk or opportunity, especially its causes. The diagram below summarises this:



You need to consider what might cause that risk or opportunity and what the consequences (or effects) of that risk might be. To identify a cause ask yourself “why might this happen? And why might that happen?” To identify effects, answer the “so what?” question. You can have many causes for one risk, one cause for many risks, many or a single consequence and any combination of these. You should work both backwards and forwards: ask yourself what the underlying circumstances are that create the conditions that mean that the risk might happen and ask yourself what would happen next ... and after that ... and after that ...

The Corporate Risk Group reviews the Corporate Risk Register quarterly and escalates any key issues to the Management Team, who also review the Corporate Risk Register three times a year to assess any emerging risks or risks that should be removed. Risk owners for corporate risks are generally members of the Management Team and the Cabinet. The Corporate Risk Register is formally agreed by Cabinet and is reported to the Audit Committee at least every four months.

The Annual Governance Statement (AGS) is also a key part of risk management and plays an important role in identifying and escalating risks. The AGS is produced following a review of the Council's governance arrangements and explains how the Council delivers good governance. Underpinning the Statement are individual Assurance Statements, completed by each group head and including details of significant risks for their service areas. Group heads should refer to this Policy when completing their Assurance Statements and providing details of risks affecting the pursuit of team objectives.

5 The links between risk management, corporate planning and operational management

By embedding risk management into the existing policy and service planning processes, members and officers are able to take informed decisions about the appropriateness of adopting a policy or service delivery option. Risk and opportunity management information is one of the key pieces of information that supports the development of corporate and operational plans. It is an essential element in establishing policy, developing plans and enhancing operational management as follows:

- a) The Council Strategy reflects the desired outcomes for Spelthorne Borough, informed by consultation with the public and stakeholders. The Strategy for 2020 – 2023 outlines how the Council will deliver its vision for this period. It is focussed on the key outcomes in a way that is consistent across the Council's aims with regard to both local and national priorities. During the lifetime of the Strategy, there will be direct and indirect threats to the achievement of the outcomes and also opportunities that could enhance those outcomes. These risks and opportunities must be properly managed.
- b) As part of the annual service planning process, each team considers the key actions to be taken and targets for performance. An assessment of the risks and opportunities forms part of this planning, identifying and prioritising the most significant risks faced in delivering the key priorities for the year, with actions identified to mitigate and manage these. These actions are then managed as part of the normal business of the team.
- c) Each member of staff has an annual appraisal which monitors progress made and sets objectives for the coming year to deliver service plan actions. As part of this, risk and opportunity management is cascaded down to staff as an objective to gain their support and awareness of the management of risk within Spelthorne.
- d) Measurement of performance against the Council's objectives, performance indicators and key tasks is undertaken in several ways:
 - I. In addition to day-to-day management, teams carry out regular reviews of progress in their areas, including an assessment of progress against Council actions, performance trends and risks. Material exceptions are reported to Cabinet for consideration and action planning, if necessary
 - II. The Management Team and Cabinet keep an overview of financial plans, service performance and emerging risks as part of the review of the corporate risk register three times a year

6. Evaluating risks

The Council evaluates its risks on a four-point scale on the likelihood of the risk occurring and the impact caused should the risk occur. Risks are evaluated with their controls (see section 7) in place. Risks are plotted on a risk matrix (see below) and prompt action is taken on those risks that fall into the red zone. Action is considered for "yellow" risks while "green" risks are regarded as acceptable.

Impact	4				
	3				
	2				
	1				
		1 (rare)	2 (Unlikely)	3 (Likely)	4 (Almost certain)
		Likelihood (over 4 years)			

Impact rating

The table below provides the definitions which should be used to determine a risk's impact.

	Trivial (1)	Medium (2)	Major (3)	Catastrophic (4)
Financial	Less than £20k Up to 2% of value of project or activity	£20k - £200k Up to 5% of value	£200k - £2m Up to 10% of value	More than £2m More than 10% of value
Objectives	No effect	One objective cannot be delivered OR Some noticeable effect on several objectives	Failure to deliver more than one objective AND impact on others OR All objectives significantly effected	Cannot deliver most objectives
Service provision	No effect	Slightly reduced	Service suspended in the short term Reduced level over the longer term	Service suspended long term Statutory duties not delivered
Health & safety	Sticking plaster First aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of life/major illness Major injury, including broken limbs/hospital admittance	Major loss of life Large scale major illness
Morale	No effect	Some hostile relationships and minor non cooperation	Industrial action	Mass staff leaving Unable to attract staff
Reputation	No media attention Minor letters	Adverse local media Leader column	Adverse national publicity	Remembered for years

	Trivial (1)	Medium (2)	Major (3)	Catastrophic (4)
Government relations	One-off single complaint	Poor assessment(s)	Service taken over temporarily	Service taken over permanently

Likelihood rating

We are unlikely to be able to calculate the probability of a risk occurring in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood of a risk occurring is defined as follows:

Likelihood	Description
1 Rare	Once in every four years
2 Unlikely	A few times over four years but less than annually
3 Likely	Several times over four years, more than annually
4 Almost certain	Will probably happen several times a year

7 How we respond to risks

Once a risk has been identified, we need to decide and agree what we are going to do about it. The approach we take is summarised as the 5Ts:

- Treat** The great majority of our risks will be addressed by treating them, that is by putting in place effective controls to constrain the risk or to reduce its impact or likelihood to acceptable levels. We can:
- Prevent** the risk from occurring, normally with barrier-type controls
 - Spot** the risk before it happens and taking action to stop it, using an alarm perhaps
 - Mitigate** the risk, reducing the impact through detective and recovery controls
 - Remediate** after the event through business continuity planning or an exit strategy.
- Transfer** For some risks it may be possible to transfer them to another party for them to bear or share the risk, for example through insurance or partnership. Reputation risk can never be transferred.
- Tolerate** Where it is not possible to treat or transfer a risk, or where it is not cost effective to apply any further controls to a risk, we can choose to tolerate the remaining risk, taking action to manage the consequences should it occur. This may mean having contingency plans in place, typically a business continuity plan, which will reduce the duration and impact of a risk (see **remediate** above)
- Terminate** Some risks are so great and/or the cost of managing them is such that the only effective way of addressing them is to stop doing whatever led to the risk and/or try to achieve the same objectives in a different way. The public sector is limited in its ability to terminate activities as many are driven by statute and may be conducted in the public sector because the associated risks are so great that there is no other way in which the outcome, which is required for the public good, can be achieved. The option of stopping doing something is particularly important in project management if it becomes clear that the projected costs are

going to outweigh the benefits. An exit strategy is an example of project termination.

Take the opportunity

This option is not an alternative to those above; rather it is an option that should be considered whenever tolerating, transferring or treating a risk. There are two aspect to this:

- I. As well as reducing risks an opportunity could arise to exploit a positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain a greater advantage?
- II. Are there circumstances that do not create a risk but offer positive opportunities, for example a drop in the costs of goods or services which frees up resources to be re-deployed.

8 Risk appetite

Risk appetite is the amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time.¹

A clearly understood and articulated risk appetite statement supports the Council in being risk aware and improves its decision making in pursuit of its objectives. Spelthorne's risk appetite statement is an integral part of the Council's Risk Management Policy. It ensures that the opportunities that the Council is willing to take to achieve its strategic objectives are understood in terms of their likely positive benefits and potential costs and that they are assessed in a consistent fashion. This means that they will be within the Council's capacity to accept and manage risk and will not expose Spelthorne to unknown, unmanaged and/or unmanageable or unacceptable risks.

This risk appetite statement will be reviewed annually and approved by the Cabinet at the start of each municipal year. The approved statement is included as Appendix 1 to this Policy. The Council may decide to move its appetite up or down based on a number of influencing factors including financial and its capacity to deal with the unexpected. It may have a higher aspirational risk appetite once sufficient assurance has been gained and processes are in place to manage higher levels of risk.

Risk management is about being risk aware. Risk is ever present in everything that we do and some risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions have been made. By being risk aware, the Council is better placed to avoid unforeseen problems and take advantage of opportunities that arise.

Spelthorne Borough Council's risk appetite 2020

During the course of the year, the Council will take fair, measured and targeted risks to achieve the objectives included in the Corporate Strategy. There will be opportunities for us to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and benefits. The Risk Appetite Statement supports members and officers in decision making by setting out where the Council is comfortable taking different levels of risk and which levels of risk are unacceptable. Unacceptable risks should either not be taken or should be managed so that they fall within the risk appetite. Risk that fall under the risk appetite line may still happen and should still be managed effectively and transparently. The risk appetite should be considered in conjunction with the risk section of all committee reports when decisions are made.

¹ HM Treasury and British Standard on Risk Management BS31100 2008

9. Risk registers

Risk registers are reference documents that summarise the different risks that might occur and impact the Council. Just because a risk is included on the risk register does not mean that the Council thinks it will happen, but it does mean that the Council thinks that it is worth seeking to manage. The risk score is, therefore, based on a reasonable worst-case scenario. The way in which Spelthorne scores risks is included in section 6 above.

Spelthorne Council maintains several risk registers:

		Managed by
Corporate risk register	Records the most significant risks for the Council or those risks which may prevent the Council from achieving its strategic objectives as set out in the Council Strategy	Internal audit coordinate on behalf of Management Team
Operational risk register	Includes risks that might affect the delivery of individual services, but would not in isolation threaten the Council's overall objectives. Operational risks are managed by service managers	Service managers
Project risk register	Provides a register of the risks that, if they occur, would have a positive or negative effect on the achievement of the project's objectives	Project managers/boards

Risk registers are maintained in Excel. A template can be found as Appendix 2 and on the Council's [XXX site at \[insert hyperlink\]](#)

10. Monitoring and reporting risks

Risk management must be embedded into decision making, business planning and performance management arrangements so that it is central to the way in which the Council works. It contributes to the concepts of "no surprises which will be useful should the unexpected happen. The framework of monitoring and reporting is linked to the Council's performance management system

Risk assurance

Risk assurance is the provision of evidence that risk controls are in place as planned and operating as expected to manage risks.

The purpose of monitoring and reporting on risks is to provide assurance to those who are accountable but not directly involved in an activity that:

- Risks are being properly managed through planned controls
- The Council is unlikely to be surprised by a risk emerging
- Opportunities will be identified early enough to take advantage of them.

Against every control, or group of common controls, and every planned action, or group of common actions, there should be a source of assurance. In other words, some evidence that will prove that that control and/or action are in place and working as they should. Assurance can take many forms. Tangible assurance would consist of a written report, a signature on a check list, some form of physical evidence that a check has been carried out. Intangible assurance could be verbal assurance from a junior to a senior member of staff. Positive assurance means that we know the checks have happened because of some piece of evidence; negative assurance means that we believe the checks

have happened because there have not been any problems (a more common example is that we hope something is operating as it should because we have not received any complaints).

The **Corporate Risk Management Group (CRMG)** meets quarterly. Its remit includes:

- Review of the Corporate Risk Register (CRR)
- Emergency Planning update
- Business Continuity update
- Service Planning update
- Monitoring and review of Insurance claims and trends
- Climate Change (Sustainability) update
- Service Specific Risk presentation
- Review of accidents and incidents to include information on accidents reportable to the HSE and accident investigations reported by managers, significant trends and advice
- reports on completion of risk assessments and maintenance of risk registers
- reports on any recommendations or development of best practice, legislative and any regulatory changes

Its full terms of reference is included as appendix 3.

The CRMG provides a monitoring and consistency check; it is not there to do risk management and it relies on assurance provided by staff who contribute to the Group. It relies on input from all staff to identify risks, especially unmanaged or poorly managed ones, and raise these with management.

The Corporate Management Team has responsibility for ensuring appropriate procedures are put in place to identify and monitor risk and to ensure that staff resources are appropriately allocated to mitigate risks. Management Team, through the Corporate Risk Register, ensures that Cabinet is aware of the key corporate risks facing the Council.

The **Audit Committee** receives regular monitoring reports that provide assurance that the risks identified on the Corporate Risk Register are being adequately managed. The Committee may decide to receive in-depth reports or take deep dives into the most significant risks on the Register, or those that are causing concern.

If a risk that is not included on the Corporate Risk Register is scored above the risk tolerance line set out in the Risk Appetite Statement, full details should be presented to both the CRMG and Management Team for further consideration and approval of appropriate action as necessary. This may include escalation to the Corporate Risk Register

All Council committee reports include a paragraph titled "Wider Implications". The purpose of this paragraph is to demonstrate that the risks associated with the content of the report have been properly identified, assessed and evaluated. The paragraph should provide as much detail as possible for the most significant risks, especially in relation to the underlying causes of the risk and its subsequent consequences (see section 4). The impact score should be clearly set out, using the impact scoring methodology set out in section 6 to support decision making.

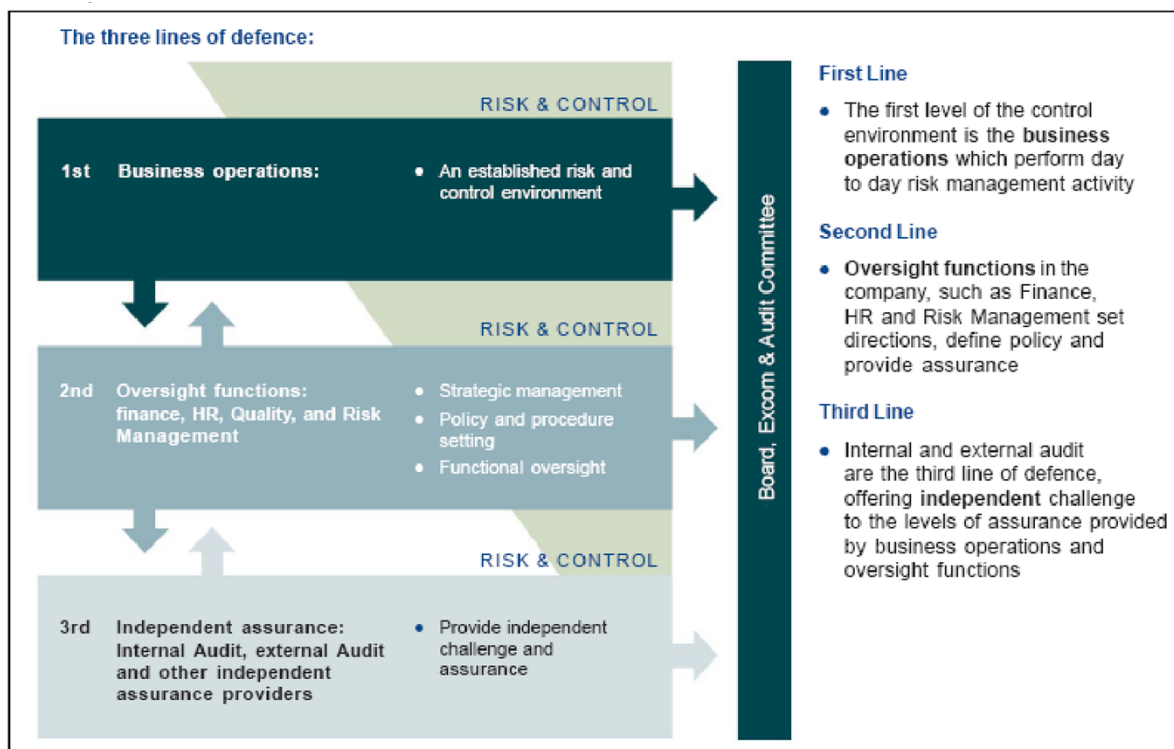
11. Timetable

Risk management is an integral part of corporate governance and it is particularly closely linked with performance management. The timetable for risk, therefore, follows that of the performance management framework.

When?	Who?	What?
Summer	Cabinet	<ul style="list-style-type: none"> Approval of the updated Risk Policy for the coming year Approval of the Risk Appetite for the coming year Approval of the Corporate Risk Register
	Overview and Scrutiny Committee	<ul style="list-style-type: none"> Note the Risk Policy and its role in monitoring and managing risks
	Audit Committee	<ul style="list-style-type: none"> Review the Corporate Risk Register Agree the risks for future in-depth reporting and assurance
	CRMG	<ul style="list-style-type: none"> From terms of reference
	Management Team	<ul style="list-style-type: none"> Review, three times a year, of the Corporate Risk Register
Autumn	Audit Committee	<ul style="list-style-type: none"> Review the Corporate Risk Register and receive monitoring reports giving details of progress made against actions to treat risks Quarterly review of the Corporate Risk Register
	Management Team	<ul style="list-style-type: none"> Quarterly review of the Corporate Risk Register
	CRMG	<ul style="list-style-type: none"> From terms of reference
Winter	Audit Committee	<ul style="list-style-type: none"> Receive update report for Corporate Risk Register
	Management Team	<ul style="list-style-type: none"> Quarterly review of the Corporate Risk Register Budget and Service Plan risks considered
	CRMG	<ul style="list-style-type: none"> From terms of reference
Spring	Audit Committee	<ul style="list-style-type: none"> Receive update report for Corporate Risk Register
	Management Team	<ul style="list-style-type: none"> Quarterly review of the Corporate Risk Register Budget and Service Plan risks finalised and included in the appropriate risk registers
	CRMG	<ul style="list-style-type: none"> From terms of reference
Throughout the year	All staff	<ul style="list-style-type: none"> Identify and report new, emerging and changing risks

12 Risk management roles and responsibilities

The three lines of defence concept is widely known and used by insurers, auditors and the banking sector as a risk governance framework. The concept can be used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective risk management, governance and assurance. The following diagram shows how the three lines work together.



First line of defence

As the first line of defence, service managers own and manage risks within their service areas. They are also responsible for implementing appropriate corrective action to address, process and control weaknesses. Team leaders are also responsible for maintaining effective internal controls and managing risks on a day-to-day basis. They identify, assess, control and manage risks ensuring that their services are delivered in accordance with the Council's aims and objectives.

Second line of defence

The second line of defence relates to the strategic direction, policies and procedures provided by the Council's oversight functions (for example, Finance, Legal Services and HR). These teams are responsible for designing policies, setting direction, ensuring compliance and providing assurance.

Two particularly important policies are the Anti-Fraud and Corruption Policy and the Whistleblowing Policy, both of which encourage staff to report concerns which may expose the Council to risk.

Third line of defence

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes².

The aim of internal audit's work programme is to provide assurance to management in relation to the business activities, systems or processes under review that the framework of internal control, risk management and governance is appropriate and operating effectively; and that risks to the Council's objectives are identified, assessed and managed to a defined acceptable level. Such risks are identified through senior management liaison and internal audit's own assessment of risk.

² Definition from the Public Sector Internal Audit Standards, CIPFA, 2017

External audit, inspectors and regulators also provide assurance on the management of risk and delivery of objectives.

Specific responsibilities

Who	What
Members	Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic objectives and risks that the Council faces and will be made aware of how these risks are being managed.
Cabinet	With MAT to own the Corporate Risk Register and to review at least three times a year
Overview and Scrutiny Committee	To review project update reports and scrutinise project risk management
Audit Committee	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 (item d of Committee's remit)
Management Team	With Cabinet to own the Corporate Risk Register and to review at least three times a year. To ensure services appropriately maintain operational risk registers and integrate into Service Plans
Corporate Risk Management Group	To review Corporate Risk Management arrangements and ensure that they are appropriately updated.
Programme/project Management Group	To ensure that all projects have completed risk and issues logs and key risks are highlighted at project initiation stage
Senior managers	Senior managers have responsibility for minimising risk within their teams. They demonstrate their commitment to risk management through: <ul style="list-style-type: none"> • Being actively involved in identifying and assessing risks • Developing relevant action plans for key risks and establishing relevant performance indicators to measure their performance through the performance management framework • Incorporating the risk management process into business and service planning processes • Monitoring the teams' risks regularly and at least quarterly • Encouraging staff to be open and honest in identifying risks or potential opportunities • Ensuring that the risk management process is part of all major projects and change management initiatives • Monitoring and reviewing action plans regularly to treat risks effectively
Insurance	Facilitate and support the procurement of the Council's insurance and the management of claims.

Who	What
Internal audit	Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It is responsible for undertaking an assessment of the Council's risk management and internal control mechanisms as part of the review of corporate governance arrangements.
All staff	All staff have responsibility for Council risks and must understand their role in the Council's risk management arrangements. Training and support is provided as part of staff induction and there is ongoing training throughout the year. All staff are expected to know how to recognise, assess and evaluate risk, when to accept risk and to recognise that risks can create opportunities for the Council.

Everyone involved in risk management has a responsibility to identify learning from risks and their management.

Corporate risk register

Significant risks have been reviewed by the Management Team and the Corporate Risk Management Group and are included in the Corporate Risk Register which can be found at [\[insert link\]](#).

Appendix 1: Risk Appetite Statement

The Council's appetite for its significant risks included in the Corporate Risk Register is shown in the diagram below and highlighted in bold with the relevant cell shaded. **[Note the below is to be developed further]**

Risk levels and description Key elements	Minimal As little risk as reasonably possible	Cautious Prefer limited delivery options	Open Consider all potential options	Seek Eager to be innovative
Financial VFM	Very limited financial loss if essential (up to £100k or 2% of value of the project/activity, whichever is the lower) VFM (focussing on economy) is primary concern	Some limited financial loss (from £100k-£500k or 5% of value of the project/activity, whichever is the lower) Consider benefits and constraints beyond price	Will invest and risk losing (from £500k-£2m or 10% of value of the project/activity, whichever is the lower) for larger potential financial return Value and benefits considered, not just cheapest price	Invest and risk losing (from £2m-£5m or up to 20% of value of the project/activity, whichever is the lower) for best possible return Resources allocated without firm guarantee of return
Objectives	No effect	One objective cannot be delivered OR Some noticeable effect on several objectives	Failure to deliver more than one objective AND impact on others	Cannot deliver most objectives
Exposure to challenge	Be very sure we would win challenges	Limited tolerance for sticking neck out Reasonably sure we would win challenges	Challenge is problematic, but takes the necessary steps to manage and win this. Gain outweighs adverse consequences	Chances of losing challenge are real with significant consequences
Innovation, Quality, Outcomes	Innovations avoided unless essential or commonplace Essential systems or technology development only	Prefer status quo and avoid innovation Limited systems or technology development	Innovation supported New ways of working or using technology explored	Innovation pursued Actively seek new ways of working or using new technology
Reputation	No chance for significant repercussions Avoid exposure to any attention	Little chance of significant repercussions Mitigation in place for undue interest	Will expose to scrutiny and interest Management of reputation through active listening and talking	New ideas tried at the risk of damage to reputation

Appetite	Low	Moderate	High	Significant
----------	-----	----------	------	-------------

Appendix 2: Risk Register Template

Appendix 3: Corporate Risk Management Group Terms of Reference

Terms of Reference for the Risk Management Group (RMG)

The group will be responsible for considering the Council's responsibilities and arrangements for health and safety at work, insurable risks and corporate risk management. This will include the consideration of accidents, incidents, insurance claims and liability, corporate arrangements and controls, with a view to preventing, minimising and managing existing and foreseeable risks at every level within the authority.

The group is a joint management and staff forum that includes staff side representation on health and safety at work matters. Management representation will include representatives from each Service who will have a responsibility to report back to departmental management teams.

Matters to be considered by the group will include:

- Reviewing and maintaining a comprehensive and co-ordinated framework for Health and Safety risk management standards across the organisation, including corporate risk management policy and strategy.
- Reviewing the Corporate Risk Register and making recommendations for changes to Management Team.
- Ensuring relevant legislation is implemented with appropriate procedures in place for all existing and new initiatives in relation to all aspects of risk management.
- Recommending corporate standards on health and safety management to incorporate appropriate guidance from regulations and codes of practice
- Ensuring that all risk assessments and risk registers are reviewed and submitted to the group once a year or when circumstances change.
- Considering reports on trends such as accidents, incidents, insurance claims and recommending any action required
- Recommending any appropriate Health and Safety training required for managers and staff as part of the training programme
- Considering the results of risk assessments, inspections and audits, recommending any action required
- Recommending and reviewing programmes of audits, and inspections
- Commissioning reports on particular topics as appropriate
- Coordinating and communicating information around the organisation
- Formulating and implementing an annual action plan
- Reporting to the Audit Committee on the effectiveness of the authority's risk management arrangements.

To include consideration of the need to report to MAT on issues, policy and procedures and to report in full to MAT and members at least twice each year.

Membership

The group will be made up in two parts, the core group of regular attendees based on service area risk and special areas of interest, and a secondary group of low risk service areas and specialists. Secondary groups will attend when areas directly affecting their service are being discussed and at least one meeting per year.

Core Group (with particular areas of interest noted)

Risk Champion Deputy Chief Executive (Chair)
Human Resources Manager (training and staff issues)
Head of Asset Management (council's buildings, assets)
Group Head of Commissioning and Transformation
Deputy Group Head of Commissioning and Transformation (Safety Champion)
Group Head of Neighbourhood Services
Deputy Group Head of Neighbourhood Services (Safety Champion)
Group Head of Community Wellbeing
Deputy Group Head of Community Wellbeing (Safety Champion)
Deputy Group Head of Customer Relations (Safety Champion)
Group Head of Regeneration and Growth
Planning Development Management (Safety Champion)
Head of Corporate Governance (Safety Champion)
Senior Environmental Health Manager (Safety Champion)
Family Support Manager (Safety Champion)
Building Control Manager (Safety Champion)
Finance Manager (Safety Champion)
Audit Manager (Safety Champion)
Human Resources Manager
Corporate Health, Safety and Insurance Officer (H&S at Work and Insurance)
Unison Health and Safety Officer
Unison Health and Safety from Neighbourhood Services
Staff (Non Union) representative

Other Officers or specialists with relevant interest as required

Meetings

To be held every 4 months (3 times per year with a 2-part agenda covering Corporate Level risks in the first part, followed by Health, Safety and Welfare in the second.

Regular agenda items

To include:

- Review of the Corporate Risk Register (CRR)
- Emergency Planning update
- Business Continuity update
- Service Planning update
- Insurance Update
- Climate Change (Sustainability) update
- Service Specific Risk presentation*
- report from Corporate Health and Safety Officer on accidents and incidents to include information on accidents reportable to the HSE and accident investigations reported by managers, significant trends and advice
- reports on completion of risk assessments and maintenance of risk registers
- reports on any recommendations or development of best practice, legislative and any regulatory changes
- reports on regular required checks (e.g. electrical checks, fire checks)
- input to training programme for Health and Safety Issues
- any items to be referred to MAT or Audit Committee
- review of the annual action plan

Minutes

To go to MAT

Glossary

This page is intentionally left blank

Audit Committee**19 March 2020**

Title	Corporate Risk Management		
Purpose of the report	To note		
Report Author	Punita Talwar, Internal Audit Manager		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee notes the Corporate Risk Management report and Register at Appendix 1.		
Reason for Recommendation	Not applicable		

1. Key issues

- 1.1 An external trainer provided risk management training to Members of the Audit Committee in October 2019. This initiated some useful discussion and further to this, the Deputy Chief Executive and Internal Audit Manager have worked with the external trainer (Elizabeth Humphrey) in progressing the development of corporate risk management at Spelthorne. As part of this work changes have been proposed to the Corporate Risk Register with the aim of making it a more concise document, focussing on factors and influences that present uncertainty in the Council achieving its corporate objectives and ensuring alignment with the corporate priorities. The effect of this uncertainty on objectives could be either a risk or an opportunity, and these should be managed in accordance with the revised risk management policy.
- 1.2 A draft version of the refreshed Risk Management Policy is also reported to the Audit Committee for initial review and comment. This gives reference to linkages with other corporate processes such as service planning and performance management.
- 1.3 In progressing the revised approach for the corporate risk register, a mock risk category has been prepared focused on one priority objective relating to housing delivery, with input from relevant Officers. The new proposed format builds upon previous work, giving greater emphasis to causes and consequences of risks and the RAG (Red, Amber, and Green) scoring approach is intended to prioritise risks for action based on likelihood and impact. Risks that fall in the red zone will always be included in the new

Corporate Risk Register as representing the most significant risks. Risk scoring will also give consideration to the Council's risk appetite in due course. Implementation of the risk action plan is intended to move the risk scoring in a positive direction over time and therefore consideration will need to be given to the robustness of actions proposed if they are to have a significant effect on risk mitigation and successful achievement of corporate objectives. The mock risk (attached at Appendix 2) has been shared with the Audit Committee in January for consideration of the new format and there will be an opportunity for further discussion around the desired approach at the meeting.

- 1.4 The Corporate Risk Register will continue to ensure that the Council's most significant risks (i.e. those relating directly to the achievement of corporate priorities and objectives) are identified, managed, monitored and reported. A maximum of 10 corporate risks will be included on the register in line with best practice. Where risks do not make it on the corporate risk register, they will need to be monitored and managed and this is referred to in the policy. Discussions will continue to take place to ensure effective processes are established and maintained to avoid losing sight of less significant risks.
- 1.5 As the risk register is evolving and will be subject to further discussion with Members, as part of the current review, we have reverted to the previously established format and much of the former content has been removed to enable Management Team and Members to focus on key corporate risks (eight risk categories) relating to achievement of corporate priorities and objectives. The corporate priorities are currently under review and well advanced, representing an evolution of existing priorities. The attached Register at Appendix 1 refers to the corporate priority areas as follows:

Housing

Clean, Safe and Sustainable Environment

Financial Sustainability

Economic Development
- 1.6 Taking appropriate action on risk is of course an essential part of effective risk management. Therefore accountability for risk actions continues to be assigned to named officers (where known) to promote ownership with reference to the Portfolio Holder in each case to facilitate oversight. Reference to a 'Lead Officer' has also been introduced as this is often a different person to the accountable officer.
- 1.7 The attached version of the register at Appendix 1 continues to highlight the direction of travel in implementing risk mitigating actions, ascertained from the status of actions previously recommended/identified. The narrative in the 'Progress' column supports the Red/Amber/Green (RAG) status granted and outlines developments where appropriate/advised by the accountable officer. In some areas new risk mitigating actions have been highlighted, which require monitoring. Overall positive progress has been made in a number of areas albeit some actions have not been fully implemented and/or are ongoing. There are currently no risk categories to which a red status has been

assigned. Management Team has reviewed the Corporate Risk Register and it is being shared with the Corporate Risk Management Group.

1.8 The most significant risks to be highlighted at this review for consideration by Management Team and Audit Committee are set out at 1.8 (a) to 1.8 (f) below:

- (a) **Housing Delivery (Housing) (1)** - The mock risk category shared with Audit Committee in January focused on the corporate objective relating to housing delivery (referred to at paragraph 1.3 above) and several risk mitigating actions are underway or for perusal. Housing and Homelessness strategies have been developed for 2020 to 2025 and monitoring mechanisms are in place to review implementation of strategic action plans.
- (b) **Income Generation/Property (Financial Resilience) (4)** – Delivery of a new Property Management System is underway to manage Spelthorne's expanding property portfolio and significant rental income. Subject to finalising the accounting procedures and robust testing, it is anticipated that the system will 'go live' for rent collection and the payment of invoices for the residential portfolio on 1st April, with the software used for billing tenants on the municipal and investment properties by end of June. Additional financial resource has been appointed to support the Assets team with system implementation.
- (c) **(Financial Resilience) (4)** Application of CIPFA'S new Financial Management Code is being pursued with the aim of improving financial resilience across the Council. Training has been delivered to key officers during February and a self-assessment document has been initiated by the Deputy Chief Executive. Responsibility for adherence to the Code rests with the Management Team, Group Heads and Managers - as well as finance professionals.
- (d) **Potential Heathrow Expansion – (Clean, Safe and Sustainable Environment/Economic Development) (7)** - This risk category gives reference to the significant impact on the Borough and residents (such as noise levels, increased congestion and pollution, reduced green belt and open spaces). A number of robust measures being taken by Spelthorne in response to this are set out in the register (clearly defined expectations and requirements as well as recommended actions).
- (e) **Political Landscape/Economic Uncertainty – (All Corporate Priorities) (6)** - Planning and preparation for Brexit prevails in the context of the transitional arrangements with the EU. Spelthorne will continue to work with the Local Resilience Forum to monitor the implications of a trade deal or 'no deal' scenario once known.
- (f) **Climate Change (Clean, Safe and Sustainable Environment) (8)** – This refers to climate change implications, setting out the sustainability measures Spelthorne is taking to demonstrate social and ethical responsibility in response to this significant global threat. A cross party working group has been set up on Climate Change and as part of this a Climate Action Plan is being developed. Surrey County Council is developing a Climate Change Strategy and Strategic Framework across

Surrey authorities to address carbon emissions for eight major sectors. The Biodiversity Action plan is progressing and due for implementation in 2020.

- 1.9 Several new risk mitigating actions underway or for perusal have been recorded on the risk register (see 'Actions' column), relating to risk categories 1 (Housing Delivery), 4 (Income Generation from Property – Financial Resilience), 6 (Political Landscape /Economic Uncertainty and 8 (Sustainable Environment - Climate Change).

2. Options analysis and proposal

- 2.1 To note and accept the contents of the Corporate Risk Register including any new risk categories and risk mitigating actions underway or for perusal. The revised register at Appendix 1 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:

- 2.2 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. This will need to be highlighted by the assigned accountable or lead officer as appropriate.

4. Other considerations

- 4.1 The attached Corporate Risk Register covers key corporate risks and opportunities (eight risk categories) relating to achievement of corporate priorities and objectives. The most significant risk categories to highlight as part of this review include Housing Delivery, financial resilience - income generation (Property), Heathrow expansion, political landscape/economic uncertainty and environmental sustainability (climate change). Management Team may therefore need to assess if these risk areas are being adequately managed or require further resource/time and support.

5. Timetable for implementation

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

Background papers: There are none

Appendices: Corporate Risk Register - current review (Appendix 1)

Mock Risk Category and Proposed New Format for register (Appendix 2)

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.

Level of risk: Likelihood vs. Impact on a scale of 1 (lowest) to 4 (highest)							Content reviewed March 2020				
PREVIOUS RAG	CURRENT RAG	RISK / IMPACT (WITH REFERENCE TO CORPORATE PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK	CURRENT CONTROLS (RISK MITIGATION)	ACTIONS	RISK OWNERSHIP (ACCOUNTABILITY)	LEAD OFFICER	TARGET DATE	PROGRESS /REASONS WHERE RISK ACTIONS NOT IMPLEMENTED
		1. Housing Lack of affordable housing (to rent) increases homelessness • Housing provision does not meet local resident needs (A full list of causes and consequences of this risk have been carefully considered and separately reported as part of current development work aimed at enhancing Corporate Risk Management) (Corporate Priority- Housing - Delivering Housing that meets local needs)	2	3	3	Local Plan; Local Development scheme; Annual monitoring reports outline number of affordable dwellings granted; Housing Delivery test resulted in production of Housing Delivery Action Plan; Housing Delivery Programme; Knowle Green Estates - business plan approved by Cabinet; Housing Strategy 2020 – 2025; Homelessness Strategy 2020 – 2025 (Subject to approval) ; Action plans arising from the Housing and Homelessness strategy encompass defined priorities for Housing ; Quarterly monitoring of strategic action plans by designated Officers, reporting red and amber actions to the Strategic Housing Group ;Strategic Housing Group meets monthly with clearly defined Terms of Reference (monitoring mechanism);Close working with Partners to support achievement of Housing aims ;Progress of property development projects reported weekly to Development and Improvement Group (DIG); Financial monitoring and management; Embedding of legislative requirements of the Homelessness Reduction Act 2017; Collaborative arrangements in place to support proactive and reactive counter fraud work, with quarterly reporting of fraud returns generated (cost savings/future losses prevented).	<i>1i. Member approval of the Housing Strategy (incorporates action plan) covering the period 2020 – 2025</i> <i>1ii. Approval of the Homelessness Strategy (incorporates action plan) covering the period 2020 – 2025</i> <i>1iii. Set up a homelessness strategy working group to support achievement of aims</i> <i>1iv. Establish and approve clearly defined Terms of Reference for the Homelessness Strategy working group to support achievement of aims</i> <i>1v. Service Level Agreement to be put in place with registered providers to take forward cases of alleged tenancy fraud.</i> <i>1vi. Preparation and adoption of New Local Plan to meet future need and strengthen affordable housing policy</i>	MAT Member & Joint Group Heads CW * Cllr Attewell	HSPM/ SPM *	1i. April 2020 1ii. May 2020 1iii. August 2020 1iv. December 2020 1v. June 2020 1vi. March 2022	Date New Actions Added: Progress monitoring will take place at the next review of the Corporate Risk Register in June 2020. RAG Rating recorded as blue as complete set of new actions identified and added
Page 39		2. Economy/ Funding Technological and other factors may create uncertainty over economic growth and supplier failure, which could impact on: • Delivery of contracts and service provision • Business Rate income collected/retained , thereby affecting the Council's overall finances. (Corporate Priority areas- 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 implemented. 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.	<i>2. Impact of Business Rate arrangements on Council finances is under ongoing review.</i>	DCX (TC) * Cllr Harman	Deputy Group Head CR *	Completed/ Ongoing Monitoring	2. Implemented and ongoing. Officers have confirmed there are no further updates to report.
		3. Economic Development Absence of a robust Economic Development Strategy or ineffective plans to deliver, thereby impacting on levels of growth and development of the borough (including local employment , inward investments) with consequential effects on prosperity and economic wellbeing . (Corporate Priority area- Economic Development)	2	3	3	Regular reporting to Members. A 5 year economic assessment & development strategy for 2017 - 2022. Periodical review and refreshing of the Economic Development strategy, enabling targets that have been achieved to be commented upon and removed; new targets that have emerged over the previous period are then included. Support to local businesses through key account management. Supporting the development of the Staines-upon-Thames Business Improvement District. Review of Local Plan. Regeneration Masterplan for Staines- Upon-Thames.Prioritisation of projects to benefit from the business rates retention has been completed.	<i>3i. Economic development is a Council priority and growth will impact on business rate income - this is under ongoing review.</i> <i>3ii. Regarding governance, 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> <i>The refreshed strategy needs to be approved by the EDEG.</i>	EDM*Cllr Barnard	EDM*	Completed/ Ongoing Monitoring	3i. Opportunities for economic development are sought to promote rejuvenation and wider benefits across the borough (various examples such as new Leisure centre and Knowle Green Estates developments). 3ii. The latest refresh of the economic strategy was reported to the Economic Development Engagement Group on 20 February. This is the final refresh before a replacement strategy and economic assessment is prepared for 2022 onwards.
		4. Financial Resilience - Income Generation(Property) 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	3	4	4	Long term strategic/financial plan. Member engagement. The Councilis applying innovative ways to fund services and create new revenue streams through significant commecall asset acquisitions and investments.Ongoing annual net incomehas enabled a balanced budget for 2019-20 and to make revenueue contributionstowards capital to put capital programmeon a more sustainable basis. Prudential Indicators approved by Council in December 2017. Advice is sought from Arlingclose as necessary. Due diligence in respect of acquisitions and leases addresses strength of covenant of tenants, using S&P to evaluate financial strength. A robust governance framework supports property acquisitions including Property Investment Strategy; Development and Investment group to monitor performance; use of KPI's to assess total risk exposure; Treasury Management strategy approved by Council;weekly monitoring by MAT.	<i>4i. A robust governance framework continues to be developed to support property acquisitions and investment processes.</i>	GH R & G* Cllr Harman	GH R&G DCX(TC)	4i. Completed /Ongoing Monitoring	4i. Implemented/ Ongoing . Performance is monitored regularly at weekly Development and Investment Group (DIG) and a quarterly performance report is produced for the Investment Portfolio. Meetings are scheduled for the newly established Property and Investment Committee (PIC). In addition, it will set out a suite of Key Performance Indicators against which the Portfolio will be evaluated. Council has approved Capital Strategy for 2020-21 which includes a set of Key Performance Indicators- these will be reported on as part of outturn reports. Sinking Funds combined balance on track to be approximately £18m as at end of March 2020, equivalent to covering 22 months of the net revenue surplus from the Council's commercial portfolio. Refreshed Asset Management Plan going to March Cabinet. Internal Audit completed audit on Commercial Assets acquisitions and investments. Officers had a very positive workshop session with Chartered Institute of Public Finance and Accountancy on the CIPFA new Financial Management Code (which

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT (WITH REFERENCE TO CORPORATE PRIORITY)	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK	CURRENT CONTROLS (RISK MITIGATION)	ACTIONS	RISK OWNERSHIP (ACCOUNTABILITY)	LEAD OFFICER	TARGET DATE	PROGRESS /REASONS WHERE RISK ACTIONS NOT IMPLEMENTED
		increased exposure to material risk including loss of anticipated rental income and poor investment returns, with associated reputational damage. (Corporate Priority area- Financial Sustainability)									Continuing on the current financial management code (which will be subject of a report at a future Audit Committee) on the Council's approach to financial resilience and long term scenario planning. The Council has a balanced budget for the next three financial years.
		Risk Category 4 Continued (See above)				Further control measures relating to risk category 4 (Property Acquisitions) Governance Framework (Continued) : Formalised reporting of KPI's once the new Property Management System is operational; Council approved at its February 2020 meeting the Capital Strategy. Commercial asset acquisitions and investments will be subject to periodical audit review. Monitoring arrangements relating to property development work arising from asset acquisitions. Due Diligence measures for tenant management: the Council has subscribed to Standard & Poor's credit rating database and set up watch lists for its tenants to alert it to any deterioration in the health of its tenants. Where there is any deterioration the potential impact of this is reviewed by the internal team. Sensitivity analysis is undertaken with respect to variables such as rental growth.	<i>4ii. 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. 4iii. Effective implementation of Property Management Software 4iv. Application of CIPFA'S new Financial Management Code aimed at improving financial resilience across Councils (responsibility of whole organisation) *N</i>	4ii & iii GH R & G* Cllr Harman 4iv. DCX/MAT/ ALL GROUP HEADS * Cllr Harman	GH R&G DCX(TC)	4.ii & 4iii. 30 April 2020 *R Requires monitoring 4iv. NEW ACTION ADDED FEB 2020 (Target - 31 March 2021) * O	4ii & iii. Progress underway- Work is underway to deliver a new Property Management System to effectively manage Spelthorne's £1 billion property portfolio (investment, community, commercial and residential properties).The property and tenancy data for the investment and residential portfolio has been uploaded on the new system. Subject to finalising the accounting procedures and robust testing it is anticipated that the System will 'go live' for rent collection and the payment of invoices for the residential portfolio on 1st April. The data load for the municipal portfolio is completed in part. The timeframe to 'go live' for both rent collection and invoicing is dependent on agreeing financial procedures and the system set-up. It is anticipated that the software will be used for billing tenants on the municipal and investment properties by end of June 2020. The Council uses expert external advisors (where required) for its investment portfolio to manage matters such as service charges. DIG receives timely updates on rental income collected on the Council's commercial investment assets. Cushman & Wakefield reported that 97.5% of the rent was collected within 7 days of the December quarter day, with only £4,500 outstanding at current date.
Page 40		5. Treasury Management If the Council receives a poor return on long term investments and/or investments become insecure in the current/future climate, then this will have an adverse impact on the Council's financial position. (Corporate Priority Area - Financial Sustainability)	2	3	3	Treasury Management Strategy approved annually by Members. Approved Capital Strategy (see risk category 4). Reporting of Treasury Management performance to 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. The team continues to explore options for diversifying the portfolio. Fixed interest rate on most debt and for investments an interest equalisation reserve is in place. Roles and responsibilities assigned within Accountancy. A review of the Accountancy structure took place in August 2019 and additional growth/resource approved which should also assist in further enhancing the control environment. Periodical Internal Audit Review.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.Training delivered for new Financial Managment Code. Council commissioned an options paper from Arlingclose on financing being considered in the context of the recent uplift by 100 basis points in Public Works Loan Board (PWLB).	<i>There are no actions to report (February 2020).</i>	DCX (TC) * Cllr Harman	CA/DCA *	N/A	Overview and Scrutiny have received half yearly treasury monitoring reports which confirm medium term investments are performing well at an average rate for 12 months to end of September 2019 of 4.75%. Treasury Management Strategy and Capital Strategy approved by Council in February 2020.Officers continue to work closely with the Council's Treasury Management advisers who are advancing proposals to bring forward alternatives to PWLB loan finance (note in recent weeks PWLB rates have fallen back roughly 50 basis points).
		6. Economic Uncertainty/Political Landscape Brexit and transitional arrangements represent many potential uncertainties of a financial,economic, recruitment, regulatory and supply chain management nature arising from currency devaluation/volatility, trade barriers and tariffs, investments, relocation of Partners/Suppliers, changing access to EU funds, level of compliance with EU regulations , workers rights. ALL PRIORITIES	3	3	3	The Group Head for Commissioning and Transformation is the Corporate lead for Brexit. Previously participated in regular County wide Brexit Planning meetings and briefed MAT, Group Heads and Members and will participate once more when such meetings are resurrected. Briefing note presented to Audit Committee in March 2019 and Cabinet in Autumn 2019. A weekly report on preparedness for Brexit was undertaken by the Local resilience Forum for much of 2019 and fed through to Central Government. Weekly tactical and fortnightly strategic teleconferences with the Local Resilience Forum to ensure contingencies were undertaken occurred in 2019. Such meetings may be put in place again once know the likely outcome of trade negotiations. Services were addressing potential implications including staffing, environmental health and data protection. Guidance for Councils on Brexit secondary legislation has been circulated to Managers and relevant transitional information as well.	<i>6i. Management Team to regularly consider potential Brexit uncertainties for Spelthorne and have a plan in place to address when the implications of a trade deal or no deal become evident. Spelthorne will continue to work with the Local Resilience Forum on the implications when known. (REVISED ACTION FEBRUARY 2020) 6ii. Monitoring of transitional arrangements and implications for the Council in line with the Local Resilience Forum. (NEW ACTION - MARCH 2020) *N</i>	GH C & T (Lead) All Portfolio Holders	GH C & T (Lead)	6i December 2020 O * 6ii. December 2020 O* Requires monitoring	6i. Previously participated in regular County wide Brexit Planning meetings and briefed MAT, Group Heads and Members. This will continue when such meetings are resurrected. (The action at 6i has been revised given the UK has now entered into a transition period with the EU which lasts until 31 December 2020. A new trading relationship between the UK and EU is due to be agreed by the end of the transition period, but if no agreement is achieved a 'no deal' scenario will apply). 6ii. NEW ACTION ADDED General - Recommendations arising from an internal audit review of Brexit Readiness have been/are being addressed .

PREVIOUS RAG	CURRENT RAG	RISK / IMPACT REFERENCE TO CORPORATE PRIORITY) (WITH	LIKELIHOOD OF RISK	IMPACT OF RISK	LEVEL OF RISK	CURRENT CONTROLS (RISK MITIGATION)	ACTIONS	RISK OWNERSHIP (ACCOUNTABILITY)	LEAD OFFICER	TARGET DATE	PROGRESS /REASONS WHERE RISK ACTIONS NOT IMPLEMENTED
		7. Heathrow expansion Whilst this offers economic benefits and opportunities, it also has the potential to significantly impact the borough/its residents on a wide number of fronts (e.g. increased noise, poorer air quality, roads being brought closer to properties, loss of green belt and open space - loss of 4.5% of borough, ongoing construction sites, increased traffic leading to greater congestion and pollution levels, indiscriminate parking etc.) (Ec Dev; Clean,safe and sustainable environment)	4	4	4	The Group Head for Regeneration and Growth is the Corporate lead for the Heathrow Expansion. The Council responded in detail to Heathrow's AEC on 13 September 2019. (Airport Expansion Consultation of summer 2019) The Council set out its issues in a 177 page document with 76 actions for Heathrow. 16 key strategic requirements were also set out which Heathrow are expected to meet.	<i>Actions added October 2019.</i> <i>(i) Bi-lateral meetings with Heathrow (where beneficial to do so) to ensure the requirements are met</i> <i>(ii) To continue to work as part of Heathrow Strategic Planning Group to ensure that Spelthorne's views are represented at a wider strategic level</i> <i>(iii) Work in preparation for the Development Consent Order (statement of common ground and areas/issues for challenge)</i>	GH R & G* Cllr Boughtflower	GH R & G*	On-going * R Requires Monitoring	7i , 7ii & 7 iii. The outcome of the Court of Appeal is now known but this may be subject to further appeal to the Supreme Court. The Council will continue with ongoing work related to the airport.
		8. Climate Change Environmental breakdown represents a significant global threat driving social and economic disruption with far ranging consequences for socioeconomic stability ; climate change and extreme weather events impact on food systems, supply chains & procurement, economic productivity and losses. If the Council is not seen to be taking action it could result in criticism/bad press/public demonstration (CLEAN, SAFE AND SUSTAINABLE ENVIRONMENT)	3	4	4	Consideration of Government targets for reducing carbon emissions/greenhouse gases to tackle climate change. A Leader's Climate change Working Group has been set up and will explore ways to meet a carbon neutral target by 2050 or earlier if possible. Officers are working in the spirit of ethical and social responsibility to address climate change concerns, reducing the Council's carbon footprint and meeting Government targets. Sustainability Strategy Energy & Water Efficiency policy (2015 - 2020) Active members of Surrey Energy & Sustainability Partnership (SESP) and Association of Lead Energy Officers (ALEO). Consideration as part of project implementation as follows : New developments - minimum renewable energy requirement Fuel Poverty - through administering energy grants and promoting energy efficiency measures. Increased renewables capacity with solar PV installations on 2 Day Centres and further plans to do so on other sites.Implementing energy efficiency measures in Council owned buildings. Increasing renewables capacity, including with solar PV installations EV charging provision.	<i>Actions 8i to 8iii added October 2019 :</i> <i>8i. The Sustainability Strategy and the Energy & Water Efficiency Policy are being reviewed.</i> <i>8ii.A new Sustainability Strategy is to be developed in 2020.</i> <i>8iii. A new Biodiversity Action Plan is being developed for 2020.</i> <i>8iv. A Climate Change strategy is to be developed for 2020 . (NEW ACTION ADDED FEBRUARY 2020) *N</i>	GH C&T GH NR Cllr I Harvey	SO - MR	August 2020 * R Requires Monitoring	8i & 8ii - There are no progress updates to report on these actions. 8iii. The Biodiversity Action plan is progressing and due for implementation in 2020. General Progress Underway - A cross party working group has been set up on Climate Change. A Climate Action Plan is being developed as part of the Climate Change Working Group. 8iv. NEW ACTION ADDED. Surrey County Council are developing a Climate Change Strategy and Strategic Framework (which will set out the joint ambition across the 12 authorities to address carbon emissions for eight major sectors).
Actions Overdue & Outstanding			Partially Actioned			Completed/Ongoing Monitoring					

Note that previous RAG ratings are included to illustrate the Direction of Travel for recommended actions. The future format for the Corporate Risk Register is currently under review.

***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, - Chief Executive, Daniel Mouawad	
Interim Head of Corporate Governance -IHCG, Karen Limmer	GH R & G - Group Head - Regeneration and Growth, Heather Morgan
DHIT - Deputy Head of ICT – Alistair Corkish	DPO - Data Protection Officer, Clare Williams
Deputy Chief Executive (Chief Finance Officer)- DCX (TC) – Terry Collier	HRM – Human Resources Manager, Debbie O’Sullivan
HSIRM - Health and Safety, Insurance and Risk Manager – Stuart Mann	CM- Contract Managers
GH C & T - Group Head - Commissioning and Transformation, Sandy Muirhead	JGCW – Joint Group Heads for Community Wellbeing, Deborah Ashman and Karen Sinclair
GH - NS - Group Head - Neighbourhood Services- Jackie Taylor	LSM - Leisure Services Manager, Lisa Stonehouse
Deputy Chief Executive - DCX (LO) – Lee O’Neil	RRO – Risk and Resilience Officer, Nick Moon
SEHM - Senior Environmental Health Manager, Tracey Wilmott-French	EDM – Economic Development Manager, Keith McGroary
PS - Principal Solicitor, Victoria Statham	IAM - Internal Audit Manager, Punita Talwar
DGH CR - Deputy Group Head for Customer Relations, Roy Tilbury	SO- Sustainability Officer, Mark Rachwal
CS & RM - Customer Services and Revenue Manager, Martyn Forward	HSPM - Housing Strategy and Policy Manager , David Birley
PORTFOLIO HOLDERS - recorded under risk ownership column	SPM - Stratgic Planning Manager, Ann Biggs

This page is intentionally left blank

Audit Committee

19 March 2020



Title	Anti- Fraud, Bribery and Corruption Strategy		
Purpose of the report	To make a decision		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee is asked to: 1. Endorse the updated Council's Anti-Fraud, Bribery and Corruption Strategy		
Reason for Recommendation	The Audit Committee is required to make any recommendations for change to the Cabinet.		

1. Key issues

- 1.1 *"All organisations face attack from those who would undertake corruption or commit fraud creating a loss to the taxpayer, reputational risk to the organisation and undermining trust in the government. In an increasingly globalised digitalised world, fraud transcends international borders". (A guide to Managing Fraud for Public Bodies, February 2019)*
- 1.2 *"Fraud is a significant risk to the UK public sector and has far-reaching financial and reputational consequences. The government estimates that fraud costs the public sector £31 - £49 bn per year and much of this goes undetected. In addition serious and organised economic crime is a national security issue". (HM Government, October 2018)*
- 1.3 The government has over the years increased initiatives in response to the growing level of estimated fraud. Fraud is now considered to be the most prevalent crime in the UK and the continued importance of having a defined approach for how Spelthorne will counter fraud, bribery and corruption in the form of a strategy is recognised.
- 1.4 The Audit Committee is required to review the Council's Anti-Fraud, Bribery and Corruption Strategy annually and to make any recommendations for change to the Cabinet. The Strategy at Appendix 1 forms part of the Council's Constitution and is in line with best practice. The Strategy continues to underpin the Council's commitment to dealing effectively with all forms of fraud, bribery and corruption, demonstrating the important role it plays in the overall corporate governance framework.

- 1.5 As part of this review, some minor changes are proposed to the strategy and have been highlighted in blue at Appendix 1. These relate to the following sections/references :
- **Codes/Procedures** – self- assessment of the authority’s whistleblowing arrangements undertaken. Reference to future review of the Council’s Constitution;
 - **Systems** –further development of risk management across the Council will encourage Service Managers to identify controls to minimise the risk of errors, fraud, bribery and corruption;
- 1.6 Various best practice principles promoted in publications such as CIPFA’s ‘Code of practice on managing the risks of fraud and corruption’, ‘Fighting Fraud and Corruption Locally’ (2016 - 2019) and HM Government functional standard on Counter Fraud (GovS 013 October 2018) have been considered as part of the strategy review, and current activity is deemed as proportionate relative to the perceived risk and size of the authority.
- 1.7 A number of positive Counter Fraud measures continue to take place and these are summarised below:
- ❖ Measures led by the Internal Audit Manager are set out in the strategy under ‘Detection and Investigation’. These have contributed to promoting awareness of high risk public fraud, as well as best practice measures and collaborative counter fraud initiatives.(Further details below)
 - ❖ Spelthorne has procured counter fraud resource/services from Reigate and Banstead to target high risk public fraud areas which are likely to generate greater financial payback (business rates and housing) as well as wider social benefits. Collaborative working has produced positive outcomes particularly in Housing with enhanced verification for Housing register and homelessness claims.
 - ❖ Increased focus on social housing fraud has been encouraged with registered providers. Pro-active fraud initiatives relating to Business Rates (targeting small business rate relief) continue to be encouraged.
 - ❖ Evidence based fraud reporting system and quantifiable reporting of estimated financial savings (public fraud). Spelthorne’s overall cumulative fraud return as at 31.12.19 equates to almost £2.6m (notional savings to the public purse) of which £492k represents cashable savings for Spelthorne (this covers a 5 year period). For the current financial year, notional savings generated between April and December 2019 amount to £111k of which £11k can be quantified as cashable.
 - ❖ External groups are attended with Surrey Partners including the Surrey Counter Fraud Partnership (SCFP). This enables the sharing of knowledge and best practice approaches in tackling fraud as well as opportunities to participate in joint data sharing exercises in the fight against fraud.
 - ❖ A review of the Confidential Reporting Code (Whistleblowing Policy), using a benchmarking tool to assess the effectiveness of whistleblowing

arrangements has highlighted some areas for improvement (November 2019) and the policy will be further developed.

- ❖ The Internal Audit Manager gave a presentation at the staff meetings (September 2019) on the Confidential Reporting Code (Whistleblowing Policy), with a view to raising awareness and highlighting correct reporting channels for raising serious concerns (including fraud and irregularity as well as several other categories). The Whistleblowing poster was reviewed and publicised.
- ❖ Awareness Raising and Training - Reigate and Banstead Council delivered high risk public fraud awareness training to Housing, Benefits and Customer Services during January 2020 and sessions were well attended.
- ❖ Further consideration is being given to wider training to help protect the organisation against Fraud, bribery and corruption (for all staff and Members).
- ❖ Internal Audit provides independent assurance that effective controls are in place to mitigate the risk of fraud, bribery and corruption and issues advice/recommendations for consideration by Management i.e. where it is considered that fraud risks should be more effectively managed.

2. Options analysis and proposal

Either:

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

Or:

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

3. Financial implications

- 3.1 Resources required (staff time) to implement actions to prevent and detect Fraud, bribery and corruption risks should be contained within existing budgets. There is approved funding for additional corporate counter fraud resource until March 2022 to support Housing, Business Rates and Council Tax. Costs associated with Corporate Fraud awareness training (for all staff) are being explored with a view to being funded from the corporate training budget.
- 3.2 There may be a requirement from time to time to bring in subject matter experts and investigators to undertake or assist special investigations (relating to suspected internal fraud or irregularity) as there is insufficient capacity within the Internal Audit team to undertake the whole process, particularly given that investigations are often by their nature very resource intensive. Day rates could be in the region of £400 per day. There is currently no specific budget assigned for this purpose.

4. Other considerations

- 4.1 Associated risks and consequences of fraud, bribery and corruption include financial losses (potentially high value), reputational damage to the authority, corporate offences (a failure to prevent bribery is now regarded as a corporate offence), significant harm to staff or the local community, and reduced public services for the borough's residents (if resources are exploited by fraudsters).

5. Timetable for implementation

- 5.1 There are none.

Background papers: None

Appendices:

Appendix 1 – Anti-Fraud, Bribery and Corruption Strategy

APPENDIX 1 - ANTI FRAUD, BRIBERY AND CORRUPTION STRATEGY

Introduction

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

In this context

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

Corruption means - the dishonest influencing of actions and decisions.

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

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

Culture

6. The Council expects Members and staff at all levels to behave with integrity and propriety and to act within the law and the regulations, procedures and practices laid down in relation to the conduct of the Council's business. The

Council believes this is achieved best through the promotion of an atmosphere of honesty and openness.

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

Chief Finance Officer Terry	Responsible for the financial management, audit and financial probity of the Council and also for its proper personnel policies and practices.
Monitoring Officer	Responsible for the legal probity and avoidance of maladministration or injustice by the Council.
Chief Executive	Responsible as Head of Paid Service for the overall management and direction of the Council and for ensuring adequate staff resources for services.

9. In addition each Group Head and senior manager have responsibility for the proper organisation and conduct of their service area. It is important that Managers and officers at all levels do not become complacent about the risk of fraud as this may have an impact in terms of the robustness of controls applied in practice. Please refer to the section on systems below.
10. Concerns should be raised with any of the above officers under section 8 or with the Council's Internal Audit Manager (Punita Talwar).
11. More detailed guidance and advice on how to raise any concerns is contained in the Council's Confidential Reporting Code (whistleblowing policy).
12. If anyone feels they are unable to raise their concerns through any of the above routes they may contact 'Protect' ((0203 1172520 – advice line), a registered charity whose services are free and strictly confidential.

Prevention

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

1. Codes/Procedures

All Members and staff need to be aware of, and have ready access to, the Council's agreed policies and procedures eg. Financial Regulations, Standing Orders, Codes of Conduct, Code of Corporate Governance and any relevant practice and procedure documents. A future review of the Council's Constitution will be led by the Group Head of Corporate Governance. The Governance Framework has been developed and enhanced to reflect the increasing commercial asset acquisitions and investments.

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

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

Members will in particular observe the Spelthorne code of conduct adopted on the 27 June 2012 and subsequently revised on 25 June 2013 any other local Spelthorne code. The Members Code of conduct is kept under review by the Members Code of Conduct Committee. Members will be supplied with a copy of any relevant code, policy and procedure and advised of their responsibilities.

A review of the Confidential Reporting Code (Whistleblowing Policy), using a benchmarking tool to assess the effectiveness of whistleblowing arrangements has highlighted some areas for improvement (reported to Audit Committee November 2019) and the policy will be further developed.

2. Systems

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

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

Chief Executive, Deputy Chief Executives, Group Heads and managers are responsible for ensuring that appropriate internal controls are properly maintained to minimise the risk of errors, fraud, bribery and corruption.

A detailed analysis of the risks associated with any service should be carried out by managers and this is being promoted as part of developing risk management to ensure that fraud, bribery and corruption is minimised.

Detection and investigation

Concerns should be reported to one of the individuals referred to in paragraphs 8 and 10 above or in accordance with the Council's whistleblowing policy.

A detailed investigation of any concerns raised will be undertaken with the assistance of the Council's Internal Audit Service. The Group Head of Corporate Governance holds responsibility for responding to allegations of bribery and corruption. The Council will deal with any instances of fraud, bribery or corruption swiftly. Disciplinary action will be taken if appropriate after the police have been informed/involved, and the relevant Cabinet Member informed where necessary. Where the Council has adopted a prosecution policy for any business area (eg Housing Benefit Fraud or Housing register) this will be followed. Any lessons learnt from Investigations undertaken relating to systematic weaknesses will be highlighted and should feed back into improving fraud prevention/detection measures.

In the event that fraud is suspected on the part of contractors' employees or internally, by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Council will inform and involve employing contractors or agencies when appropriate.

Counter Fraud measures - Given the significance of corporate fraud in national and local statistics and the cost to the taxpayer, the Council recognises the continued importance of collaborative working arrangements with other Councils/Partners to help deter, detect and investigate fraud, providing access to specialist skills and greater capacity to investigate fraud. The strategy to target areas which are likely to generate greater financial payback (Business Rates and Housing) will continue. Such initiatives have demonstrated positive financial fraud returns for Spelthorne (notional and cashable savings) in the areas of Housing, Business Rates and Council Tax and continue to do so. These savings could be enhanced further through the use of Financial Investigator Resource to recover losses/assets (where appropriate). Counter fraud measures also contribute to the delivery of wider social benefits, enabling more social housing to be available to those people who are genuinely in need of a home, leading to a reduction in housing applicant waiting times, reduced temporary accommodation costs and ultimately the need for fewer houses to be built. Positive results are publicised periodically to serve as a deterrent.

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 public fraud, and provides opportunities to pursue joint counter fraud initiatives such as data matching. The importance of engaging with members of the public to join the fight against fraud is recognised. Spelthorne's fraud returns are collated quarterly and reported to the Surrey Counter Fraud Board, which enables some benchmarking and comparison across Surrey Partners.

Awareness

The Council recognises the continuing effectiveness of the Anti Fraud, Bribery and Corruption Strategy depends largely on the awareness and responsiveness of Members and staff. It is essential that both Members and staff are made aware of the strategy when they join the Council and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Council's activities. Action will be taken on a regular basis to remind both Members and staff of the importance the Council places on preventing fraud and corruption and investigating irregularities. Effective methods for mandatory training and raising awareness including face to face and online shall be periodically explored and delivered.

In accordance with the Government's Serious and Organised Crime Strategy, local Police representatives have provided two awareness raising sessions for staff and Members during 2018 to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime and highlight known vulnerabilities. During these sessions the importance of sharing intelligence with Law Enforcement Partners has been encouraged. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Further consultation with the local police is ongoing and red flags /known risks will continue to be highlighted. Group Heads and Managers are responsible for assessing governance arrangements in place to combat risks in this area for their respective functions.

This page is intentionally left blank

Audit Committee**19 March 2020**

Title	Internal Audit Annual Plan 2020/21		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	That the Audit Committee approves the risk based annual audit plan for 2020/21.		
Reason for Recommendation	To fulfil statutory requirements and professional audit standards.		

1. Key issues

- 1.1 This report sets out the work planned by Internal Audit during 2020/21 in order to fulfil its statutory and professional requirements. A copy of the Internal Audit Annual Plan Summary (2020/21) based on the 'prioritised audit need' is attached at Appendix 1.
- 1.2 The Accounts and Audit Regulations 2015 require local authorities 'to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account mandatory public sector internal auditing standards or guidance'.
- 1.3 Internal Audit is defined as "*An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*" (Public Sector Internal Audit Standards).
- 1.4 Group Heads and Managers are accountable for ensuring that controls in their functions are operating effectively. Independent assurance provided by Internal Audit will continue to focus on the effectiveness of the control environment in managing risk at all levels, supported by appropriate verification processes. Audit findings during 2020/21 will be raised with senior management, and recommendations aimed at enhancing control processes and reducing risk will be shared with /reported to the Audit Committee.

- 1.5 Internal Audit findings form the basis of the annual audit opinion on the adequacy of the authority's control environment which feeds into and underpins the Annual Governance Statement which is published with the Statement of Accounts. In order for the Internal Audit Manager to provide an independent evidence based annual audit opinion, there needs to be a sufficient quantity and breadth of audits undertaken to ensure reasonable coverage of auditable areas on which to form an effective opinion. This is therefore an important factor for consideration in the Audit Planning process.
- 1.6 The annual audit planning process for 2020/21 began during October 2019 to ensure alignment with the corporate planning and budget process.
- 1.7 Appendix 1 sets out a list of proposed audits based on the 'prioritised audit need' for 2020/21, as well as other tasks that support the delivery of the audit service to meet statutory and professional requirements. A total of 429 estimated days are required to complete the Audit Plan.
- 1.8 The Plan also refers to wider corporate functions and responsibilities such as corporate risk management and counter fraud oversight which the Internal Audit Manager has significant involvement in. These are important areas of governance with positive developments and benefits derived for the authority.
- 1.9 In establishing audit priorities for 2020/21 focus has been given to ensuring greater alignment with Spelthorne's corporate priorities and objectives as these are the areas deemed to represent the highest risk.
- 1.10 Once Audit Committee have approved the risk based audit plan, Group Heads and Managers will be consulted as to the most beneficial time to undertake these audits during the 2020/21 financial year in order for the service and Internal Audit will produce a Plan for the Group Heads so that the work can be carried out in a timely fashion.
- 1.11 Further background regarding the audit planning process is set out below:
- (a) All auditable areas are identified (known as the 'Audit Universe'). These include:
 - Significant risks included in the Corporate Risk Register
 - Corporate systems and processes
 - Financial and fraud risks
 - Fundamental financial systems
 - Functions operating within service areas
 - Information governance and security
 - Asset acquisitions and Investments
 - Key Council projects
 - Preparedness for significant legislative changes/government led initiatives
 - (b) Group Heads and Managers have been consulted during the audit planning process to discuss emerging risks and consider review areas for inclusion in the plan.
 - (c) An audit needs assessment is undertaken and audit work is prioritised which is related to factors such as risk evaluations, budgetary implications, value/volume of transactions, known system weaknesses

and vulnerabilities, fraud risk or previous irregularities, changes in personnel, time elapsed since last audit, management requests for Internal Audit input and audit resource available.

- (d) In establishing audit priorities for 2020/21, focus has been given to ensuring greater alignment with Spelthorne's corporate priorities and objectives. Best practice guidance from professional auditing/accounting bodies regarding topical risk areas has also been taken into account.
- (e) The Internal Audit Annual Plan is intended to be flexible allowing for periodical review to take into account changing priorities according to perceived risks.

2. Options analysis and proposal

3. Financial implications

- 3.1 There may be a requirement to bring in subject matter experts and investigators to undertake or support special investigations (relating to suspected internal fraud or irregularity). Where appropriate, support will be sought through collaborative working arrangements with Reigate and Banstead Council's counter fraud team (budget available). This may need to be supplemented with subject matter expertise depending upon the nature of the suspected fraud or irregularity for which there is currently no budget and it is difficult to quantify an overall estimated cost for 2020/21 (unforeseen works).

4. Other considerations

- 4.1 The Internal Audit Annual Plan has focussed on the areas of higher priority for 2020/21.

5. Timetable for implementation

- 5.1 The Internal Audit Annual Plan sets out work to be undertaken by the Internal Audit team during the 2020/21 financial year.

Background papers:

Appendices: Appendix 1 Annual Internal Audit Plan 2020/21

This page is intentionally left blank

APPENDIX 1

Internal Audit Plan 2020/21

<u>Audit Area (Identified as part of Audit Needs Assessment)</u>	<u>Time Budget (Days)</u>	<u>Service Lead Area</u>	<u>Comments/Considerations</u>	<u>Key Risk Considerations</u>	<u>Key Objectives (An evaluation of risks and controls will form part of the audit process). Preferred Timing (to be confirmed)</u>
1. Workplace Culture & Ethics (GOVERNANCE) (PRIORITY A)	16	Corporate	Not previously audited. Highly recommended for inclusion in audit plans by professional auditing bodies (based on research into key risks facing organisations across all sectors) and promoted in audit standards (PSIAS).	Organisational values defined are not reflected or embedded in behaviours; if there is misalignment between organisational strategy, values and culture this may impact on the achievement of objectives and goals; associated reputational risks.	This will incorporate a focus on 'soft' controls and patterns of behaviour/attitudes to establish an insight into cultural dimensions . It will go beyond for example confirming the existence of strategies/policies in a particular area, but consider how effectively those policies and processes are being embraced and embedded to achieve the desired vision and values promoted by the Council . (Internal risk is predicated on the behaviour of staff)
2. Emergency Planning (REGULATORY) (PRIORITY A)	11	Commissioning & Transformation	Audit due - last audited in 2016. Previously on Corporate Risk Register.	If there was a major Disaster in the borough, e.g. flooding, this may result in significant strain on delivery of council services	Review adequacy of arrangements in place for Emergency Planning and monitoring of service provision by 3rd Party.
3. Air Quality (REGULATORY) (PRIORITY A)	11	Environmental Health	Not previously audited. Corporate Priority Area (Clean, Safe and Sustainable Environment)	Non- compliance with legislative requirements could result in public health issues and claims causing negative publicity as well as financial penalties from regulatory bodies;if strategies and action plans are not monitored the expected outcomes may not be achieved.	Assess adequacy of arrangements in place to ensure compliance with regulatory requirements and monitoring against national targets. Consider implications for Heathrow Expansion. Auditee expressed preference for quarter 1
4. IT Audit (Network Infrastructure) (INFORMATION TECHNOLOGY) (PRIORITY A)	12	Commissioning & Transformation	3 year ICT Audit Plan agreed from 2019/20 to 2021/2022 following Audit Needs Assessment.	Unavailability of ICT systems impacts service provision; poorly designed networks compromise data security and increase the risk of cyber attacks.	Set out in ICT Audit Needs Assessment document of May 2019.

5. Income Generation - Commercial Assets & Investments (FINANCIAL RESILIENCE / COMMERCIALISATION) (PRIORITY A)	18	Regeneration & Growth	Annual Cycle. Significant financial value. Corporate Priority Area (A Thriving Future for All) . Corporate Risk Register.	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. Inadequate arrangements to identify/raise /recover/monitor rental income due resulting in delays or non-collection; shortfall in achieving overall income target; late repayment of loans resulting in financial penalties; negative publicity resulting in reputational damage.	To ensure robust control processes and governance arrangements are operating effectively regarding the Councils commercial property acquisitions and investments. Review adequacy of systems in place to identify, collect, record and monitor rental income due following implementation of the new Property Managment System. Assess implementation of new governance arrangements recently approved intended to strengthen audit trails relating to decision making.
6. Income Generation- Property Development (BUSINESS DEVELOPMENT/HOUSING DELIVERY) (PRIORITY A)	12	Regeneration & Growth	Annual Cycle. Significant financial value. Corporate Priority Areas (Housing/A Thriving Future for All). Corporate Risk Register.	Failure to effectively identify service needs upfront, resulting in developments that are not suitable to meet long term community requirements.Inadequate monitoring arrangements in place for ongoing property development work, resulting in reduced quality outcomes and/or delays in the housing delivery programme increasing pressures in this area; poor value for money from contracted works ;failure to meet regulatory requirements .	To ensure robust arrangements are in place towards achievement of the housing delivery programme , and that the associated systems and processes are operating effectively, giving due regard to key governance requirements.
7. Climate Change (GOVERNMENT POLICY/REGULATORY) (PRIORITY A)	12	Commissioning & Transformation/Neighbourhood Services	Significant global threat - climate emergency declared. Corporate Priority Area (Clean, Safe and Sustainable Environment) Corporate Risk Register.	Cimate change and extreme weather events impact on food systems, supply chains & procurement, economic productivity and losses. If the Council is not seen to be taking action it could result in criticism/bad press/public demonstration.	In view of the Governments commitment to net zero carbon emissions by 2050 , review the Councils arrangements, plans and monitoring mechanisms .
8. Core Financial System - Treasury Management (FINANCIAL) (PRIORITY A)	13	Accountancy	Annual Cycle (Significant value/volume of transactions)	Core Financial Systems - Financial losses and reputational damage due to fraud, collusion, theft, error, data manipulation or inefficient processes. Discrepancies between feeder systems and the main accounting system/general ledger are not identified/resolved promptly. System integrity issues may result in unsatisfactory customer experience and loss of confidence.	Recommend quarter 3 or 4 for work to be undertaken to ensure greater coverage of transactions. Key expected controls will be reviewed and tested for each core financial system audit.
9. Core Financial System - Creditors (FINANCIAL) (PRIORITY A)	13	Accountancy	Annual Cycle (Significant value/volume of transactions)		
10. Core Financial System - Payroll (to incorporate Election payroll) (FINANCIAL) (PRIORITY A)	14	Accountancy & Human Resources	Annual Cycle (Significant value/volume of transactions)		
11. Core Financial System - Sundry Debtors (FINANCIAL) (PRIORITY A)	13	Accountancy & Customer Services	Audit scheduled every 2 to 3 years.(Significant value/volume of transactions)		

12. Finalisation of prioritised audit assignments from 2019/20 (PRIORITY A)	10				
Audit Days - Assignments	155				
Work to support delivery of the Internal Audit Service (See below)	274				
Contingency/ unforeseen work (Confidential Investigations; Advice to Management on risk and control)/ Attendance at working groups/ Follow Up of Audit Recommendations / Statutory Requirements (PSIAS)/ Audit Committee Reports & associated processes /Member and Senior Management engagement/ Annual Review of Audit Effectiveness/ /Annual Audit Opinion/ Input to Annual Governance Statement/ External Audit liaison / Annual Audit Plan preparation & monitoring/Resource Planning/ Team & Service Management/ Contractor Monitoring /Professional Qualification and CPD training & miscellaneous . Corporate Role - Counter Fraud					
Total Audit plan Days	429				
Current Resource available in Days (1.75 FTE plus Contractor)	429				

This page is intentionally left blank

WORK PROGRAMME 2020/21

AUDIT COMMITTEE – 19 MARCH 2020

Resolution Required

1. Work Programme

- 1.1 This report covers the Work Programme for the forthcoming municipal year 2020/21.
- 1.2 The Committee's terms of reference are set out at the front of the agenda.

2. Future Meetings

- 2.1 Meetings of this Committee have been scheduled in the Council's Diary on the following dates:-
 - **23 July 2020**
 - **26 November 2020**
 - **18 March 2021**
- 2.2 Details of the Work Programme for future meetings are as follows:

July 2020		
Corporate Risk Management	Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Confidential Reporting Code	Head of Corporate Governance	Report
Annual Governance Statement 2019/20	Chief Finance Officer	Approval
Audit Services Annual Report	Internal Audit Manager	Report
External Audit Plan update	External Audit	
Committee's Work programme for 2020/21	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

November 2020		
Corporate Risk Management	Internal Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
External Audit Plan update	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 2020/21	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report
--	--	--------

March 2021		
Corporate Risk Management	Internal Audit Manager	Report
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Anti-fraud, bribery and Corruption Strategy	Internal Audit Manager	Report
Internal Audit Annual Plan 2021/22	Internal Audit Manager	Report
External Audit update	External Auditors	
Committee's Work programme for 2021/22	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

Report Author: Chris Curtis, Committee Manager (01784) 446240