



*Please reply to:*

Contact: Chris Curtis  
Service: Committee Services  
Direct Line: 01784 446240  
E-mail: [c.curtis@spelthorne.gov.uk](mailto:c.curtis@spelthorne.gov.uk)  
Date: Wednesday, 21 July 2021

## **Notice of meeting**

### **Audit Committee**

**Date:** Thursday, 29 July 2021

**Time:** 7.00 pm

**Place:** Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

#### **To the members of the Audit Committee**

Councillors:

J.R. Boughtflower  
(Chairman)

T. Fidler (Vice-Chairman)  
S. Buttar

J.T.F. Doran  
H. Harvey  
A.J. Mitchell

L. E. Nichols

*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**

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## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

(7 councillors reflecting political balance and one independent member)

1. 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
  - To approve (but not direct) the internal audit's strategy, plan and performance.
  - To review summary internal audit reports and the main issues arising, and to seek assurance that action has been taken where necessary.
  - To consider the reports of external audit and inspection agencies.
  - To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud, bribery and anti-corruption arrangements.
  - Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
  - 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.
  - 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.
  - To review the financial statements, external auditors opinion and reports to members, and monitor management action in response to the issues raised by external audit.

## **Agenda**

**Page nos.**

- 1. Apologies**

To receive any apologies for absence.
- 2. Disclosures of Interest**

To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.
- 3. Minutes** **5 - 10**

To confirm the minutes of the meeting held on 18 March 2021 as a correct record.
- 4. Recruitment of Independent Person** **11 - 24**

To consider a report setting out the proposed process for the appointment of an Independent Member to the Audit Committee.
- 5. Establishment of the Value for Money Working Group** **25 - 26**

To consider the establishment of the Value for Money Working Group following the change to a Committee system form of governance.
- 6. Covid-19 Risk Considerations** **27 - 60**

To consider and note the report of the Internal Audit Manager on the risks and opportunities faced by the Council in relation to the COVID-19 pandemic.
- 7. Corporate Risk Management** **61 - 86**

To note the report by the Internal Audit Manager.
- 8. Annual Internal Audit Report 2020-21** **87 - 114**

To consider and note the Annual Internal Audit report for 2020-21.
- 9. Annual Governance Statement 2020-21** **115 - 130**

To consider and approve the Annual Governance Statement for 2020-21.
- 10. Counter Fraud, Bribery & Corruption Strategy** **131 - 142**

To review and recommend to Council the changes proposed to the Counter Fraud, Bribery and Corruption Strategy (previously the Anti-Fraud, Bribery and Corruption Strategy).

**11. Committee Work Programme 2021-22**

**143 - 146**

To consider and approve the work programme for the municipal year

**12. External Audit update**

To receive an update on external audit matters.



The Chairman expressed his disappointment and dissatisfaction that the work was overdue and officers had not received information they had requested. The Deputy Chief Executive also advised that the Council had been concerned by the delay and confirmed that the Housing Benefits Manager had submitted a formal extension request.

**74/21 Report on the effectiveness of the system of internal audit**

The Internal Audit Manager outlined the findings of the annual review into the effectiveness of internal audit and confirmed that the overall conclusion from the self-assessment undertaken in February 2021 was that Spelthorne's internal audit function largely conforms with the Public Sector Internal Audit Standards (PSIAS).

In response to questions the Internal Audit Manager explained that an external assessment of conformance to the Public Sector Internal Audit Standards is carried out every five years and was last completed in 2018 when the Council undertook a three way reciprocal peer review with Elmbridge and Surrey Heath.

The Committee expressed concern at the timeliness of management responses and queried what could be done to improve this. The Internal Audit Manager advised the Committee that in the current context of COVID-19 pressures, corporate capacity was stretched and this had inevitably had an impact. The Group Head of Corporate Governance explained that officers were going to ensure the organisation engages with the audit process by raising the profile of the audit team and explaining the importance and value of audit. The Group Head of Corporate Governance also confirmed that each department signs the audit terms of reference prior to the audit commencing.

In response to questions the Group Head of Corporate Governance informed the Committee that although she was the Internal Audit Manager's direct line manager the dotted reporting line to the Section 151 officer (Chief Finance Officer) was normal as it allowed her direct access to the S151 officer and the Chief Executive.

The Committee resolved to note the Internal Audit Effectiveness Report for 2020-21 and agreed that they would like to receive an update on the timeliness of management responses at the next meeting.

**75/21 Annual Audit plan report 2021/22**

The Internal Audit Manager outlined the Annual Internal Audit Plan 2021-22 which demonstrated how the authority would fulfil its statutory and professional requirements to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.

She reported that the plan was risk based and had been reviewed and reprioritised and, in view of the ongoing pandemic, focus had been given to COVID-19 related workstreams around response and recovery, emerging

risks across service delivery, whilst also auditing higher risk areas that align with Spelthorne's corporate priorities, and that Group Heads and managers had been consulted and this had helped shape the plan. She explained that Appendix 2 summarised the follow up work recently undertaken in relation to the agreed audit recommendations previously issued and sets out what is open (outstanding) or closed.

In response to questions the Internal Audit Manager explained that the audit team were advised that external auditors may come in to work with the Housing Benefits Manager and were waiting to hear if this would go ahead before arranging to do the internal audit to avoid a clash. She advised that the external auditors had confirmed they would complete their work in April, so the internal audit team had just started their work to ensure it was complete prior to the external audit.

The Committee queried how the internal audit team agree the terms of reference for non-service audits, such as climate change, commercial assets and investment and property investment. The Internal Audit Manager explained that they would set out the key scoping areas, the key risk considerations and encouraged managers to participate to identify specific risks.

In response to further questions the Internal Audit Manager informed the Committee that members would be invited to be involved in agreeing the terms of reference for non-service audits, including the budget setting process, if she thought it would be useful and appropriate to do so, but stressed that members must be mindful not to direct the work of internal audit.

The Chairman proposed a motion for suitable members to be involved in setting the terms of reference of wider audits, where appropriate, without compromising the work, independence or objectivity of internal audit. The proposal was seconded by Councillor Sexton and agreed by the Committee.

**Resolved** to;

1. approve the annual internal audit plan for 2021/22;
2. note the update summary on the 2020/21 audit workplan; and
3. that suitable members are to be involved in setting the terms of reference of wider audits, where appropriate, without compromising the work, independence, or objectivity of internal audit.

**76/21 MHCLG Pilot Survey on Capital Data**

The Deputy Chief Executive informed the Committee that the summary published with the supplementary agenda covered the key points and added that it had been a very useful process for Spelthorne and other councils to engage in the pilot. As a result, the survey had been modified by the Ministry for Housing Communities and Local Government (MHCLG) and made more comprehensive and meaningful and that the final return for Spelthorne on the revised survey would be circulated to the Committee.

The Committee agreed to note the update.

**77/21 COVID-19 Risk Considerations update**

The Group Head of Corporate Governance introduced the report and explained that all the information was provided in the report and appendices. The Deputy Chief Executive added that the report was very useful, and it was officers' intention to maintain it as a living document.

The Committee expressed the view that they had found Appendix 3 (Update Report to Audit Committee on the Impact of Covid-19 on the Spelthorne Economy) useful and asked how widely it had been shared. The Deputy Chief Executive advised that the work had been undertaken by the Economic Development team and circulated widely internally and externally. The Group Head of Corporate Governance further advised that the Committee's agenda was published online for the public to access.

The Chairman expressed concern that Appendix 2 (COVID-19 Economic Recovery Plan for Spelthorne) was not dated and there were no measures associated with it for the Committee to determine its success. The Deputy Chief Executive explained that he had already fed back the importance of dating and version control to the report author and that the document was an extract from a wider Recovery Plan which does have a SMART Action Plan.

Members noted the pressure COVID-19 had put on staff and Council services and queried how many had contracted COVID or had been affected by it. The Deputy Chief Executive explained that the Council's HR team do track the impact on staff and have periodically reported this to the Management Team. He also advised that the vaccination programme included front line staff as a priority and agreed that an update would be provided to Councillors at the next Councillor briefing.

The Chairman highlighted that in the minutes of the previous meeting the Committee requested feedback from the survey undertaken on the impact on major businesses, but the risk report stated a survey was still to be undertaken and asked when it would be completed. The Deputy Chief Executive explained that the Economic Development team were working flat out to process discretionary grant applications and did not have the capacity to run the survey at present, but it would be completed when possible and feedback provided to the Committee.

The Committee agreed to note the updated COVID-19 Risk Management report and appendices.

**78/21 Corporate Risk Management**

The Internal Audit Manager introduced the report and appendices and explained that the Corporate Risk Register had been developed with the aim to produce more concise reporting highlighting key areas of development and change. A summary of corporate risk management policy had been provided to make it easier for people to understand and the detailed risk register was now more digestible than the previous version.

The Internal Audit Manager advised that the risk action plan detailed the lead officers responsible for pursuing SMART actions which helped enable the Council to monitor progress on actions. In response to members' questions the Internal Audit Manager agreed that she could include a column to show when the Risk Action Plan had last been reviewed and by whom. In response to further questions she also confirmed that this column could also be added to the Corporate Risk Register.

In response to questions about the possible risks associated with the Council's commercial properties the Internal Audit Manager advised that this was something the internal audit team were mindful of and the Council had in place weekly rent collection review meetings. The Deputy Chief Executive added that the meetings were attended by the Leader, the Deputy Leader, and the Portfolio Holder for Finance and that both the worst case and expected case sinking fund scenarios for the next 10 years were reviewed and that for the most recent quarter the rent collection rate was 99.3%.

In response to further questions the Deputy Chief Executive explained that software to manage the Council's investment portfolio had considerable functionality and had gone live but that not all aspects were up and running yet.

The Committee queried how the outcomes from the Corporate Risk Management Group meetings were shared. The Deputy Chief Executive explained the group was made up of officers and union representatives to encourage feedback on issues from across all service areas and that issues were escalated via reports to the Council's Management Team.

The Chairman stated that he was pleased with the Corporate Risk Management Policy Quick Guide but felt that it was a bit dull and asked if it could be made more appealing. In response the Group Head of Corporate Governance advised that she would ask the Communications team if they could help her to do this.

In response to questions from the Committee, the Group Head of Corporate Governance and Deputy Chief Executive agreed that they were happy to receive positive dialogue from the Committee should they have any suggestions for improvements to the Corporate Risk Register and advised the Chairman that he was entitled to have sessions with the Internal Audit Manager to feed back any suggestions for further refinement.

The Committee expressed concern that the Housing section of the Corporate Risk Register was somewhat confusing and didn't reflect the wide area of work that could be covered under the Housing heading. The Deputy Chief Executive agreed that he would be happy to receive feedback from the Committee that he could then discuss with the Corporate Risk Management Group.

The Committee noted that a significant amount of work had been undertaken to make the Corporate Risk Register more user friendly and thanked officers for their work.

**Resolved** to note the report and recommend the Corporate Risk Register to Cabinet for approval.

**79/21 Committee Work Programme**

The Committee considered its Work Programme for the coming Municipal year.

The Committee noted that it would continue in its current form under the Committee system and that the Committee System Working Group had agreed an Independent Person should join the Committee as they felt it would be beneficial and was in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and advice from the recent Redmond Review. The Committee agreed that given the complexity of the Council's accounts an Independent Person would add value.

**Resolved** that the Committee Work Programme for the coming Municipal year, be approved.

# Audit Committee

29 July 2021



<b>Title</b>	Recruitment of Independent Member of Audit Committee
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Victoria Statham, Group Head of Corporate Governance
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not applicable
<b>Corporate Priority</b>	This item is not in the current list of Corporate Priorities but still requires a Committee decision
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <ol style="list-style-type: none"> <li><b>1. Approve that the recruitment of an Independent Member of Audit Committee be sought through public advertisement on the basis of the recruitment pack; and</b></li> <li><b>2. Approve a selection panel of three members of the Committee with a view to making a recommendation to this committee on the 25 November 2021 and the Committee recommending thereon to Council on the 9 December 2021</b></li> </ol>
<b>Reason for Recommendation</b>	<b>It is considered best practice to have an independent member on the audit committee and the recommendations are to ensure that this process commences as soon as possible.</b>

## 1. Key issues

- 1.1 On the 27 May 2021 the Council moved to a committee system of governance. The remit of the audit committee remains largely unchanged with this transition, however Councillors who were on the Committee System Working Group considered that it would be beneficial to have an Independent Member on this Committee. The Council concurred with this when at the Council meeting on the 25 March 2021 when the terms of reference for the Audit Committee including this provision were adopted.
- 1.2 The Chartered Institute of Public Finance and Accounting (CIPFA) have long been advocates for the benefits of an Independent Member on Audit

Committee. I quote from them, “Independent members can be helpful in supplementing the knowledge and experience of elected members on the committee”.

## **2. Options analysis and proposal**

- 2.1 It is proposed that a recruitment exercise is undertaken with advertisement of the position on the Council’s website, social media channels and in the local press to ensure the net is cast as wide as possible.
- 2.2 The recruitment pack at **Appendix A** has been drafted to highlight the skills required for the position and sets out in full what would disqualify a person from applying. There is a standard application form for those interested in the position to complete.
- 2.3 The recommendation is that there will be an interview panel consisted of three members of the Audit Committee. The interview panel will be assisted by the Chief Finance Officer, Monitoring Officer and the Internal Audit Manager. This Committee is asked to provide the names of those Councillors who would make up that panel.
- 2.4 Once applications are received the interview panel will meet to decide upon the shortlist for interview. The interviews will take place in September ready for a recommendation back to the next Audit Committee in November for a recommendation to Council in December for the appointment to be made. It is suggested in the Recruitment Pack that the appointment should be for the remainder of this Municipal Year and for the whole of the 2022/2023 Municipal Year. This appointment can then be reviewed annually.

## **3. Financial implications**

- 3.1 There is an allowance of £500 for this role included in the Member’s Allowances Scheme.

## **4. Equality and Diversity**

- 4.1 This will be considered as part of the selection process.

## **5. Sustainability/Climate Change Implications**

- 5.1 There are none.

## **6. Timetable for implementation**

July 2021 – Advertisement issued

August 2021 – Shortlisting

September 2021 – Interviews

November 2021 – Audit Committee recommendation of appointment

December 2021 – Council appointment

**Background papers: There are none.**

**Appendices:**

**Appendix A – Recruitment Pack**



# **Recruitment Pack**

## **Independent Member of Spelthorne Borough Council's Audit Committee**

**July 2021**

## **Contents**

1. Advertisement
2. Personal Specification
3. Terms of Reference of the Audit Committee
4. Recruitment Process
5. Application Form

# Advertisement

## Vacancy for Independent Member of the Audit Conduct Committee

The Council is looking for a local person, unaffiliated to the Council's political groups and with no connection with the Council, to sit on our Audit Committee. The Audit Committee provides challenge and assurance on the Council's control environment, mainly focusing on risk and financial issues, to support the Council in ensuring that it is well managed and able to deliver its priorities.

The Committee meets three times a year (usually a Thursday evening at 7pm). You will sit with elected councillors and bring an informed and independent perspective to the Committee.

This is a role which carries public responsibility. You should be a person with experience of working in an organisation at a senior level or have other experience which would give similar experiences. Financial management experience (accountancy, audit or management of a large budget) would be advantageous.

You will be appointed for the remainder of this municipal year (December to May) and for the municipal year 2022/2023 and this appointment may be renewed annually thereafter.

In order to be eligible to apply for the position, applicants must not be:

- Be a councillor or officer of the Council or have been so in the preceding five years prior to appointment
- Be related to, or a close friend of, any councillor or officer of Spelthorne Borough Council.
- Have been convicted of any offence.
- Be an undischarged bankrupt
- Have significant business dealings with the Council
- Have a formal connection with any political group
- Have a proven history of vexatious and/or frivolous complaints against Spelthorne Borough Council

But will be the holder of a significant office in an organisation being grant aided/supported by Spelthorne Borough Council if you are interested in becoming an Independent Member of the Audit Committee, please apply by completing the application form.

There is an annual allowance of £500 for the role. You can also view an information pack about the role.

The closing date for applications is 5pm [ ] 2021.

For more information or an informal discussion, please contact Victoria Statham, Group Head of Corporate Governance and Monitoring Officer on 01784 446241.

# Personal Specification

## Qualifications and Experience

You will be a person who has experience of working in a medium / large organisation at a senior level or other experience which would give similar benefits.

Financial management experience (accountancy, audit or management of a large budget) would be advantageous.

## Skills

You will have:

- an ability to understand complex issues and the importance of accountability and probity in public life
- an ability to analyse and question written and verbal reports on audit and risk management activities
- an understanding of the need for independence of audit from daily management responsibilities
- an ability to demonstrate integrity and discretion
- effective interpersonal skills
- be able to maintain strictest confidentiality of sensitive information

## Knowledge

All members of the Audit Committee should have, or should acquire as soon as possible after appointment:

- An understanding of the objectives and key activities of the Council and current major initiative and significant issues for the Council
- An understanding of the Council's structures and responsibilities, including key relationships with partners, businesses and organisations
- An understanding of the organisation's culture
- An understanding of any relevant legislation or other rules governing the organisation
- An understanding of corporate governance arrangements in place across the Council
- An understanding of the governance environment generally
- An understanding of risk management

## Other

You must:

- Have local connections, and either reside in the Borough, carryout the main part of your work in the Borough or have other recognisable ties to the area.
- Agree to abide by the provisions of the Code of Conduct while serving on the Committee.

You must not:

- Be a councillor or officer of the Council or have been so in the preceding five years prior to appointment
- Be related to, or a close friend of, any councillor or officer of Spelthorne Borough Council.
- Have been convicted of any offence. The Council has the right to DBS check any independent committee members.
- Be an undischarged bankrupt
- Have significant business dealings with the Council
- Have a formal connection with any political group
- Have a proven history of vexatious and/or frivolous complaints against Spelthorne Borough Council
- Be the holder of a significant office in an organisation being grant aided/supported by Spelthorne Borough Council

## **Terms of Reference of the Audit Committee**

Audit Committee

(7 councillors reflecting political balance and one independent member)

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:

- To approve (but not direct) the internal audit's strategy plan and performance.
- To review summary internal audit reports and the main issues arising and to seek assurance that action has been taken where necessary.
- To consider the reports of external audit and inspection agencies.
- To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud, bribery and anti-corruption arrangements.
- Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- 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.
- 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.
- To review the financial statements, external auditors' opinion and reports to councillors, and monitor management action in response to the issues raised by external audit.

## Recruitment Process

- Application submission deadline [                    ] 2021
- Applications will be considered and a shortlist of candidates for interview will be produced.
- Interviews will take place. This will not involve any other tests or activities.
- Recommendation for appointments presented to the Audit Committee and then full Council for decision

# Application form

SPELTHORNE BOROUGH COUNCIL

APPLICATION FOR THE POST OF INDEPENDENT MEMBER

## Personal Details

Name:

Address:

Home Telephone:

Work Telephone:

Mobile:

Email:

Please read the **Person Specification** before completing this form.

Are you currently, or have you been at any time in the past five years, a member of Spelthorne Borough Council or any other local authority?

Yes/No

If yes, please state which Council and give dates.

Are you a paid-up member of a political party?

Yes/No

If yes, please give details.

Are you currently, or have you been at any time in the past five years, employed by Spelthorne Borough Council or any other local authority?

Yes/No

If yes, please state which Council and give dates.

Are you the subject of a Bankruptcy Restrictions Order or Interim Order?

Yes/No

Do you have any convictions that remain unspent?

Yes/No

If yes, please enclose details.

Have you ever been convicted or disqualified for any corrupt electoral practices?

Yes/No

If yes, please enclose details.

Are you a relative or close friend of a Councillor or employee of Spelthorne Borough Council?

Yes/No

If yes, please give details.

#### QUALIFICATIONS AND WORK EXPERIENCE

Please provide brief details of any professional or academic qualifications, any work experience and/or any roles relevant to the role of an independent member?

**SKILLS, KNOWLEDGE, ABILITIES AND PERSONAL QUALITIES**

Please briefly explain how you feel you fulfil the role profile for this post.

Please give the names and addresses of two referees

1.

2.

I confirm that the information given in this application is correct.

Signed :

Date:

Please return this form to Victoria Statham, ([v.statham@spelthorne.gov.uk](mailto:v.statham@spelthorne.gov.uk)) Group Head of corporate Governance, Spelthorne Borough Council, Knowle Green, Staines-upon-Thames, TW18 1XB **by [                    ]**.

# Audit Committee



29 July 2021

<b>Title</b>	Establishment of the Value for Money Working Group
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Terry Collier Chief Finance Officer
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not applicable
<b>Corporate Priority</b>	This item is not in the current list of Corporate Priorities but still requires a Committee decision
<b>Recommendations</b>	<b>Committee is asked to:</b> Agree to establish the Value Working Group with the members and remit as set out in this report.
<b>Reason for Recommendation</b>	Under the previous governance system the Value for Money Working Group played an important role in focusing the Council's efforts in resolving matters to resolve the 2017-18 Value for Money Opinion

## 1. Key issues

- 1.1 The Council remains in dialogue with its outgoing (it is the Public Sector Auditor Appointments (PSAA) which appoints and changes the Council's external auditor) external auditors KPMG to ensure the auditors issue a Value for Money Opinion for 2017-18, This in turn would enable the Auditors to sign off the audited Statement of Accounts, and for the incoming Auditors to then start work on auditing the draft Statements of Accounts for 2018-19 to 2020-21.
- 1.2 The Leader's Working Group met regularly between July 2020 and May 2021 to coordinate the Council's response. This included meeting with KPMG.
- 1.3 Given that matters have not yet been resolved with KPMG it is proposed that the Working Group be re-established to continue until the outstanding Value for Money Opinion is issued.

## 2. Options analysis and proposal

- 2.1 It is proposed that the Committee System Working Group is established for 2021-22 with the membership and remit as follows:

### Membership

3. Chair and Vice Chair of the Audit Committee plus two other members of the Committee.

3.1 No other considerations have been identified.

**4. Equality and Diversity**

4.1 The recommended proposal will allow all councillors to provide feedback on the new arrangements.

**Background papers: There are none.**

# Audit Committee

29 July 2021



<b>Title</b>	<b>Covid-19 Risk Considerations (UPDATE)</b>
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Punita Talwar, Internal Audit Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not Applicable
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	The Audit Committee is asked to note the updated COVID-19 Risk report and Risk Assessment at Appendix 1.
<b>Reason for Recommendation</b>	<b>The Covid-19 Risk Register continues to ensure the Council's risks in relation to the pandemic are identified, prioritised, managed, monitored, and reported.</b>

## 1. Key issues

- 1.1 As Covid cases reach the highest levels since late January, this highlights the ongoing uncertainty of the global pandemic. Recovery continues with development of an internal and broader recovery plan for the Council in serving its residents, businesses, and local communities, particularly as we approach the final stage of the government's road map in lifting all restrictions. Revised corporate priorities are being taken forward for the Council with 'Recovery from COVID-19' representing a key focus area for Spelthorne.
- 1.2 The Corporate Management Team recognise the importance of articulating the Council's risks and opportunities relating to COVID-19 in the form of a documented risk assessment, bringing together many of the areas already identified and discussed. This has been updated for the fourth time since the start of the pandemic, ensuring the most significant risks arising (which may also relate directly to the achievement of the Council's corporate priorities and objectives) continue to be identified, managed, monitored, and reported at key phases of the pandemic crises, supporting organisational resilience. It is acknowledged that risks will continue to emerge and evolve into the longer term and positive opportunities sought.
- 1.3 The updated risk assessment is at Appendix 1 which sets out detailed mitigation measures in place to manage identified risks, as well as any further actions underway or for perusal, including several new actions. It includes a RAG (Red/Amber /Green) risk rating for each category based on an assessment of likelihood (probability) and impact (severity), to ensure risks

are prioritised for action and given due focus in accordance with significance and opportunities highlighted.

- 1.4 It is recognised that the risk assessment is comprehensive in capturing information, providing a reference point for officers as well as supporting periodical reporting to MAT and the Audit Committee on the management of Covid-related risks. The risk considerations also align with the Council's wider borough recovery plan. The Council's most significant risks to highlight as part of this review are set out below at 1.4 (a) to 1.4 (e). An outline of corresponding risk management measures being pursued is highlighted, as well as any residual risks to be acknowledged.

(a) Economy – red risk category A.

It is widely accepted that return to pre-pandemic levels of the world economy could be very long, uneven and uncertain, hence economic recovery remains challenging. The Economic Development recovery plan forms part of the Council's broader recovery plan for the pandemic. There are several initiatives underway to support the revival of the local economy and help people get back into employment, such as the opening of a small business incubator to provide specialist support for new businesses (fully operational by the end of July), commissioning a survey to major businesses by mid-July to ascertain further insight on the impact of the pandemic, and the Council's successful funding approval for a youth hub. Financial support for businesses has been made available through several Government grant schemes, including the Council's discretionary Additional Restrictions grant scheme, of which £1.6m is currently available to spend by March 2022. A policy will be drawn up by September to direct application of this fund. This scheme will support, facilitate and influence business activity, contributing to the recovery of the local economy, whilst recognising that the extent of economic recovery will obviously be determined by wider factors out of the Council's control. A dedicated Economic Development committee has been set up to consider and monitor economic development matters, including the recovery plan and expenditure.

(b) Financial sustainability – red risk category C.

The medium- term financial strategy reported to Cabinet in January 2021 is being refreshed, setting out ongoing challenges for the authority, in particular the significant reduction of income, tax base and collection fund impacts, and increased expenditure arising from Covid-19. Whilst some losses have been offset by central government funding, Services are still required to monitor the ongoing impact of the pandemic on their budgets due to lockdown three and the delay by the government in easing all restrictions. The 2021/22 budget includes a £1m COVID-19 provision and the budget process is planned to be undertaken earlier than in previous years ensuring closer integration with other corporate processes.

The Covid related financial support provided to the Leisure Centre operator to assist recovery is significant and this area continues to be monitored. An open book approach has been agreed with the operator to ensure full transparency around costs and income. Recent returns suggest that income levels are rising due to greater usage of the centres with the lifting of some restrictions from April.

Financial modelling includes a possible range of budget scenarios over the coming financial years, with worst cases Covid-19 scenarios modelled over 10 years. Expected case scenarios are also highlighted.

Continued weekly monitoring of commercial asset income due and any anticipated shortfalls is undertaken. The Bluebox system is being used for raising, collecting, and monitoring single tenant rents in investment properties from June 2021. The Investment portfolio is doing well, significantly better than the commercial sector as a whole, and for 2020/21 the rental income collection rate was 98.17 % (as at 16.6.21). These positive outcomes are due to continued staffing efforts and robust approaches in monitoring and recovering income due. Following the new Committee system, the Development Sub Committee of Corporate Policy and Resources will receive regular monitoring reports for scrutiny on the performance of the Investment portfolio.

(c) Insufficient capacity –amber risk category D (previously red).

Additional resources have been approved in some services as part of the 2021/22 budget and recruitment is underway, to alleviate the corporate capacity issue previously reported. Therefore, the RAG rating for this category has moved from Red to Amber. Capacity levels will need to be monitored over time to ensure the additional mitigation measures help to ease service delivery pressures which have been exacerbated by the pandemic. Further workstreams are however continuing to emerge across Services and therefore ongoing review of this risk category (insufficient capacity levels) remains important.

(d) Health and wellbeing/safety – red risk category F.

The importance of protecting the most vulnerable members of the community remains pivotal at a time when virus transmission rates from the latest Delta variant continue to rise, and new variants continue to emerge. Adapting to 'living with the virus' in a global pandemic is an expectation for the foreseeable future and therefore health, safety and wellbeing measures continue to be regularly communicated. The Council continue to promote a precautionary approach in safeguarding its employees and Members, until such time has elapsed to make a meaningful assessment, following the lifting of government restrictions on 19 July. It is recognised that continued lockdowns can have an impact on mental health, and wellbeing webinars are accessible to all staff through 'Care First'. Staff sickness monitoring of covid infection numbers may need to incorporate the impact of 'long Covid' on the workforce. As accelerated rollout of the mass vaccination programme continues for all adults, uptake of vaccinations continues to be promoted across the borough through various communication channels. There remains however a residual risk around some individuals declining the vaccine or not attending appointments, leaving them unprotected and enhancing risks of continued virus transmission across local and wider communities. Until the under 18 cohort become eligible for vaccinations, the transmission risks will of course continue.

Planning for booster immunisations in the Autumn/Winter will form part of the broader recovery plan and consider the vulnerability of frontline staff delivering essential services. Contact track and trace programme continues, alongside other measures. Lateral flow testing for council staff and Members

accessing the workplace is a requirement and self-testing is also encouraged for Council residents. Should the need for surge testing in the borough become necessary, it will be necessary to review the levels of Personal Protective Equipment (PPE) in place to ensure they are adequate.

(e) Decision Making – Housing – amber risk category N (Emerging risk)

Eviction bans (residential) operating during the earlier phases of Covid came to an end from May 2021 following updated government guidance. It is estimated around 1million rented households in England. may be concerned about the threat of eviction and the Housing Service have encouraged tenants to get in touch to discuss options at the outset and minimize risks of landlord eviction. The impact of increased landlord evictions represents a new risk in terms of managing increased demand on homelessness and housing service provision.

It is also recognised there are several interdependent factors that impact wider service pressures relating to housing provision, for example increased level of rent arrears exacerbated by the pandemic effects an applicant's acceptance for permanent accommodation and requires Council negotiations with landlords to mitigate or delay risks of eviction.

## **2. Options analysis and proposal**

- 2.1 To note and accept the contents of the updated COVID-19 Risk Assessment including any risk mitigating actions underway or for perusal. The Risk Assessment at Appendix 1 is an accurate reflection of the relevant risk categories affecting the Authority during these unprecedented times and beyond, as well as mitigation measures. It includes the application of the corporate risk scoring model and RAG rating based on our assessment of risk and controls in operation. (Preferred option)

**Or:**

- 2.2 To recommend amendments to the COVID-19 Risk Assessment for consideration by the Corporate Risk Management Group.

## **3. Financial implications**

- 3.1 Resources required (staff time) to implement actions proposed in the COVID-19 Risk Assessment should be contained within existing budgets as far as possible. There may however be areas where additional resource /time/management support is required to implement risk mitigating actions. This will need to be highlighted by the assigned accountable or lead officer in liaison with Accountancy when considering the impact of COVID-19 on Service budgets/Corporate spend.

## **4. Other considerations**

- 4.1 The attached COVID-19 Risk Assessment covers risks and opportunities (a total of fourteen broad risk categories), some of these relating directly to achievement of developing corporate priorities and objectives. The most significant (red) risk categories to highlight as part of this review include Economic impact and recovery, Financial Sustainability, and Health, Safety and Wellbeing of staff and local communities.

4.2 The Risk Assessment gives due consideration to Equality and Diversity implications and any actions arising will continue to be monitored through the risk management process and other action plans.

**5. Sustainability/Climate Change Implications**

5.1 The Risk Assessment gives due consideration to Sustainability and Climate Change risk implications and opportunities and any actions arising will continue to be monitored through the risk management process and other action plans.

**6. Timetable for implementation**

6.1 The Risk Assessment will continue to be reviewed and updated periodically as part of the Audit Committee work programme for 2021/22, to align with recovery phases of the pandemic and beyond.

**Background papers: There are none.**

**Appendices:**

**Appendix 1 - Covid-19 Risk Assessment including risk scoring model**

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## APPENDIX 1 - COVID-19 - Risk Assessment

(Reviewed and updated June 2021)

Key categories of risks which continue to emerge and evolve are set out below. The likelihood and impact columns have been populated. Please refer to the bottom of this document for the 'Risk Scoring Matrix' and plotting of these risks to determine relative significance and prioritisation. Red risks are highlighted in sections A, C and F of the risk assessment.

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p><b>A. ECONOMY</b></p> <p><b>RED RISK</b></p> <p><u>Risk</u> - Economic recession having a detrimental impact locally, nationally and globally; long period of economic recovery has led to rising unemployment levels and increasing demands on a range of Council Services (e.g. noise and neighbourhood complaints, processing business support grants and self-isolation grant claims, anti- social behaviour and community safety; waste and recycling collection levels); significant economic impact on local area due to proximity to Heathrow airport with</p>	4	4	<p>The significant economic impact of COVID-19 for the Borough and any necessary actions arising will continue to be monitored.</p> <p>An Economic Development Recovery Plan has been developed as part of the Council's broader COVID-19 Recovery Plan. Actions will include quick wins and longer-term actions.</p> <p>Several initiatives are underway to gain greater insight into the wider economic impact of the pandemic and pursue necessary recovery actions, as follows:</p> <ol style="list-style-type: none"> <li>1. Survey to be issued to key major businesses in the Borough by mid July 2021 (with particular focus on the aviation sector) Recently acquired FAME software to ascertain top large businesses in the borough. A survey with smaller businesses has already been</li> </ol>	<p><b>ONGOING ACTION:</b> The economic slowdown and impact of COVID-19 for the Borough is being reviewed and reported.</p> <p>Treasury support for the furlough scheme is being monitored following the government's decision to delay the full reopening on 21 June by four weeks (Employers were due to make an increased contribution from July 2021). The latest delay to easing restrictions will further impact the hospitality sector. Currently handling six types of grants to support businesses, due to be paid by 30 June 2021. Additional Restrictions Grant of £1.6m (currently available) to be applied up to March 2022 and policy due to be in place from September 2021.</p> <p>Economic development elements of the draft recovery plan have been</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>aviation industry being severely affected</p> <p><u>Risk</u> –Loss of Council income arising from reduced footfall in town centres such as Parking</p> <p><u>Risk</u> – Significant impact on the Economy due to subsequent lockdowns and deferred easing of restrictions</p> <p><u>Risk</u> - Recovery adversely impacted by concurrent flooding and further / extended lockdowns</p>			<p>conducted in relation to the needs for Additional Restriction Grants.</p> <ol style="list-style-type: none"> <li>2. A review of recent reports and surveys by relevant organisations to fully understand the adverse impact on employment and the aviation section.</li> <li>3. Council working with Enterprise M3 (Local Enterprise Partnership) to promote 'Job Fuse' as a means of brokering new job opportunities.</li> <li>4. The Council secured £43,000 match funding from EM3 for Bounce Back Streets</li> <li>5. Small business incubator opening ceremony in June 2021 and specialist support for new businesses is available. Incubator will be fully operational by end of July 2021.</li> <li>6. Multi-Agency Group set up and led by the Council with the DWP, businesses and A2D to focus on</li> </ol>	<p>considered by the Economic Development Committee on 22 June 2021, to cover:</p> <ul style="list-style-type: none"> <li>• Minimising unemployment</li> <li>• Developing skills and getting people back into work</li> <li>• Assisting future business growth and adaptation</li> <li>• Placemaking, regeneration and developing infrastructure</li> <li>• Attracting visitors back into the borough</li> </ul> <p><b>ACTION:</b> Options on how best to support local retailers with a digital / app presence are being explored as nearly half of retailers are not geared up with online presence which is limiting their reach. This is under review.</p> <p><b>NEW ACTION</b> (June 2021) - ED strategy is due for a complete refresh by February 2022 (to cover 2022 - 2027).</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			<p>supporting the 18–25-year-olds into employment.</p> <p>7. A successful partnership bid to the DWP for a Youth Hub will increase the local capacity to deliver employment and wellbeing support for NEETs and increase the accessibility to job, training, and employment opportunities.</p> <p>8. Business Rates Retention funds are available to help deliver necessary actions such as appointment of a Town Centres Manager who is undertaking an analysis of issues and risks and developing individual action plans.</p> <p>Financial support for businesses has been made available through Government schemes (Business Rates Phase 1 – Small Business Grants Fund (SBGF), Retail, Hospitality and Leisure Business Grants Fund (RHLGF) and the business rate holidays; Business Rate Phase 2 – the Local Authority Discretionary Grants Fund; Restart</p>	<p><b>NEW ACTION</b> (June 2021) - Dedicated committee set up to consider Economic Development matters – role will include scrutiny of budgets and grant spend. Following the Economic Development Committee on 22 June 2021, a task group has been set up to focus on the Additional Restrictions Grant scheme.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

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			<p>Grants streams 1 and 2; Furlough and Self –Employment schemes.</p> <p>The Council has worked with Openreach to continue to improve broadband speed and availability across Spelthorne.</p>	
<p><b>B. LOCAL OPERATING PROCEDURES, POLICIES &amp; PLANS</b></p> <p><b>AMBER RISK</b></p> <p>(RAG rating decreased to an Amber rating on basis of associated plans / policies / management etc)</p> <p><u>Risk</u> – Government guidance on Second or subsequent waves vague / confusing for residents resulting in non-compliance to regulations / Lack of Upper Tier engagement with Lower Tier / Exit Strategy unclear / Third</p>	3	3	<p>Applied Resilience Interim Lessons Learned Debrief on COVID-19 1<sup>st</sup> wave and new Pandemic Plan reported to MAT in August 2020.</p> <p>Draft Rapid Needs Assessments including SEND, BAME, Domestic Abuse, Homelessness, and Mental Health completed, and comments provided to SCC.</p> <p>A borough-wide response to the COVID-19 crisis produced and acknowledged as good Council practice by the LGA</p> <p>Communication to residents / staff / Councillors updated on Council website / social media / Council meetings.</p>	<p><b>ONGOING ACTION:</b> Upper Tier Authority to engage more effectively with districts and boroughs.</p> <p>MAT and VBEC addressing the logistics around Test and Trace / Mass and surge testing rollout / vaccination strategy and collaborative working with local partners / Exit Strategy (including resources)</p> <p>Residual Risk: Pressure on NHS services, including impact on social care and mental health services.</p> <p>Corporate response to recovery (Economic, Social and Environmental) including progressing work undertaken through various MHCLG groups and key regional sectors (incl.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

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wave lockdown			<p>Corporate engagement with Operation Taragon briefings (Non-COVID winter pressures)</p> <p>Broader internal recovery task group focused on health and well-being knock on impacts of economic downturn. At Local Resilience Forum Level there has been consideration of the impacts of Brexit, adverse weather conditions and COVID-19 for Winter 2020/21 in terms of our economy and operations.</p> <p>Internal Recovery Plan</p>	<p>aviation)</p> <p>Resumption planning and seeking positive opportunities</p>
<p><b>C. FINANCIAL SUSTAINABILITY AND RESILIENCE</b></p> <p><b>RED RISK</b></p> <p>(i) <u>Risk</u> - Significant financial cost implication on the Council associated with increased spend on COVID-19 related activities / operations; uncertainty over reimbursement of funding</p>	4	3	<p>An independent peer led review of the Council's approach to finance was undertaken and formally reported in January 2021. Peer Review concluded that whilst a challenge arising from COVID-19 in relative terms, Council is starting from a strong platform.</p> <p>Accountancy liaising with services over financial monitoring (income and expenditure implications, and Business Rates and Council Tax collection).</p>	<p><b>ONGOING MONITORING:</b> An action plan has been drawn up to progress the recommendations from the LGA Finance Peer Review. These recommended improvements have been accepted by the Council. Any synergies between this and the CIPFA Financial Management Code, Self-Assessment will also be undertaken.</p> <p><b>ONGOING ACTION:</b> Managers will be continuing to consider the financial</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>from central government (including indirect costs such as reduced business rates); income losses across several services; significant impact on net budget; insufficient cash resources and cash flow challenges; reduced level of income due to vulnerable revenue sources; reduced level of investment returns</p> <p>(ii) <u>Risk</u> - Recovery is adversely impacted because local agencies (public and voluntary / communities) do not have access to sufficient funding to respond to additional demand / invest in recovery / lose organisational capacity because of shortfalls in income streams</p> <p>(iii) <u>Risk</u> - Significant negative impact on residents if Services are</p>			<p>Accounting for all expenditure relating to COVID-19. Coding and reporting requirements communicated to services co-ordinated by Accountancy.</p> <p>Financial impact assessment /scenario modelling is undertaken regularly, including worst, mid-range, and best-case assumptions. 10-year scenario modelling of worst case COVID-19 scenarios undertaken.</p> <p>Monthly returns being submitted to MHCLG via formal process. Longer term modelling to assess next 12 months depending on stock market and pensions impact.</p> <p>Worked with other Districts &amp; Boroughs to collate financial data on the impact of COVID-19. Following lobbying and other work-streams such as Delta reporting, various tranches of Government grants have been released over the last year.</p> <p>Delta returns submitted include details of loss of income and additional costs</p>	<p>impact of COVID–19 on services, because of lockdown three and the delay in lifting full restrictions.</p> <p><b>ONGOING ACTION:</b> Continued modelling of the effects of COVID-19 on the Council’s finances. Expected case scenarios also highlighted.</p> <p><b>NEW ACTION (JUNE 2021) -</b> Individual business plan for each of the Council’s investment assets are being developed and will be completed in next 2 months.</p> <p><b>ONGOING ACTION:</b> Development Sub Committee of Corporate Policy and Resources will receive regular monitoring reports for scrutiny on the performance of the Investment portfolio.</p> <p><b>ONGOING ACTION:</b> Monitoring of Business Rates and Council Tax collection levels - currently Spelthorne are faring better than some other Authorities on Council Tax but due to Heathrow impact business rates more</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

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unable to meet need because of financial constraints			<p>incurred during COVID-19. Surrey Treasurers liaising on fortnightly basis to share information, monitor tax base and collection fund deficits and impacts on the current/future budgets.</p> <p>Sinking funds already set aside for commercial investments as a prudent measure. Sinking Funds methodology presented to Overview and Scrutiny. Continued weekly monitoring of commercial asset income due/any shortfalls anticipated. For 2020/21 the rental income collection rate was 98.17 % (as at 16.6.21)</p> <p>Despite being acquired for regeneration purposes, the Elmsleigh Centre achieved 61.64% overall in the March quarter, 71.2% in the June quarter, and the September quarter is 79.24%. The December quarter as of 28 January 2021 is 37.33%.</p> <p>Government, following slippage of final stage of Route Map, has extended moratorium on commercial property evictions. Impact will be monitored.</p>	<p>challenging.</p> <p>Deferral by a year of Fair Funding Review and Business Rates 75% retention will help.</p> <p><b>NEW ACTION</b> (JUNE 2021) - Courts scheduled to reconvene income recovery action from end of July.</p> <p><b>NEW ACTION</b> (JUNE 2021) - Bluebox system is being used for raising, collecting, and monitoring single tenant rents in investment properties from June 2021.</p> <p>At present moratorium on commercial property evictions not anticipated to have an impact for the Council but this will require ongoing monitoring.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			<p>A weekly review of all our investment and regeneration assets (including Elmsleigh) is undertaken which covers rent collection, lease negotiations, arrears and sinking fund expected and worse case scenarios.</p> <p>Liquidity and cash flow forecasting and monitoring / Treasury Management (TM) to assist planning for increased levels of expenditure and monitoring of market activity – ongoing changes to the forecasting process to increase effectiveness of forecasting. Additional staffing resources strengthened the TM function, as is implementation of a TM online system. Review of TM and related strategies with reference to external TM advisors and including in the context of COVID-19.</p> <p>Leisure centre operators will require some support to assist them with recovery process. Some provision built into budget for first quarter of 2021-22. Activity levels and financial figures (open book approach being pursued)</p>	

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			<p>being monitored. Currently figures since reopening in April 2021 are improving.</p> <p>Fully refreshed Reserves Strategy (2021). Reserves Strategy and medium-term financial strategy reported to Cabinet in January 2021. Refreshing of the medium term financial strategy is planned as well as bringing forward the budget process .</p>	
<p><u>D.Insufficient Capacity</u>  <b>AMBER RISK (RAG rating moved from RED to AMBER )</b></p> <p>(i) <u>Risk</u> - Increased demand and organisational pressures on staff arising from political demands may result in losing focus of important priorities (eg green initiatives)</p> <p>(ii) <u>Risk</u> - Increased demand on some frontline Services such as Customer Services</p>	4	3	<p>The Council has moved to a Committee system and completed a review of the Council Constitution. The Committee Services team / resource has been strengthened to move this task forward.</p> <p>Capacity analysis and skills assessment undertaken. Staff in ‘non-essential’ services continue to be redeployed (where feasible) to support areas where there is increased service demand. Staff redeployment policy. Training and risk assessments for redeployed staff.</p> <p>Surplus capacity is however becoming stretched with service needs.</p>	<p>Several Extraordinary Committee meetings took place during COVID-19 crisis. Political demands / challenges to be addressed.</p> <p><b>ONGOING ACTION:</b> Service Managers to highlight and quantify backlog work areas to assist recovery phase.</p> <p><b>NEW ACTION (JUNE 2021)</b> - Staff resources in some areas are being strengthened for 2021/2022 with recruitment underway. This may alleviate corporate capacity being severely stretched especially as Government requests for Covid</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>(Council Tax / Business Rates) / Independent Living / Housing / Benefits</p> <p>(iii) <u>Risk</u> - Essential Services are overwhelmed when they return to the 'new normal'</p>			<p>Management consideration of workloads and encouraged to remain alert to stress related risks.</p> <p>Staff are encouraged to take breaks and annual leave to provide a work / life balance.</p> <p>Where Mental health issues are raised these are supported on a regular basis including via mental health first aiders, managers, or outside support. Care First are an employee assistance scheme that can provide confidential counselling and practical information. This scheme has been promoted through regular staff communications. Care First have run several support webinars for staff.</p> <p>To assist employees financially in need, a SAFE scheme is in place to help those most in need.</p>	<p>related work continues (requires monitoring)</p> <p><b>ONGOING ACTION:</b> Managers to be aware and act where necessary on staff needs caused by the pandemic e.g., mental health and the need to support remote working staff.</p>
<p><b>E. (i) BUSINESS CONTINUITY AND OPERATIONAL RESILIENCE</b></p>	<p>3</p>	<p>3</p>	<p>Business Continuity Plans invoked.</p> <p>V-BEC (Virtual Borough Emergency Centre) forum with daily briefings for</p>	<p><b>ONGOING ACTION:</b> Continued as part of emergency response V-BEC meetings to manage ongoing impacts of the pandemic.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

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<p><b>AMBER RISK</b></p> <p><u>Risk</u> – Unable to deliver critical, essential, or non-essential Council Services, resulting in diminished provision to community / stakeholders</p>			<p>first 110 days of the emergency.</p> <p>Collaboration across Services and with the Local Resilience forum.</p> <p>Majority of staff continue to work from home in accordance with government guidance to reduce the risk of virus spread and relieve pressures on the NHS, whilst ensuring continuous delivery of Services.</p> <p>There are exceptions for some key frontline workers where remote working is not possible and they have formed social bubbles in delivering essential public services, such as refuse operations within Neighbourhood Services.</p> <p>Business Continuity Plans have been updated. Group Heads and Managers reviewed operational resilience and resourcing in addressing demand arising from COVID-19.</p> <p>Microsoft Teams has been rolled out to support continued remote working and</p>	<p><b>ONGOING ACTION:</b> Continuity Planning undertaken at national and local level under the Local Resilience Forum.</p> <p>Aspects of service delivery significantly impacted by ongoing COVID-19 (e.g., statutory food hygiene inspection programme). Resources have been reviewed and strengthened for these and other areas.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			virtual meetings. IT helpdesk provision / equipment needs, and kit reviewed.  As part of the COVID-19 Recovery Policy, all staff who can work from home are doing so.  Additional ICT kit and furniture purchased.  Additional training and support on how to manage staff remotely and be supportive of mental health issues has been put in place.  Pandemic forecasting and modelling continue to assist planning.	
(ii) <b>BUSINESS CONTINUITY AND OPERATIONAL RESILIENCE</b>  <b>AMBER RISK</b>  <u>Risk</u> – Inadequate or delayed preparation for recovery phase and	2	3	Recovery planning has been considered with an acknowledgement of entering ‘a new normal’ rather than reverting to how things were operating prior to the pandemic.  The Continuous Improvement Team have consulted managers across all services on arrangements in planning for recovery. There are increasing	Since the start of COVID-19, service delivery has significantly changed, while some areas managed to resume some low-level sort of ‘normal’, other areas of service delivery have not returned to any sort of ‘normal’ with the additional work of COVID-19 being delivered.  Planning for some form of new

**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
resumption planning, impacting on Service delivery			<p>demands in some service areas, as well as changes to how services are used by communities / delivered and this is likely to be ongoing.</p> <p>Detailed Recovery plan covering staff, residents and wider communities.</p> <p>A phased approach for the Council's recovery is envisaged - draft Internal Recovery Policy has been produced. Measures will continue to be applied to promote health, safety and wellbeing of staff, residents, local communities, and businesses during the recovery phase. New ways of working will also be captured as part of recovery to ensure benefits and opportunities continue to be realised.</p> <p>Staff consultation completed with surveys issued to ascertain feedback on working arrangements. Councillors have also been consulted.</p>	<p>normality once full restrictions are relaxed as part of the Government's roadmap remains challenging due to ongoing uncertainty, high potential for new variants of the virus to continue to emerge, further outbreak and review of timescales in delivering the mass vaccination programme across all adults and high risk categories.</p> <p><b>ONGOING ACTION:</b> Continuing to fully develop detailed plans for the recovery process for services, as well as support for businesses and residents. Internal Recovery plan paused until 19 July due to Government deferring full easing of restrictions.</p> <p><b>ONGOING ACTION:</b> Re-engagement with residents, businesses, and stakeholders as part of recovery phase to review longer term impact.</p> <p><b>NEW ACTION (JUNE 2021)</b> - The results of the recent staff survey have been analysed and communicated, informing future recovery policy and</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

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				plans for hybrid working arrangements. Managers will be taking account of specific business needs across Services in planning recovery.
<p><b>F. HEALTH AND WELLBEING / SAFETY</b></p> <p><b>RED RISK</b></p> <p><b>(RAG RATING INCREASED at last review (March) due to increased transmission rates / impact of new variants – this remains the case)</b></p> <p>(i) <u>Risk</u> - Staff, contractors and community are at increased risk of being infected by COVID-19. Increased virus transmission rates as new variants continue to be identified, possibly leading to long term absence from employment, poor physical</p>	(i, ii, iii, iv) 4	(i, ii, iii, iv) 4	<p>Home Working arrangements continue as Covid cases are rising with the latest Delta variant. Staff requested to complete refreshed annual remote working assessment and report any concerns arising. Business travel minimised. Council has legal responsibility to protect staff, Councillors, residents etc.</p> <p>Lateral flow testing twice a week is a requirement for Officers and Members going into the office or workplace.</p> <p>As rollout of the mass vaccination programme continues, uptake of vaccinations is being promoted across the borough through various communication channels to target groups as required (refer also to risk category M Reputation / Communications).</p>	<p>A residual risk remains as the possibility of virus transmission cannot be eliminated. This has further accelerated with new and emerging variants. Vaccine efficacy may be further impacted with new variants.</p> <p>There remains a residual risk around some individuals declining the vaccine, leaving them unprotected and enhancing risks of continued virus transmission across local and wider communities. Lateral flow testing is being encouraged across staff and the local community.</p> <p><b>ONGOING ACTION:</b> Spelthorne’s Health and Safety guidance will continue be reviewed to reflect any developments to national guidance. The team consider there to be a rise in aggressive behaviour as public</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>and mental health or even fatalities. Impacts on resource availability and Service provision (SBC).</p> <p>(ii) <u>Risk</u> - There are associated reputational risks if Council staff were found not to be complying with health and safety guidance leading to increased infection rates across the community, or alternatively if Spelthorne staff are not being adequately protected when undertaking high risk activities (potential for claims against the Council)</p> <p>(iii) <u>Risk</u> – Further waves and / or local outbreak of the virus arises because of inadequate mitigation measures</p> <p>(iv) <u>Risk</u> - Pandemic experience presents</p>			<p>The Council has a contract in place for the provision of PPE, this has eliminated the need for ad-hoc supplies. The Council currently holds a stable supply in stock.</p> <p>COVID-19 testing is available where staff and Councillors show symptoms / Household risk identified and guidance has been circulated.</p> <p>Health and Safety Risk Assessments undertaken for key areas. Where staff are required or expected to come into work / carry out visits to sites, residential properties or Community Centres, Health and Safety guidance is in place and communicated. This adheres to national guidance from ‘Public Health England’ and takes account of any regional tiered arrangements. Guidelines are also in place for contractors such as at development sites. This covers for example requirements across key categories relating to social distancing, hygiene, hand sanitisers for staff use,</p>	<p>freedoms increase with the lifting of restrictions.</p> <p><b>NEW ACTION</b> (June 2021) - Review of PPE stock levels should there be a requirement for surge testing.</p> <p><b>ONGOING ACTION:</b> Contact Track and Tracing system to support protection measures and Environmental Health to provide a key role. This will need to be supplemented with self-testing.</p> <p><b>ONGOING ISSUE:</b> The Government's Track and Trace programme has the potential to isolate large numbers of the depot operational workforce. Operating in bubbles / groups is underway to minimise loss of whole crew.</p> <p><b>ONGOING ACTION:</b> Monitoring of staff retention measures and reiterating values around respecting and supporting staff.</p> <p><b>Q. Is there any monitoring of “long</b></p>

**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>ongoing physical, mental, and emotional health impact on staff, volunteers, and residents</p> <p>(v) Pandemic experience has led to greater reflection on life's priorities and as a result some staff have made decisions to give up work. This has resulted in the loss of talented individuals who held vast experience and knowledge of the organisation.</p>			<p>Personal Protective Equipment (PPE) for staff involved in high-risk activities. Staff training and awareness raising for Health and Safety arrangements communicated via documented guidance.</p> <p>Proposed future layout for Council and satellite Offices reviewed to take account of social distancing rules.</p> <p>Environmental Health have undertaken a significant number of inspections and compliance checks on business premises. Health and Safety measures are reviewed as businesses close and reopen with changing lockdown restrictions (in accordance with evolving government guidance). This has included the provision of advice and information on social distancing measures to help prevent the spread of COVID-19. Enforcement action is taken if required.</p> <p>Staff are regularly reminded about mental health support as part of employee wellbeing. Hardship fund</p>	<p>Covid symptoms to assess the impact on the Council's workforce and residents"?</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			<p>available to assist employees where eligible. Employee assistance scheme 'Care First' launched and promoted.</p> <p>Sickness monitoring by HR including COVID-19 infections to determine level of staff affected.</p> <p>As part of staff retention measures pay awards approved for 2021/22 and additional payment as token of staff appreciation for their commitment during the pandemic.</p>	
<p><b>G. REMOTE WORKING / PERFORMANCE MANAGEMENT / SUSTAINABILITY AND CLIMATE CHANGE</b></p> <p><b>AMBER RISK</b></p> <p>(i) <u>Risk</u> – reduced visibility and oversight of output / outcomes potentially leading to lower productivity.</p>	(i)2	(i)3	<p>Additional approaches to managing staff in the remote working environment requires regular communication and visibility of tasks being undertaken, given that such working arrangements will continue. Managers have received training on effective remote team management.</p> <p>Managers can performance manage regardless of whether work is undertaken in the office or remotely as the emphasis should be on outputs rather than where the Service is</p>	<p>Positive lessons from extended remote working have been assessed and examined in moving to a 'new normal' and hybrid model. proposed to coincide with post COVID-19/gradual easing of restrictions/ longer term uncertainty.</p> <p><b>ACTION:</b> HR developing new performance monitoring requirements for staff. (Q. Has this action been completed?)</p> <p>The Council has identified and applied</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>(ii) <u>Opportunity</u> - On the contrary, there may be opportunities for increased productivity and efficiencies to be built upon from this new way of working.</p> <p>(iii) <u>Opportunity</u> - In addition, opportunities for environmental improvements (such as better air quality) have become more achievable arising from reduced traffic (road / rail / air) as people continue to work remotely, thereby positively contributing to sustainability measures</p>	<p>(ii)3</p> <p>(iii)3</p>	<p>(ii)3</p> <p>(iii)3</p>	<p>delivered from. Performance monitoring and analysing the impacts of Covid on service delivery.</p> <p>Climate Emergency declared and Environmental and Sustainability Committee established under new Committee system. Approval of green initiatives fund of £747k. The Environment and Sustainability Committee will determine how to prioritise this Budget provision.</p>	<p>positives, around new ways of working, as part of the 'new normal'. Corporate Lead to build into action plans and promote benefits to staff. <b>(Q. Is this action completed or ongoing?)</b></p> <p>Environmental and sustainable measures will be further analysed as part of seeking opportunities, to include scope for the Council representing "Green Jobs" as an employer going forward and into Council projects.</p> <p><b>NEW ACTION</b> (JUNE 2021) - Further strengthening of resources to support delivery of green initiatives and related objectives in seizing positive opportunities.</p>
<p><b>H. INSUFFICIENT SERVICE CAPACITY</b> to deal with potentially increased levels of fatalities in the community arising from COVID-19 infections. <b>AMBER RISK</b></p>	2	3	<p>Group Head Neighbourhood Services is monitoring levels of demand for burials / cremations in the current environment as part of the 'Excess Death cell' operation. An increased trend in cremations continues and reduces pressures on the burial service.</p>	<p>No specific action identified as service capacity levels were not put under strain and burials are back to pre-covid levels.</p>



**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			<p>Advice has been distributed on the use of other systems for live chats etc. to prevent insecure platforms being used. The use of any external systems still must come through Spelthorne's systems and the security measures in place identify "unsafe" sites.</p>	
<p><b>J. LEGAL OR REGULATORY COMPLIANCE</b></p> <p><b>AMBER RISK</b></p> <p><u>Risk</u> - Non-compliance with GDPR possibly leading to data security breaches and reputational damage arising from the following changes:</p> <p>(i) Increased sharing of personal data between services and with partner organisations</p> <p>(ii) Systems set up quickly may mean less robust</p>	3	3	<p>Information Governance offer advice across Services in response to COVID-19.</p> <p>There is acknowledgement from the Regulator - Information Commission Officer (ICO) that organisations may find it difficult to adhere to usual data protection compliance standards as resources are diverted.</p>	<p><b>ONGOING ACTIONS:</b> Awareness raising continues as some services do not consider involving Information Governance early enough.</p> <p>The Data Protection Officer (DPO) has been involved in data sharing requirements under COVID-19 to help ensure compliance and practical delivery.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
systems and processes  (iii) Collecting and processing new types of sensitive information about individuals  (iv) Increased Remote working  (v) Phishing and cyber-attacks heightened (see earlier section on 'Technological risk')				
<b>K. SUPPLIERS AND CONTRACTORS / 3<sup>rd</sup> PARTY RELATIONSHIPS)</b>  <b>AMBER AND GREEN RISK</b>  (i) <u>Risk</u> - Disruptions in Supply Chain Management e.g., delays in provision of goods / service due to reduced staff complement / furloughed staff / distribution issues.	(i)3	(i)3	Contract and Supplier management to identify any obstacles in delivery of goods / services. Contract agreements and invoking of relevant clauses if appropriate.  Procurement Policy Note (PPN) sets out information and guidance for public bodies on supporting suppliers through the Pandemic, with associated actions. This is to ensure service continuity and contract delivery during and after the lockdown.	<b>ONGOING ACTION:</b> Continue to review any necessary actions to be taken to support the Council's Suppliers.  Extensive discussions being undertaken with the Council's Leisure Centres' operator.  Establish whether the Council's key suppliers / service providers have appropriate resilience plans for

**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>Companies may no longer be able to trade and unable to recover from the crises.</p> <p>(ii) <u>Risk</u> - Possible claims from Contractors due to delays to work programme caused by COVID-19.</p> <p>(iii) <u>Risk</u> - There may be exceptions to the Council's procurement regulations as greater flexibility to procure supplies may be deemed necessary to deliver new operations and meet urgent demands. Whilst increased flexibility is useful as part of the pandemic response, it also presents additional risks associated with fraud and error (see separate section) and achieving value for money.</p>	<p>(ii)2</p> <p>(iii)3</p>	<p>(ii) 2</p> <p>(iii)2</p>	<p>Government schemes to assist businesses stay afloat such as Business Support grants, Furlough. Discretionary Grants Scheme launched to help small and micro businesses.</p> <p>To ensure business continuity of operations, contractors for large scale development and maintenance work have been encouraged to proceed with work programmes, applying safety and social distancing measures in accordance with government guidance.</p> <p>All development sites have had individual COVID risk assessments undertaken to ensure that they can operate safely. There have been no claims from contractors on Council development schemes.</p> <p>Where exceptions to the Council's procurement regulations are deemed necessary to deliver urgent operations arising from COVID-19, existing exemption procedures and documented approvals (Contract Standing Orders)</p>	<p>delivering critical business and that these are being monitored (Q. Is this action completed?)</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**  
(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			are required.	
<p><b>L. FRAUD / ERROR / THEFT</b></p> <p><b>AMBER RISK</b></p> <p>(i) <u>Risk</u> - COVID-19 represents yet another opportunity for scammers and professional fraudsters. They may also target vulnerable members of the community.</p> <p>(ii) <u>Risk</u> - Increased level of expenditure (including significant payments) is being incurred because of new operations or enhanced service demands including the administration of multiple grant schemes, which provides increased opportunities for error or fraud, with associated financial losses and reputational damage</p>	<p>(i)3</p> <p>(ii)3</p>	<p>(i)2</p> <p>(ii)3</p>	<p>Communications alerting staff and residents of potential scams and heightened risk of fraud.</p> <p>Detailed assurance guidance available for administration of the Government Grant Funding Schemes, such as the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund; Local Authority Discretionary Grants Fund.</p> <p>Management review and Counter fraud checks including tools such as ‘Spotlight’ are applied at different stages of the grant process, working in partnership with the dedicated agency (Department for Business, Energy, and Industrial Strategy - BEIS).</p> <p>Defined eligibility criteria and transparency of decision making is incorporated into processes. Post payment, the Government Grants Management Function and Counter Fraud Function support local authorities to carry out post-event assurance work</p>	<p><b>ACTIONED &amp; ONGOING:</b> Continuous monitoring as new risks and processes emerge. Communications team pursue measures/methods to reach those members of the community who are not digitally connected and ensure urgent messages are conveyed.</p> <p><b>ACTIONED &amp; ONGOING:</b> Counter fraud measures are considered as part of setting up new processes. Internal Audit issue advice as appropriate. Verification of controls operating as part of assurance work undertaken.</p> <p><b>ACTIONED &amp; ONGOING:</b> Periodical assurance reporting to the Government on the administration of Business Support Grants. Evolving government guidance on Grants published and circulated to local Councils setting out expectations.</p>

**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>(iii) <u>Risk</u> - Staff and customers may be facing increased financial hardship, leading to an increased risk of fraudulent activities and a reduced staff complement may weaken the control environment</p>	(iii)3	(iii)2	<p>to identify high risk payments.</p> <p>Compensating controls as a minimum where normal expected controls cannot be reasonably applied.</p> <p>Financial reconciliation processes set up / developed as appropriate for new systems.</p>	
<p><b>M. REPUTATION</b></p> <p><b>AMBER RISK</b></p> <p>(i) <u>Risk</u> - An absence of timely and accurate communication to stakeholders may result in a lack of awareness / mis-information / loss of confidence</p> <p>(ii) <u>Risk</u> - People are not accessing the Services they require which may result in unknown surges and longer-term implications</p>	(i)2	(i)3	<p>Communications strategy. Various communication channels used to convey messages and engage with all stakeholders including social media.</p> <p>Regular, timely and accurate communications to key stakeholders including employees, Councillors, and the public (as well as targeting certain groups such as local businesses and vulnerable residents).</p> <p>The team have launched the Council's Shop Smart, Shop Local campaign, with a press release and social media graphics conveying key messages. Greater website accessibility in line with new regulations from 2020 (translation</p>	<p><b>ACTIONED &amp; ONGOING:</b></p> <p>Communications team pursue measures/methods to reach those members of the community who are not digitally connected and ensure urgent messages are conveyed. This may be through posters and mailouts in addition to the bulletin.</p> <p>COVID-19 Champions Group communicate important messages and work across all community and faith groups to address fake news (misinformation).</p>



**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>Government lifting of bans on tenant evictions presents new risks for local councils in terms of managing the likely impact on homelessness and housing service provision <b>(NEW RISK ADDED JUNE 2021)</b></p>	(iii) 3	(iii) 3	<p>leading role in supporting local businesses, for example through administering the Business Support Grant Scheme and Local Authority Discretionary Grants, working with businesses to understand their needs and promote various initiatives. (See separate risk category and associated actions for Economic impact)</p> <p>Some residents experiencing financial hardship –Council Tax Relief Scheme implemented.</p> <p>In terms of the Community Hub, the Council was allocated £71,000 Emergency Assistance Grant. Allocated the money between food banks and organisations such as CAB.</p>	
<p><b>O. POLITICAL</b></p> <p><b>AMBER RISK</b></p> <p>(i) <u>Risk</u> – Unclear political steer and strategic direction in the current environment may impact the</p>	(i)3	(i)3	<p>Regular and timely communications with Councillors on the Authority's COVID-19 response and recovery effort.</p> <p>During the first lockdown an Extraordinary Council Meeting was held 21 May 2020 to provide effective</p>	No specific action identified.

**APPENDIX 1 - COVID-19 - Risk Assessment**

(Reviewed and updated June 2021)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>effectiveness of decision making; political tensions and increasing organisational pressure from Councillors may result in a loss of focus around the Councils priorities</p> <p>(ii) <u>Risk</u> – Decisions may not align with Council priorities and responsibilities</p>	(ii)3	(ii)3	<p>oversight of the Council’s emergency response to COVID-19.</p> <p>The Council continues to support the Community and businesses in delivering Services.</p> <p>New Committee system of governance replaced Cabinet model of decision making. Training delivered and new Committees established.</p>	

**APPENDIX 1 - COVID-19 - Risk Assessment**  
 (Reviewed and updated June 2021)

**Evaluating risks and Risk Matrix**  
 (In accordance with the Risk Management Policy)

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 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 “amber” risks while “green” risks are regarded as acceptable. The above risks associated with COVID-19 (reference A to O) have been plotted on the graph below.

<b>Impact</b>	<b>4 (Catastrophic)</b>				A
	<b>3 (Major)</b>		E(ii) G(i) H I(i) M(i,ii) N (i,ii)	D, E(i) G(ii,iii) I(ii) J K(i) L(ii) M(iii) N(iii) O B	C F
	<b>2 (Medium)</b>		K(ii)	K(iii) L(i,iii)	
	<b>1 (Trivial)</b>				
		<b>1 (Rare)</b>	<b>2 (Unlikely)</b>	<b>3 (Likely)</b>	<b>4 (Almost certain)</b>
		<b>Likelihood</b>			

# Audit Committee

29 July 2021



<b>Title</b>	Corporate Risk Management
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Punita Talwar, Internal Audit Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not Applicable
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<b>The Audit Committee is asked to note the report.</b>
<b>Reason for Recommendation</b>	<b>The Corporate Risk Register continues to ensure that the Council's most significant risks in relation to achievement of corporate priorities and objectives are identified, managed, monitored, and reported.</b>

## 1. Key issues

- 1.1 A revised corporate risk register incorporating the summarised risk management policy guidance was presented to Audit Committee in March and subsequently to the Corporate Risk Management Group in June. The move to more simplified reporting was well received, with continued focus around strategic risks in delivering corporate priorities and objectives.
- 1.2 Development work around risk management continues. Training to raise awareness of risk management and launching the summarised policy guide is planned for September (with a view to attracting more attendees by avoiding the summer holiday period). Relevant material has been prepared for these presentations by the Internal Audit Manager. The integration of risk management into strategic planning, corporate processes and service functions is a key message for all Managers.
- 1.3 Discussions are taking place to establish a risk appetite statement for the authority and application will demonstrate proportionate action being taken in addressing and managing strategic risks and opportunities. A session for Members of the Audit Committee to incorporate risk management will be delivered by an external trainer on 19 July.
- 1.4 During the period under review the Council has continued to deal with the COVID-19 response, recovery, and resumption planning with the prospect of government lifting restrictions by 19 July. This response and the global economic position have meant several risks on the corporate risk register continue to be influenced by external factors (this relates to both red and amber risks). Significant risk categories are also referred to in more detail in

the separate Covid-19 Risk considerations report also being reported to the July Audit Committee.

- 1.5 The Council's most significant risks to highlight as part of this review of the corporate risk register (see Appendix A) are the three risk categories that have been assigned a red rating, based on application of the risk scoring model. This includes risk category 2 (Economy) which currently has the highest risk score as illustrated on the risk matrix, risk category 1(i) (Housing – Development & Targets) and risk category 6 (Sustainability and Climate Change).
- 1.6 The corresponding risk action plan attached at Appendix B highlights previously agreed actions completed, as well as 'work in progress'. There is also reference to the officer reviewing the action and when this has taken place as requested by the Audit Committee. A new action added as part of this review relates to the economic risk category.
- 1.7 The key issues to highlight as part of the latest review of the Corporate Risk Register are set out below at 1.7 (a) to 1.7 (d).

(a) Housing – Development and targets – red risk category 1 (i).

Housing – Affordable Housing – amber risk category 1 (ii)

Following steer from the Audit Committee, the risk categories for Housing have been differentiated, with risk category 1(i) covering Development and targets, whilst risk category 1 (ii) focuses more specifically on Affordable Housing. The risks relating to each category have been expanded to ensure they capture the impact and threats to the Council.

With regards risk category 1(ii) one of the key risks highlighted relates to managing social housing demand in the context of new legislative requirements (Domestic Abuse Act) as well as wider challenges. It is recognised there are several interdependent factors that impact service pressures and housing provision, for example increased level of rent arrears exacerbated by the pandemic effects an applicant's acceptance for permanent accommodation and requires Council negotiations with landlords to mitigate or delay risks of eviction.

Following review of the risks associated with Development and targets, this has been assessed as a red risk due to the following commentary. The pandemic has exacerbated risk of delays in completing property development schemes within anticipated timeframes. Despite this it is positive to report there are several housing schemes nearing completion. The adverse impact of the self-imposed Staines moratorium presents further challenges and increased delays in achieving development targets, the housing delivery programme and provision of affordable housing across the borough, presenting further service pressures. Viability assessments are currently underway for these specific development schemes, to be considered by the Development sub-committee. If Development targets and the Local Plan cannot be delivered on time, there is a significant threat to the Council around loss of control as the Local Planning Authority. Delays in political decision making also have an adverse impact on both timeliness and direction of Development schemes.

(b) Economy – red risk category 2.

The risk implications and threats to the Council arising from the national economic downturn have been expanded as part of this review as referred to at Appendix 1. Economic development elements of the broader council recovery plan include quick wins and longer-term actions to support local businesses, town centres, communities during and beyond the pandemic. There are several initiatives underway to support the local economy (please refer to separate Covid-19 Risk report). Financial support for businesses has continued to be made available through Government grant schemes. With regards the Council's discretionary Additional Restrictions Grant scheme of which £1.6m is currently available, a new risk action has been included for a policy to be in place by September 2021. This scheme will support, facilitate and influence business activity contributing to the recovery of the local economy, although a residual risk remains given that the speed and extent of recovery will also be determined by the pandemic and external factors, therefore outside the Council's control. A dedicated committee has been set up to consider and monitor economic development matters, including the recovery plan and expenditure. The next strategy review is planned to cover 2022 – 2027.

(c) Sustainability and Climate Change – red risk category 6.

The Environment and Sustainability Committee will continue to explore ways to meet a carbon neutral target by 2050 or earlier and to make recommendations on how to apply the £747k fund. This committee will also move forward addressing climate change as a corporate priority that needs to permeate all Council areas to ensure we reduce our carbon footprint and seek positive opportunities to both mitigate and adapt to climate change. Strengthening of dedicated staffing resource to support delivery is underway. Climate Change issues have also been incorporated into the Council's pandemic recovery plan. Whilst Climate Change factors have been incorporated into some policies and the Sustainability Strategy 2016-21, further action is required in order to establish a coordinated strategy for tackling Climate Change and this is work in progress.

(d) Corporate Capacity and Resources – amber risk category 7 – (previously red)

This was previously ranked a red risk as corporate capacity was severely stretched in the pandemic environment due to increased work pressures. Additional staffing has since been approved as part of the 2021/22 budget and recruitment is underway to address resource issues in some services and therefore the RAG rating is currently classified as Amber. However this risk area requires ongoing monitoring as it is acknowledged that additional workload and challenges continue to emerge across Services.

Measures to demonstrate ongoing support for staff wellbeing are communicated and promoted regularly, with wellbeing webinars accessible to all employees.

The departure of talented and experienced resource has created additional challenges, and therefore succession planning to encourage knowledge transfer and personal development across services remains an important measure, albeit achieving this is not necessarily straightforward. New recruits and initiatives such as the LGA peer review also provide an opportunity for fresh ideas and a willingness to drive change where it is deemed beneficial. Continued monitoring of staff retention approaches prevails (referenced on the risk action plan).

## **2. Options analysis and proposal**

- 2.1 To note 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 an accurate reflection of the high-level risks affecting the Authority, based on our assessment of risk and controls in operation. The risk action plan at Appendix 2 outlines the progress made on actions previously proposed, (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 to implement risk mitigating actions. This will need to be highlighted by the assigned lead officer as appropriate.

## **4. Other considerations**

- 4.1 There are none separate to those in the Corporate Risk Register. The revised register refers to the committees recently established under the new governance model.

## **5. Equality and Diversity**

- 5.1 There are no areas to highlight. Equality and diversity considerations form part of service provision.

## **6. Sustainability/Climate Change Implications**

- 6.1 There are none separate to those in the Corporate Risk Register.

## **7. Timetable for implementation**

- 7.1 The Risk Action Plan at Appendix B shows lead officers responsible for progressing actions, together with target timescales for implementation. The corporate management group have overall accountability for ensuring these strategic corporate risks are effectively managed. The register is reviewed and updated three times a year in consultation with Group Heads and Managers, coordinated and reported by the Internal Audit Manager.

**Background papers: There are none.**

### **Appendices:**

**Appendix 1 – Corporate Risk Register (including risk scoring matrix)**

**Appendix 2 – Risk Action Plan**

**Appendix 3 – Summary policy guide for risk management (updated version)**

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
<p>1. (a) Corporate Management Team (MAT)</p>	<p><b>1. HOUSING – DEVELOPMENT &amp; TARGETS</b></p> <p>(i) Failing to deliver housing development targets could lead to a loss of Spelthorne’s overall control as the Local Planning Authority, resulting in key decision making undertaken by other organisations.</p> <p>(ii) The Council is not able to deliver the Local Plan by the required timeframes, increasing the risk of unsuitable planning applications being submitted. Where planning applications have been refused but subsequently approved on appeal, this also has financial implications arising from developer claims to the Council.</p> <p>(iii) Delays in completing property development</p>	<p>Supporting Communities</p> <p>Affordable Housing</p>	<p><b>RED Refer to the Risk Matrix</b></p>	<p>Housing Delivery Programme with several housing schemes nearing completion. Exploring development opportunities. Weekly progress reporting of Property Development projects to officer Development and Improvement Group (DIG). Development sub-committee established under new Committee system of governance. Viability assessments underway for some development schemes. Regular advisory reports to Members/Committees to inform decision making, setting out development options and associated implications for the Council and local communities.</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>schemes, in particular the adverse impact of the self-imposed Staines moratorium, with significant repercussions for delivery of housing schemes and targets (both affordable housing and general housing).</p> <p>(iv) Delays in political decision making have an adverse impact on both timeliness and direction of Development schemes.</p>			
<p>1.(b) Corporate Management Team (MAT)</p>	<p><b>1.(b) HOUSING – AFFORDABLE</b></p> <p>(i) Lack of affordable housing supply increases homelessness</p> <p>(ii) Housing provision (types of units) does not meet local resident needs or address client special needs for accommodation</p> <p>(iii) The Domestic Abuse Act presents additional</p>	<p>Affordable Housing</p>		<p>Housing Delivery Programme with several housing schemes nearing completion. Affordable Housing provision extends beyond those development schemes acquired by Spelthorne Borough Council (direct delivery). Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need; S106 agreements with Developers. Homelessness Reduction Act – proactive measures taken to address risk of homelessness. Measures to support Rough Sleepers. Housing and Homelessness Strategies. Quarterly monitoring of Strategic Action</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>pressures and demand as there is a requirement for victims of domestic abuse to be prioritised and rehoused in secure accommodation (parameters of what constitutes domestic abuse expanded under latest legislation)</p> <p>(iv) Managing demand for social housing is extremely challenging given that anyone with a local connection can apply for housing to any Council</p> <p>(v) Government lifting of the temporary eviction ban may lead to more homelessness cases and increased demand for social housing</p> <p>The above risks and evolving individual circumstances lead to increased costs and pressure on the Council's Housing Service in responding to homelessness and growing numbers on</p>			<p>Plan.</p> <p>Regular review by Strategic Housing Group.</p> <p>Surrey reciprocal arrangement to re-house applicants across boroughs where local connection confirmed.</p> <p>Collaborative initiatives with Surrey County Council (e.g., Drug and alcohol abuse)</p> <p>Monitoring of Housing Register levels (currently 3000 households on the register).</p> <p>Counter Fraud data matching initiative being explored with A2D with the objective of identifying potential social housing fraud, which may free up social housing for those in genuine need.</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>the Housing register, impacting delivery of affordable housing provision across the borough. If fundamental housing needs are not met/maintained this may have a negative impact on the health and wellbeing of individuals/families.</p>			
<p>2. Corporate Management Team (MAT)</p>	<p><b>2. ECONOMY</b></p> <p>Current economic recession, pandemic lockdowns and travel restrictions continue to have a detrimental impact on economic wellbeing locally (proximity to Heathrow airport which represents a key local employer), nationally and globally. The risk implications and threats to the Council are:</p> <ul style="list-style-type: none"> <li>• Residual risk to be accepted - whilst Council actions aim to support and influence economic recovery, these</li> </ul>	<p>Economic Development / Recovery &amp; Financial Sustainability</p>	<p>Red Refer to the Risk Matrix</p>	<p>Refer also to separate briefing report prepared by the Economic Development team reported to the March Audit Committee. ED strategy is due for a complete refresh by February 2022 (to cover 2022 -2027).</p> <p>Economic Development elements of the Recovery Plan includes quick wins and longer-term actions to support local businesses, town centres, communities during and beyond the pandemic. COVID-19 overarching Recovery plan takes account of post-Brexit implications. Periodical review and reporting of the Economic Development strategy. Fortnightly monitoring of Business Rates and Council Tax collection rates as part of monitoring impacts of COVID-19. Financial support for businesses through Government schemes, with restart grants due for payment by July 2021.</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>cannot control outcomes.</p> <ul style="list-style-type: none"> <li>• Significant reduction in income (fees and charges, such as Parking and retail letting of the Elmsleigh Centre) arising from decreased footfall in the town centres. This will continue to impact the Council's finances.</li> <li>• Increased unemployment levels leading to increased pressure across the provision of a wide range of Council Services. Impacting Customer Services, Housing, Benefits and Economic Development teams. Rising unemployment also linked to increased levels of anti-social</li> </ul>			<p>Additional Restriction Grant of £1.6m available to facilitate and support businesses up to March 2022. This will directly influence business activity and contribute positively to the recovery of the local economy.</p> <p>Dedicated committee set up under new governance model to consider Economic Development matters – role will include scrutiny of budgets and grant spend.</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>behaviour/crime.</p> <ul style="list-style-type: none"> <li>An increased level of business failures impacts economic prosperity of the borough and effects collection rates for business rate income.</li> </ul>			
<p>3. Corporate Management Team (MAT)</p>	<p><b>3. FINANCIAL RESILIENCE AND COMMERCIAL ASSETS</b></p> <p>The pandemic has increased the Council's exposure to financial risk, with possible implications for the investment portfolio, including loss of anticipated rental income from commercial assets and poor investment returns. This may impact on the financial position, leading to the Council becoming financially unsustainable with associated reputational damage.</p>	<p>Financial Sustainability &amp; Recovery</p>	<p>Amber Refer to the Risk Matrix</p>	<p>Investment performance is monitored at weekly Development and Investment Group (DIG) and a quarterly performance report is produced for the Investment Portfolio. Weekly rent review meetings are taking place to monitor income (investment portfolio doing very well). New committee established as highlighted below. Due Diligence measures for tenant management. Ten year worst and best case sinking fund scenario projections are reviewed on a weekly basis. Capital Strategy includes key performance indicators. Asset Management plan. CIPFA FM Code self-assessment and Member reporting. LGA Finance Peer Review undertaken in late 2020 with action plan put in place to</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
				address recommendation. Associated monitoring and review. Development Sub Committee of Corporate Policy and Resources established under new governance model will receive regular monitoring reports for scrutiny.
4. Corporate Management Team (MAT)	<p><b>4. FINANCIAL RESILIENCE AND SUPPORTING COMMUNITIES</b></p> <p>Increased financial pressures faced by the Council arising from the Covid-19 pandemic (reduced income and increased costs including financial support to the Leisure Centres during the pandemic) could impact service delivery, leading to a negative impact on the Borough's residents and communities (economic, social, physical, and mental wellbeing). Ongoing financial pressures could lead to the Council becoming financially unsustainable.</p>	Financial Sustainability, Recovery & Supporting Communities	Amber Refer to the Risk Matrix	<p>Medium term financial strategy. Balanced budget for 2021/22 including a £1m funding provision for Covid-19. Fully refreshed Reserves Strategy (in line with Peer Review). Delta returns submitted to capture and reclaim costs of COVID-19 across the Authority. Financial impact assessment modelling. Independent peer led review of the Council's approach to finance. Outline Budget indicatively balanced for 2022/23. In June 2021 work commencing on refreshing Medium Term Financial Strategy and Outline Budget Preparation and early work on detailed Budget for 2022-23.</p>
5. Corporate Management	5. <b>TREASURY</b>	Financial Sustainability &	Amber	Treasury Management Strategy for 2021-22

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
Team (MAT)	<p style="text-align: center;"><b>MANAGEMENT</b></p> <p>If the Council receives a reduced return on long term investments and/or investments become insecure in the current / future economic climate, then this will have an adverse impact on the Council's financial position, weakening financial resilience</p>	Recovery	Refer to the Risk Matrix	<p>approved by Members.</p> <p>Application of CIPFA Code of Practice and Prudential Code.</p> <p>Performance measurement and reporting. Aim to select counter parties of the highest credit quality.</p> <p>Credit ratings monitored.</p> <p>Council's investments managed internally in consultation with advisors Arlingclose.</p> <p>Explore options for diversifying the portfolio.</p> <p>Fixed interest rate on most debt and for investments an interest equalisation reserve is in place.</p> <p>Committee System of governance for decisions.</p> <p>Training delivered for new Financial Management Code.</p>
6. Corporate Management Team (MAT)	<p><b>6. SUSTAINABILITY &amp; CLIMATE CHANGE</b></p> <p>Climate change 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</p>	Environment and Climate Change	Red Refer to the Risk Matrix	<p>Council declared Climate Change Emergency in October 2020.</p> <p>Council's 2020-21 Budget includes £747k specifically ring-fenced for Green Initiatives. Better neighbourhood grants have been doubled to £2,000 to support grass-root green initiatives.</p> <p>Government targets for reducing carbon emissions / greenhouse gases to tackle climate change.</p>

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>food systems, supply chains &amp; procurement, economic productivity, and losses. Due to climate change, there is a specific risk to the Borough of Spelthorne in terms of more extreme heat and increased flooding, besides the more global threats impacting locally. If the Council is not pursuing measures or seeking positive opportunities to mitigate and adapt to climate change, it could result in criticism/bad press/public demonstration and additional organisational pressures may result in a loss of focus around climate change and green initiatives. A lack of preparedness for the impacts of climate change may lead to Council Services no longer being sustainable or in a suitable position to operate in the future.</p>			<p>It is expected the Environment and Sustainability Committee under the new governance model will continue to explore ways to meet a carbon neutral target by 2050 or earlier and to make recommendations on how to apply the £747k fund and see climate change as an issue that needs to permeate all Council areas to ensure we reduce our carbon footprint and adapt to climate change. Officers are working in the spirit of ethical and social responsibility to reduce the Council's carbon footprint. Sustainability Strategy; Energy &amp; Water Efficiency Policy (2015 - 2020). Professional group membership such as Surrey Energy &amp; Sustainability Partnership (SESP) and Association of Lead Energy Officers (ALEO). Implementing energy efficiency measures in Council owned buildings. Increasing renewables capacity. Officers working with relevant Committees and Treasury Management advisers on how we can align the Council's cash investments, so they focus on a more environmentally and socially sustainable basis.</p>
7. Corporate Management Team (MAT)	<b>7. CORPORATE CAPACITY AND RESOURCES</b>	ALL	Amber Refer to the	Management to address workload issues and need to remain alert to stress related

## CORPORATE RISK REGISTER

RISK REFERENCE & OWNERSHIP	RISK DESCRIPTION	CORPORATE PRIORITY	RAG & RISK RATING SCORE	CURRENT KEY CONTROLS
	<p>Overstretched capacity exacerbated by the additional workload and new demands arising from the pandemic (as well as the departure of several experienced staff) could lead to increased staff fatigue / burnout / sickness levels arising. This may impact further on employee stress levels and mental / physical wellbeing, which may also lead to reductions in expected service delivery.</p>		<p>Risk Matrix</p>	<p>risks.                      Monitoring of sickness absence providing corporate view of stress issues.                      To assist staff can access welfare information on Intranet. Support is available for mental and emotional wellbeing including mental health first aiders and Care First. This scheme has been promoted through regular staff communications. The need to treat colleagues respectfully and look after each other has been recognised and communicated.                      Council 2021-22 Budget included small staff pay increase to maintain Council's competitiveness with other local Councils. Additional staffing and recruitment is underway to address resource issues in certain areas.</p>

### Risk Scoring Matrix

## CORPORATE RISK REGISTER

This is the matrix that is used across the Council

**Red** risks require prompt, planned management action

**Amber** risks require planned management action

**Green** risks are accepted risks

<b>Impact</b>	<b>4 (Catastrophic)</b>			<b>6</b>	<b>2</b>
	<b>3 (Major)</b>			1(ii); 3; 4; 5;7	1 (i)
	<b>2 (Medium)</b>				
	<b>1 (Trivial)</b>				
		<b>1 (Rare)</b>	<b>2 (Unlikely)</b>	<b>3 (Likely)</b>	<b>4 (Almost certain)</b>
		<b>Likelihood</b>			

## CORPORATE RISK REGISTER

How risks are scored:

We score risks, with their current controls in place, for likelihood and impact as shown below:

Score	Impact	Likelihood (over 4 years or timescale deemed appropriate)
1	Trivial	Rare (once)
2	Medium	Unlikely (a few times / less than annual)
3	Major	Likely (several times / more than annual)
4	Catastrophic	Almost certain (many times a year)

Impact can be measured in many ways and will be specific to what you are assessing, but the most common are on objectives, finance, and reputation.

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER  DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
1a. HOUSING – Development & Targets	1a (i). Preparation and adoption of New Local Plan to meet future need and strengthen affordable Housing Policy	March 2020	Lead - Strategic Planning Manager (Ann Biggs)  <i>Action reviewed by Group Head Regeneration &amp; Growth on 11.6.21</i>	(i)March 2022 (ii) Revised – June 2023 (subject to committee agreement of revised Local Development scheme on 30/6/21)	<b>TO BE IMPLEMENTED</b>
1a. HOUSING – Development & Targets	1a (ii). Viability assessments for Staines property developments affected by the Moratorium are underway	March 2020	Lead - Property Development Manager (Richard Mortimer)  <i>Action reviewed by Group Head Regeneration and Growth on 11.6.2021</i>	(i)JULY 2021	<b>IN PROGRESS</b> Assessments will then be considered by the Development Sub Committee
1b. HOUSING – Affordable	1b (i). Set up a Homelessness Strategy working group to support achievement of aims	March 2020	Lead - Housing Strategy Manager (Marta Imig)  <i>Action reviewed by Housing Strategy Manager on</i>	(i)August 2020 (ii)Revised – May 2021 (iii)Revised – July 2021	<b>IN PROGRESS</b> The working group has been set up with an initial meeting scheduled for 15 July

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER  DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
			14.6.2021		
1b. HOUSING – Affordable	1b (ii). Establish and approve clearly defined Terms of Reference for the Homelessness Strategy working group to support achievement of aims	March 2020	Lead - Housing Strategy Manager (Marta Imig)  <i>Action reviewed by Housing Strategy Manager on 14.6.2021</i>	(i)December 2020 (ii)Revised – May 2021	<b>COMPLETED</b>
1b HOUSING – Affordable	1b (iii). Service Level Agreement to be put in place with registered providers to take forward cases of alleged tenancy fraud	March 2020	Lead - Housing Strategy Manager (Marta Imig)  <i>Action reviewed by Housing Strategy Manager on 14.6.2021</i>	(i)June 2020 (ii)Revised – 2021 (iii)Revised – October 2021	<b>IN PROGRESS</b> A meeting is planned with the social housing provider to progress undertaking a targeted data matching exercise, requiring collaborative working
2. ECONOMY	2i. Identification and delivery of prioritised actions in the Economic Development Recovery Plan	March 2021	Lead - Economic Development Manager (Keith McGroary)  <i>Reviewed by Group Head Regeneration and Growth</i>	Drafting and agreement of plan and targets. Delivery ongoing and to	<b>COMPLETED</b> Draft recovery plan considered by the Economic Development Committee on 22

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
			<i>on 11.6.2021</i>	extend beyond the end of the current 4 year Council cycle.	June 2021
2. ECONOMY	<p>2ii. Continued assessment of grant applications as part of the government’s pandemic grant assistance schemes (both response and recovery)</p> <p>2iii. NEW ACTION - Development of a policy on Additional Restrictions Grant</p>	<p>March 2021</p> <p>June 2021</p>	<p>2ii. Economic Development and Customer Services teams with support from Payments team Lead - Roy Tilbury - lead officer for Rateable Value related grants; Keith McGroary - lead officer for discretionary grants not linked to Rateable Value</p> <p><i>2iii. Lead – Economic Development Manager; Action Proposed by Group</i></p>	<p>2ii.New batch of grants announced in 3rd March Budget to be applied in April &amp; May 2021. Restart Grants deadline for applications 30<sup>th</sup> June and final payments to be made by end of July</p> <p>2iii. Additional Restrictions</p>	<p><b>IN PROGRESS &amp; ONGOING</b></p> <p><b>NEW ACTION</b></p>

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
	(ARG) spend – grant amounts to c.£2.2m		<i>Head Regeneration and Growth on 11.6.2021</i>	Grant to be applied up to end of March 2022, with a target for a policy to be in place by September 2021.	
3. FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3i. Property Management Software to be applied for billing tenants on the investment properties (previously indicated by the end of 20/21) and for municipal properties thereafter	November 2020	Lead - Group Head Regeneration & Growth (Heather Morgan)  <i>Action reviewed by Group Head Regeneration and Growth on 11.6.2021</i>	(i)March 2021 (ii) Revised - June 2021	<b>COMPLETED</b> Software in place and tenants in single let investment properties invoiced via system from end June 2021
3. FINANCIAL RESILIENCE AND COMMERCIAL	3ii. Continued monitoring and recovery of significant rental income due from the Council's	2018	Lead - Group Head Regeneration & Growth (Heather Morgan)	Continuous action	<b>IMPLEMENTED &amp; ONGOING</b>

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
ASSETS	property portfolio. Worst case scenario modelling of next 10 years for sinking funds adequacy refreshed and reviewed on a weekly basis by Rent Collection Review meeting. We will be extending the modelling from 10 years to 20 years.		<i>Continuous Action reviewed by Group Head Regeneration and Growth on 11.6.2021 and Deputy Chief Executive - Chief Finance Officer 18.6.21</i>		
3. FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3iii. Continued application of CIPFA'S Financial Management Code (responsibility of whole organisation) in close alignment with the LGA Financial Peer Review recommendations	March 2021	Lead Officer - Deputy Chief Executive (Terry Collier)  <i>Action reviewed by Deputy Chief Executive 18.6.21</i>	Continuous action	<b>IN PROGRESS</b> Financial Management Code Self-Assessment took to October Audit Committee. Action Plan for Finance Peer Review recommendations approved by Cabinet and will be periodically reported

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER  DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
					to Policy and Resources and Audit Committee, from autumn 2021
6. SUSTAINABILITY & CLIMATE CHANGE	6i. Identification and perusal of prioritised 'Green recovery' actions in the Council's broader recovery plan for Covid-19	March 2021	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead)  <i>Action reviewed by Group Head Commissioning &amp; Transformation 16.6.21</i>	April 2021  Revised Target Date TBC	<b>IN PROGRESS</b>
6. SUSTAINABILITY & CLIMATE CHANGE	6ii Following approval of the £747k Green Initiatives Fund as part of the Council's 2021/22 Budget, the Climate Change Task Group to make recommendations as to how to apply that fund	March 2021	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead)  <i>Action reviewed by Group Head Commissioning &amp; Transformation 16.6.21</i>	June 2021  Revised Target Date TBC	<b>IN PROGRESS</b>  The final detail will depend on decisions of the Environment and Sustainability Committee and whether they also decide on having a task group

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER  DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (MONTH AND YEAR) (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING)  (REPORTED STATUS AT JUNE 2021)
6. SUSTAINABILITY & CLIMATE CHANGE	6iii. County are leading on developing a strategy on climate change across the Surrey authorities	March 2021	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead)  <i>Action reviewed by Group Head Commissioning &amp; Transformation 16.6.21</i>	Ongoing	<b>IN PROGRESS</b> Working in partnership with SCC / Boroughs and Districts
7. CORPORATE CAPACITY & RESOURCES	7i. Monitoring impact of departure of experienced officers and managing associated loss of organisational knowledge and talent. Review of staff retention measures to reduce and mitigate the risk of staff departures.	March 2021	ALL / Group Head Commissioning & Transformation (Sandy Muirhead)  <i>Action reviewed by Group Head Commissioning &amp; Transformation 16.6.21</i>	Continuous action	<b>IMPLEMENTED &amp; ONGOING</b> A small pay increase for staff agreed to maintain the Council's competitiveness with other local Councils, agreed as part of the 2021/22 Budget

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# Corporate Risk Management Policy

## Quick Guide

### Why is it important to manage risk?

- internal and external factors may prevent the Council from delivering services and achieving objectives
- to successfully deliver services and achieve objectives requires management of risks, threats and opportunities

**Everyone is responsible for identifying risks in their roles. Effective management of that risk helps ensure services are delivered and objectives are achieved.**

### How do we manage risk?

#### The documenting:

- risk management section in Committee reports
- built into the Council's corporate plans
- incorporation into the service plans and business plans
- the Corporate Risk Register
- review at Corporate Risk Management Group, MAT and Audit Committee

#### The doing:

- you manage risks (and indeed opportunities) by:
  - identifying and analysing their likelihood and impact, then
  - determining the most appropriate action to control or respond
- use risk assessments to articulate the risks
- plot the risk on the risk matrix model
- prioritise risk for action **red, amber, green**
- **SMART** mitigation actions



## Risk Scoring

This is the matrix that is used across the Council.

- **red** risks require prompt, planned management
- **amber** risks require planned management
- **green** risks are accepted risks

Impact	4	Amber	Red	Red	Red
	3	Green	Amber	Amber	Red
	2	Green	Amber	Amber	Amber
	1	Green	Green	Green	Green
		1	2	3	4
Likelihood					

How they are scored:

Score	Impact	Likelihood (over 4 years or timescale deemed appropriate)
1	Trivial	Rare (once)
2	Medium	Unlikely (a few times/less than annual)
3	Major	Likely (several times/more than annual)
4	Catastrophic	Almost certain (many times a year)

Impact can be measured in many ways and will be specific to what you are assessing, but the most common are on objectives, finances and reputation.

This quick guide is supplemental to the corporate risk policy where full details are provided on how the Council manages risk.

# Audit Committee

29 July 2021



<b>Title</b>	Annual Internal Audit Report for 2020/21
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Punita Talwar, Internal Audit Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <p>1. Note the Annual Internal Audit Report for 2020/21.</p> <p>2. Note the annual audit opinion on the Council's internal control environment, risk management and governance arrangements.</p>
<b>Reason for Recommendation</b>	Not applicable

## 1. Key issues

- 1.1 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)
- 1.2 Internal Audit findings and observations (constituting direct audit work) form the basis of the annual audit opinion on the adequacy of the authority's internal control environment, risk management and governance arrangements. In addition, the Corporate Risk Register and Covid-19 Risk Assessment are considered in preparing the overall audit opinion. The opinion represents a key source of assurance for the authority and supports the Annual Governance Statement, considered by External Audit and others. This report therefore summarises Internal Audit findings and sets out the independent audit opinion of the Internal Audit Manager for the 2020/21 period (paragraph 1.7 – 1.8), who under Public Sector Internal Audit Standards (PSIAS) represents the Chief Audit Executive at Spelthorne.
- 1.3 The original audit plan was revised as the pandemic emerged to incorporate new priorities and risks, including targeting of COVID-19 related workstreams and the updated plan was reported to Audit Committee in July 2020. Due to the additional pressures arising from the COVID-19 pandemic across the authority, as well as some absence in the team during Quarter 3, finalisation

of some reports and audit work remains ongoing, with the majority of planned assignments being at draft report stage or beyond. The 2020/21 audit plan has had a degree of fluidity to accommodate the ongoing impact of the pandemic on the authority. Nonetheless, the team have worked diligently to provide assurance across a diverse workplan, feeding into the annual audit opinion.

- 1.4 Appendix 1 summarises Internal Audit reviews carried out in 2020/21 highlighting assurance opinions where appropriate. Audit reports include recommendations aimed at reducing risks and strengthening internal controls. Progress on implementation of audit recommendations (status) is provided where appropriate and in other areas confirmation of recommendations agreed for implementation by management (this covers corporate management team, Group Heads and managers) has been recorded. Further monitoring of status will be undertaken in November to coincide with issue of the next progress report (Interim Audit report) to Management Team and Audit Committee.
- 1.5 In addition to planned assurance reviews, there are several other workstreams undertaken by the team (including corporate roles and tasks), details for which are set out at Appendix 1. Some examples of how Internal Audit supports the organisation in achieving its objectives and adds value are summarised below:
  - (a) **Statutory Reporting to the Audit Committee** – Several reports are produced and presented in accordance with the Committee work programme. This ensures adherence to Public Sector Internal Audit Standards (PSIAS) and supports corporate governance arrangements.
  - (b) **Advisory Role** - Reactive and pro-active advice provided to services, corporate groups and management team on various risk and control issues. During the COVID-19 emergency response effort, the Internal Audit Manager proposed a documented approach to articulating Covid related risks, highlighting significant risk categories for prioritised action. This risk assessment continues to be monitored and reported periodically.
  - (c) **Counter Fraud Oversight** - Coordination and reporting of counter fraud outcomes and initiatives for tackling high risk public fraud through continued collaborative working with partners.
  - (d) **Corporate Risk Management** – Coordination and reporting on the Council's Corporate Risk Register representing the Council's most significant risks. Refreshing and revamping of the register format and production of a simplified policy guide took place earlier this year. This will be presented at training planned for September, to inform and raise awareness of recommended approaches to risk management.
- 1.6 The Internal Audit function has operated at 1.75 FTE during most of 2020/21. In addition, the ongoing requirement for some Contractor Audit resource to support delivery of planned assignments and specialist areas prevails and Spelthorne procure Auditor days as required within budget. The bulk of contracted work tends to be undertaken from Quarter 4 to coincide with workload peaks.

## **1.7 Annual Audit Opinion**

### **Annual Internal Audit Opinion 2020/21**

The unprecedented challenges of the global pandemic throughout 2020/21 and the wide-reaching risk considerations for Spelthorne Borough Council have been significant considerations in determining audit work and producing the annual opinion.

The opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is that reasonable assurance can be provided across these areas. The Council has many established control processes to effectively manage risks. However, it is recognised that improvements were recommended to address control weaknesses across some areas of operation, representing medium to high priority risks.

The Covid-19 pandemic and associated challenges/pressures also impacted on some aspects of the control environment and this will continue to be monitored during 2021/2022.

Internal Audit have consulted managers (corporate management team, Group Heads and managers) to agree and monitor the implementation of recommendations or discuss improvement actions to address risks and enhance the robustness of the authority's control environment and governance arrangements. Where actions have been taken to address issues arising from audit work performed, this is acknowledged.

Punita Talwar, Internal Audit Manager - Chartered Internal Auditor (CMIIA)  
May 2021

The annual audit opinion should be considered in conjunction with the key themes and issues arising from Internal Audit's work and examples of good practice, as set out below at paragraph 1.8.

## **1.8 Key themes and issues arising from Internal Audit's work 2020/21**

In addition to the themes and issues highlighted in the table below, Internal Audit reported on several areas of good practice, such as:

- The Council embracing a positive emergency response to the pandemic and adapting its practices in a remote working environment to ensure continuity of service delivery.
- Robust monitoring arrangements for commercial asset income with an impressive collection rate of 98.17% for 2020/21, despite the pandemic challenges.
- Financial modelling and scenario planning for the sinking fund.
- Corporate Commitment to pursue Climate Change measures and develop an Organisational values and behavioural framework

- Housing Benefit Overpayments
- Administration of the Test and Trace support payment scheme

<b><u>Issues Identified/Risk Implications</u></b>	<b><u>Action (Updated in July 2021)</u></b>
<p><b><u>1.Covid-19 Pandemic</u></b></p> <p>The most significant risks emerging and evolving from the pandemic and the wider implications have been identified, periodically monitored and reported. These risk categories relate to:</p> <ul style="list-style-type: none"> <li>• Economic impact and recovery;</li> <li>• Financial sustainability and resilience;</li> <li>• Corporate capacity;</li> <li>• Health, safety and wellbeing of staff and local communities</li> </ul> <p>The global pandemic has also heightened the risk of fraudulent activity and security incidents as opportunists take advantage, with an increase in reported scams targeting vulnerable members of the community.</p> <p>Competing crises (economic impact of post-Brexit, extreme weather conditions and environmental sustainability) have further compounded the unprecedented challenges of a global pandemic.</p>	<p><b><u>Management Action:</u></b> <i>The prioritised actions underway or for perusal to manage the identified risks are highlighted in the Covid-19 risk assessment and summary reports (reported to the Audit Committee throughout 2020/21). The Council’s overarching recovery plan incorporates areas of focus (Economic, Sustainability &amp; Climate Change, Financial, Social), supported by more detailed action plans (reported to Policy and Resources Committee 5 July 2021).</i></p> <p><i>Completed and ongoing monitoring.</i></p> <p><b><u>Management Action:</u></b> <i>As part of resumption planning the Council will take advantage of positive opportunities to derive ongoing benefits from some practices associated with new ways of working, continuing also to apply wider lessons learnt from the pandemic.</i></p> <p><i>Completed and ongoing. Considered in broader pandemic recovery plan and detailed action plans.</i></p>
<p><b><u>2.Corporate Risk Register</u></b></p> <p>Corporate risks impacting the effective achievement of the Council’s corporate priorities and objectives have been reported. It is not surprising that during 2020/21 many of these correlate to the most significant risks arising from the pandemic, referred to in section 1 above.</p> <p>In addition, Sustainability and Climate Change remains a significant corporate risk area.</p>	<p><b><u>Management Action:</u></b> <i>The prioritised actions underway or for perusal to manage corporate risks are highlighted on the Corporate Risk Action Plan and summary reports (reported to the Audit Committee throughout 2020/21).</i></p> <p><i>Given the risk significance of Climate Change on a global/national/local level and the Government’s commitment to net zero carbon emissions by 2050, this forms part of periodical reporting of the Council’s most significant risks to Members, including progress with risk action plans and sustainability measures underway. (Please refer to separate report on the July</i></p>

	<p><i>Audit Committee agenda)</i></p> <p><b><u>Management Action:</u></b> <i>Audit recommendations arising from a review of Climate Change issued July 2021, referred to at Appendix 1.</i></p>
<p><b><u>3.Error/Fraud/Relaxation of established controls</u></b></p> <p>The additional workstreams and associated pressures arising from the COVID-19 pandemic have impacted Services across the authority during 2020/21 (and beyond). It is widely acknowledged that pressurised environments are likely to increase the risk of human error.</p> <p>Internal Audit have been alerted to the occurrence of transactional errors and identified instances of relaxed or weakened control processes operating in some functions. In a global pandemic a degree of weakening of the operation of established controls is somewhat expected, given that efforts are diverted to addressing the emergency response. Consequently, there are heightened risk implications to the authority related to error, fraud, financial losses, and additional staff time in rectifying erroneous transactions processed.</p>	<p>Whilst a pragmatic and balanced approach has been necessary during the pandemic, it is however prudent that going forward:</p> <ul style="list-style-type: none"> <li>(i) Managers continue to monitor internal control arrangements for their respective functions and take on board any related audit recommendations (referred to at Appendix 1).</li> <li>(ii) The relaxation of controls should also feed into the corporate 'Lessons learnt' exercise. (Previously agreed)</li> </ul> <p><b><u>(i). Management Action:</u></b> <i>Some recommendations have been implemented with target dates agreed for other actions.</i></p> <p><i>In addition, as part of governance arrangements, the Chief Finance Officer requires Managers to sign off an annual statement reinforcing accountability in operating adequate systems of internal control.</i></p>
<p><b><u>4.Authorisation Controls</u></b></p> <p>Authorisation represents a key control process across core financial systems to reduce risks of errors and prevent/detect/minimise fraud occurrences and financial losses.</p> <p>There is scope in certain areas to enhance the robustness of authorisation controls for core financial systems reviewed.</p>	<p>Strengthening of authorisation control processes through management oversight and reasonable checking of processing activities to confirm accuracy and validity of transactions. This has been recommended across a few audit reviews (specific recommendations referred to at Appendix 1).</p> <p><b><u>Management Action:</u></b> <i>Several recommendations have been implemented with target dates agreed for other actions.</i></p>
<p><b><u>5.Financial reconciliations</u></b></p> <p>Reconciliation exercises between the Creditors control account</p>	<p>See audit recommendation set out at Appendix 1 to this report (Creditors Audit).</p> <p>All core financial systems should be regularly</p>

<p>(purchase ledger) and the Council's general ledger were behind schedule, as was the overarching cashbook reconciliation. This increases risks of errors and data discrepancies not being promptly identified or resolved. Reconciliation processes will feed into the overall financial accounts programme.</p>	<p>reconciled to the Council's general ledger and such exercises evidenced on a timely basis.</p> <p>The overarching cashbook reconciliation exercise should be brought up to date.</p> <p><b><u>Management Action:</u></b> <i>Financial reconciliation exercises brought up to date for 2020/21 and quarterly reconciliations to be fully implemented by 31 July 2021.</i></p>
<p><b><u>6. Central government guidance</u></b></p> <p>Non-adherence to an aspect of central government guidance was identified in respect to the administration and recording of the first tranche of Business Support Grants. There are associated risks of error, fraud, and reputational impact.</p>	<p>This issue was addressed during the audit. The relevant government body have been informed and the Chief Finance Officer has instructed the team to strictly follow all guidance. Additional checks are incorporated into management review of payment runs to identify any non-standard amounts.</p> <p><b><u>Management actions:</u></b> <i>Implemented and completed.</i></p>
<p><b><u>7. Procurement - Supplier and Payment Analysis</u></b></p> <p>The following key issues were raised following audit analysis of payments and suppliers:</p> <ul style="list-style-type: none"> <li>• Cases of duplicate payments generated and processed, incurring financial losses.</li> <li>• Whilst there was sufficient evidence of purchase orders raised for procurement activity, it was noted that there was a significant disparity between the volume of Suppliers and the number of contracts recorded as being in place. A matter was raised around possible scope for entering into a greater level of agreements to offer increased safeguards for the Authority. It is also acknowledged that where data cleansing of the supplier master database is not undertaken regularly, this is likely to contribute to an excess number of suppliers recorded on the finance</li> </ul>	<p>(i) Duplicate payments identified as part of the Supplier and payment analysis exercise to be recovered. <b><u>Management Action:</u></b> <i>Completed.</i></p> <p>(ii) Exploration into expanding use of contracts/formalised agreements in accordance with revised Contract Standing Orders to ensure procurement safeguards are consistently in place.</p> <p>(iii) A contract and agreements register should be maintained, clearly listing all Council contracts, their values and expiry dates. <b><u>Management Action (ii &amp; iii):</u></b> <i>The Procurement Team agreed to undertake a corporate request for contracts ('Contracts Amnesty') – latest status to be confirmed.</i></p> <p><b><u>Management Action:</u></b> <i>Annual data cleansing of the master supplier database on Integra.</i></p>

<p>system.</p> <ul style="list-style-type: none"> <li>An observation was raised around contracts due to expire and the mechanisms for reviewing and maintaining contract information (noted also at the previous procurement audit).</li> </ul>	
<p><b>8. Workplace Culture</b></p> <p>The establishment of formally defined values that clearly articulate what the Council stands for (additional to corporate priorities) has been discussed with the corporate management team and recognised as good practice. In the absence of formalised council values there is a risk that desired values and principles will not be reflected or embedded in behaviours and core policies, practices, or processes. This misalignment may impact on the effective achievement of organisational objectives. It is acknowledged that some work has already been carried out with IESE to develop Council values and proposed values under the acronym 'PROVIDE' have been put forward.</p>	<p><i>Positive progress in establishing a set of organisational values for Spelthorne.</i></p> <p><b><i>Management Action:</i></b> <i>In developing and embedding a values and behavioural framework for Spelthorne, audit recommendations arising from a review of Workplace Culture have been recently issued (July 2021), referred to at Appendix 1.</i></p>

## 2. Options analysis and proposal

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

## 3. Financial implications

- 3.1 The Corporate fraud returns collated by Internal Audit demonstrate the cumulative financial returns/savings achieved. From January 2015 to March 2021, notional savings exceed £2.7m (based on Cabinet Office notional savings to the public purse) of which £555k represents quantifiable cashable savings for Spelthorne. Specifically, for the 2020/21 period (rounded to the nearest £1,000), the overall savings to the public purse equated to £107 k with cashable savings for Spelthorne amounting to £62k.

#### **4. Other considerations**

- 4.1 Some internal systems of control have been adapted to ensure greater alignment to new remote ways of working, in particular financial processes.
- 4.2 Due to the additional work pressures arising from the COVID-19 pandemic across the authority during 2020/21 with ongoing implications, Internal Audit have observed relaxation of control processes in some areas. Whilst in the circumstances some weakening of the operation of established controls is not surprising, it is highlighted again here for reference and will continue to be monitored.

#### **5. Equality and Diversity**

- 5.1 There are no implications.

#### **6. Sustainability/Climate Change Implications**

- 6.1 Appendix 1 gives reference to an audit review of Climate Change and there is also inclusion on the Council's Corporate Risk Register, given that it represents a significant and topical risk category.

#### **7. Timetable for implementation**

- 7.1 Implementation of audit recommendations and audit status (open or closed) will continue to be monitored as part of the follow up process, to coincide with Audit Committee reporting timescales throughout the year (November, March and July).

#### **Background papers:**

**Internal audit reports**

**Internal audit working papers**

**Correspondence or discussions on risks and controls/issues arising**

**Corporate Risk Register (published)**

**Covid-19 Risk Considerations**

**Counter Fraud Returns**

#### **Appendices:**

**Appendix 1 –Workstreams undertaken by the Internal Audit team relating to 2020/21**

The role of **Internal Audit** is to provide independent **assurance** that an organisation's risk management, governance and **internal** control processes are operating effectively. An assurance opinion (key) is attached to Internal Audit reports and recommendations are made based on the traffic light system (Red, Amber, Green).

**\*ASSURANCE KEY (Column 2 of table):**

<b>Effective</b> - Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
<b>Some Improvement Needed</b> - A few specific control weaknesses were noted; generally, however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
<b>Major Improvement Needed</b> - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
<b>Unsatisfactory</b> - Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

~ RECOMMEND	
<b>High</b> 	Urgent action
<b>Medium</b> 	Action required to
<b>Low</b> 	Desirable action

Page 95

**# Internal Audit Recommendations Status Key (Column 6 of table): # Reporting on the status of whether internal audit recommendations have been implemented or remain outstanding is based on confirmation from Group Heads/ Managers i.e. Internal Audit have not verified this. MAT & Members should note the comments recorded under the Progress column when considering the direction of travel.**

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
1. Commercial Assets and Investments	<b>Effective</b>	Group Head Regeneration & Growth	There are no recommendations arising from audit work undertaken.		Closed

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
June 2021 (Final)					
2. Property Development	TBC	Group Head Regeneration & Growth		There is one recommendation under discussion with Management.	Note Column 4. Audit Work in Progress
3.Treasury Management May 2021 (Final)	<b>Some Improvement Needed</b>	Chief Accountant	1. The Chief Accountant should review the <u>authorisation process</u> relating to external borrowing for robustness to enhance the control environment and reduce the risk of re-occurrence of transactional errors. This should incorporate the following: (i)Appropriate checks should be undertaken to ensure that the repayments are correct and in accordance with the terms of the loan  (ii)Ensure completeness of supporting documentation with regard to PL3's for authorisation of loan		1. Agreed. A weekly review of Treasury management activity has been implemented during May.  2. Agreed to implement. Target – end of June.

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
			repayments  (iii) Periodically review the Treasury Management Issues Log to ascertain any common themes that require attention  2. In view of the ongoing and increased Treasury Management activity, it seems prudent that the Chief Accountant (or other independent officer) carry out periodical management spot checks to incorporate high value transactions. (This is a re-recommendation from 2018/19 & 2019/20).		
4.Creditors June 2021 (Final)	<b>Some Improvement Needed</b>	Chief Accountant & Creditors Manager	1. In view of the signed Credit Card User Agreement Terms and Conditions, the credit card referred to in discussions with the Chief Finance Officer should be immediately revoked.		1. Implemented

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
			<p>2.The number of credit card holders should be reviewed based upon their usage. In particular, a review of the credit card holder that has not used their credit card since inception should be revoked.</p> <p>3.The authorisation process of credit card transactions should be reviewed and strengthened whilst aligning with the need for operational flexibility. Line managers should either authorise and / or spot check credit card transactions for reasonableness incurred by their staff. This area should be reviewed in tandem with any existing checks undertaken by the Finance Team.</p> <p>4.The Section 151 Officer – CFO / Deputy Chief Executive should send out a reminder to all credit card holders regarding the requirement to comply with</p>		<p>2.Completed and further review scheduled August 2021.</p> <p>3.Agreed and in progress. Target 31 July 2021.</p> <p>4.Agreed and implemented March 2021, with annual reminders to follow.</p>

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations  Red (Column 4) / Amber (Column 5)		#Current Status and Progress
			<p>Corporate Credit Card User Agreements. An annual reminder going forward may also be appropriate.</p> <p>5.The Section 151 Officer – CFO / Deputy Chief Executive should consider reviewing the £20k temporary authorisation limit of the Mayoral and Civic Events Officer’s credit card.</p> <p>6.The Creditors Control Account should be reconciled to the General Ledger on a monthly or quarterly basis. Evidence should be readily available to show that reconciliations have been undertaken and should also be subject to a periodic management review to ensure that the reconciliations are completed in a timely manner.</p>	<p>7.A report identifying potential Duplicate</p>	<p>5. Completed with further review of limits operating scheduled for August 2021.</p> <p>6. Agreed for full implementation by 31 July 2021.</p> <p>7. Agreed and implemented.</p>

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations  Red (Column 4) / Amber (Column 5)		#Current Status and Progress
				Payments prior to each payment run should be retained as evidence of review. A quarterly spot check should be conducted by the Systems Accountant / Creditors Manager to ensure this is being carried out. If this is evidenced, it will ensure it is available for review by the Chief Accountant.	
5.Housing Benefits Overpayments  May 2021 (Final)	<b>Effective</b>	Joint Group Heads Community Wellbeing	There are no recommendations arising from audit work undertaken. An observation relating to the write off process has been highlighted for management's attention.	Not Applicable.	<b>Closed</b>
6. Covid related workstream - Test and Trace Support Payment Scheme April 2021 (Final)	<b>Effective</b>	Joint Group Heads Community Wellbeing	There are no recommendations arising from audit work undertaken.	Not Applicable.	<b>Closed</b>

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
7. Covid related workstream - Business Support Grants (Phase 1 of grants administration up to November 2020)  April 2021 (Final)	<p align="center"><b>Major Improvement Needed</b></p>	Chief Finance Officer	1.Going forward it would be prudent for the Section 151 Officer to obtain re-assurance from the Deputy Group Head of Customer Relations that there is no deviation from Central Government guidance in any future tranches of grant funding.  2.The feasibility of maintaining an independent record / spreadsheet to record future grant payments rather than the Business Rates system should be explored.	-          -	<p><b>Closed</b></p> 1.Implemented and additional checks are incorporated into management review of payment runs. Reviewed and addressed.  2.The associated risks of error arising from data input and processing are reduced in view of additional checking now in place across the team(s) and with BEIS to identify any potential duplicates as well as non-standard amounts. * <b>*A further audit review of Business Support Grants is underway as part of the 2021/22 Audit plan.</b>
8. Covid related workstream – Support 4 Spelthorne Welfare Hub	<p align="center"><b>Some Improvement Needed</b></p>	Joint Group Heads Community Wellbeing	-	1. The relaxation of controls should feed into the corporate ‘Lessons learnt’ exercise.	1.Agreed.

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
January 2021 (Final)			-	<p>2.To improve financial control, an indicative guestimate budget should be established, monitored, and revised in light of actual experience.</p> <p>3.The Deputy Group Head Community Wellbeing should ensure that all invoices, credit card transactions and till receipts are scanned into Integra.</p>	<p>2.Agreed. For future reference/application as necessary. (No further update required)</p> <p>3. Completed.</p>
9.Procurement (Position Statement, Follow Up Reviews, payment and supplier analysis, work to support Public Procurement Notice) January 2021 (Final)	<b>Some Improvement Needed</b>	Group Head of Corporate Governance	This was a follow up piece of work to assess and verify implementation of previous audit recommendations (issued 2019), as well as highlight any key matters arising from audit analysis of Suppliers and payments for the attention of management.	The status of audit recommendations was reported to the Audit Committee in March 2021 as part of monitoring open/closed audits.	<p>Several recommendations planned for implementation were scheduled to follow the planned review of the Council’s Constitution and subject to approval of changes to the Contract Standing Orders and other parts of the Constitution. The latest status is reported below.</p> <p>There are a number of Policies and Procedures in</p>

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
					<p>development, both in response to the audit recommendations and as proposals for the introduction of best practice. The implementation of the revised CSOs and constitution has been delayed.</p> <p>The Policies and Procedures flow from the revised Contract Standing Orders and changes to the Governance structure. The new Policies and Procedures are:</p> <ul style="list-style-type: none"> <li>01 Procurement Policy</li> <li>02 Developing the Procurement Plan</li> <li>03 Delievring Social Value through Procurement</li> <li>04 Advertising and Reserving Spelthorne Procurement Opportunities</li> <li>05 Using SBC's Framework Agreements</li> <li>06 Managing Contracts</li> </ul>

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
					<p>07 Request for Quote and tender Process                      08 Procurement Due Diligence Checklist                      09 Managing Risk in Procurement projects                      10 Drafting a Specification of requirements                      11 Exemption Reporting</p> <p>Other, related documents (in addition to the CSOs) include the proposed Procurement Strategy, and a number of updated templates (e.g. Specification, RFQ, Exemption Report etc.).</p>
10. Debtors	<b>TBC</b>	Customer Services and Revenues Manager	There are several recommendations arising from audit work undertaken, with a view to strengthening controls associated with the write off policy and process, scope to enhance management		The draft report will be issued shortly and recommendations will be discussed further with the accountable manager.

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations  Red (Column 4) / Amber (Column 5)		#Current Status and Progress
			information on aged debt, periodical review of suspense items and sundry debtor accounts in credit followed by relevant action.		
11. Community infrastructure Levy  July 2021 (Draft report)	<b>Some Improvement Needed</b>	Group Head Corporate Governance / Deputy Group Head Customer Services	-	The Group Head of Corporate Governance and the Deputy Group Head of Customer Services should discuss and review the option of transferring the CIL income recovery process (at an appropriate point of the recovery stage) from the Customer Services Team to the Legal Team. Any proposed decision based on benefits envisaged for the authority should also be raised with the Chief Finance Officer for approval.	Formal management responses to the recommendation will be collated following further discussion with the accountable managers .
12.Climate Change  July 2021 (Draft report)	<b>Some Improvement Needed</b>	Group Head Commissioning and Transformation		1.As part of drafting the new Climate Change strategy / action plan, expected items	Recommendations have been discussed with the accountable manager and formal responses to the

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations  Red (Column 4) / Amber (Column 5)		#Current Status and Progress
		(Corporate lead)		<p>highlighted by audit should be incorporated as far as possible.</p> <p>2.Template project documentation (for example business cases) to be reviewed and updated to ensure that Climate Change risks/implications are considered as part of decision making.</p> <p>3. Governance arrangements should be incorporated into the new Climate Change Strategy / Action Plan to ensure that roles and responsibilities are clearly defined.</p> <p>4.Training to be arranged for Officers and Members to enhance understanding of managing Climate Change and the responsibilities of individuals across the organisation to address</p>	recommendations will be collated shortly

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
				<p>climate related risks. This will assist effective scrutiny and decision making to ensure appropriate actions are taken to maximise carbon reduction.</p> <p>5.Periodic monitoring and reporting arrangements to the relevant governing body should be incorporated into the new Climate Change Strategy / Action Plan to ensure transparency and enable appropriate scrutiny of actions taken.</p>	
<p>13. Workplace Culture and Ethics</p> <p>July 2021 (Draft report)</p>	<p><b>Some Improvement Needed</b></p>	<p>Corporate Management Team</p>	<p>-</p>	<p>1.Prior to formal adoption of a set of associated behaviours, consideration should be given to obtaining employee feedback to ensure that staff understand the values and are aligned with the proposed behaviours.</p>	<p>Recommendations have been discussed with the corporate management team and the Group Head Commissioning &amp; Transformation. Formal responses to the recommendations will be collated shortly .</p>

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
				<p>2.The Council should establish an action plan to outline its overall approach, timeframes, and desired outcomes for embedding values and behaviours into the organisation’s working culture. This should include consideration of the extent to which values and behaviours should be incorporated into key policies and practices, including the areas as outlined in the detailed finding.</p>	
14.ICT Audit (Health check and general IT Controls)	<b>TBC</b>	Group Head Commissioning and Transformation	-	-	Audit work in Progress
15.ICT Audit (Network Infrastructure)	<b>TBC</b>	Group Head Commissioning and Transformation	-	-	Audit work in Progress

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber (Column 5)		#Current Status and Progress
16.Finalisation of 2019/2020 Audits	<b>Various</b>	Various	All recommendations relating to the 2019/20 Audit workplan have been previously reported to the Audit Committee in July 2020.	-	The status of audit recommendations relating to the 2019/20 Audit workplan have been previously reported to the Audit Committee.

Follow Up Audit Recommendations	Managers are requested to advise on the status of audit recommendations issued to assess implementation. This should encourage greater management ownership of control systems and risk mitigation. Previous recommendations are also followed up at every audit review (where applicable) and as part of the periodical audit reporting process.
Assurance templates (Risk and Control matrix)	Internal Audit have continued to encourage Managers representing the first line of defence in the overall assurance framework to provide assurance that controls in their functions/services are operating effectively. Where considered appropriate assurance templates have been populated highlighting key risks within the function and Managers asked to confirm that controls are operating as described. Managers are encouraged to advise on any additional risks including those related to the pandemic. Whilst Internal Audit have facilitated this process which supports risk-based auditing and continue to encourage Management input, ownership of controls and effective risk management remains with Management.

**Other workstreams including corporate tasks**

<b>Statutory</b>	❖ Reporting to Audit Committee three times a year (9 reports per year) includes Internal Audit activity
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<p><b><u>requirements &amp; Reporting</u></b></p> <p>Audit Committee &amp; External Audit</p>	<ul style="list-style-type: none"> <li>❖ Annual Audit Plan preparation for 2021/22 in liaison with Group Heads and Managers, with inclusion of key risks and audit objectives for planned assignments</li> <li>❖ Meetings with the Audit Committee Chair, Chief Finance Officer and Group Head Corporate Governance</li> <li>❖ Following up and responding to actions/ questions raised by Audit Committee members</li> <li>❖ Input to Audit Committee Training provided by external trainer in September 2020</li> <li>❖ Annual Audit Opinion &amp; input to Annual Governance Statement</li> <li>❖ Liaison meetings with the External Auditors (BDO) to discuss working approaches, audit findings and key timelines.</li> <li>❖ Audit Planning including timings, allocations, scoping and prioritisation review</li> <li>❖ Preparation of audit briefs, terms of reference and work programmes</li> <li>❖ Supervision and guidance including quality assurance review process for every audit review undertaken</li> <li>❖ Exit Meetings with management and finalising audit reports</li> <li>❖ Responding to Senior Management requests to defer planned audit assignments</li> <li>❖ Escalation where necessary to enable finalisation of work</li> </ul>
<p><b><u>Corporate Risk management</u></b></p>	<p>Coordination of the Council’s Corporate Risk Register which represents the Council’s most significant risks and regular reporting to Audit Committee and Cabinet took place.</p> <p>As part of refreshing the Council’s approach to Risk Management, the format and structure of the Corporate Risk Register has been further reviewed and the proposed changes were presented to the Audit Committee in March 2021. The revised register aims to be more aesthetically appealing and digestible in terms of content. It focuses on a smaller number of corporate risks relating directly to effective delivery of the Corporate Plan Priorities/Objectives. It also aligns to methodology set out in the revised and fully refreshed Corporate Risk Management Policy. As part of ongoing development work on risk management, a summarised policy guide has also been prepared to assist colleagues in managing risk and training is planned for September of this year to raise awareness. Initial discussions have commenced on developing a risk appetite statement for the authority.</p>
<p><b><u>Corporate Counter Fraud</u></b></p>	<ul style="list-style-type: none"> <li>• Collate and monitor quarterly fraud returns for submission to Surrey County Council. Payback/returns are continuing to be achieved from the counter fraud work and Spelthorne’s cumulative fraud returns from the start of the Surrey Counter Fraud Partnership in January 2015 up to March 2021 exceed £2.7m (represent financial savings to the public purse based on Cabinet Office estimated figures) of which quantifiable cashable savings for Spelthorne equate to £555k. The annual fraud return for 2020/21 (covering high risk public fraud) is referred to on the cover report.</li> <li>• Spelthorne is procuring counter fraud resource/services from Reigate and Banstead to target areas which are likely to generate greater financial payback (business rates and housing) and further funding has been secured from April 2021. Collaborative working continues to produce positive outcomes and results were publicised to serve as a deterrent. Meetings have taken place</li> </ul>

	<p>to encourage greater focus on social housing fraud going forward and we wish to work closer with social housing providers to specifically target this issue through exploration of a data matching initiative. Reigate are also assisting on Council Tax support and benefit investigations. Pro-active fraud initiatives relating to Business Rates (such as the Destin Solutions hub for small business rate relief) continue to be encouraged.</p> <ul style="list-style-type: none"> <li>❖ 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 housing fraud/business rate avoidance and evasion, as well as opportunities to participate in joint data sharing exercises and county wide exercises in the fight against fraud.</li> <li>❖ Internal Audit, Finance, Communications, and other teams circulate details of frauds and scams identified nationally or locally to make staff aware of risks and asses their impact as necessary.</li> <li>❖ All audit reviews consider fraud risks. However, it remains the responsibility of management to ensure they have adequate systems of control in place to minimise risks of fraudulent activity and robust detection mechanisms in operation.</li> </ul>
<p><b><u>Contractor Resource Management</u></b></p>	<p>Commissioning of audit assignments with the service provider TIIA provides access to both generalist and specialist skills such as ICT auditing. Where Auditors have conducted similar reviews at other local authorities any best practice can be shared.</p>
<p><b><u>Audit Support</u></b> Audit advice to management &amp; Liaison (responsive and pro-active work)</p>	<ul style="list-style-type: none"> <li>❖ COVID-19 - Monitoring the Council’s ongoing response and recovery from the pandemic, identification and assessment of emerging and evolving risks and periodical reporting. Highlighting risk mitigation actions underway.</li> <li>❖ Attendance at working groups to offer advice where appropriate on risk and control implications, (Corporate Risk Management Group, Corporate Debt Group, ICT SIG).</li> <li>❖ Confidential advice to some service areas</li> <li>❖ Various MAT and Committee reports – governance, risk, and control issues</li> <li>❖ Emerging processes to adapt to new ways of remote working</li> <li>❖ Regeneration and Growth – Development schemes and moratorium</li> <li>❖ Finance and Customer Services - Duplicate Payments</li> <li>❖ Finance – secure collection and banking of monies from satellite offices</li> <li>❖ Exploring a forensic software system designed to be proactive and preventative in generating financial error for the Creditors function including discussions with external representatives and internal stakeholders</li> <li>❖ Discussions with the Chief Accountant on the budget process</li> <li>❖ Liaison with Customer Services on suspected Money Laundering case</li> <li>❖ Liaison with Customer Services on the invoice process and assurance reporting on Business Support Grants</li> </ul> <p>There are various other examples of audit support – the above is not a complete list.</p>

<p><b><u>Miscellaneous &amp; Corporate tasks</u></b></p>	<p>Various as summarised below:</p> <ul style="list-style-type: none"> <li>❖ Refreshing and updating internal audit procedural manual/guidance</li> <li>❖ Refreshing and updating audit templates and documentation</li> <li>❖ Attendance at Corporate training sessions</li> <li>❖ Continuous Professional Development and keeping abreast of audit technical developments/emerging best practice</li> <li>❖ Performance Management / 1-1's</li> <li>❖ Team management (staff support/ admin/GDPR Compliance Plans/ Health and Safety/ Budget/Legal Liaison on contractual agreements/ information requests relating to COVID-19 etc.)</li> <li>❖ Keeping abreast of corporate initiatives and the independent LGA peer review</li> <li>❖ Responding to FOI requests</li> <li>❖ Team meetings</li> <li>❖ Corporate staff meetings</li> <li>❖ V-BEC Managers Briefings</li> <li>❖ Quarterly liaison meetings with the s.151 Officer on audit matters as part of 'dotted reporting line'</li> </ul>
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Page 112

**WORK IN PROGRESS:**

Quarter 1 2021/2022 The following assignments have commenced and are currently underway (some areas will be ongoing pieces of work throughout the year). Audit recommendations for these assignments (if arising) including assurance opinion ratings will be reported to a future Audit Committee.

1. Finalisation of 2020/21 audit work (referred to above).
2. COVID-19 Workstream 2021/22– Assurance and verification work on the most recent tranche of Business Support Grants will consider associated risks and review control processes operating to validate applications and grant payments, including counter fraud checks and assurance reporting in accordance with Government guidance/framework.
3. COVID-19 Workstream 2021/22–Monitoring the Council’s ongoing response and recovery from the pandemic, identification, and assessment of emerging and evolving risks. Note the separate report prepared for the July Audit Committee agenda – Covid-19 Risk Considerations.
4. Planned Advisory work 2021/22– Consideration of risks and control implications across a few defined areas as referred to in the audit plan.
5. Corporate roles including risk management and counter fraud oversight continue, as well as other workstreams referred to earlier.



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# Audit Committee



Date of meeting 29<sup>th</sup> July 2021

<b>Title</b>	Annual Governance Statement 2020-21
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Terry Collier, Chief Finance Officer
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <p><b>The Audit Committee is asked to approve the draft Annual Governance Statement at Appendix 1 and endorse the improvement actions identified in the Statement.</b></p>
<b>Reason for Recommendation</b>	<b>The Committee has a statutory duty to review and approve on behalf of the Council the Annual Governance Statement.</b>

## 1. Key issues

- 1.1 The need to review arrangements for corporate governance and internal control and to produce the Annual Governance Statement (AGS), attached as Appendix 1, is given statutory backing by the Accounts and Audit Regulations 2015. The CIPFA/SOLACE governance framework 'Delivering Good Governance in Local Government' brings together an underlying set of legislative requirements, governance principles and management processes. Crucially, it states that good governance relates to the whole organisation.
- 1.2 CIPFA has assigned proper practice status to the governance framework. It outlines six core principles of governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and (where applicable) leads the community. The degree to which the authority follows these principles should be declared in its Annual Governance Statement. It is this statement that has the legal backing of Regulation 4 of the Accounts and Audit Regulations. The Annual Governance Statement (AGS) sets out the framework within which internal control is managed and reviewed and the main components of the

system, including the arrangements for internal audit. The AGS also identifies any areas of significant weakness in internal controls, and areas for improvement, and the actions taken to remedy these through risk mitigation and effective management.

1.3 The Annual Governance Statement relates to the system of governance arrangements and internal control as it applied during the financial year in this case, the 2020/21 financial year

1.4 The Audit Commission's Code of Audit Practice states that the AGS and underlying process will form a key piece of evidence for auditors' work on the authority's arrangements to secure economy, efficiency and effectiveness. In summary, the AGS will form an increasingly important part of the external auditors' work and subsequent opinion on the control arrangements of the Council and reviewing the effectiveness of internal control. The scope of internal control spans the whole range of local authority activities and includes those controls designed to ensure that:

- Council strategies and policies are periodically reviewed and put into practice.
- There is compliance with law and regulation.
- Agreed procedures and processes are followed to mitigate or reduce risks of error, financial loss, fraud, bribery and corruption.
- Adequate arrangements for safeguarding the authority's assets and resources.
- Financial statements and other published information are reliable and accurate.
- There is the efficient and effective use of management and resources in the delivery of high quality services.

1.5 The CIPFA statement recommends that the Council should satisfy itself that it has obtained relevant and reliable evidence to support the Statement and sets out an assurance gathering process framework. This framework comprises the following stages:

- Establish principal statutory obligations and organisational objectives
- Identify key risks to their achievement
- Identify and evaluate key controls to manage principal risks
- Obtain assurances on the effectiveness of key controls
- Evaluate and identify gaps in controls and assurances
- Produce an action plan to address gaps and ensure continuous improvement in internal controls
- Produce the Annual Governance Statement Report to Committee

1.6 The sources of assurance include:

- Published documents (e.g. Constitution)
- Corporate management team and managers throughout the organisation assigned with the ownership of risks and delivery of services
- The Monitoring Officer
- The Chief Financial Officer
- Internal Audit, particularly as summarised in the Internal Audit Annual Report for the year
- External Audit
- Review agencies and inspectorates- including in this particular year the Local Government Finance Peer Review
- The CIPFA Financial Management Code Self Assessment
- Review of Corporate Risk Register by Management Team; Corporate Risk Management Group; Audit Committee and Cabinet

1.7 In undertaking the review and completing the Annual Governance Review all of the above sources of assurance have been taken into consideration.

1.8 An important source of assurance is provided by the work of Internal Audit and several of the control issues identified in part 3 of the Statement relate to items identified in the Audit Services' Reports for 2020/21 which have been considered by the Audit Committee, particularly with respect to issues identified in the Corporate Risk Register.

1.9 It is important the actions identified with regard to the control issues are taken forward.

## **2. Options analysis and proposal**

2.1 It is proposed that the Audit Committee approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2020/21.

## **3. Financial implications**

3.1 There are none.

## **4. Other considerations**

4.1 The Accounts and Audit Regulations require the Statement of Accounts to include a signed off Annual Governance Statement, failure to do so could result in qualification of the accounts

## **5. Equality and Diversity**

5.1 Good governance includes ensuring appropriate governance in place to address equality and diversity issues.

**6. Sustainability/Climate Change Implications**

- 6.1 Good governance will help the Council effectively address sustainability and climate change issues.

**Background papers: There are none.**

**Appendices:**

**Appendix 1: Draft Annual Governance Statement 2020-21**

## **Annual Governance Statement 2020-2021**

### **Introduction**

As Leader and Chief Executive, we are acutely aware that everything the Council does relies upon a foundation of solid governance. The COVID-19 pandemic has meant that 2020-21 was a particularly challenging year for the Council though proactive leadership and a dedicated workforce we successfully adapted our working processes admirably and delivered:

We are charged by government to run the Council efficiently, effectively and economically. As a resident, you will want reassurance that proper systems are in place and running properly to deliver the vital services on which you depend and we are pleased to present this Annual Governance Statement to explain how we deliver on these expectations, to outline what has been achieved over the last year and tell you about the improvements we are currently working on.

In November 2020 we were the first Council to undergo a virtual Local Government Association Corporate Peer Review focused on Finance. This contained a number of positive comments on the Council's financial controls and its response to the pandemic.

A Peer Review Action Plan has been prepared to track all 26 recommendations which the Council has accepted, ensuring that these are progressed with planned regular updates provided to both the Corporate Policy & Resources Committee and the Audit Committee.

2020-21 was the last full municipal year that the Cabinet Strong Leader governance model operated. As from the Annual Council Meeting on 27<sup>th</sup> May 2021 the Council is moving to a new Committee governance system exercising functions delegated to a series of Committees by the Council

We hope that in reading this Statement you will be encouraged to explore further the work of your Council. You can read all the documents to which we refer on our website and view Council meetings online to see how we do business. You can also discuss any of these matters with your local Councillor.

### **COVID-19**

The overwhelming challenge for us in the past year has been responding to the Covid-19 pandemic. We adapted well to the change of working and ensured a high level of services was maintained.

Some headlines from the COVID-19 response:

- 17,114 welfare calls, visits and checks for vulnerable residents
- 31,538 tonnes of waste and recycling collected
- 2,062 fly-tips cleared
- 39,184 meals on wheels delivered
- 26 rough sleepers have been placed in settled accommodation
- 180,000 Bulletin magazines delivered, and 5,161 social media posts made.

### **The Council's vision for the Borough**

The Council had a Corporate Plan for the period 2016-2019 and a new one for 20210-2023 is currently being developed. The initial work undertaken on the new Plan has resulted in the previous Cabinet putting forward four new corporate priorities: i.e.

- Community – ensuring that we put our communities at the heart of everything we do, helping them to develop and thrive, and supporting those most in need.
- Affordable housing – delivering the affordable housing the Borough's residents need
- Recovery – supporting our communities and businesses recovery from the impact of COVID-19
- Environment – with a particular focus on tackling climate change

Once a new Corporate Plan has been fully developed this will then feed into the service plans of the different Council Services, so that the organisation can pull together and focus its resources on delivering these key objectives.

The Corporate Plan will take account of the following types of issues for the residents of Spelthorne:

- **COVID-19** – ensuring that the Council delivers an effective recovery plan to help its communities, businesses and the Council itself recover from the impacts of the COVID-19 pandemic. It is going to take a few years for a full recovery to be made
- **Housing.** The Council has an ambitious plan to address the issue of affordable house in our borough, particularly for key workers. We have started to address this issue by building affordable rental homes and by setting up a housing company, Knowle Green Estates Ltd. In February 2021 the Cabinet agreed the transfer (which was reviewed by the Overview and Scrutiny Committee) of Benwell House phase 1 (a mixed affordable rental, key worker and private rental scheme) and West Wing Knowle Green (25 affordable rental units including 1 fully adapted for disability living) from the Council to Knowle Green Estates, and for this to take place in early 2021.
- **The Local Plan.** This is currently being reviewed and we encourage you to find out more about the changes this could bring. The Government is asking us to house more people and build more properties than ever before (now 606 each and every year). This is a huge challenge in an urban area with a lot of Green Belt. We have to consider if we build higher density developments in our town centres or give up some of our Green Belt.

The Council is currently consulting on the Staines Development Framework to get an initial view from all residents who live, work and visit the borough on how they wish the town centre to be developed in future. Those responses will feed this summer into and help shape the Framework which will sit alongside the new revised Local Plan.

- **Town Centre Regeneration.** It is clear that there are changes in the way people shop and spend their time in town centres, which have been accelerated as a result of COVID-19. We are determined that none of our town centres will suffer, and have appointed a Town Centres Manager to help support Ashford, Sunbury and Shepperton in their recovery. A vibrant town centre is one where people live (to support the day time and night time economy), as well as one providing a mix of uses such as leisure, community, residential and offices to encourage people to visit and stay in the town centre. We recognise that there is an inevitable tension between the need to regenerate and re-invigorate and concerns about the level, density and height of development. This will be dealt with and resolved via the Staines Development Framework and the Local Plan. We will take steps to plan for the

vibrant places you will want to visit. As part of our regeneration aspirations, we bought back, in February 2020, the long leasehold of the Elmsleigh Centre in Staines-upon-Thames, to give us the ability to directly control a key piece of land within the town. This will enable us to proactively invest in this centre and to consider options for future redevelopment and regeneration.

In January 2020 the Cabinet voted to approve a moratorium on Council residential development schemes in Staines-Upon-Thames should take place until such time as three things take place, with the intention that these were to be completed prior to the Annual Council meeting in May 2021;

1. That the Strategic Planning team undertake an Issues and Options consultation exercise for the Staines Development Framework.
  2. That a sub-committee, which was agreed at Extraordinary Council on 21 January 2021, is included in the recommendations of the Committee System Working Group to be reported to Extraordinary Council, scheduled for 25 March 2021.
  3. That the viability of all the developments are reviewed by the Council's assets team.
- **Sustainability.** In October 2020 the Council declared a Climate Change Emergency and a climate change task group comprising of members started to explore the issues and actions needed to address the climate emergency. Further actions on climate change will be taken forward by the Environment and Sustainability Committee. We have installed Photo Voltaic (solar) panels on our West Wing affordable housing development at the Council offices site in Knowle Green and at the Depot. As part of a Surrey wide renewables assessment, we hope to identify further viable sites for installation of renewable energy technologies, including heat pumps. We have also provided further EV charging points at Knowle Green and purchased two electric cars for pool use, an electric van and bikes plus are replacing a Spelride bus at end of life with an electric one. We are actively seeking opportunities for further funding to roll out charging infrastructure across the Borough including working with Surrey County Council to supply on-street charging points. We continue to support residents in Fuel Poverty through the utilisation of the Green Jump funding and a small capital fund (£30,000). The funding enables households in fuel poverty to cut their bills and reduce carbon emissions through installing energy efficiency measures. We have designed the first Passivhaus (reducing energy usage) leisure centre which will be built to replace the current aging centre. We have undertaken a study of the Council's carbon production and a carbon trajectory study which enables us to focus on areas within the Council where emissions are highest so we can target future actions to most effectively reduce our carbon footprint. Actions to mitigate and adapt to climate change are being incorporated into all our services.

## How we run the Council

The Council is governed by democratically elected councillors and managed by professional staff. There is a clear demarcation of roles and numerous systems and processes in place to make sure that things get done properly:

- **Constitution.** This document remains a modern and effective document. (<https://democracy.spelthorne.gov.uk/ieListMeetings.aspx?CId=209&Info=1&MD=constitution>) This has been reviewed as part of the Council's move to a committee system of governance and will be reviewed again during the course of the next year as amendments need to be made in the light of development of the committee system, recent events and changes in legislation.
- **Policy Framework.** We have a number of important policies which are approved by a majority of all councillors. These are reviewed regularly. The most important policy is the Local Plan and this is being reviewed at the present time.
- **Governance Framework.** We adhere to standards jointly published by the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA). We ensure that these are kept under review.
- **Scrutiny of decisions.** During the period to which this Annual Governance Statement covers, the majority of decisions are made by the Cabinet or delegated to staff, there are structures and processes in place to hold these to account. We had an Overview and Scrutiny Committee and an Audit Committee which have cross party representation to review our performance, influence policy and review our decisions. Although we continue to have an Audit Committee, under the new Constitution we will no longer have an Overview and Scrutiny Committee with the service committees undertaking the scrutiny function including the areas of statutory scrutiny. As a result of our strategic property investment that generates funds to support our regeneration, housing and green initiatives, there continues to be a focus on how these decisions are made and the risks around property management. A new sub-committee of Cabinet was set up to deal with certain decisions relating to the investment portfolio, to enable timely decision making. This will be carried forward into the committee system.
- **Knowle Green Estates Ltd (KGE).** As our wholly owned company becomes more important in the delivery of our housing targets, we have ensured that it has independent auditors and that such audits feed into the Council's overall Statement of Accounts. In December 2020 two experienced Non-Executive Directors were appointed, following a competitive recruitment process. This summer Knowle Green Estates will publish its first Annual Report. The Knowle Green Estates accounts are independently audited, as well as being reviewed by the Council's external auditors when they audit the Council's consolidated Group Accounts
- **Spelthorne Direct Services Ltd (SDS):** During 2020-21 the Council set up a company to provide new local commercial waste services to businesses in the Borough and to help them more effectively recycle and minimise waste. SDS accounts will be independently audited.

### How we manage the finances

Nothing can happen in the Borough unless there is the money there to provide it. We have successfully delivered a programme of financial change. Our previous, *Towards a Sustainable Future* programme, delivered the sound basis on which we now proceed.

- **COVID-19.** COVID-19 resulted in significant additional expenditure supporting vulnerable residents, supporting homeless residents, shifting the Council's workforce to home working, which went very smoothly, enforcing COVID-19 regulations etc.

Additionally many of the Council's income streams were hit, particularly car parking. In response the Council undertook a worst, medium and best case scenario exercise which informed the setting of a COVID-19 supplementary Revenue Budget at an Extraordinary Council meeting in May 2020. This approved use of up to an additional £2.2m funds from reserves. In the event the additional funding from the Government for Councils, when it eventually came through proved greater than initially anticipated and the Council did not need to use any of its reserves.

- **Commercial Property Investments.** Thirty percent of the money we need to run the Council and provide services for residents now comes from our investment property investments. It is essential that these investments work for us and that we protect those investments for the long-term. We have a range of measures in hand to ensure that this happens. We have already strengthened our staff resources and implemented changes to our governance systems to ensure that we are proactively and professionally managing this £1 billion portfolio. We will continue to do this. We have been open and transparent with residents' associations about what we are doing, why and how they are protected. We will continue this dialogue. In response to the challenges of COVID-19 the Council put in place weekly review meetings, involving both senior councillors and senior officers, to assess performance collecting commercial rent. The Council's portfolio performed very well with more than 98% of the commercial rent invoiced for 2020-21 collected and most of the balance covered by rent deferral agreements. The Council has continued its strategy of mitigating future risk by setting aside a proportion of rental income into sinking funds to ensure that if required the Council has funds to offset short term dips in rental income. At the end of 2020-21 the Sinking Funds Reserves balances had increased to £26m.
- **Capital Strategy.** In February 2021 the Council approved its updated Capital Strategy which is a plain English document explaining council borrowing and spending. It sets out the current priorities which focus on housing and homelessness, regeneration and economic development, and green initiatives and climate change. Affordable housing is a particular issue, and delivery by the private sector is less than 6%. The Council has committed to ensuring that Council schemes deliver at least 50% affordable units. The Strategy also has a plain English Executive Summary to make it even more accessible for residents and it is backed up with technical appendices which explain the detail behind the strategy. We encourage you to read it <http://www.spelthorne.gov.uk/capitalstrategy>. We will keep this document up to date so that it always explains what we are doing and how we are doing it.
- **Systems of internal control.** Apart from the specific overview of the Council's investments and housing schemes, we have adequate systems in place to effectively manage risks, ensuring the day-to-day running of the business and the sound management of cash-flow. Managers are responsible and accountable for operating adequate systems of internal control to effectively manage risks within their Services, giving due consideration to fraud risks. We have a Chief Finance Officer (CFO), also known as the s151 Officer, who oversees these systems and they are regularly audited proportionate to the level of risk. Internal Audit findings are raised with management, and recommendations reported to the Audit Committee. There is regular budget monitoring by the Cabinet and Overview and Scrutiny (moving forward this will be by the Corporate Policy and Resources Committee) and these papers are published on our website for you to read. We have a Medium Term Financial Plan and we review our finances against this. The CFO is a member of the Council's senior Management Team.

- Improving the usefulness and readability of financial reporting. In November 2020 invited experienced local government officers and a Leader from another Council to come in as an independent Local Government Association Peer review team to act as critical friends and review our financial and property management arrangements. This recognised our strengths and areas for improvement with 26 recommendations made. An Action Plan <http://www.spelthorne.gov.uk/peerreview>) (addressing these recommendations has been approved by Cabinet.
- During 2020-21 we took to Audit Committee (12<sup>th</sup> November 2020) a self-assessment against the new Chartered Institute of Public Finance and Accountancy (CIPFA)'s Financial Management Code (<https://democracy.spelthorne.gov.uk/documents/g3389/Agenda%20frontsheet%20Thursday%2012-Nov-2020%2018.00%20Audit%20Committee.pdf?T=0>). Councils are expected to implement the Code in 2022-23 which consider how all aspects of governance contribute towards effective financial management. The Council will keep the self-assessment under review and will provide regular updates to Audit Committee.

### How we ensure we are listening to you

- **Consultation with residents.** Regular consultations are undertaken by Spelthorne Borough Council relating to a variety of subjects. Between the period of April 2020 and current time we have consulted on nine issues with residents, ranging from leisure requirements in the Borough, to public space protection orders and COVID-19 funding for businesses. Many policy changes require formal consultation with residents and in other cases we consult informally to understand residents' priorities and service requirements. All open consultations can be found on a dedicated web page [www.spelthorne.gov.uk/currentconsultations](http://www.spelthorne.gov.uk/currentconsultations) and these are communicated to residents and stakeholders across our variety of communication channels. We ensure that residents who are not digitally connected also receive news and have an opportunity to respond on Council consultations - whether through direct mailing, noticeboards, local press and our Borough Bulletin magazine. Our four week consultation at the end of 2020 consulted the public on the proposed change of governance model for the Council and the responses received helped inform the Committee system which have now been put in place. You can read more about our consultation policies and results at [www.spelthorne.gov.uk/consultations](http://www.spelthorne.gov.uk/consultations)
- Given the additional challenges arising as a result of COVID-19 in balancing future years' budgets, planning is underway to undertake a budget consultation exercise with residents in the summer of 2021 to feed into the Budget setting process for 2022-23 and 2023-24. Panel discussions, a public online survey and a targeted approach to relevant stakeholders will allow a full engagement with the consultation process as well as using our standard approach to reach residents and the wider audience. We have also utilised this process and strategy recently to target businesses in the Borough to identify how best to use the Government's 'Welcome back fund' and additional business grants which support the reopening of high streets, hospitality and leisure and for the recovery of our Town centres.  
**Channels of communication.** The Council has a number of ways it engages and communicates with residents and businesses in the Borough. We are always reviewing the most appropriate ways to communicate, from formal statutory

consultations through to the Council's use of social media and digital tools, including a subscriptions service for My Alerts [www.spelthorne.gov.uk/my-alerts](http://www.spelthorne.gov.uk/my-alerts) and a monthly E-newsletter <https://www.spelthorne.gov.uk/enews>. We have also recently launched a new easy to use accessibility tool on our website. The website can now change language, size or colour dependant on the users need and personal requirements. Using a range of different communication channels has been key during the pandemic, particularly when looking to reach our most vulnerable residents. Through our COVID-19 Champions scheme which was established as the first of its kind in Surrey, weekly webinars have been broadcast to ensure factorial information and advice has been communicated and delivered to the community and those groups harder to reach. The Council has also invested in digital screens which regularly communicate a number of events and key COVID-19 messages to residents when visiting The Elmsleigh shopping centre in Staines-Upon-Thames. By live-streaming Council meetings on our own You Tube channel – Spelthorne TV [www.youtube.com/user/Spelthornecouncil/videos](http://www.youtube.com/user/Spelthornecouncil/videos), we have opened the doors to democracy for many residents and on some occasions, meetings received over 800 views. We have also been able to capture and share many celebrations in the last year, which have been restricted because of the pandemic, by using this platform, including VE Day celebrations and promotional Town 'shop local' videos.

The Leader and Deputy Leaders during 2020-21 initiated a regular Residents Forum meeting as a new channel of communication with Residents Associations to discuss issues of local concern.

### **How we are accountable**

The Council is a democratic body and the powers which we exercise are derived from the electors. There are numerous systems in place to allow members of the public to get information, ask questions, challenge the Council and get involved. Ultimately the entire organisation is governed by residents just like you. This gives the Council tremendous strength in deciding what needs to be done in the Borough and how we prioritise scarce resources for best effect. You can consider some of the many ways to get involved:

- Speak to your ward councillor or the Chair or Vice-Chair of the Committee responsible for the issue
- Complain about services you think are not performing, or equally provide positive feedback when you think we are doing well
- Request information under the Freedom of Information Act and the Environmental Information Regulations.
- Ask questions at the Council and the Spelthorne Joint Committee (which covers issues relevant to both Spelthorne and Surrey County Council)
- Present petitions
- Speak at Planning Committee about applications in your neighbourhood
- Join your local Residents' Association

Almost all of the information you need can be found on our website ([www.spelthorne.gov.uk](http://www.spelthorne.gov.uk)) and we only restrict the publication of a very limited quantity of material where there is good reason, such as the need to respect the data protection rights of individuals or commercial confidentiality.

## **How we promote high standards in public office**

The Council has a dedicated Members' Code of Conduct Committee, which after the change to the committee system will be known as the Standards Committee. This Committee is guided by an Independent Chairman and Vice-Chairman. A Panel of Independent Persons is in place. They are consulted on any complaints against councillors to say whether they should be investigated.

We have numerous policies and procedures in the Constitution to back up a strong ethical approach to local government. In the last year we received twenty seven complaints about councillors. This is a considerable increase from the five during the previous year. A number of these are to be considered by the Assessment Hearings Panel to decide what action should be taken. A number have been rejected by the Monitoring Officer as being politically motivated, the Independent Persons were approached for comments on these.

The Council has in place a policy (<http://www.spelthorne.gov.uk/article/18641/Gifts-and-hospitality-policy>) on Gifts, Hospitality and Sponsorship which applies to both staff and councillors. The policy was reviewed in 2019. There are also policies dealing with Anti-Fraud and Corruption and Whistleblowing.

## **How we learn and improve**

The Financial Peer review (<https://www.spelthorne.gov.uk/peerreview>), which we would encourage you to read, illustrates the positive work of the Council. There are recommendations within the report which we are actively taking forward.

The Council has an ongoing Continuous Improvement Programme (CIP) where the CIP team work with services to identify improvements and efficiencies in processes, systems and working practices, for example makes improvements to make it easier for people to pay the Council on line. This has resulted in efficiency savings both in terms of time and money.

## **Internal audit**

The Council has an internal audit team which provides independent assurance to management and the Audit Committee on the adequacy of Council Services, systems and processes. This team has an annual internal audit plan which is discussed and agreed each year by the Audit Committee. The internal team operates to the Public Sector Internal Audit Standards. The effectiveness of internal audit is reviewed annually and an external quality assessment undertaken once every five years, with the last external review being undertaken in 2018.

The internal audit team works closely with the Council's external auditors.

Every year, the Internal Audit Manager issues an independent opinion in an annual report concluding on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. This comments on the risks facing the Council and the adequacy of the Council's arrangements to manage those risks. It represents one of the key assurance statements the Council receives.

The Internal Audit Manager has reported on seven assurance reviews relating to the 2020/21 audit plan, of which two were deemed 'effective', four were assessed as requiring 'some improvement' and one was identified as 'major improvement needed'. Actions were put in place to address these quickly. Assignments currently underway will be reported in the annual audit report for 2020/21 presented to Audit Committee, and any key matters arising so far have been considered for the annual audit opinion. Other relevant sources of

assurance such as audit advisory work, the Council's Corporate Risk Register and Covid-19 Risk Assessment have been reviewed for the purpose of producing the overall audit opinion.

### **Annual Internal Audit Opinion 2020/21**

The unprecedented challenges of the global pandemic throughout 2020/21 and the wide reaching risk considerations for Spelthorne Borough Council have been significant considerations in determining audit work and producing the annual opinion.

The opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is that reasonable assurance can be provided across these areas. The Council has many established control processes to effectively manage risks. However, it is recognised that improvements were recommended to address control weaknesses across some areas of operation, representing medium to high priority risks.

The Covid-19 pandemic and associated challenges/pressures also impacted on some aspects of the control environment and this will continue to be monitored during 2021/2022.

Internal Audit have consulted Managers to agree and monitor the implementation of recommendations or discuss improvement actions to address risks and enhance the robustness of the authority's control environment and governance arrangements. Where actions have been taken to address issues arising from audit work performed, this is acknowledged.

Punita Talwar, Internal Audit Manager - Chartered Internal Auditor (CMIIA)

May 2021

The internal audit team has carried out a number of audits in accordance with the agreed (revised) annual plan. Full details of these findings and the management response to them, as well as any key themes and issues arising from Internal Audits work for 2020/21 are to be found on the Audit Committee pages on our website

<https://democracy.spelthorne.gov.uk/ieListMeetings.aspx?CId=131&Year=0> (Annual Audit report 2020/21).

During a challenging year internal audit resource has been partially diverted to new and emerging priorities, such as, Covid-19 workstreams, audit support and advice, as well as participation in operational activities (first line of defence) as part of the Council's emergency response to the pandemic.

### **Corporate Risk Management**

The Council maintains a Corporate Risk Register, which is coordinated by the Internal Audit Manager and reported regularly to Management Team and Audit Committee. The Corporate Risk Register identifies and evaluates the key corporate risks facing the Council, the mitigating measures in place, and tracks outstanding issues to address risks. As part of refreshing the Council's approach to Risk Management, the format and structure of the Corporate Risk Register has been further reviewed and the proposed changes were presented to the Audit Committee in March 2021. The revised register is more aesthetically appealing and digestible in terms of content, supplemented with a high- level summary document. It focuses on a smaller number of corporate risks relating directly to effective delivery of the Corporate Plan Priorities/Objectives. It also aligns to methodology set out in the revised and fully refreshed Corporate Risk Management Policy. The subsidiary

companies are also producing risk registers. As part of ongoing development work on risk management, a summarised policy guide has also been prepared to assist staff in managing risk. An awareness raising session is being arranged during 2021/22.

### **External audit**

KMPG have still not delivered a Value for Money opinion on the 2017/18 accounts and this matter is overdue. The Council has repeatedly pressed KMPG for this matter to be resolved and are discussing the matter with the Public Sector Auditor Appointments body. We have continued to provide all the additional information requested by the auditors. In the meantime, the Council continues with its regeneration and reinvestment strategy for our residents and the borough. BDO has now been appointed for the Council by the independent Public Sector Audit Appointments body. BDO took over the audit of the Council's accounts for 2018/19 and 2019/20 and we look forward to concluding all outstanding matters. The Council is aiming to publish its draft statement of accounts for 2020/21 at beginning of June nearly two months ahead of the statutory deadline.

### **Audit Committee**

Terms of reference are set out in Constitution. There are regular meetings and work plan is published. Under the new Constitution there will continue to be an Audit Committee which will be expanded to have an independent lay member join the Committee.

### **How we learn from complaints and feedback**

The Council is always keen to hear from residents and staff about how it can deliver better services to residents. We also have feedback questionnaires for some services. We have a number of procedures in place:

- Our complaints procedure is working well after a review in recent years. However, we are always looking at ways to improve it.
- We have a staff whistleblowing procedure in place, this is highlighted as part of the staff induction process.

### **FOI/GDPR**

Our long term project to ensure compliance with the General Data Protection Regulations and improve the Council's information governance arrangements continues. This project has already delivered, and will continue to deliver, significant improvements in the Council's information governance arrangements.

The Group Head of Commissioning and Transformation is the Council's Senior Information Risk Owner who has responsibility for managing information risk across the council.

The Council's full time Data Protection Officer is responsible for overseeing data protection strategy and implementation. During the year we added an additional staffing resource to support this team.

The Council has clear processes for managing Freedom of Information Act, Environmental Information Regulations, and Data Protection Act requests. The aim of the process is to promote transparency across the organisation and deliver an efficient approach to handling requests.

Staff continue to ensure compliance with the Freedom of Information Act / Environmental Information Regulations, Data Protection Act, and Privacy and Electronic Communication Regulations. An audit of GDPR has been undertaken.

Monitoring includes reports to Management Team, internal and external audits and Information Commissioner reviews as appropriate.

COVID-19 has brought unprecedented challenges due to the need to share information quickly and adapt the way the Council's essential services work. Data protection staff are assisting colleagues to ensure that the Council only collects as much personal data as is strictly necessary for the relevant purposes and to continue to comply with Data Protection legislation.

### **How we will deal with significant governance issues**

Review of significant governance issues:

- **Financial reporting:** Looking to improve clarity of our financial reporting, addressing the LGA Peer Review on Finance, with our ambitious housing delivery programme making our Capital Programme larger with many more multi-year projects we are looking to make it easier for councillors and residents to see how capital spend against projects' budget are doing. The Capital Monitoring reports have been refined and simplified to make it easier to monitor progress of multi-year projects. Officers will be working with Councillors to focus on how budget monitoring reports can be improved.
- **Investment Assets portfolio management.** We have a £1bn property portfolio and we have put in place staff capacity skills and resource to manage it, reduce risk and deliver the benefits from it. We will continue to invest in the team and internal expertise (and look at the balance between internal expertise and external advisers) and review our governance arrangements. We have continued to build up our cash backed Sinking Funds reserves (now £26m) to mitigate against potential dips in rental income. There was also a framework involving councillors: reports to Property Investment sub-committee, Cabinet, Full Council and Overview and Scrutiny Committee, as appropriate. A framework will be taken forward into the new committee structure. Under the new Committee Structure, there will be a dedicated Sub-Committee of the Corporate Policy and Resources Committee which will, amongst other things, be responsible for actively scrutinising and monitoring the performance of our Investment and Strategic Portfolio.
- **Building the homes residents need.** We have strengthened all aspects of procurement and project management to ensure that we can deliver the projects which are envisaged by the Capital Strategy. We have ensured there is appropriate oversight and scrutiny of these projects, as they are delivered either by the Council directly, Knowle Green Estates or other third party developers. The new Sub-Committee of the Corporate Policy and Resources Committee, mentioned in the paragraph above, will have oversight of the programme management of the Council's key residential development and asset projects. The Sub-committee will sign off progress against project gateway stages.
- **Delivery of local government.** Given the cuts made by Surrey County Council and the financial position of our key partner, we have monitored their cuts on delivery of services to our residents. We will continue to speak up for Spelthorne.

### **Significant issues for the year 2020/21:**

- **COVID-19 implications:** An Extraordinary Full Council meeting held on 21 May 2020 received a detailed report setting out the Council's response to date on the COVID-

19 pandemic. There is no doubt there is a significant impact on the delivery of council services as well as financial costs and anticipated income shortfall. Further reporting was undertaken to Cabinet, Overview and Scrutiny Committee and Audit Committee. This will move to reporting to the Corporate Policy and Resources and Audit Committees as we hope to move further into recovery. Risks and opportunities which continue to emerge out of the pandemic (and beyond recovery phase) will be identified, prioritised, managed and monitored. If there are any wider lessons learnt these will be considered to ensure continuous improvement of crisis management, emergency and business continuity planning and organisational resilience. The Council has undertaken a comprehensive analysis of the risks facing the Council arising from the Covid-19 pandemic. The opportunities may include an emphasis on climate change and sustainability issues.

**Property portfolio:** The Council will continue to actively manage its property portfolio. A new Asset Management Plan has been adopted setting out how this is to be done. Councillors sitting on the Sub Committee of the Corporate Policy and Resources Committee will ensure active councillor oversight.

- **Implementing the new Constitution:** the constitution will be kept under review during the implementation of the new Constitution, this will be overseen by the Monitoring officer and the Standards Committee.
- **Role of KGE in delivering housing:** the delivery of housing in the Borough will be kept under constant review, and oversight of the development of the properties before they are transferred to KGE will sit with the Sub Committee of the Corporate Policy and Resources.
- **Role of SDS Ltd:** the work of this company will be overseen by the Environmental and Sustainability Committee.

## Conclusion

As we deal with the challenges of the next few years in the light of the impact of Covid-19 on our economy, health and safety and well-being, you can be assured that we are doing so from a solid foundation with proper systems of internal control.

.....  
Cllr Lawrence Nichols  
Leader of the Council

.....  
Daniel Charles Mouawad  
Chief Executive

# Audit Committee

29 July 2021



<b>Title</b>	<b>Counter Fraud, Bribery and Corruption Strategy</b>
<b>Purpose of the report</b>	To make a decision and a recommendation to Council
<b>Report Author</b>	Internal Audit Manager, Punita Talwar
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not Applicable
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>The Audit Committee is asked to:</b></p> <p><b>1. Endorse the Council’s Counter Fraud, Bribery and Corruption Strategy</b></p> <p><b>2. Approve the changes recommended to the Council’s Counter Fraud, Bribery and Corruption Strategy.</b></p>
<b>Reason for Recommendation</b>	<b>The Audit Committee is required to make any recommendations for change to the Policy and Resources Committee.</b>

## 1. Key issues

- 1.1 The following quotation references and statistics have been taken from the CIPFA Fraud and Corruption Tracker, national report 2020.
- 1.2 “Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities”.
- 1.3 “For local authorities in the UK, CIPFA has estimated that the total value of fraud identified and prevented in 2019/20 is approximately £239.4m, representing an average of £5,090 per fraud case”.
- 1.4 Opportunistic fraud, scams and cyber- attacks have been on the increase during the global pandemic. As remote working arrangements prevail, cyber security becomes even more important. Alongside this the additional workload pressures associated with the pandemic increase risks of internal systems of control becoming compromised, therefore presenting opportunities for fraud and error. It remains essential for the Council to protect its assets, resources, and information systems to minimise heightened risks of fraudulent activity and cyber-crime. Such occurrences could lead to significant business disruption, reputational damage, financial losses to the public purse, reduced public services and harm to vulnerable members of the community targeted by fraudsters. Poor data security and breaches are often viewed as an enabler for fraudulent activity to prevail.

- 1.5 The continued importance of having a defined approach for how Spelthorne will counter fraud, bribery, and corruption in the form of a strategy is acknowledged.
- 1.6 The Audit Committee is required to review the Council's Counter Fraud, Bribery and Corruption Strategy annually and under the new Committee model to make any recommendations for change to the Policy and Resources Committee. 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.
- 1.7 As part of this review, three minor changes are proposed to the strategy to reflect current terminology and recent developments. These have been highlighted in blue at Appendix 1 and relate to the following sections/references:

### **Sections – Main Heading & Awareness**

Replace 'Anti' with 'Counter' when referring to measures to address fraud

### **Section - Codes/Procedures**

A review of the Council's Constitution **is being** led by the Group Head of Corporate Governance.

The Whistleblowing Policy **has been** further developed

- 1.8 Best practice principles promoted in publications such as CIPFA's 'Fraud and Corruption Tracker, national report 2020', and 'Fighting Fraud and Corruption Locally' (2020) 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.
- 1.9 Several Counter Fraud measures and principles continue to operate as part of the strategy, and these are highlighted below:
  - Open and honest Culture – An acceptance that there is always going to be fraud and as public servants everyone has a part to play in remaining alert to the possibility of fraud, bribery or corruption. This links to responsibility for raising concerns in accordance with policy and procedure. The Confidential Reporting Code (Whistleblowing Policy) sets out arrangements further and this is highlighted as part of the induction procedure for new starters. Awareness raising across the authority continues.
  - Communicate and Inform – Spelthorne has regularly alerted Members, officers, and communities of the rising level of scams and suspicious communications. This risk has been heightened during the Covid-19 pandemic over the last eighteen months. High risk public fraud cases proven are publicised to serve as a deterrent.
  - Collaboration - Spelthorne continues to procure specialist counter fraud resource/expertise/services from Reigate and Banstead Council 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 including some successful prosecutions. Investigations for Council Tax Support and Housing Benefit cases have risen over the last year.

External meetings with Surrey Partners take place 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.

- Preventing Fraud – It is more difficult to recover loss post payment or award, so an emphasis on prevention as the most effective way to address fraud continues to be pursued. Enhanced verification for all homelessness applications (prior to award) is an example of a preventative measure currently in place which has led to applications being withdrawn. Such verification processes are also available for housing register applications and can help in reducing the level of households listed on the register. (There are currently approx. 3000 households on the authority's housing register)
- Detection and Investigation- Measures are set out in the attached strategy under 'Detection and Investigation'. Qualified fraud investigators (including Financial Investigators) have access to open source and other intelligence to inform investigations. The pandemic impacted the ability to conduct visits and face to face interviews during earlier phases, but this has since improved. Referrals are strongly encouraged for suspected fraud cases including Business Support Grants where risks of fraudulent applications/payments are known to be high.
- Fraud Recording and Reporting – There is quantifiable reporting of estimated financial savings/fraud losses prevented or detected (public fraud). Spelthorne's overall cumulative fraud return as at 31.3.21 exceeds £2.7m (based on Cabinet Office notional savings to the public purse) of which £555k represents cashable savings for Spelthorne. This covers a 6-year period coinciding with the commencement of the Surrey Counter Fraud Partnership in 2015. For the 2020/21 financial year, notional savings generated amount to £107k of which £62.3k can be quantified as cashable savings for Spelthorne.
- Opportunities - Increased focus on social housing fraud (such as unlawful sub-letting and wrongly claimed tenancy succession) is being pursued with registered providers given that fraud detected in this category generates a higher level of financial return. This was also reported as the largest growing fraud area in CIPFA'S Fraud and Corruption Tracker 2020. The Cabinet Office notional figure for tenancies recovered currently stands at £93k for every case. Where such fraud is proven, action can also be taken to confiscate assets under the Proceeds of Crime Act (POCA). A meeting has been organised with Housing and A2 Dominion to encourage the pursual of a data matching exercise, with a view to identifying tenancy fraud and freeing up social housing to those in genuine need.

Business Rates and Council Tax are prevalent areas of fraud in local government. Pro-active fraud initiatives (e.g., targeting small business rate relief and Single Person Discount) continue to be encouraged. The pandemic has created additional workloads and new pressures within Customer Services such as the processing and assessment of Business Support Grants and therefore targeted exercises for these common fraud areas have not developed further.

- Understanding & Awareness- Reigate and Banstead Council delivered high risk public fraud awareness training (refresher sessions) to Housing, Benefits and Customer Services during June 2021 and this was well received. Services were reminded of the scope of Counter Fraud provision and encouraged to refer suspected cases across all high- risk categories. Case studies were shared to illustrate Reigate's investigatory expertise, wider experience in working with three other authorities and accessibility to intelligence in tackling the fight against fraud.
- Internal Audit & Fraud Risk Management - Fraud can be external in nature (public fraud) or internal to an organisation (internal fraud). Managers are accountable for ensuring the adequate operation of systems of internal control in their service areas. Internal Audit provides independent assurance that effective controls are in place and operating to mitigate or minimise the risk of fraud, bribery and corruption for areas reviewed. Emerging fraud risks are also considered.
- Data Sharing and Analytics - Spelthorne already participate in the National fraud Initiative (NFI) every two years, whereby electronic data is matched within and between public and private sector bodies to prevent and detect fraud.

The Internal Audit Manager has encouraged exploration of innovative methods to detect and prevent fraud and error associated with 'Trade Creditors' through a complimentary trial of a forensic software tool. This is designed to provide a proactive and preventative solution to safeguard the council's financial resources relating to accounts payable and is used by other Surrey authorities. It is currently being explored with the Chief Accountant to assess added value.

## **2. Options analysis and proposal**

Either

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

Or:

ii. To make further amendments to the Counter Fraud, Bribery and Corruption Strategy.

Or:

iii. To make no changes to the strategy, thereby not reflecting the current position.

### **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 corporate counter fraud resource until March 2022 to support Housing, Business Rates and Council Tax. This resource may support other investigatory work, dependant on the nature of the enquiry.

### **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 liability offence associated with bribery, harm to staff or the local community, and reduced public services for the borough's residents (if resources are exploited by fraudsters).

### **5. Equality and Diversity**

- 5.1 Fraud, Bribery and Corruption risks should be considered in all areas of operation.

### **6. Sustainability/Climate Change Implications**

- 6.1 Fraud, Bribery and Corruption risks should be considered in all areas of operation.

### **7. Timetable for implementation**

- 7.1 There is no specific timetable.

#### **Background papers:**

CIPFA Fraud and Corruption Tracker, national report 2020

#### **Appendices:**

**Appendix 1 –Counter Fraud, Bribery and Corruption Strategy - reviewed July 2021**

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## APPENDIX 1 - COUNTER 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	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' ((020 3117 2520 – 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 review of the Council's Constitution **is being** 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 **has been** 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 Counter 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.

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**WORK PROGRAMME 2021/22**

**AUDIT COMMITTEE – 29 July 2021**

**Resolution Required**

**1. Work Programme**

- 1.1 This report covers the Work Programme for the municipal year 2021/22.
- 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:
  - **25 November 2021**
  - **24 March 2022**
- 2.2 Details of the Work Programme for future meetings are as follows:

<b>November 2021</b>	<b>Officer</b>	
Recruitment of Independent Person	Group Head of Corporate Governance	Report
Corporate Risk Management	Internal Audit Manager	Report
Covid-19 Risk Considerations	Internal Audit Manager	Report
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
External Audit Plan update	External Audit	Report
Internal Audit Interim Report	Internal Audit Manager	Report
Confidential Reporting Code	Group Head of Corporate Governance	Review
Report on The Effectiveness of the System of Internal Audit	Internal Audit Manager	Report
Committee’s Work programme for 2021/22	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

<b>March 2022</b>	<b>Officer</b>	
Corporate Risk Management	Internal Audit Manager	Report
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Internal Audit Annual Plan 2022/23	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

- 2.3 Any topics identified during consideration of the business at this meeting will need to be included in the above Work Programme.
- 2.4 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.
- 2.5 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. In the event of the Council receiving external auditor reports between scheduled meetings of the Committee it may be necessary to call additional meetings of the Committee.
- 2.6 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 Internal Audit. 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: Michelle Beaumont, Principal Committee Manager (01784) 446 337**

**Outstanding items to be added at appropriate time:**

Value for Money Statement 2017/18	External Auditors
Annual Audit Letter 2017/18	External Auditors
External report of Audit and Statement of Accounts 2017/18 (draft received in March 2019)	External Auditors
Value for Money Statement 2018/19	External Auditors
Annual Audit Letter 2018/19	External Auditors
External report of Audit and Statement of Accounts 2018/19	External Auditors
Value for Money Statement 2019/20	External Auditors
Annual Audit Letter 2019/20	External Auditors
External report of Audit and Statement of Accounts 2019/20	External Auditors

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