



*Please reply to:*

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Date: 18 September 2024

## **Notice of meeting**

### **Audit Committee**

**Date:** Thursday, 26 September 2024

**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. Button (Chair)

J.P. Caplin

P.N. Woodward

K. Howkins (Vice-Chair)

L. E. Nichols

J.R. Boughtflower

H.R.D. Williams

Independent Member: P. Briggs

Substitute Members: Councillors M. Arnold, C. Bateson, M. Bing Dong and T. Burrell

*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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## **Agenda**

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- |  |   |                      |
|--|---|----------------------|
| <b>1. Apologies and Substitutes</b>                                  |   |                      |
|  | To receive any apologies for absence and notification of substitutions.   |                      |
| <b>2. Minutes</b>  |   | <b>3 - 10</b>        |
|  | To confirm the minutes of the meeting held on 9 July 2024   |                      |
| <b>3. Disclosures of Interest</b>                                    |   |                      |
|  | To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.                         |                      |
| <b>4. Internal Audit Progress Report</b>                             |   | <b>11 - 22</b>       |
|  | To note the Internal Audit Progress Report (August 2024).   |                      |
| <b>5. External Audit Update</b>                                      |   | <b>Verbal Report</b> |
|  | To receive a verbal update on the work of the External Auditors.  |                      |
| <b>6. Audit Risk Assessment</b>                                      |   | <b>23 - 52</b>       |
|  | To consider the Audit risk Assessment for Spelthorne Borough Council 2023/24.   |                      |
| <b>7. Procurement Internal Audit Recommendations Progress Update</b> |   | <b>53 - 58</b>       |
|  | To note the progress in relation to the Procurement Internal Audit Progress Review Update and the Implementation of the Procurement Act 2023. |                      |
| <b>8. Annual Review of the Confidential Reporting Code</b>           |   | <b>59 - 68</b>       |
|  | To note the review of the Confidential Reporting Code by the Monitoring Officer has taken place and agree to retain the current policy.       |                      |
| <b>9. Corporate Risk Management</b>                                  |   | <b>To Follow</b>     |
| <b>10. Committee Forward Plan</b>                                    |   | <b>69 - 72</b>       |
|  | To consider and approve the work programme for the municipal year   |                      |

**Minutes of the Audit Committee  
9 July 2024**

**Present:**

Councillor J. Button (Chair)  
Councillor K. Howkins (Vice-Chair)

**Councillors:**

J.R. Boughtflower      L. E. Nichols  
J.P. Caplin              P.N. Woodward

**Independent Member:** P. Briggs

**Apologies:**      Councillor H.R.D. Williams

**In Attendance:** Councillor C. Bateson

**24/24      Apologies and Substitutes**

Apologies were received by Councillor Williams.

**25/24      Minutes**

The minutes of the meeting held on 19 March 2024 were approved as a correct record.

**26/24      Disclosures of Interest**

There were none.

**27/24      Internal Audit Plan 2024/25**

Neil Pitman, Head of the Southern Internal Audit Partnership presented the Committee with a report on the Internal Audit Plan 2024/25. The internal audit plan provided the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resource to provide a clear statement of assurance on risk management, internal control, and governance arrangements.

The Committee queried whether the plan as presented was in line with previous plans and whether there will be a similar level of continuation within the Internal Audit delivery considering the changeover on 1<sup>st</sup> April 2024 from our in house internal audit provision to the Southern Internal Audit Partnership now providing Internal Audit services. It was clarified that the Southern Internal Audit Partnership were guided by comparable procedures and standards which will ensure a seamless transition and continuity in our internal audit delivery.

The Committee discussed the benefit of having sight of full reports on internal audit reviews. The Committee **resolved** to agree to have sight of full reports on key internal audit reviews related to governance, including the Corporate Plan and Best Value – post inspection.

The Committee **resolved** to approve the Internal Audit Plan 2024-25.

#### **28/24 Internal Audit Charter 2024-25**

The Committee considered the Internal Audit Charter 2024-25 presented by Neil Pitman, Head of Southern Internal Audit Partnership. In accordance with the Public Sector Internal Audit Standards (PSIAS) all internal audit activities were expected to maintain an 'internal audit charter.' This defined the purpose, authority, and responsibility for the internal audit service consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. Neil Pitman highlighted that as part of the charter, members could refer to a list of definitions referenced throughout the report for clarity. A list of Audit reports which members could expect to be received over the year were also referenced within the charter for a full understanding.

The Committee **resolved** to approve the Internal Audit Charter 2024-25.

#### **29/24 Corporate Risk Management**

The Committee received a report from Lee O'Neil, Deputy Chief Executive on the Corporate Risk Register (Corporate Risk Management) which set out the significant strategic risks to the Council in delivering its priorities. The Deputy Chief Executive reported that there had been some delay in generating the new register due to technical constraints, however this had since been resolved. It was clarified that the overriding ownership of the risk register now sat with Corporate Management Team and Corporate Policy and Resources Committee members. The main changes to the register included a review and update of risk categories, and risk scores for certain categories had also been adjusted to reflect current threat and impact. The change in risk rating from amber to red for climate change was highlighted as this category brought specific risk to Spelthorne, as demonstrated by recent flooding events within the borough during January 2024.

The Committee queried whether the risk register was designed to ensure that risk assessments were completed meaningfully by managers. The Deputy Chief Executive confirmed that the current format was adopted by the previous Audit Manager, and worked well. Efforts had always been made to evolve the Corporate Risk register to make it effective and easier for managers to focus on key risks and mitigating actions to make the process simpler.

The Committee requested that latest housing register numbers should be quoted on the Corporate Risk Register each time the register was updated and reported to committee for additional context to expand on the risk category of Housing. Terry Collier, Deputy Chief Executive explained that the numbers were ever-changing however he would liaise with colleagues to ensure latest figures are included in the Corporate Risk Register at future Audit Committee meetings.

The Committee identified that there was some overlap within certain risk categories including housing. Lee O'Neil, Deputy Chief Executive agreed that there were categories which could be combined, and this would be addressed with individual risk owners to avoid repeating information going forward.

The Committee **resolved** to consider the significant strategic risks and issues highlighted in this report and present these to the Corporate Policy and Resources Committee, ensuring continued wider reporting of the Corporate Risk Register and actions across other Committees.

### **30/24 Annual Internal Audit Report and Opinion for 2023/24**

The Committee considered the Annual Internal Audit Report and Opinion for 2023/24 which was presented by Terry Collier, Deputy Chief Executive on behalf of Punita Talwar, Internal Audit Manager, Southern Internal Audit Partnership.

The Deputy Chief Executive highlighted a point of clarification related to the footnote under Spelthorne's quantified Counter Fraud Returns for 2023/24. Notably, the additional council tax revenue mentioned as in excess of £296k was the total Council tax revenue, and Spelthorne's share was ten percent, equating to around £29k in additional savings. This was still a good return considering Surrey County Council had coordinated and paid for the Single Person Discount (SPD) data matching exercise.

The Committee queried the position of Corporate procurement which was not clear within the report. The Interim Monitoring Officer advised that there had been ongoing recruitment difficulties within Procurement, however an Interim Procurement Manager was now in post and a permanent post was also being advertised. The Committee would receive a procurement progress report at its September 2024 committee meeting for a full update. The Interim Monitoring Officer also confirmed she will liaise with the Chair to organise procurement training, specifically in preparation for the implementation of the Procurement Act 2023.

The Committee expressed their keen interest to participate in Procurement training, and also thanked the Internal Audit Manager for her work on this report.

The Committee **resolved** to:

1. Note the Annual Internal Audit Report for 2023/24
2. Note the annual audit opinion on the Council's internal control environment, risk management and governance arrangements.

### **31/24 Annual Governance Statement 2023-24**

The Committee received a report from Terry Collier, Deputy Chief Executive on the Annual Governance Statement 2023-24. There was a statutory duty to undertake an Annual Governance Statement (AGS), reviewing risks and the appropriateness of controls and mitigations. The statement was also required to be included by Councils in their Statement of Accounts, which will be reviewed by our external auditors, Grant Thornton.

The Committee observed that the Annual Governance statement omitted a link to the LGA Corporate Peer Challenge Follow up Report which would be helpful to include alongside the original LGA feedback report for full context. The Deputy Chief Executive agreed to add a link to the follow up report.

The Committee agreed that as the Annual Governance Statement and draft statement of accounts were subject to final review by our external auditors, they **resolved** to amend the recommendation to 'endorse' the Annual Governance Statement rather than approve it.

The Committee suggested that as there was a significant amount of overlap between Audit reports, it would be useful to formulate a master register of all recommendations which linked to individual reports. The Deputy Chief Executive agreed this may provide a useful insight to the Committee and would explore this suggestion.

The Committee **resolved** to endorse the draft Annual Governance Statement and endorse the improvement actions identified in the statement.

### **32/24 Updated Review of Self-Assessment against CIPFA Financial Management Code and Self-Assessment against the final Best Value Indicators for Use of Resources**

The Committee received a report from Terry Collier, Deputy Chief Executive on the updated review of self-assessments against the CIPFA Financial Management Code and the final Best Value Indicators for Use of Resources. The Deputy Chief Executive informed the CIPFA Financial Management Code, effective from 2022-23, focused on various aspects such as value for money, governance, and financial sustainability.

The Committee had previously reviewed the self-assessments in March 2024 and had identified the need to expand the report and adopt a revised format. The updated self-assessments included revised formats for clarity and incorporated the final indicators issued in May 2024. The Deputy Chief Executive highlighted that the self-assessments may be subject to further change following the issuing of final guidance on value for money. It was also noted that an independent assessment by the Southern Internal Audit Partnership (SIAP) was scheduled for Quarter 2 of 2024-25 to further evaluate the assessments.

The Committee queried the ongoing digital transformation project which was referenced within the report and challenged why there was no further explanation to provide an understanding of this scheme. It was indicated that the digital transformation project was underway and was reflected in our Corporate Plan Action Plan, which was already evidenced by advancements in our Corporate Risk Register and online forms. There were a number of cashable savings related to digital transformation projects which will be reported back to Members in due course.

The Committee **resolved** to note and approve the self-assessments.

### **33/24 Public Interest Report Recommendations - Action Plan**

The Committee considered the Public Interest Report Recommendations Action Plan update presented by Terry Collier, Deputy Chief Executive, on behalf of Coralie Holman, Group Head Assets.

The Deputy Chief Executive explained that Following the Council's agreement to the Public Interest Report (PIR') issued by KPMG in December 2022, and the subsequent action plan approved by the Audit Committee in July 2023, significant progress had been made which included the implementation of a proactive asset management strategy that included robust stress testing, sensitivity analysis, and the development of a comprehensive suite of Key Performance Indicators (KPIs) and risk registers. These efforts ensured the continued effective monitoring and management of our investment portfolio, enhancing governance and councillor engagement.

The Committee initially raised concerns that they had not yet had sight of the sinking fund earmarked reserves modelling. Other concern was centred around the lack of a longer term forward view of the investment portfolio which extended beyond 12 months. The Deputy Chief Executive confirmed that the sinking fund reserves modelling, which extends over a 50 year timeframe, will be presented to members during the next Committee cycle. Separately, Members could also refer to 5 year business plans for a more comprehensive overview of individual assets.

The Committee **resolved** to note the update and actions following on from the July 2023 report setting out the proposed actions in response to the recommendations within the Public Interest Report.

The Committee suspended standing orders and agreed to extend the meeting to 10:30pm.

### **34/24 External Audit Update**

The Committee received a verbal update from Keith Mungadzi, (Audit Manager at Grant Thornton) to update on Grant Thornton's external audit progress for the year 2023-24. The representative reported that they had received the Council's draft accounts which were in the initial stages of being audited. It was confirmed that members of the Audit Committee will be updated on this audit process as the year progresses.

The representative also indicated that Grant Thornton were liaising with officers to arrange a member training session before the next Audit Committee meeting, scheduled 26 September 2024. The intention was to cover Audit training on reviewing the audit process and the financial statements.

The Committee queried Grant Thorntons position on the backlog of audited accounts of local bodies. The representative informed that they awaited statutory legislation from the new government on a proposed long-term solution to address the backlog. Terry Collier, Deputy Chief Executive also reiterated that as a result of the General Election, initially anticipated timescales for the implementation of statutory legislation will be delayed. It was however noted that BDO (the previous Auditors) were in the early stages of undertaking value for money work to cover the period 2018/19 to 2022/23.

The Committee sought clarification on our provision to pay for outstanding audits. The Deputy Chief Executive confirmed that under the guidance of the previous government, councils were only expected to be charged for audit work which had been undertaken, and therefore fees would be adjusted to reflect the work actually done.

The Committee **resolved** to note the verbal update.

### **35/24 Forward Plan**

The Committee considered its Work Programme for the remainder of the 2024-2025 Municipal year.

The Committee **resolved** to agree that if they thought of any suggestions for future business outside of this meeting, they would contact the Chair and relevant officer to determine whether it could be added to the Forward Plan.



**Resolved** that the Committee Work Programme for the remainder of the 2024-2025 Municipal year, be approved.

**Meeting ended at 21:59**

**36/24    Actions arising from meeting**

The following actions arose from the meeting:

Grant Thronton agreed to liaise with officers to arrange a member training session before the next Audit Committee meeting, scheduled 26 September 2024.

The Interim Monitoring Officer agreed to organise procurement training for committee members ahead of the implementation of the new Procurement Act (October 2024).

The Deputy Chief Executive agreed to quote the latest housing register numbers within the Corporate Risk Register each time the register was updated and reported to committee.

The Deputy Chief Executive agreed to explore the suggestion to formulate a master register of all audit recommendations which linked to individual reports.

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# Audit Committee

26<sup>th</sup> September 2024



|                                  |  |
|----------------------------------|--|
| <b>Title</b>                     | Internal Audit Progress Report (August 2024)   |
| <b>Purpose of the report</b>     | To note  |
| <b>Report Author</b>             | Natalie Jerams, Deputy Head of Southern Internal Audit Partnership   |
| <b>Ward(s) Affected</b>          | All Wards  |
| <b>Exempt</b>                    | No   |
| <b>Exemption Reason</b>          | N/A  |
| <b>Corporate Priority</b>        | Community<br>Addressing Housing Need<br>Resilience<br>Environment<br>Services  |
| <b>Recommendations</b>           | <b>To note the Internal Audit Progress Report (August 2024)</b>  |
| <b>Reason for Recommendation</b> | In accordance with the Public Sector Internal Audit Standards (PSIAS), the Chief Internal Auditor is required to provide a written status report to the Audit Committee. |

## 1. Summary of the report

| What is the situation   | Why we want to do something  |
|---|--|
| <ul style="list-style-type: none"> <li>In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide a written status report to present internal audit activity and key findings from work concluded in delivery of the internal audit plan.</li> </ul> | <ul style="list-style-type: none"> <li>The internal audit progress report provides a mechanism through which internal audit performance, issues impacting the Chief Internal Auditors annual opinion, and progress against the audit plan can be monitored.</li> </ul> |
| This is what we want to do about it   | These are the next steps   |
| <ul style="list-style-type: none"> <li>Consider the internal audit progress report for awareness of issues raised and to monitor the implementation of management actions raised to mitigate identified risks.</li> </ul>   | <ul style="list-style-type: none"> <li>Corporate Management Team and Group Heads to note internal audit progress against the planned assurance assignments and key issues raised for 2024/25 and confirm it is agreeable.</li> </ul>                                   |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>The Audit Committee to note the Internal Audit Progress Report (August 2024) at the meeting of 26<sup>th</sup> September 2024.</li> </ul> |
|--|--|

1.1 This report provides an overview of internal audit activity against assurance work completed in accordance with the approved audit plan for 2024-25 and to provide an overview of the outstanding management actions.

**2. Key issues**

2.1 Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:

- ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk, and
- undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.

2.2 In accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide a written status report to the Audit Committee summarising:

- the status of 'live' internal audit reports (outstanding management actions)
- an update on progress against the annual audit plan
- a summary of internal audit performance, planning and resourcing issues
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

2.3 Due to the Best Value Inspection, the internal audit plan was more heavily weighted to Q3 and Q4 in acknowledgement of officer capacity and the avoidance of potential areas of duplication during this period.

2.4 Correspondence received by the Council on 22<sup>nd</sup> August 2024 from the Ministry of Housing Communities & Local Government indicates the anticipated completion date of the Best Value Inspection to be 29 November 2024.

2.5 The absence of a fully resourced inspection team is understood to be the primary driver for the delayed completion date.

2.6 We will continue to work with management to maintain a level of flexibility in our approach to deliver the internal audit plan over the remainder of the year. In doing so it should be acknowledged that some reviews may require deferral, however, we will ensure that sufficient assurance work is undertaken

to enable the Chief Internal Auditor to provide their annual opinion on the council's framework of governance, risk and control.

- 2.7 Appendix A summarises the activities of internal audit for the period up to August 2024.

### **3. Options analysis and proposal**

- 3.1 The Audit Committee are requested to note the Internal Audit Progress Report (August 2024.)

### **4. Financial management comments**

- 4.1 The Internal Audit Progress Report includes reviews of functions and systems that are financially material and therefore represent greater risk to the authority. Issues presenting adverse financial consequences or threats to the Council's financial position apply to a range of workstreams on the plan.

### **5. Risk management comments**

- 5.1 In producing the programme of audit work for 2024/25 the Chief Internal Auditor has ensured that a risk-based approach has been applied in line with audit standards (PSIAS) and focussed on areas of higher priority that align with corporate priorities and objectives. Consideration has been given to current and emerging risks (and opportunities) facing the Council during 2024/25. Due regard has been taken of the pending Best Value Inspection to avoid unnecessary duplication.

### **6. Procurement comments**

- 6.1 None

### **7. Legal comments**

- 7.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory further to the Accounts and Audit (England) Regulations 2015. The PSIAS require public bodies to provide a written status report to the Audit Committee.

### **8. Other considerations**

- 8.1 None

### **9. Equality and Diversity**

- 9.1 Equality and diversity are key considerations that feature in the assessment of risk and audit needs.

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

- 10.1 Sustainability is a key consideration and features in the assessment of risk and audit needs.

## **11. Timetable for implementation**

- 11.1 Applicable for the period 1 April 2024 – 31 March 2025

## **12. Contact**

- 12.1 Natalie Jerams, Deputy Head of Southern Internal Audit Partnership  
[natalie.jerams@hants.gov.uk](mailto:natalie.jerams@hants.gov.uk)

**Background papers:** None

**Appendices:**

**Appendix A – Internal Audit Progress Report (August 2024)**



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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**SPELTHORNE BOROUGH COUNCIL  
INTERNAL AUDIT PROGRESS REPORT – AUGUST 2024**

Prepared by: **Natalie Jerams, Deputy Head of Partnership**

## 1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’*

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

*‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ 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’.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.



## 2. Purpose of report

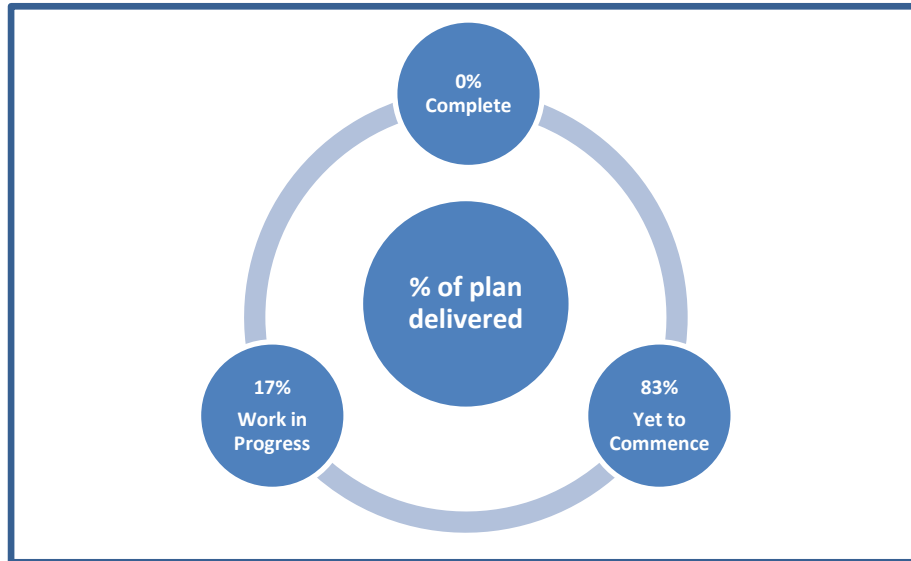
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports.
- an update on progress against the annual audit plan.
- a summary of internal audit performance, planning and resourcing issues, and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

|                    |  |
|--------------------|--|
| <b>Substantial</b> | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.  |
| <b>Reasonable</b>  | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.                     |
| <b>Limited</b>     | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.                       |
| <b>No</b>          | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

### 3. Performance dashboard



#### Compliance with Public Sector Internal Audit Standards

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles, and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'*

*'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

4. Analysis of ‘Live’ audit reviews

| Audit Review – Pre SIAP                         | Report Date | Audit Sponsor | Assurance Opinion | Recommendations |           |          | Not Yet Due | Complete  | Overdue  |          |          |
|---|-------------|---------------|-------------------|-----------------|-----------|----------|-------------|-----------|----------|----------|----------|
|   |             |               |                   | L               | M         | H        |             |           | L        | M        | H        |
| Communications                                  | Jun 23      | CE            | Substantial       | 1               |           |          | 1           |           |          |          |          |
| Climate Change and Environmental Sustainability | Aug 23      | DCE           | Reasonable        |                 | 1         |          | 1           |           |          |          |          |
| Gifts and Hospitality                           | Jan 24      | CE            | Reasonable        | 6               | 2         |          | 3           | 5         |          |          |          |
| Disaster Recovery                               | Apr 24      | DCE           | Limited           | 4               | 3         |          | 1           | 2         | 2        | 2        |          |
| Housing Register and Allocations                | Jun 24      | DCE/S151      | Reasonable        |                 | 4         |          |             | 3         |          | 1        |          |
| Payroll   | Jun 24      | DCE           | Substantial       | 3               |           |          | 1           | 1         | 1        |          |          |
| Creditors                                       | Jul 24      | DCE/S151      | Reasonable        |                 | 4         |          | 2           | 2         |          |          |          |
| Commercial Assets                               | Jul 24      | DCE/S151      | Reasonable        |                 | 3         |          | 2           | 1         |          |          |          |
| <b>Totals</b>                                   |             |               |                   | <b>14</b>       | <b>17</b> | <b>0</b> | <b>11</b>   | <b>14</b> | <b>3</b> | <b>3</b> | <b>0</b> |

| Audit Review - SIAP | Report Date | Audit Sponsor | Assurance Opinion | Management Action(s) | Not Yet Due | Complete | Overdue |   |   |
|---------------------|-------------|---------------|-------------------|----------------------|-------------|----------|---------|---|---|
|                     |             |               |                   |                      |             |          | L       | M | H |
|                     |             |               |                   |                      |             |          |         |   |   |

**Audit Sponsor**

|  |   |
|--|---|
| <b>Chief Executive (CE)</b><br>Daniel Mouawad                        |   |
| <b>Deputy Chief Executive &amp; S151 (DCE/S151)</b><br>Terry Collier | <b>Deputy Chief Executive (DCE)</b><br>Lee O’Neil |

## 5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no reports produced concluding in a limited or no assurance opinion since the last progress report.

## 6. Planning & Resourcing

The internal audit plan for 2024-25 was approved by the Management Team (MAT) and Audit Committee in July 2024.

Due to the Best Value Inspection, the internal audit plan was more heavily weighted to Q3 and Q4 in acknowledgement of officer capacity and the avoidance of potential areas of duplication during this period.

Correspondence received by the Council on 22<sup>nd</sup> August 2024 from the Ministry of Housing Communities & Local Government indicates the anticipated completion date of the Best Value Inspection to be 29 November 2024.

The absence of a fully resourced inspection team is understood to be the primary driver for the delayed completion date.

We will continue to work with management to maintain a level of flexibility in our approach to deliver the internal audit plan over the remainder of the year. In doing so it should be acknowledged that some reviews may require deferral, however, we will ensure that sufficient assurance work is undertaken to enable the Chief Internal Auditor to provide their annual opinion on the council’s framework of governance, risk and control.

To date no reviews have been removed from the agreed plan, however, the review of building control has been rescheduled to Q3 from its original Q2 timeframe.

Progress against the plan is detailed within section 7.

## 7. Rolling Work Programme

| Audit Review   | Sponsor  | Scoping | Terms of Reference | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment |
|--|----------|---------|--------------------|-----------|--------------|--------------|-------------------|---------|
| Risk Management  | DCE      |         |                    |           |              |              |                   | Q4      |
| Corporate Plan   | CE       |         |                    |           |              |              |                   | Q3      |
| Best Value – Post Inspection   | CE       |         |                    |           |              |              |                   | Q4      |
| Contract Management  | DCE/S151 |         |                    |           |              |              |                   | Q4      |
| Procurement  | CE       |         |                    |           |              |              |                   | Q3      |
| Council Tax  | DCE/S151 |         |                    |           |              |              |                   | Q4      |
| Accounts Receivable & Debt Management  | DCE/S151 |         |                    |           |              |              |                   | Q4      |
| Reinforced Autoclaved Aerated Concrete   | DCE/S151 |         |                    |           |              |              |                   | Q3      |
| Health and Safety (frontline Services)   | DCE      |         |                    |           |              |              |                   | Q4      |
| Commercial Waste (SDS)   | DCE      |         |                    |           |              |              |                   | Q3      |
| Affordable Housing / Homelessness  | DCE/S151 |         |                    |           |              |              |                   | Q4      |
| Building Control   | DCE      |         |                    |           |              |              |                   | Q2 ⇒ Q3 |
| CIPFA Financial Management Code and Best Value Indicators for Use of Resources | DCE/S151 | ✓       | ✓                  |           |              |              |                   | Q2      |
| Savings Realisation  | DCE/S151 |         |                    |           |              |              |                   | Q4      |
| Tree Maintenance   | DCE      | ✓       | ✓                  | ✓         |              |              |                   | Q2      |
| ITIL Assurance Mapping   | DCE      | ✓       | ✓                  | ✓         |              |              |                   | Q2      |
| Cyber – Staff Training & Awareness   | DCE      |         |                    |           |              |              |                   | Q4      |
| Equality, Diversity & Inclusivity  | DCE      |         |                    |           |              |              |                   | Q3      |

## 8. Adjustments to the internal audit plan

The following adjustments to the plan have been made:

| Removed from the Plan | Reason |
|-----------------------|--------|
| N/A                   | N/A    |
| Additions to the Plan | Reason |
| N/A                   | N/A    |

## Overdue 'Medium and Low' Recommendations (August 2024)

| Audit Review                            | Report Date | Opinion     | Priority |     | Due Date | Revised Due Date |
|---|-------------|-------------|----------|-----|----------|------------------|
|   |             |             | Medium   | Low |          |                  |
| Payroll                                 | Jun 24      | Substantial |          | 1   | 31.7.24  | 30.9.24          |
| Disaster Recovery                       | Apr 24      | Limited     | 1        |     | 31.7.24  | 31.3.25          |
|   |             |             | 1        |     | 31.8.24  | 31.3.25          |
|   |             |             |          | 1   | 30.6.24  | TBC              |
|   |             |             |          | 1   | 31.8.24  | 31.10.24         |
| Housing Register and Allocation Process | Jun 24      | Reasonable  | 1        |     | 10.6.24  | 16.9.24          |
| Total                                   |             |             | 3        | 3   |          |                  |

# Informing the audit risk assessment for Spelthorne Borough Council 2023/24

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Agenda Item 6

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between Spelthorne Borough Council's external auditors and Spelthorne Borough Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

## Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

## Purpose

This report includes a series of questions on each of these areas and the response we have received from Spelthorne Borough Council's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

# General Enquiries of Management

| Question   | Management response   |
|--|---|
| 1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?   | We are not anticipating any delays in producing the statement unless any unforeseen circumstances happen.   |
| 2. Have you considered the appropriateness of the accounting policies adopted by Spelthorne Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they? | <p>Yes, we have . A paper on Accounting Policies was taken to Audit Committee on 19<sup>th</sup> March 2024.</p> <p>There were no events or transactions that has caused or may cause changes to o</p> <ul style="list-style-type: none"> <li>· IFRS 16</li> <li>· Rent incentives and spreading these over the lease rather than a cash accounting basis.</li> <li>· We welcome feedback from Grant Thornton on their review of the draft 2022-23 Statement of Accounts, and we will also be mindful of the increased emphasis on ensuring that accounting policy disclosures focus on material policies.</li> </ul> |
| 3. Is there any use of financial instruments, including derivatives? If so, please explain   | <p>No, we do not use derivatives.</p> <p>Yes, we use Financial instruments</p> <p style="text-align: center;"><b>Assets</b></p> <p style="text-align: center;">cash in hand,<br/>bank current and deposit accounts,<br/>fixed term deposits<br/>Loans to local Authorities<br/>Pooled Fund<br/>Money Market funds - ICD<br/>Loan to subsidiaries – KGE &amp; SDS</p>  |

## General Enquiries of Management

| Question  | Management response  |
|---|--|
| 5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?   | Not anticipating any significant impairments of non-current assets.  |
| 6. Are you aware of any guarantee contracts? If so, please provide further details  | No   |
| 7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details   | Potential claim from family of an individual who fell from roof of Benwell House (and survived) claimed would impact on the Group Accounts through Knowle Green Estates. Amount of the claim is not known as the claim is not made yet .Have 3 yrs. for the family to make the claim   |
| 8. Other than in house solicitors, can you provide details of those solicitors utilised by Spelthorne Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years? | Clyde & Co, 12 College Place, Essex Chambers, Francis Taylor Building Solutions, Cornerstones Barristers, Ivy Legal Ltd, Birkett's Ltd, Landmark Chambers, Constantine Cannon LLP, Wilkin Chapman LLP, GRC Legal Services Ltd, Capsticks Solicitors, Field Court Chambers, Bevan Brittan LLP, Field Court Chambers, 4-5 Gray's Inn Barristers. open litigation – for example I think Clyde and Co are involved with interaction with the administrators on Volga-Dnepr |

## General Enquiries of Management

| Question  | Management response  |
|---|--|
| 9. Have any of the Spelthorne Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details | Not aware of any.  |
| 10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?   | <p>Legal matters like planning, local plan work for designing the plan and advice, employee advice for HR, construction consultants like architects and surveyors for capital programme items, treasury management advisors Arling Close, LG futures regarding business rates, Sports consultancy company in Leisure for new leisure centre contract,</p> <p>JLL commissioned to produce report reviewing the Council's investment assets this was reported to Development Sub-Committee</p> <p>Spelthorne participated in a Surrey wide Financial Resilience Review undertaken by LG Improve which was presented to Surrey Chief Executives and Surrey Leaders. Note LG Improve also provide benchmarking service for Spelthorne primarily on capital health and reserves</p> |
| 11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details  | Yes, ECL on trade debtors, loans & deposits.   |

# Fraud

## Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

Page 31 As Spelthorne Borough Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Spelthorne Borough Council's management.

# Fraud risk assessment

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| Question   | Management response   |
|--|---|
| <p>1. Has Spelthorne Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p> | <p>We are not anticipating any misstatements.</p> <p>The general risk of fraud has become more prevalent in the wider context, i.e. as we continue to face challenging and turbulent economic times and this key message has been communicated to the executive management team and the Audit Committee to coincide with key reporting. For example, please refer to the Counter Fraud, Bribery and Corruption strategy report issued March 2023 (See Audit Committee agenda) as this sets out counter fraud measures in place at Spelthorne, and this will be reported again as part of the regular strategy review/update in March 2024. It includes a quantifiable reporting system for public fraud (high risk areas).</p> <p>Internal audit carry out audits each year of some key financial systems determined by the level of risk, in sales ledger, purchase ledger, income &amp; payments, treasury management, Payroll, benefits and revenues. This year we also asked Internal Audit to undertake an audit focused on financial resilience and this has commenced.</p> |
| <p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>  | <p>Most likely payables in case of any ghost payments.</p> <p>Accounts payable (Creditors)</p> <p>Payroll</p> <p>Treasury Management</p>  |
| <p>13. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Spelthorne Borough Council as a whole, or within</p>   | <p>No</p>   |



## Fraud risk assessment

| Question  | Management response   |
|---|---|
| <p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>  | <p>Management hold weekly meetings with group head representative present and once a month with all Group Heads. From time to time the audit manager at our monthly Managers' Briefing reminds managers of risk issues.</p> <p>Corporate Management Team (as well as Audit Committee and Corporate Policy and Resources Committee) receive the Corporate Risk Register on a quarterly basis.</p> <p>A corporate risk scoring model is applied to help prioritise risks for further action. All reports to committees are required to comment on risk considerations.</p>  |
| <p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Spelthorne Borough Council where fraud is more likely to occur?</p> | <p>The risks of fraud occurrences are considered as part of audit planning processes and incorporated into internal audit scope for specific reviews as deemed necessary by the Audit Manager. These will depend on the system/area being audited.</p> <p>A risk based approach is applied to all audits at the outset to determine the risk of fraud across any system (beyond core financial systems). See further responses below.</p> <p>The potential risk of internal fraud occurrence is commonly perceived to be higher for areas or systems dealing with large volume/high value transactions, with higher risk financial datasets comprising all the key financial systems, as well as Commercial Assets (significant rental income). In particular, Creditors (accounts payable), Payroll, Debtors, Treasury Management. Internal fraud actual occurrence has not been identified to date across any of these systems for 2023/34 from audit testing/reviews undertaken.</p> |

# Fraud risk assessment

| Question  | Management response  |
|---|--|
| <p>7. How do you assess the overall control environment for Spelthorne Borough Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p> | <p>Council's internal audit carry out internal auditing in accordance with the audit scope and objectives (determined by the risk based audit programme of work) to ensure internal system of controls are adequately designed and operating effectively to manage associated risk. Please refer to answers above and correspondence with SBC's internal audit department and the queries answered by them. As a general comment, where there are small teams operating this may on some occasions present increased challenge in operating adequate segregation of duties and links also to reduced resilience. This may be easier to manage where there are integrated workflows and interventions built into systems i.e. automated in-built controls.</p> <p>Internal Audit produce findings and recommendations for each areas audited where conclusions indicate there is scope to improve internal controls. Management are accountable to then implement any agreed recommendations.</p> <p>Please refer to earlier responses regarding key expected controls for key financial systems.</p> <p>Not aware from internal audit work undertaken of any management override of controls for the financial year 2023/24 to date.</p> |

## Fraud risk assessment

| Question   | Management response   |
|--|---|
| <p>9. How does Spelthorne Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p> | <p>HR provide . Reinforced by Management Team and managers in one-to-ones with staff.</p> <p>Addressed as part of induction process for new staff</p> <p>There are mandatory yearly training courses for staff on fraud, bribery and corruption.</p> <p>Any unusual activity. There are anonymous phone lines for staff to report fraud. Posters displayed in staff kitchens etc. Whistle blower policy reviewed annually by Audit Committee</p> <p>No issues have been reported. For public fraud, collaborative arrangements are in place with another local authority to investigate suspected fraud referrals and outcomes are periodically reported.</p> |
| <p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>  | <p>Planners taking back handers, management team.</p> <p>Any posts that have access to information/systems from which there is a potential to derive financial gain/other benefit.</p> <p>This would be considered as part of an internal audit review.</p>   |
| <p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p>  | <p>No</p>   |
| <p><sup>13</sup>How do you mitigate the risks associated with fraud related to related party relationships and</p>   | <p>Members &amp; Group heads and senior officers are asked to return related parties forms to identify any relationships and asked prior to meetings if there are any conflicts of interest. All officers are required to</p>   |

## Fraud risk assessment

| Question  | Management response  |
|---|--|
| <p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p> | <p>Refer to internal audit correspondence.</p> <p>Counter Fraud, Bribery and Corruption Strategy is reported and reviewed annually, to the management team and Audit Committee. Quantifiable fraud reporting system for public fraud.</p> <p>Periodical reporting to the Audit Committee on Internal audit activity including audit findings and recommendations aimed to strengthen internal control.</p> <p>Audit Committee can call Managers to attend meetings if they wish to discuss any risk and control matters.</p> |
| <p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>   | <p>No</p> <p>Aware of a whistle blowing issue within Metropolitan Thames Valley Association re Whitehouse and Harper which is currently being investigated by the provider</p>   |
| <p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>  | <p>No</p>  |

# Law and regulations

## Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that Spelthorne Borough Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

# Impact of laws and regulations

| Question  | Management response  |
|---|--|
| <p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Spelthorne Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p> | <p>All reports are required to have comments from legal team. Managers are experts in their technical fields of work and therefore expected to keep abreast of associated laws and regulations relating to their area of expertise.</p> <p>The Legal Team have monthly client meetings across departments and any upcoming legal changes would be highlighted and discussed at those meetings.</p> <p>Officers keep up to date with changing laws and regulations through CPD, training, participating in professional groups such as Surrey Treasurers, Surrey Administrators and Solicitors, Surrey Chief Accountants, and through advice provided by professional advisers such as Arlingclose.</p> <p>Training</p> <p>Internal Audit</p> <p>Not aware of any significant impact on 2023-24 Statements but with other councils monitoring the future impact on Building Control of the change in the regulatory regime for that sector.</p> |
| <p>16. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>   | <p>The Council's Monitoring Officer has a personal duty to report formally to the Council on any proposal, decision or omission by the Council which has given rise to or is likely to give rise</p>   |

## Impact of laws and regulations

| Question   | Management response   |
|--|---|
| 5. What arrangements does Spelthorne Borough Council have in place to identify, evaluate and account for litigation or claims?                             | Insurance and legal teams work closely together. Council is supported by the expertise and capacity of London Borough of Sutton's insurance team. |
| 6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details | No  |

# Related Parties

## Matters in relation to Related Parties

Spelthorne Borough Council is required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Spelthorne Borough Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any body that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.



## Related Parties

| Question   | Management response  |
|--|--|
| <p>1. Have there been any changes in the related parties including those disclosed in Spelthorne Borough Council's 2023/24 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Spelthorne Borough Council</li> <li>whether Spelthorne Borough Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul> | <p>Now received a full set of responses from senior officers and councillors on related parties. No significant changes relative to 2022-23.</p>   |
| <p>2. What controls does Spelthorne Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>  | <p>A year end process of sending forms to councillors and senior staff, they are asked to make a disclosures. Individuals are chased up. All staff required to submit an annual Declaration of Interests return to their line manager.</p> |
| <p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>  | <p>Members would not be allowed to vote on something they have an interest disclosed.<br/>Registers of interest are maintained</p>   |
| <p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>   | <p>Any expenditure above £1m requires approval by full Council</p> <p>Officers and councillors are required to operate within the delegations set out in the <a href="#">Constitution</a></p>  |

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

## Going Concern

| Question   | Management response   |
|--|---|
| 1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Spelthorne Borough Council will no longer continue?   | <p>Horizon scanning. Participation with communication streams from Government, LGA, DCN and working with Surrey groupings such as Surrey Leaders, Surrey Chief Executives, Surrey Treasurers, Surrey legal officers, and advisers such as LG Futures.</p> <p>Budget process first stage involves each committee agreeing service plans for next year for the services under that Committee.</p> |
| 2. Are management aware of any factors which may mean for Spelthorne Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?  | No  |
| 3. With regard to the statutory services currently provided by Spelthorne Borough Council, does Spelthorne Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Spelthorne Borough Council to cease to exist?                 | <p>Yes</p> <p>There are no plans for Spelthorne Borough Council to cease to exist.</p> <p>Surrey Leaders and Chief Executives following an independent Financial Resilience review are in discussions about steps which can be taken over medium term to increase the resilience of local government in Surrey.</p>   |
| 4. Are management satisfied that the financial reporting framework permits Spelthorne Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements? | <p>Yes</p> <p>The Outline Budget approach provides a medium-term projection over next four years – Budget gap projected for 2027-28, when 24-25 Budget was set, is £2.7m which is addressable (errs on cautious side for example assuming no Core Spending Power guarantee grant)</p>   |

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

# Accounting Estimates - General Enquiries of Management

| Question   | Management response  |
|--|--|
| 1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures? | Interest rates, law / legislation changes, inflation on costs.   |
| 2. How does the Council's risk management process identify and address risks relating to accounting estimates?   | Quarterly reporting to members to forecast expected year end outturn position. quarterly reporting of Corporate Risk Register. Any perceived risks are notified and discussed as and when, and if material, added to the risk registered, or monitored for future developments if immaterial, to ensure that they remain immaterial.   |
| 3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?  | As flagged above first stage is the service planning with services identifying contractual pressures, statutory changes, contract renewals etc. Corporate Policy and Resources Committee (CPRC) consulted early on re central case assumptions around inflation, uplift of fees and charges, council tax, pay – there is an ongoing discussion with councillors through the Budget Briefings   |
| 4. How do management review the outcomes of previous accounting estimates?   | Monitoring reports, particularly between Revenue & Capital Outturn (March) and Q1 revenue & capital monitoring (June). Officers will also review the MTFP. If there is an issue due to methodology, (unlikely) officers will review the circumstances and amend the methodology. Usually the issue is around a lack of understanding by budget managers and the finance team address this through training sessions pre yearend, push back on managers from the CFO through the Service Accountants. |
| 5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?   | No changes to the methodology  |

## Accounting Estimates - General Enquiries of Management

| Question   | Management response   |
|--|---|
| <p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>   | <p>The finance team meet with budget managers monthly and use a critical friend approach to reviewing current and expected budget spends. The most critical area for the Council is the investment and regeneration portfolio, and reliance is placed on professional firms, such as Wilks Heads &amp; Eves to advise and guide officers, with both the assets and finance teams questioning assumptions and outcomes, where there has been a significant or unexplained change from the previous year.</p> |
| <p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>   | <p>There are a number of standard reporting processes for Council activities, such as, NNDR and by monitoring these returns, officers will get a feel for any significant estimates used and if a specialist is required, when it comes to finalising returns, and will often utilise LG Futures to review the collection fund returns before submitting same to DLUHC. So, where possible officers will utilise specialist input to assist with estimates.</p>   |
| <p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>  | <p>Reliance will be placed on the appropriate teams who manage the experts, for example, assets when dealing with valuers. Finance Officers will participate and once agreed will use the information provided by the experts.</p>  |
| <p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul> | <p>There are three informal Budget Briefings open to all councillors which explain the underpinning assumption, challenges, options etc. .In summer report goes to CPRC on approach to Budget with respect to assumptions. Report on accounting policies goes to Audit Committee in March. The Audit Committee receive the draft unaudited accounts in July and feedback, Officers advise the Committee of any significant issues.</p>  |

## Accounting Estimates - General Enquiries of Management

| Question  | Management response   |
|---|---|
| 10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they? | No  |
| 11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?   | Yes   |
| 12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?  | <p>Estimates are reviewed by budget managers, group heads, the chief accountant prior to the quarterly monitoring reports being written. Management team then review and ask question prior to be sent to Cllrs.</p> <p>Report on accounting policies goes to Audit Committee in March and the Unaudited Accounts are presented in July providing the Committee with an opportunity to question officers and for officers to provide feedback to the Committee.</p> |

## Appendix A Accounting Estimates

| Estimate                       | Method / model used to make the estimate  | Controls used to identify estimates | Whether management have used an expert           | Underlying assumptions:<br>- Assessment of degree of uncertainty<br>- Consideration of alternative estimates  | Has there been a change in accounting method in year? |
|--------------------------------|---|-------------------------------------|--|---|---|
| Land and buildings valuations  | External valuers – we need to expand on methodology – invite comment from Assets  | NA                                  | Yes  | NA  | No  |
| Council dwelling valuations    | External valuers- Council does not have HRA   | NA                                  | Yes  | NA  | No  |
| Investment property valuations | External valuers valuers – we need to expand on methodology – invite comment from Assets  | NA                                  | Yes  | NA  | No  |
| Depreciation                   | Freehold land is not depreciated<br>Buildings Remaining useful life as estimated by qualified valuer.<br>Vehicles and IT Equipment 20% of the carrying amount.<br>Other Equipment 5 years | NA                                  | Finance regs in line with CIPFA code of practice | The methodologies used are in line with the CIPFA code of practice and when non property assets are disposed of, there is not a significant difference between the disposal proceeds and net book value. Officers have noticed minor issues with vehicles, where it would be appropriate to relief these assets, however, they are immaterial, as far as the SoA are concerned. | No  |



## Appendix A Accounting Estimates

| Estimate                                       | Method / model used to make the estimate   | Controls used to identify estimates  | Whether management have used an expert | Underlying assumptions:<br>- Assessment of degree of uncertainty<br>- Consideration of alternative estimates | Has there been a change in accounting method in year? |
|--|--|--|--|--|---|
| Valuation of defined benefit pension liability | IAS 19 report from Actuary   | Prepare journal entries/ working papers based on Actuary statement and then checked/ authorised by Chief Finance Officer | I am not aware of any being used       | N/A  | No  |
| Level 2 investments                            | N/A  |  |  | N/A  |   |
| Level 3 investments                            | N/A  |  |  | N/A  |   |
| Fair value estimates                           | Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a |  | Yes, we ask Arlingclose to review      | N/A  | No  |

## Appendix A Accounting Estimates

| Estimate                           | Method / model used to make the estimate  | Controls used to identify estimates   | Whether management have used an expert                 | Underlying assumptions:<br>- Assessment of degree of uncertainty<br>- Consideration of alternative estimates | Has there been a change in accounting method in year? |
|------------------------------------|---|---|--|--|---|
| Provisions - Others                | Comms to budget managers, review of post year end expenditure and comms with key officers, i.e., head of legal. Then each case reviewed by Service Accountants and agreed with the Chief Accountant and or CFO  | Assessment of the situation and degree of probability it will crystallise, as could be classified as contingent   | Depends on the item                                    | See comments in Controls used section  | No  |
| Provisions – Business rates (NNDR) | Local authority funding arrangements meant that the Authority is now responsible for a proportion of successful rateable value appeals. The Authority has provided for a fixed percentage of outstanding appeals in accounting for the potential liability, based on historical appeals success rates. The level of NDR provision has decreased from the prior year as more appeals become finalised. We consider the related disclosure to be proportionate, though slightly optimistic in line with the prior years | NNDR Income – VOA Reports Copies of year end VOA report detailing total rateable values including evidence to demonstrate that the Authority has reconciled these with its NDR systems. | LG Futures to review once the NNDR 1 and 3 is prepared | NA   | NO  |
| Accruals                           | Part of the annual process, training pre year   | Prepared by   | No   | There should not   | No  |

## Appendix A Accounting Estimates (Continued)

| Estimate                               | Method / model used to make the estimate   | Controls used to identify estimates           | Whether management have used an expert | Underlying assumptions:<br>- Assessment of degree of uncertainty<br>- Consideration of alternative estimates  | Has there been a change in accounting method in year? |
|--|--|---|--|---|---|
| Finance lease liabilities              | IFRS 16  | From the Lease Contract                       | NO                                     | There has been some issues with obtaining the APR within the contract taken out in July 2023, whilst the contract values are material, the annual lease payments fall under materiality levels and officers are still chasing for the relevant information. | Not since 2022/23 where we adopted IFRS 16            |
| PFI Liabilities                        | N/A  | N/A   | N/A                                    | N/A   | N/A   |
| Minimum Revenue Provision (MRP) Credit | The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides | Monitor regularly through Treasury management | Arlingclose Advisors                   | MRP Statement is monitored regularly, and repayments and interest rates are adjusted  | NA  |



# Audit Committee



26 September 2024

|                                  |   |
|----------------------------------|---|
| <b>Title</b>                     | Procurement Internal Audit Recommendations Progress Update  |
| <b>Purpose of the report</b>     | To note   |
| <b>Report Author</b>             | Karen Limmer Interim Group Head of Corporate Governance   |
| <b>Ward(s) Affected</b>          | All Wards   |
| <b>Exempt</b>                    | No  |
| <b>Exemption Reason</b>          | N/a   |
| <b>Corporate Priority</b>        | Services  |
| <b>Recommendations</b>           | <p><b>Committee is asked to:</b></p> <p>Note the progress in relation to the Procurement Internal Audit Progress Review Update and the Implementation of the Procurement Act 2023</p> |
| <b>Reason for Recommendation</b> | This is a report to update Members on the previous report to this Committee on 29 January 2024.   |

## 1. Summary of the report

| What is the situation  | Why we want to do something   |
|--|---|
| <ul style="list-style-type: none"> <li>The Audit Committee has requested an update on the Procurement Audit.</li> </ul>  | <ul style="list-style-type: none"> <li>As part of the Council’s assurance and risk framework, the Audit Committee needs to note the actions taken to date and yet to be taken.</li> </ul>       |
| This is what we want to do about it  | These are the next steps  |
| <ul style="list-style-type: none"> <li>To ensure Audit recommendations are being implemented.</li> <li>To understand the planning for the implementation of the Procurement Act 2023.</li> </ul> | <ul style="list-style-type: none"> <li>An audit of the implementation of the Procurement Act 2023 is scheduled to be carried out in Q3 of this year and will be reported to members.</li> </ul> |

- 1.1 This report seeks to inform the Audit Committee of the actions taken in relation to the Audit since the last report to Committee on 24 January 2024 and the planned implementation of the Procurement Act 2023.
- 2. Key issues**
- 2.1 Implementation of the Procurement Act 2023**
- 2.2 The new Act comes into force on the 28 October 2024. The Act has replaced the Public Contracts Regulations 2015 as from that date but any procurements commenced before then will continue to be subject to the PCR 2015 as part of the transitional provisions.
- 2.3 An audit of the implementation of the Act is scheduled for Q3 2024 which will be carried out by the Southern Internal Audit Partnership, the Council's external internal audit service provider
- 2.4 It is therefore necessary to prepare for the new regime commencing with training open to all officers held in August and a separate training session for all Members. Members will be updated on the arrangements for this. Officers are reviewing Contract Standing Orders, together the new guidance documents for staff and template documentation as appropriate. A refreshed officer Procurement Group is being set up to take a view of procurement activity and to monitor compliance and issues such as cashable savings. Recruitment to the Corporate Procurement Manager post has now been successful and she will commence her employment on 1 October.
- 2.5 The most significant areas of change are:-
- (a) Transparency: there are many more notices (25 in total) that the Council will need to be publish about any procurement and the lifetime of the contract
  - (b) Procurement Processes: new flexibilities, subject to limits, to design bespoke procurement processes
  - (c) Supplier debarment list: the possibility of supplier debarment where mandatory or discretionary exclusion criteria apply
  - (d) New vocabulary: there is a new vocabulary associated with the Act. For example, the award criterion will change from Most Economically Advantageous Tender (MEAT) to Most Advantageous Tender (MAT).
- 2.6 As mentioned above, training is being arranged for all Members so that they begin to get familiar with the new regime and vocabulary, prior to the reporting back of the Implementation Audit as planned by SIAP.
- 2.7 As a consequence, it is necessary to revise Contract Standing Orders and these are being brought forward to ultimately be presented to full Council on 24 October 2024. There is a new concept of 'below threshold' tenders which are above £30,000 in value and below £214,904, including VAT. This needs to be reflected in the revised CSO's.
- 2.8 For officers, a completely revised set of guidance will need to be drafted and placed on Spelnet. This also means that new procurement documentation will have to be drafted for contracts that are above the threshold for goods or services procurements which is £214,904 including VAT over the lifetime of the contract, and similarly for works contracts, £5,372,609 including VAT. The Procurement Unit of the Cabinet Office has also recently issued a suite of

guidance documents addressing all aspects of the new regime, covering subjects from transitional arrangements and covered procurement through to pre-market engagement, award rules, exclusions and contract modifications.

- 2.9 The transparency requirements involve the publication of up to twenty-five notices at various stages of the process, compared to the three mandatory ones under the current regime.
- 2.10 The Act also imposes new obligations in relation to matters such as record keeping, key performance indicators for contracts valued over £5m, use of a single digital platform for supplier registration, contract modifications and a formal conflicts assessment procedure ahead of publication of a Tender Notice, to name but a few.
- 2.11 In preparing for this implementation, there is some overlap with the previous audit recommendations and this needs to be borne in mind.

### **Update on Internal Audit Recommendations**

- 3.1 In the Internal Audit there are a number of recommendations that are partially implemented but will soon be subsumed into the requirements of the Procurement Act.
- 3.2 As mentioned, there will be new Contract Standing Orders to be approved by full Council and disseminated to all staff.
- 3.3 There will be a new landing page on Spelnet, on the front page, with the new advice and guidance for officers.
- 3.4 With the new CSO's, there will be some new procedures to reflect the new statutory requirements for advertising. The Procurement Team will be responsible for placing the statutory Notices and will therefore need to be fully aware of all prospective procurements that fall within the Act or the CSO's. the officer Procurement Group will have responsibility, within its terms of reference to ensure compliance with the rules, including such matters as signing.
- 3.5 The advice on managing contracts will also be updated to take into account the new rules as greater transparency will be needed, and the team will work with the Transformation Team on the publication of data.
- 3.6 The Exemptions procedure is to be reviewed and tightened up.
- 3.7 Further work on the contracts e-tendering system is needed as it will need to tie into the Government Procurement platform and the transparency requirements under the Act.

### **3. Options analysis and proposal**

- 3.1 Do Nothing (not recommended) doing nothing would mean that the required improvements and planned implementation are not implemented.
- 3.2 Committee notes and agrees the actions taken and planned (recommended) the Procurement Team will continue to work through the planned actions to implement the Act and those outstanding from the Audit where they have not been changed by legislative requirements. Internal Audit will be monitoring progress.

3.3 Committee notes the actions taken and planned, and proposes alternative and/or additional actions The Committee may wish to propose further actions where, in their opinion, these will address the Audit recommendations more appropriately.

#### **4. Financial management comments**

4.1 There is a requirement to achieve value for money across the Council and, in particular, with expenditure through procurement activity.

4.2 The Finance team will play a crucial role in building identified cashable savings into budgets.

#### **5. Risk management comments**

5.1 The issues set out above already highlight the areas of risk for the Council.

5.2 The Report sets out how the Procurement Team is taking forward the internal audit recommendations and the implementation of the Procurement Act 2023.

#### **6. Procurement comments**

6.1 Procurement comments form the basis of this report.

#### **7. Legal comments**

7.1 The Council is required to comply with the provisions of the Procurement Act 2023.

#### **8. Other considerations**

8.1 No other considerations that those set out above are asked to be taken into account.

#### **9. Equality and Diversity**

9.1 The council's Policies and Procedures are designed and intended to allow equal access to any procurement and contract opportunities offered by the Council.

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

10.1 The Council's policies and procedures are designed and intended to consider sustainable sourcing and to minimise climate change wherever applicable.

#### **11. Timetable for implementation**

There is a statutory deadline for the implementation of the Procurement Act 2023 and a scheduled audit planned for Q3.

#### **12. Contact**

12.1 Karen Limmer [K.Limmer@spelthorne.gov.uk](mailto:K.Limmer@spelthorne.gov.uk)

#### **Background papers:**

[Interim Audit Report November 2023.pdf \(spelthorne.gov.uk\)](#)

Audit Committee Report dated 29 January 2024: Procurement Internal Audit Recommendations Progress Review [Procurement Internal Audit Recommendations Progress review.pdf \(spelthorne.gov.uk\)](#)





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# Audit Committee



26 September 2024

|                                  |   |
|----------------------------------|---|
| <b>Title</b>                     | Annual Review of the Confidential Reporting Code  |
| <b>Purpose of the report</b>     | To note   |
| <b>Report Author</b>             | Karen Limmer, Group Head of Corporate Governance  |
| <b>Ward(s) Affected</b>          | All Wards   |
| <b>Exempt</b>                    | No  |
| <b>Exemption Reason</b>          | N/A   |
| <b>Corporate Priority</b>        | Services<br>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><br><br><b>Note that the review of the Confidential Reporting Code by the Monitoring Officer has taken place and agree to retain the current policy.</b> |
| <b>Reason for Recommendation</b> | The current Code is fit for purpose and covers all relevant matters.  |

## 1. Summary of the report

| What is the situation  | Why we want to do something  |
|--|--|
| <ul style="list-style-type: none"> <li>An annual review of the Confidential Reporting Code is required.</li> </ul> | <ul style="list-style-type: none"> <li>To ensure continued good governance within the council and to protect employees.</li> </ul> |
| This is what we want to do about it  | These are the next steps   |
| <ul style="list-style-type: none"> <li>Note the review that has taken place</li> </ul>                             | <ul style="list-style-type: none"> <li>If no amendments are required, the Code will be reviewed again next year.</li> </ul>        |

- 1.1 This report seeks to advise and update members on the outcome of the annual review of the Confidential Reporting Code by the Monitoring Officer and to provide an update on the number of whistleblowing case raised under the Code in the past year.

## **2. Key issues**

- 2.1 The Confidential Reporting Code forms part of the Council's Constitution and sets out how to raise serious concerns about any aspect of the Council's work. It also sets out legal protection against reprisals under the Public Interest disclosure Act 1998.
- 2.2 There is a requirement for the Confidential Reporting Code (the Code) to be reviewed annually by the Council's Monitoring Officer and this is then reported to the Audit Committee.
- 2.3 The Code details:
  - (a) The nature of concerns which may be reported;
  - (b) Other policies such as the Grievance Procedure which exist to deal with employment issues including bullying or harassment;
  - (c) Safeguards against harassment or victimisation as a result of raising a concern;
  - (d) Processes for raising and dealing with concerns including the various officers and organisations who could be contacted.
- 2.4 In November 2023 a review of the Code was reported to the Audit Committee. The Monitoring Officer concluded that the current Code is effective and did not require amendment.
- 2.5 The Code is currently communicated via different media: indirectly through the intranet and posters on staff boards, as well as presentations at staff meetings.
- 2.6 A compulsory training module on the Code exists in the Workrite e-learning facility which staff are required to complete every twelve months.
- 2.7 The Monitoring Officer has concluded that the current Code continues to be effective and does not require modification save updating contact details. The updated Code is attached at **Appendix A**.
- 2.8 Since the Code was last reviewed, three matters have been raised. One did not amount to whistleblowing and the other two have been duly investigated.

## **3. Options analysis and proposal**

- 3.1 The Audit Committee can agree to continue with the current Code or can recommend suggested amendments. If there are suggested amendments these will need to be recommended to the Council for consideration.

## **4. Financial management comments**

- 4.1 Not applicable.

## **5. Risk management comments**

- 5.1 The number of concerns raised under the Confidential Reporting Code are considered to be fairly low. There is a central register to support the logging of matters which will also highlight any recurring concerns.

## **6. Procurement comments**

- 6.1 Not applicable.

## **7. Legal comments**

- 7.1 The Employment Rights Act 1996 as amended by the Public Interest Disclosure Act 1998 provides protection to employees who raise awareness about malpractice in the workplace.

## **8. Other considerations**

- 8.1 There are none.

## **9. Equality and Diversity**

- 9.1 The Code is accessible by all.

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

- 10.1 There are none.

## **11. Timetable for implementation**

- 11.1 If the Audit Committee agrees that no changes are required, the policy will continue to apply. If amendments are recommended, these would not come into effect until adopted by Council.

## **12. Contact**

- 12.1 Karen Limmer [k.limmer@spelthorne.gov.uk](mailto:k.limmer@spelthorne.gov.uk)

**Background papers: There are none.**

**Appendices:**

**Appendix A Confidential Reporting Code**

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Appendix A

## CONFIDENTIAL REPORTING CODE (Whistleblowing)

### 1. INTRODUCTION

- 1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it expects staff and others that it deals with who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.3 Staff are often the first to realise that there may be something seriously wrong within the Council. However, they may not raise their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern instead of reporting what may just be a suspicion of malpractice.
- 1.4 The adoption of this confidential reporting Code by the Council is intended to encourage and enable all staff to raise any serious concerns they have within the Council, rather than overlooking a problem or 'blowing the whistle' outside. The Code makes it clear that you can raise concerns on a confidential basis, without fear of victimisation, subsequent discrimination or disadvantage. It is based on the Public Interest Disclosure Act 1998, which gives staff raising concerns under its rules legal protection against reprisals.
- 1.5 The Code applies to all staff and contractors working for the Council on Council premises, including agency staff. It also covers suppliers and those providing services under a contract with the Council.
- 1.6 The procedures in this Code are in addition to the Council's existing Complaints Procedure.

### 2. AIMS AND SCOPE OF THIS CODE

- 2.1 This Code aims to:
- encourage you to feel confident about raising serious concerns
  - encourage you to question practice and act upon any concern
  - provide clear channels for you to raise those concerns
  - ensure that you receive a response to concerns you raise and that you are clear about how to pursue them if you are not satisfied
  - reassure you that you will be protected from possible reprisals or victimisation if you raise a concern in good faith reasonably believing something is wrong.
- 2.2 The Council has a Grievance Procedure to enable you to lodge a grievance relating to your own employment and a Harassment and Bullying Policy to enable you to raise any concerns about this area, which should be directed to Human Resources. This Confidential Reporting Code is intended to cover

major concerns you might have that fall outside the scope of other procedures. Such concerns might include:

- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as other staff
- damage to the environment
- the unauthorised use of public funds
- possible fraud and corruption
- serious and organised crime
- sexual or physical abuse of clients, or
- other unethical conduct.

If safeguarding concerns are highlighted then the Safeguarding Policy and procedures must be adhered to.

2.3 Any serious concerns that you have about any aspect of service provision or the conduct of staff or councillors of the Council or others acting on behalf of the Council can be reported under the Confidential Reporting Code. This could be about something that:

- makes you feel uncomfortable in terms of your past experience or what you know about standards set by the Council; or
- is against the Council's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

2.4 This Code does not replace the corporate complaints procedure.

### **3. SAFEGUARDS**

#### **Harassment or Victimisation**

3.1 The Council is committed to good practice and high standards and wants to be supportive of staff.

3.2 The Council recognises that making the decision to report a concern can be difficult. If what you are saying is true, you should have nothing to fear because you will be doing your duty to the Council and those for whom you are providing a service.

3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) of someone raising something of concern to them and if proven will take appropriate action, including disciplinary procedures to protect you against this when you raise a concern in good faith. If you consider that you are the subject to harassment or victimisation (including informal pressures) due to the raising of your concern you should inform the person dealing with your whistleblowing matter or any other officer named in this policy.



3.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

#### **4. CONFIDENTIALITY**

4.1 If someone asks for a matter to be treated in confidence, then we will do our utmost to respect that request. However, it is not possible to guarantee confidentiality. If we are in a position where we cannot maintain confidentiality and so have to make disclosures, we will discuss the matter with you first. We will give you feedback on any investigation and be sensitive to any concerns you may have as a result of any steps taken under this procedure.

4.2 In some circumstances the Council may decide that we have to reveal your identity in order to assist in the investigation into the matter. You will be advised beforehand if this is to be the case. Your prior consent will be obtained before such disclosure, unless we have to disclose your identity by law (e.g. safeguarding concerns, money laundering or other criminal offences).

#### **5. ANONYMOUS ALLEGATIONS**

5.1 This Code encourages you to put your name to your allegation whenever possible. Remember, if you do not tell us who you are it will be much more difficult for us to investigate the matter fully, to ask follow-up questions, to protect your position or to give you feedback.

5.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.

5.3 In deciding whether to consider anonymous concerns the following are some of the factors which will be taken into account:-

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources

#### **6 UNTRUE ALLEGATIONS**

6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against you in accordance with the Council's disciplinary procedures.

#### **7 HOW TO RAISE A CONCERN**

7.1 As a first step, you should normally raise concerns with your immediate manager or their manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that your management is involved, you should approach the Chief Executive, Chief Finance Officer, Monitoring Officer, or Audit Services.

7.2 Concerns may be raised verbally or in writing. If you wish to make a written report it is best to use the following format:

- the background and history of your concern (giving relevant dates);

- the reason why you are particularly concerned about the situation.

- 7.3 The earlier you express your concern the easier it is to take action.
- 7.4 Although you are not expected to prove beyond doubt the truth of an allegation you make, you will need to demonstrate to the person you contact that there are reasonable grounds for your concern.

- 7.5 You can obtain advice/guidance on how to pursue matters of concern from:

|  |                                |                                  |
|--|--------------------------------|----------------------------------|
| Chief Executive  | Daniel Mouawad                 | (01784 446250)                   |
| Chief Finance Officer  | Terry Collier                  | (01784 446296)                   |
| Deputy Chief Executive   | Lee O'Neil                     | (01784 446377)                   |
| Monitoring Officer   | Karen Limmer                   | (01784 446248)                   |
| Internal Audit Manager   | Neil Pitman                    | neil.pitman@hants.gov.uk         |
| Human Resources Manager (where specifically relates to a Human Resources matter) | Debbie O'Sullivan/Angela Tooth | (01784 446289)<br>(01784 446427) |

- 7.6 In addition you could contact any of the following:-

The Chair or Vice Chair of the Standards Committee: the Council has a Standards Committee, the purpose of which is to help the Council operate to the highest ethical standards. Both the Chair and Vice-Chair are non-councillors and can be approached for advice. Their details can be obtained from Committee Services on 01784 446240/444243 or found on the Council's website; or

Protect - This is a registered charity which seeks to ensure that concerns about serious malpractice are properly raised and addressed in the workplace and they can be contacted on 020 3117 2520; or

Your trade union or professional body.

- 7.7 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 7.8 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

## **8. HOW THE COUNCIL WILL RESPOND**

- 8.1 The Council will always respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

- 8.2 If you raise a concern with your manager which they feel is beyond the scope of their authority or of a serious nature they will refer it to the Monitoring Officer rather than dealing with it personally.
- 8.3 Where appropriate, the matters you raise may:
- be investigated by managers, audit services, or through the disciplinary process
  - be referred to the police
  - be referred to the external auditor
  - form the subject of an independent inquiry.
- 8.4 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle for the Council is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example grievance or sexual harassment) will normally be referred for consideration under those procedures.
- 8.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.6 Within ten working days of a concern being raised, the manager with whom you raise your concern or the Monitoring Officer will write to you:
- acknowledging that your concern has been received
  - indicating how the Council propose to deal with the matter
  - giving an estimate of how long it will take to provide a final response
  - telling you whether any initial enquiries have been made
  - supplying you with information on staff support mechanisms, and
  - telling you whether further investigations will take place and if not, why not.
- 8.7 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 8.8 Where any meeting is arranged, which can be away from the offices or your place of work if you so wish, you can be accompanied by a union or professional association representative or a friend.
- 8.9 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.
- 8.10 The Council accepts that you need to be assured that the matter has been properly addressed and so, subject to legal constraints, will inform you of the outcome of any investigation.

## **9. THE RESPONSIBLE OFFICER**

- 9.1 The Council's Monitoring Officer has overall responsibility for the maintenance and operation of this Code. That officer will maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

## **10. HOW THE MATTER CAN BE TAKEN FURTHER**

- 10.1 This Code is intended to provide you with clear channels within the Council to raise concerns and the Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- Public Concern at Work
- the Council's external auditor
- your trade union
- your local Citizens Advice
- relevant professional bodies or regulatory organisations
- the police.

- 10.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

## **11. POLICY REVIEW**

- 11.2 This policy will be reviewed annually by the Council's Monitoring Officer to ensure the effectiveness of the policy and the findings will be reported to the Audit Committee.



## Spelthorne Borough Council Services Committees Forward Plan and Key Decisions

This Forward Plan sets out the decisions which the Service Committees expect to take over the forthcoming months, and identifies those which are **Key Decisions**.

A **Key Decision** is a decision to be taken by the Service Committee, which is either likely to result in significant expenditure or savings or to have significant effects on those living or working in an area comprising two or more wards in the Borough.

Please direct any enquiries about this Plan to [CommitteeServices@spelthorne.gov.uk](mailto:CommitteeServices@spelthorne.gov.uk).

## Spelthorne Borough Council

### Service Committees Forward Plan and Key Decisions for 26 September 2024 to 30 January 2025

| Anticipated earliest (or next) date of decision and decision maker                    | Matter for consideration                     | Key or non-Key Decision | Decision to be taken in Public or Private | Lead Officer   |
|---|--|-------------------------|---|--|
| Audit Committee 26 09 2024  | Annual Review of Confidential Reporting Code | Non-Key Decision        | Public                                    | Karen Limmer, Interim Monitoring Officer                           |
| Audit Committee 26 09 2024  | Procurement Progress Update                  | Non-Key Decision        | Public                                    | Karen Limmer, Interim Monitoring Officer                           |
| Audit Committee 26 09 2024<br><br>Corporate Policy and Resources Committee 15 10 2024 | Corporate Risk Management                    | Non-Key Decision        | Public                                    | Lee O'Neil, Deputy Chief Executive                                 |
| Audit Committee 26 09 2024  | Internal Audit Progress Report               | Non-Key Decision        | Public                                    | Natalie Jerams, Deputy Head of Southern Internal Audit Partnership |
| Audit Committee 26 09 2024  | Audit Risk Assessment                        | Non-Key Decision        | Public                                    | External Auditors  |
| Audit Committee 26 09 2024  | External Audit Update                        | Non-Key Decision        | Public                                    | External Auditors  |

| Date of decision and decision maker                                   | Matter for consideration   | Key or non-Key Decision | Decision to be taken in Public or Private | Lead Officer   |
|---|--|-------------------------|---|--|
| Provisional Extraordinary Audit Committee<br>December 2024 (Date TBC) | Value for Money Statement  | Non-Key Decision        | Public                                    | External Auditors  |
| Provisional Extraordinary Audit Committee<br>December 2024 (Date TBC) | External Audited Accounts  | Non-Key Decision        | Public                                    | External Auditors  |
| Audit Committee 30 01<br>2025   | Corporate Risk Management  | Non-Key Decision        | Public                                    | Lee O'Neil, Deputy Chief Executive                                 |
| Audit Committee 30 01<br>2025   | Update on use of Regulation of Investigatory Powers Act Policy (RIPA Policy) | Non-Key Decision        | Public                                    | Karen Limmer, Interim Monitoring Officer                           |
| Audit Committee 30 01<br>2025   | Internal Audit Progress Report   | Non-Key Decision        | Public                                    | Natalie Jerams, Deputy Head of Southern Internal Audit Partnership |
| Audit Committee 30 01<br>2025   | Annual Reivew of Internal Audit Effectiveness                                | Non-Key Decision        | Public                                    | Natalie Jerams, Deputy Head of Southern Internal Audit Partnership |
| Audit Committee 30 01<br>2025   | External Audit Update  | Non-Key Decision        | Public                                    | External Auditors  |

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