



Please reply to:

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Date: 16 March 2016

Notice of meeting

Audit Committee

Date: Thursday, 24 March 2016

Time: 7.30 pm

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

To the members of the Audit Committee

Councillors:

M.J. Madams (Chairman)
A.C. Harman (Vice-Chairman)
S.A. Dunn

N. Islam
D. Patel
D. Saliagopoulos

H.A. Thomson

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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RESPONSIBILITIES OF THE AUDIT COMMITTEE

Purpose

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

Core Functions

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

AGENDA

Page nos.

- | | | |
|------------|---|----------------|
| 1. | Apologies
To receive any apologies for absence. | |
| 2. | Minutes
To confirm the minutes of the meeting held on 24 September 2015. | 1 - 4 |
| 3. | Disclosures of Interest
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members. | |
| 4. | Annual Audit letter 2014-15
To receive the Annual Audit Letter from the external auditor. | 5 - 12 |
| 5. | Corporate Risk Management
To receive a report from the Deputy Chief Executive. | 13 - 30 |
| 6. | Confidential Reporting Code (Whistleblowing Policy)
To receive a report from the Internal Audit Manager. | 31 - 40 |
| 7. | Annual Internal Audit Plan 2016-17
To receive a report from the Internal Audit Manager. | 41 - 44 |
| 8. | Anti-Fraud, Bribery and Corruption Strategy
To receive a report from the Internal Audit Manager. | 45 - 50 |
| 9. | Committee Date Reschedule
To agree an alternative date for the next Audit Committee scheduled for 23 June 2016 as it falls on the same date as the EU Referendum. | |
| 10. | Committee Work Programme
To consider and approve the work programme for the forthcoming municipal year 2016/17. | 51 - 52 |

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**Minutes of the Audit Committee
24 September 2015**

Present:

Councillor M.J. Madams (Chairman)

Councillors:

S.A. Dunn

H.A. Thomson

H.R.D. Williams

Apologies: Councillors A.C. Harman and D. Patel

244/15 Minutes

The minutes of the meeting held on 25 June 2015 were approved as a correct record.

245/15 External Audit report on Audit and Statement of Accounts

The Deputy Chief Executive reported that external auditors appointed by the Audit Commission, KPMG, were required, in accordance with international auditing standards and statutory requirements, to report annually to the Council on:

- Their opinion on the Council's Statement of Accounts
- Any uncorrected items in the Statement of Accounts
- Qualitative aspects of the Council's accounting practices and financial reporting
- The Annual Governance Statement
- Their annual Value for Money conclusion

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

Neil Hewitson, on behalf of KPMG presented the report and responded to Members' questions. He concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and therefore anticipated issuing an unqualified VFM conclusion by 30 September 2015. It was also noted that KPMG had raised two recommendations which had both been accepted by Management Team. The first recommendation focused on work around value for money which reiterated the importance of staff and Councillors adhering to the code of conduct. Secondly there was a medium priority recommendation which focused on how the Council goes about valuating assets. It recommended an

independent valuer which must be completed by 1 April 2016 to ensure it coincides with a financial year end.

The external auditor gave a positive overall conclusion and stated that this was a testament to the work of the Accountancy and Audit teams of the Council.

Resolved that:

- 1) The Audit Committee is asked to note the External Auditor's 2014/15 audit report (Appendix A). That the Chief Finance Officer sign the letter of representation (as attached to appendix 4 of the Auditors' report).
- 2) That the Chief Finance Officer and Chairman of the Committee sign the statement of accounts.
- 3) That the Audit Committee notes the draft officer responses to the recommendations made in Appendices 1 and 2 of the Auditors report.

246/15 Corporate Risk Management

The Internal Audit Manager reported that the Corporate Risk Register had undergone its regular quarterly review and update by the Corporate Risk Management Group and Management Team to ensure that actions were being taken to deal with the identified risks. The revised register was considered to be an accurate reflection of the high level risks affecting the Authority. Progress on actions was documented on the register.

The Internal Audit Manager drew members' attention to the risks associated with Business Continuity and Emergency Planning, Project Management, Information Governance, Debt Recovery, Safeguarding and the 'Towards a Sustainable Future Programme' (TASF).

In particular the Committee noted that the Information Governance Group had met on 21 September 2015 and would be taking a report to Management Team requesting a dedicated member of staff to focus on records management.

The Internal Audit Manager explained to the Committee that a new risk category had been added to the corporate risk register to focus on debt recovery as there was a reasonable amount owed to the Council in areas such as a Bed and Breakfast arrears and housing. She stated that there were various challenges in those areas, such as claimants' ability to repay, so there was a difficulty to recover those monies and therefore a risk to the Council.

The Committee were concerned that there were 26 projects ongoing which required a high level of officer involvement. The Committee queried the continuity of projects and whether the changes as a result of the TASF programme would undermine the consistency of projects as current project managers may be different after the Group Head selection process. The Deputy Chief Executive reassured the Committee that those issues would be taken into account during the selection process and projects would be given to those with relevant experience.

Resolved that the contents of the Corporate Risk Register be noted and accepted.

247/15 Internal Audit interim report

The Internal Audit Manager presented her report which summarised the work undertaken by Audit Services during the period April 2015 to August 2015 and provided the Council with assurance on the adequacy of its internal audit systems of control.

The Internal Audit Manager drew the Committee's attention to the work surrounding debt collection and the team's effort to help make the recovery policy more robust to help address the outstanding issues outlined in the report. She focused on the difficulty of debt recovery for particular areas such as Meals on Wheels and Span due to the vulnerable clientele, but was hopeful that, with the Corporate Debt Group, actions could be taken forward.

In addition she emphasised the team's work in relation to the risks associated with Counter Fraud. She explained that Spelthorne had received £60k from the DCLG fraud fund which was being used to assist in the detection and prevention of tenancy fraud, right to buy applications, business rate evasion and avoidance and corporate or miscellaneous frauds such as legitimacy of council tax exemptions for students. The Committee noted that an official launch was being scheduled to raise public awareness of Housing Fraud in Surrey whereby posters were to be distributed alongside a press release to improve fraud detection.

The Committee were concerned with the need for documentary evidence with regards to a disaster recovery test for the iTrent payroll system from Tandridge Borough Council. The Internal Audit Manager explained that the Council was continuing to request the relevant information from Tandridge and was hopeful that an update would be provided soon.

Resolved that the Audit Committee note the Internal Audit Interim Report.

248/15 Effectiveness of the system of internal audit

The Internal Audit Manager presented her report on the effectiveness of the system of internal audit. She referred to various performance indicators used to assess the system of internal audit including the Service Plan, Audit Plan, professional standards, external audit reliance and achievements in 2014/5.

She also referred to the improvement plan for 2015/6 which focused primarily on the 'towards a sustainable future' initiative that required all services to review their service delivery models.

She explained that the internal audit team would continue to develop a programme of fraud risk reduction. She explained that Spelthorne was currently working in partnership with Surrey County Council and six other boroughs to detect and prevent non-benefit fraud. In addition funding had been obtained from the Department for Communities and Local Government (DCLG) to support this work which is focussing on Housing (fraudulent applications and sub-letting), Business Rates avoidance and evasion, and Council Tax discounts.

The Committee emphasised the importance of 'joined up' working between councils with regards to fraud investigations as social housing fraud, for example, can stretch over many boroughs. The Internal Audit Manager explained to the Committee that such measures were in place such as the web-based system entitled 'Safety Net' which joins up fraud investigations between authorities.

The Committee recommended that fraud investigations be added to the Corporate Risk Register to monitor their progress and determine whether the £60k funding from the DCLG had been useful.

Resolved that:

- 1) the report on the effectiveness of the system of Internal Audit be noted.
- 2) fraud investigations be added to the Corporate Risk Register to determine whether the £60k DCLG funding had been useful and used effectively.

249/15 Annual Governance Statement

The Chief Finance Officer presented his report and outlined the content of the Annual Governance Statement (AGS) 2014-15. The Statement reviewed arrangements for corporate governance and internal control as required by the Accounts and Audit Regulations 2006.

Resolved that the draft Annual Governance Statement at Appendix 1 to the report of the Chief Finance Officer be approved and that the improvement actions identified in the Statement be endorsed.

250/15 Committee Work Programme

The Committee considered its Work Programme for the remainder of the 2015/2016 Municipal year.

Resolved that the Committee Work Programme for the remainder of the 2015/2016 Municipal year, be approved.



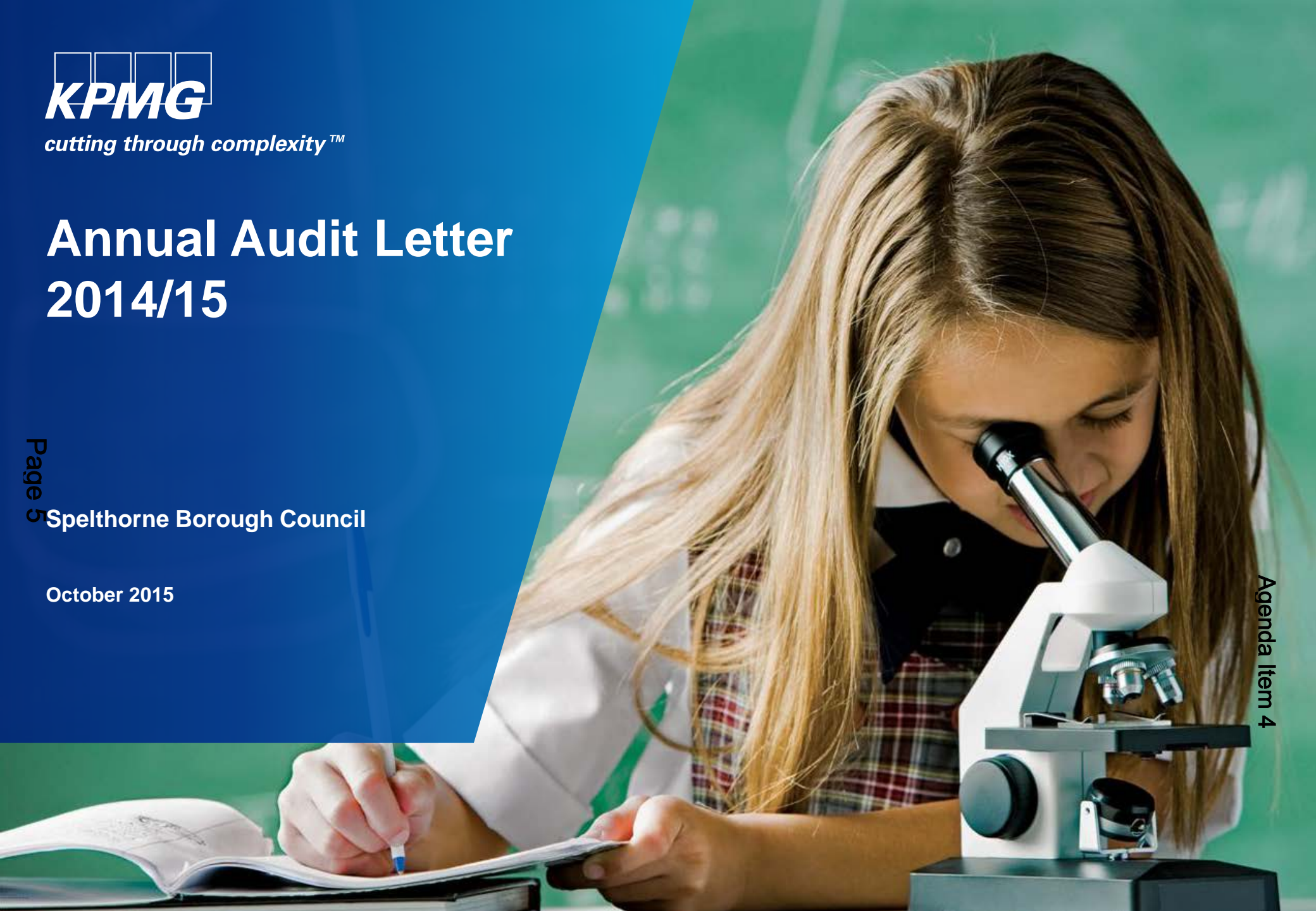
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Annual Audit Letter 2014/15

Page 5

Spelthorne Borough Council

October 2015



Agenda Item 4

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Report sections

■ Headlines

Appendices

1. Key issues and recommendations
2. Summary of reports issued
3. Audit fees

Page

2

3

4

5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Hewitson, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This report summarises the key findings from our 2014/15 audit of Spelthorne Borough Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

We provide a summary of our key recommendations in Appendix 1.

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 28 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 28 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
Financial statements audit	The Authority continues to operate a sound financial reporting process and the draft accounts provided were of a good standard. Our audit identified two adjustments other than those that were clearly trivial.
Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.
Whole of Government Accounts	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
High priority recommendations	We raised one high priority recommendations as a result of our 2014/15 audit work. This is detailed in Appendix 1 together with the action plan agreed by management. We will formally follow up this recommendation as part of our 2015/16 work. One recommendation from our ISA 260 report 2013/14 remains outstanding and the Authority have agreed to action this in 2015/16.
Certificate	We issued our certificate on 28 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2014/15 was £64,170, excluding VAT. Further detail is contained in Appendix 3.

This appendix summarises the high priority recommendations that we identified during our 2014/15 audit, along with your responses to them.

Lower priority recommendations are contained, as appropriate, in our other reports, which are listed in Appendix 2.

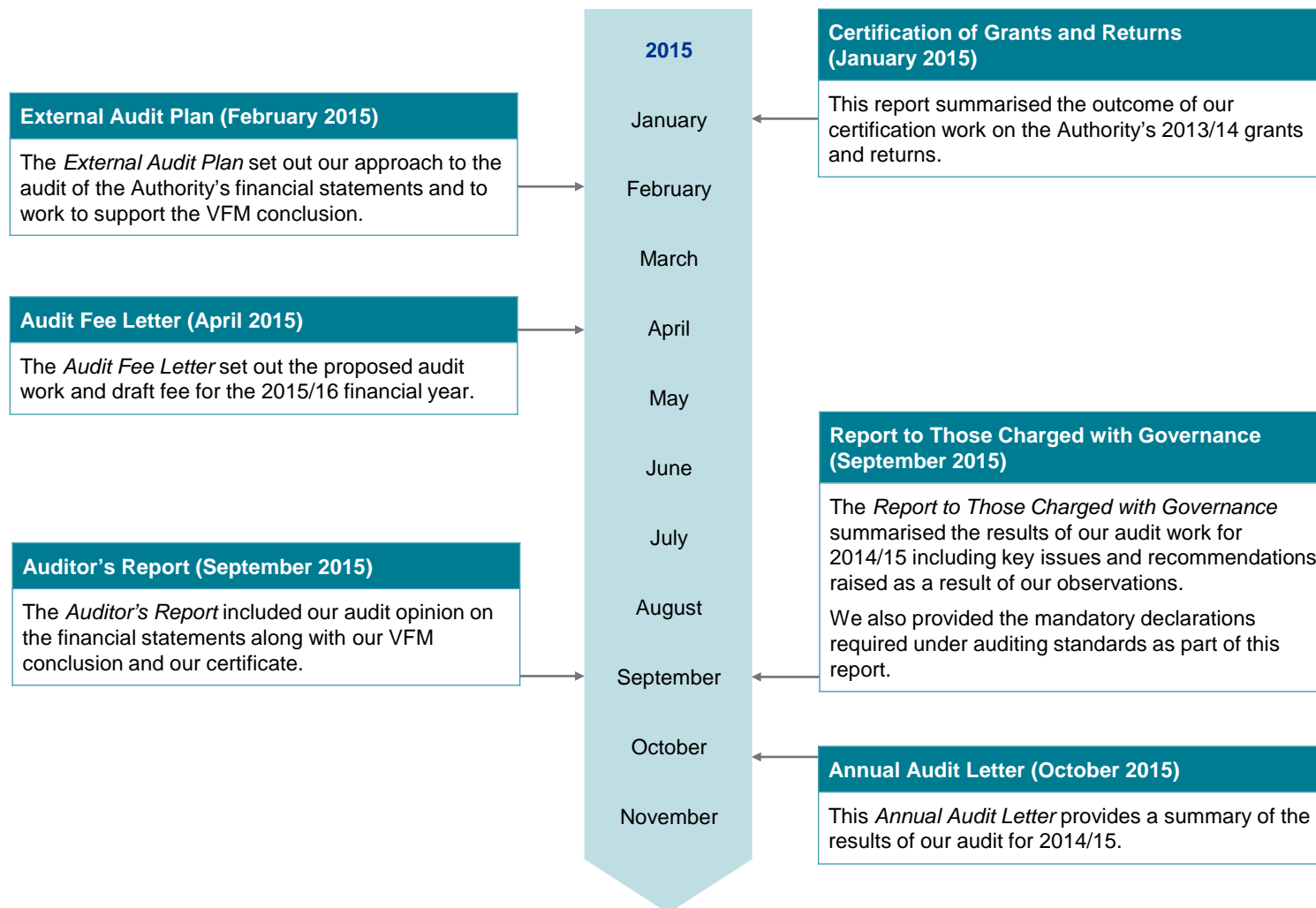
We held a debrief meeting with the Assistant Chief Executive in September 2015 to discuss the learning points from this year's audit, including minor issues that we have not formally reported.

No.	Issue and recommendation	Management response / responsible officer / due date
1	<p>Compliance with Council Policy</p> <p>Following a recent investigation, concerns were raised about potential non-compliance with Council policy following negotiations over a proposed asset disposal. Whilst the investigation concluded no further legal action was required, the Council should reiterate the importance of compliance with its internal processes and code of conduct to ensure that they are adhered to at all times.</p>	<p>Agreed.</p> <p>The Council will reiterate to officers and councillors the importance of compliance with internal processes and codes of Conduct.</p> <p>Responsible Officers: Management Team and Head of Corporate Governance.</p> <p>Due Date: 31 March 2016.</p>

Follow up of previous recommendations

As part of our audit work we followed up on the Authority's progress against previous audit recommendations. One recommendation remains outstanding. This was not a high priority recommendation and the Authority have agreed to implement this during 2015/16.

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



**This appendix provides
information on our final fees
for the 2014/15 audit.**

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £64,170, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

Other services

We did not charge any additional fees for other services.



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Audit Committee

24 March 2016



Title	Corporate Risk Management		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Tim Evans	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	That the committee notes the report.		

1. Key issues

- 1.1 The Corporate Risk Register ensures key risks are identified, managed and monitored. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).
- 1.2 Significant issues to report are:
 - (a) **Corporate Health and Safety**- In a recent Internal Audit review of Health and Safety arrangements across the authority, it was evident that due to resourcing limitations a robust system of inspections has not been implemented by Managers across the Authority. This increases the risk of serious injury or even fatality, subsequent insurance claims and pay-outs, thereby exposing the Authority to reputational damage. Whilst the absence of Inspections in certain areas and the associated risks have been accepted by Management Team, this risk should be subject to periodical review.
 - (b) **Business Continuity and Emergency Planning** – The Corporate Emergency Plan was updated in January 2016 and the multi- agency flood plan completed in December 2015. Applied resilience have facilitated Services in updating their business impact assessments which will feed into revised business continuity plans. The Head of Sustainability and Leisure meets monthly with Applied Resilience to monitor delivery of expected outcomes for Business Continuity and Emergency Planning.
 - (c) The Council's **Corporate Plan** and priorities have been reviewed as a result of the new Council. The impact on ongoing projects, resources and Service Planning for 2016/17 will need to be assessed.
 - (d) **Delivery of the 'Towards a Sustainable Future' (TaSF) and providing financial resilience for the authority** – There has been a

small decrease in the number of TaSF projects with a green RAG rating mainly arising from external factors causing delays. Due to the significant delay in finalising the organisational review and senior Management restructure, there is an ongoing risk of low staff morale and increased turnover during current times of uncertainty which MAT acknowledge. The recruitment and selection process for the Group Head Positions is however planned to take place shortly.

- (e) **Information Governance** – The Information Governance Group meet quarterly to discuss the necessary steps to be taken to address outstanding actions. MAT are supportive of appointing additional resource (Information Governance Officer) to address the action plan.
- (f) **Failure in Service Delivery**- There are prolonged vacancies in a number of areas despite incentives offered, in particular Housing, Environmental Health and Customer Services. This effects the ability to deliver a good quality Service as well as having a consequential negative effect on other Services. There are current proposals to target students and university graduates for certain roles and further consideration is being given to where posts are advertised. Human Resources may wish to monitor the effectiveness of these proposed changes in collaboration with Services, and it is acknowledged that they are already liaising with other authorities regarding their recruitment and retention policies, with a view to sharing best practice.
- (g) **Housing** – There are continued pressures on the Housing Service as a result of many factors, e.g. London Boroughs increased use of Spelthorne properties, limitations of the Local Housing Allowance, and A2D rents unaffordable, insufficient affordable properties being built and the Benefit Cap. A model for the strategic way forward in delivering the Housing function has been drafted and is to be formally agreed.
- (h) **Safeguarding** – Following discussions with relevant officers, a number of issues were highlighted and actions are being progressed as follows:
 - i. The Leisure Services Manager is reviewing changes required to the Children's Safeguarding policy, particularly with regards to child sexual exploitation.
 - ii. Further liaison with Surrey County Council is necessary in order to strengthen the feedback process relating to children's referrals.
 - iii. A standard policy and process for Safeguarding Adults is to apply across districts and boroughs. It would be timely for staff training needs to be assessed with revised policies/processes publicised in due course.
 - iv. To seek clarification over responsibility for dealing with safeguarding issues where there have been cross border referrals (families located out of Surrey).
- (i) **Debt Recovery**- Recovery arrangements for significant debts/other income streams and amounts outstanding continue to be periodically monitored through the Corporate Debt group. A Consultant has been appointed to coach and train staff responsible for debt recovery with a view to improving their skills and enhancing recovery rates.
- (j) **Corporate Fraud** - As at 31st December 2015 the cumulative payback/return in tackling non-benefit fraud equates to £394k. This is well in excess of the original £60K DCLG fraud funding allocated to Spelthorne. In view of this positive return, it was agreed at the Corporate Fraud Overview meeting in January that the Internal Audit Manager

would lead in preparing a business case for a Corporate Fraud function/resource at Spelthorne. Refresher Fraud training (to incorporate anti-bribery and corruption) for staff and Members is also to be arranged in due course.

2. Options analysis and proposal

Either:

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

Or:

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

3. Financial implications

- 3.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets.

4. Other considerations

- 4.1 The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives, failure in service delivery, financial losses, poor value for money, health and safety incidents, legal challenges and reputational damage.

5. Timetable for implementation

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

Background papers: There are none.

Appendices: Appendix 1 – Corporate Risk Register

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SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

APPENDIX 1**CORPORATE RISK REGISTER**

This register summarises the Councils most significant risk. It sets out controls in place and identifies any further action needed to mitigate risks. Actions are assigned to appropriate officers with target dates for implementation.

Reviewed March 2016

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

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
Page 17	1. Health and Safety failing resulting in death or serious injury to staff /public and legal action against the Council	4	Policies and SHE (Safety Health and Environment) system .The Health and Safety, Insurance and Risk Administrator manages the SHE Database, overseen by the Health and Safety, Insurance and Risk Manager. Managers have a legal requirement to conduct regular risk assessments. Induction training.	<i>1i. Risk assessments for all Services are to be reviewed, and updated details entered onto the SHE system. 1ii. Annual checklist and instructions for Managers being prepared. 1iii. Whilst the risks associated with not implementing a robust Inspection regime across the authority have been accepted by Management Team, this risk/issue should be subject to periodical review.</i>	MAT/ All Service Heads HSIRM*	30 April 2016 *R Requires Monitoring	Internal Audit cross cutting review of Health and Safety carried out in November 2015. The Health and Safety Manager is preparing an annual checklist and instructions for Managers that will facilitate in addressing the internal audit recommendations (draft audit report issued Dec 2015). One of the main issues highlighted in the audit is that due to resourcing limitations a robust system of inspections has not been implemented by Managers across the whole of the Authority, potentially exposing the Authority to claims both internally and externally. The absence of Inspections in certain areas and the associated risks have been accepted by Management Team.
	2. Uncertainty surrounding the financial /economic/other consequences of contaminated land. Legal action against the Council.	4	Legal duty to inspect land and prioritise action. Documented records of all site investigations and assessments held. A separate risk assessment is held which is reviewed regularly. Reports issued to Management Team and Cabinet.	<i>The Contaminated Land Strategy to be finalised and approved by Cabinet.</i>	DCX (LO)/SEHM*	30 May 2016 *R Requires Monitoring	Contaminated land risk assessment reviewed by TWF and remains valid at 01/02/2016. This risk assessment is due for formal review in November 2016.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	3. Disaster- major in borough, e.g. flooding, resulting in significant strain on council services (eg homelessness).	4	Corporate Emergency Plan updated January 2016. Multi- agency flood plan completed December 2015. Membership of Local Resilience Forum (LRF). Regular testing of Emergency Assistance Centre plan. Borough Emergency Centre Plans.Suggested improvements to the Business Emergency Centre (BEC) partially implemented due to plans to vacate Knowle Green. Incident management training and exercising. Emergency Response requirements remain the responsibility of the authority.Contract agreement in place with Applied Resilience, with increased resilience and support for Emergency Planning.	3. <i>The Head of Sustainability and Leisure to monitor the agreement with Applied Resilience to ensure satisfactory outcomes and highlight any issues requiring attention.</i>	CX (RT)/ HOSL*	Ongoing Monitoring	Previous action implemented - the Corporate Emergency Plan was updated in January 2016 and the multi- agency flood plan completed in December 2015. Function being delivered via the Mutual Applied Resilience Service. The Head of Sustainability and Leisure meets monthly with Applied Resilience to monitor outcomes. The two DCX's have attended Multi-Agency Gold Command Courses.
	4. Failure to manage corporate and service performance / failure to meet Council objectives and targets (Performance Management)	3	The Corporate Plan should set out targets for the authority which should be monitored by Members and Management Team. Service performance should be monitored by Management Team. Individual performance is monitored through the appraisal process. Flagship project performance is reported to Management Team and Members. Performance Management Working Group has been established to improve monitoring arrangements. Updates have been provided to Cabinet and the Audit Committee.	<i>Corporate Plan and priorities have been reviewed as a result of the new Council. The impact on ongoing projects, resources and Service Planning will need to be assessed.</i>	MAT / DCX LO	30 April 2016 Requires Monitoring	DCX (LO) liaising with the Leader.
	5. Failure to align service objectives to corporate aims and priorities / Failure to deliver services effectively due to poor service planning	3	The Corporate Planning process should set out a clear vision for the authority and specific targets. Some services have statutory responsibilities. Individual Service Plans should be derived from the Council's Corporate Plan and statutory/other responsibilities. Plans incorporate resources, risks, workforce, significant projects and performance indicators.	<i>Service Plans are due to be prepared for 2016/17, taking into account the new Corporate Plan and priorities. They will be made available on Spelnet, enabling other services to assess the likely impact.</i>	Service Heads/ MAT	30 April 2016 *O Requires Monitoring	
	6. Failure of projects due to poor project management arrangements. Lack of resource and expertise to deliver and coordinate	3	1. Project management arrangements are in place including process for project initiation, consideration of resources available to deliver, identification of project risks and progress reporting processes. Corporate Project Register. Corporate Project team is in place.	<i>1i. Many larger projects are asset related – this area will need to be kept under review due to limited resources in this area.</i>	MAT	Ongoing Monitoring	MAT reviewing Asset Management structure as part of 'Towards a Sustainable Future' (TaSF) programme. Additional resource to support the Joint Head of Asset Management. Proposed restructure promotes greater links between Planning, Asset Management and Economic Development.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
				<p><i>1ii Management team to consider limited capacity and revenue implications prior to approving additional / new projects.</i></p> <p><i>1iii. The Projects Assurance Officer to promote the importance of following correct procurement processes in delivering projects.</i></p>	MAT	Ongoing monitoring	Approx. 30 projects are currently being tracked through the Project Office and the TaSF programme. Collation of corporate project register by Service areas for 2015/16. The Project Assurance Officer will be focussing on procurement in the projects process during the coming months.
			2. Staines upon Thames - The Head of Planning and Housing strategy has been appointed on a full time secondment as the Staines upon Thames regeneration manager with support from consultants. 5 work streams have been fully defined and documented. A conditional agreement was signed with the preferred developer for the Bridge Street site on 31 July 2015. The money the Council will receive is less than initially projected.	<p><i>2. A number of procedural stages are being progressed associated with the sale of the Bridge Street site.</i></p>	STC & RM*	31st March 2016 *O Requires monitoring	Head of Planning secondment extended to end of May. Planning application for Bridge Street being considered at 9th March Planning Committee. The money from the sale of the Bridge Street site should be forthcoming mid/end July 2016
			3. Towards a Sustainable Future - The Head of Customer Services has mapped out a programme for this challenging initiative. This identifies roles, responsibilities, key deadlines, financial implications and risks. There are three work streams/mini programmes falling under the overall TaSF programme. Mapping of the individual projects under the three work streams. MAT have assigned resources to the main areas of the TaSF programme, and projects are underway. The TaSF Programme Support Officer coordinates all three main work streams under the TaSF programme, reporting directly to the Head of Customer Services who continues to oversee the direction of the programme. The Programme Brief has been approved by Cabinet and Overview and Scrutiny Committee. Review completed of document retention and electronic data management systems (see section 7).	<p><i>3i. High level overview of the three work streams is underway to ensure cohesion and coordination.</i></p>	MAT	30 April 2016 * O Requires monitoring	A slight decrease in the the number of TaSF projects with a green RAG rating mainly due to external factors causing delays. TaSF structural review underway with the recruitment and selection process planned to take place shortly.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	7. Security / data breaches, resulting in system failure, Information Commissioner fines and reputational damage.	3	Back up and continuity arrangements managed by ICT and tested by Service Heads. ICT security policies. Personal Commitment statement required from staff. ICT security group assess ongoing risks. ICT disaster recovery test satisfactorily conducted March 2014. Information Governance Group. Head of Corporate Governance is the Senior Information Risk Owner (SIRO). Removal of the Microsoft Outlook 'Auto-Complete' feature recommended.	<i>Information Governance Group to pursue action plan to ensure information assets are identified and managed.</i>	Head of CG *	31 May 2016 R* Requires Monitoring	The Information Governance Group now meet quarterly to discuss the necessary steps to be taken to address outstanding actions. MAT and Cabinet built into 16-17 budget growth for an Information Governance Officer to enable resource to be in place in to address the action plan.
	7. See above.			<i>The Council's project team is currently considering the document retention policy and alternative electronic document management systems which will help to strengthen information security.</i>	HoCS*/ MAT	31 May 2016 R* Requires Monitoring	The authority has decided on its approach to document management and implemented the first phase. The Idox document management system has been implemented for Environmental Health, Planning and Building Control with training being organised. Expanding Civica Contact Manager system. For internal Documents the plan is to review and rebrand Sharepoint.
	8. Failure to meet the minimum security requirements of the Government Code of Connection resulting in termination of connection to any other government sites/data.	3	A review group assesses compliance with the Government Code of Connection (COCO). Firewall installed, laptops encrypted, memory sticks banned until they are 'white-listed' as known devices on the network, and universal serial bus (USB) ports locked down. Dual factor authentication on all laptops. All Baseline Personnel Security Standard checks completed. CoCo re-accreditation achieved in January 2016. The Cabinet Office has increased security requirements due to the implementation of the Public Service Network (PSN).		Head of ICT *	Ongoing monitoring	Annual health check and security penetration test completed. CoCo submission to Cabinet Office in December 2015 and re-accreditation. Successful certification of Public Service Network (PSN) compliance gained on 16 January 2016 which is valid until 15 January 2017.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	9. Lack of business continuity planning to cover loss of building, equipment, ICT or staff - leading to loss or disruption to services	3	Business Continuity (BC) Policy . The BC Forum oversees progress of BC planning. All Services should have up to date and tested BC Plans, but this is not the case currently. Business Impact Assessments identify priority services, resources required for their continuation and time frame. Emergency protocols for loss of building access/loss of power/loss of ICT are being developed. Emergency messaging system for staff. Live loss and denial of access exercise for Knowle Green took place Sept 2013. Improvements made to telephony resilience. Contract agreement in place with Applied Resilience from September 2015 , with increased resilience and support for Business Continuity Planning (full time officer assigned). Updated staff contacts list.	9i. <i>Guidance to Services to update and test their Business Continuity plans will be a priority under the new service delivery model.</i> 9ii. <i>The Head of Sustainability and Leisure is monitoring the agreement with Applied Resilience to ensure business continuity is delivered.</i> 9iii. <i>Business Continuity Policy to be updated.</i>	Service Heads/MAT/ Head of S & L *	30 April 2016 (R*). Requires Monitoring	Function being delivered via the Mutual Applied Resilience Service. The Head of Sustainability and Leisure meets monthly with Applied Resilience to monitor outcomes. Applied resilience are working closely with Services to update business impact assessments and following this task they will provide corporate steer and guidance on preparing business continuity plans and conducting testing exercises.
	10. Failure in service delivery due to over reliance on individuals	3	Service Heads/MAT are responsible for ensuring business continuity, including loss of key staff. Critical procedures should be documented and staff appropriately trained. Service Heads should review as part of the service planning process. Resilience may be provided from other local authorities or other organisations.	<i>MAT have reviewed structures as part of the budget saving exercise, and consideration is being given to resilience and succession planning arrangements.</i>	Service Heads/ MAT	Ongoing monitoring	Training has been provided to support staff during time of organisational change and Human Resources have asked Managers how they can be supported further.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
Page 22	11. Failure in service delivery due to reduced capacity and increasing demands from the community; prolonged staff vacancies due to inability to recruit; posts advertised as temporary may be adversely impacting on the Council's ability to recruit. Increased risk of delay, errors or stress.	3	Short term reductions in capacity are accommodated by prioritisation and reallocating work amongst staff. Longer term impacts and changes to demand may be more difficult to address. Service review may be required to help match resources to the level of work. Resources need to be diverted to implementing new systems or introduce new ways of working. If resources cannot be enhanced, services will have to prioritise work to resources available. Staff have access to counselling via Occupational Health. Posts advertised with Surrey Jobs which also feeds into a wider network of job sites. Specialist websites and publications are also used as necessary to advertise posts. Human Resources have highlighted posts where recruitment has been challenging. Recruitment and Retention Policies requested from other authorities.	11i. <i>Members and Management Team will need to keep resourcing levels under review, particularly the impact of new projects and any statutory obligations on service/project delivery.</i> 11ii. <i>Human Resources to monitor the effectiveness of proposed changes to recruitment and selection methods, in collaboration with Services.</i> 11iii. <i>Human Resources are liaising with other authorities regarding their recruitment and retention policies, with a view to sharing best practice.</i>	Service Heads/ MAT/HRM	31 May 2016 * O Requires monitoring	MAT maintaining under review Towards a Sustainable Future (TSF) should help to address service levels/requirements and capacity issues. Ongoing recruitment problems in a number of areas despite incentives offered, for example, Housing, Environmental Health and Customer Services. This ultimately impairs Service delivery as well as having a consequential negative effect on other Services. There are proposals to target students and university graduates for certain roles and further consideration is being given to where posts are advertised.
	12. Low morale as a result of increasing service demand, lack of staff & finance and ongoing uncertainty due to delay in finalising organisational review/restructure/allocating positions. Increased turnover, high staff stress levels, risk of losing expertise and impact on services.	3	Employment arrangements in place include recruitment and selection, pay and rewards, training and development. Change Management process, communications, performance management systems, appraisals, one to one's, team meetings, performance clinics, staff meetings. Stress audit conducted in Housing. The Human Resources Manager advises MAT as appropriate. Planned TaSF Senior management restructure agreed by Members in February 2016.	12i. <i>Management Team to keep under review, particularly in light of 'Towards a Sustainable Future'.</i> 12ii. <i>The recruitment process to the new Group Head positions is due to commence.</i> 12iii. <i>A peer review took place January 2014 and an action plan has been developed.</i>	MAT DCX (LO)	31 May 2016 * O Requires monitoring 30 April 2016 R* Requires Monitoring	MAT maintaining under review. There is an ongoing risk of low morale and increased turnover during current times of uncertainty which MAT acknowledge. The TaSF Member task group have agreed to proceed with the planned TaSF Senior Management restructure, which has been on hold for the last few months. The recruitment process to the new Group Head positions will start shortly. An action plan has been produced by Management Team in consultation with the Leader, which is being progressed.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	13. Failure to comply with the Council's corporate governance requirements and standards resulting in poor value for money, Costly legal challenges and reputational damage.		Corporate Plan setting out clear purpose, vision and outcomes. Constitution setting out clearly defined roles/rules for Members/Officers. Code of Corporate Governance and Codes of Conduct to promote high standards of conduct and behaviour. Informed and transparent decision making processes open to scrutiny. Member and staff training programmes.Accountability through published accounts and community engagement . Induction programme delivered for new councillors during 2015 including briefing on roles and responsibilities, financial position, delivering services and current key issues.	<i>The Council's Code of Corporate Governance is to be reviewed in 2016/17</i>	MAT	30 June 2016 R* Requires Monitoring	The review of the code of Corporate Governance is currently outstanding.
Page 23	14. Procurement - Weak governance arrangements and lack of transparency in procurement decisions. Contractual disputes and claims through poor specifications. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes. Reputational damage and costly challenge by other companies. Financial loss/poor vfm as a result of poor contract management. Reliance on Legal for support on tendering processes/appointment of Contractors.	3	Contract Standing Orders set out tendering requirements. Officer Code of Conduct sets out requirement for declaration of interests. Contract guidelines with compliance checklist. Legal team provide support on contract management and major procurements. Contract management training held in 2012 and 2013. Specification writing training taken place. Procurement training In October 2014. Development of the e-procurement system continues and further contracts continue to be sourced with this solution which offers significant time savings and efficiencies for staff in Legal. Procurement Board meet regularly.	<i>1i. Procurement, contract management and asset management expertise is limited across the authority and this is to be reviewed under the TaSF programme. 1ii. Procurement Board monitoring implications of the new UK Public Contract Regulations 2015 and implementation of the Local Government Transparency Code requirements. Guidance Notes to be issued in due course. 1iii. Leisure centre Contract ends 2021 so investigating options for replacement service.</i>	MAT DCX (TC)/ PS*	31 May 2016 *R Requires Monitoring	1i. Management Team has considered expertise and resources in these areas. Additional resource has been allocated to Asset Management. MAT are reviewing through TaSF and organisational restructures. 1ii. Ongoing monitoring of legislative changes by the Procurement Board. The Principal Solicitor will be issuing new guidance notes at a future Managers Briefing on the public sector and EU procurement regulations changes (awaiting update from PS). 1iii. Officers reported to Overview and Scrutiny Committee in January 2016 on the performance of significant contracts.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
				2. MAT will monitor the appointment of consultants and contractors for the Council's projects including Town Centre, Knowle Green and other initiatives to ensure full compliance with governance requirements	MAT	31 May 2016 *R Requires Monitoring	2. MAT are monitoring.
	15.1 Pressures on Housing Service as a result of economic climate and welfare reforms including changes in government policy to restrict housing benefit. Introduction of Universal Credit may lead to staff retention issues. Loss of Housing Benefit subsidy and uncertainty over recovery of outstanding debt. London Boroughs increased use of Spelthorne properties. Local Housing Allowance limited. A2D rents unaffordable. Insufficient affordable properties being built. Benefit Cap may effect up to 500 families.	3	Service Heads/ MAT/Members are aware of risks. Working groups established to deal with changes. The authority faces some challenges in managing the loss of £500k per annum in subsidy (recovery of Housing Benefit overpayments) which will be fully realised if the roll out of Universal Credit is completed in 2017/18. This loss of subsidy may be spread over a longer period of time as completion of Universal Credit roll out slips. Accountancy have factored into outline budget projections and currently assume phase out by 2018/19. There is currently £2m of outstanding Housing Benefit overpayment debt in the Council's accounts. This is being recovered, albeit repayments are often small due to Housing Benefit regulations. Cabinet has received updates on Welfare Reforms. This includes a suggested approach to the use of discretionary housing payments. Strategic Housing Group. Officers and A2D have been working with families affected by the benefit cap. Housing Company being set up. Close working with private landlords. New Landlord Guarantee scheme.	15.1 i. The Corporate Debt Group have considered further measures to address the increasing level of Housing Benefit overpayments and Bed and Breakfast arrears, with the aim of improving recovery of these debts . 15.1.ii. A model for the strategic way forward in delivering the Housing function has been drafted and is to be discussed/agreed.	MAT / Joint Heads of H & IL*	31 May 2016 Requires Monitoring	There is a continual increase (although has eased off slightly in the last few months) of households in bed and breakfast (with the added issue of overspend on the bed and breakfast budget) and the lack of resources to discharge duty. A number of options are now being pursued and MAT and the Leader are supportive of this approach. Cabinet support will be requested. Projects commenced to ensure strategies are followed. A model for the strategic way forward has been drafted. The Corporate Debt Group are appointing a Debt Recovery Consultant to coach and train officers dealing with the recovery of Housing Benefit Overpayments, Bed and Breakfast arrears and other debts.
	15.2 Introduction of Council Tax Support scheme has impacted on resources.	3	The council tax support scheme has generated a significant number of small council tax debts, which are difficult and time consuming to recover, impacting on resources. Recovery policy applied.	2. Service Heads/MAT to monitor staffing and other resource implications as appropriate.	DCX (TC)	Ongoing monitoring	Although CTS collection rates are still lower than overall collection rates, with the introduction of extra resources within recovery, the recovery rate has improved when compared to previous year. Collection rate for CTS as at 31.01.16 is 77.5% compared to 73%

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	16. Poor partnership governance arrangements	3	Partnership governance policy. Significant partnerships identified. Insurance arrangements in place	16i. <i>The Partnership Governance policy is due for review.</i>	MAT	30 June 2016 * O Requires monitoring	
Page 25	17. Uncertainty over economic growth and supplier failure, impacting on: • Delivery of contracts and services • Business Rate income. SBC now bears a significant share of any losses on collection.	3	Financial Services monitor the financial media in relation to larger companies and critical commercial partners. Recovery and inspection of business properties is being strengthened to maximise collection/minimise losses for the Council. DCLG Fraud funding for dealing with Business Rate avoidance and evasion cases during 2015/16. Spelthorne are a member of the Surrey Business Rates pool for 2015-16 enabling enhanced monitoring and data sharing with the other four participating councils. Business Rates Subgroup formed with agreed terms of reference focusing on Group Training, specialist advice, cross boundary prosecutions and legal advice.	17i. <i>Impact of new Business Rate arrangements on Council finances is under ongoing review.</i> 17ii. <i>Business Rates project to be pursued.</i>	DCX (TC)/Head of CS *	30 June 2016 * O Requires monitoring	A service level project has been initiated to focus on 3 areas of business rates: Increase tax base Reduce Business Rate avoidance Increase admin grant A growth bid has been submitted and accepted by Management team to progress this project through 2016/17 .
			Economic Development Strategy is reviewed every three years. Communication of the vision, proposed actions and measures of success is taking place. Regular reporting to the Cabinet Member with responsibility for Economic Development to advise on progress with action plans and delivery of the strategy. LGA funded adviser produced 3 reports on Key Account Management, Inward Investment and Visitor Numbers, with a number of recommendations having resourcing implications. This has been considered as part of 15-16 budget process. A growth bid has been approved as follows: - Inward Investment - £5k Stimulate economic Activity - £10k Magna Carta - £8k Staines-upon-Thames BID £32k SBF / Miscellaneous £16.5k Total - £71.5k The creation of a new post of Economic Development Officer has now also been approved. This post including on-costs is £29.4k This gives a total of £100.9k.	17iii. <i>Economic development is a Council priority and growth will impact on business rate income - this is under ongoing review.</i> 17.iv. <i>The 3 year economic assessment & strategy is currently being updated, due for Cabinet submission/approval by December 2016.</i>	DCX (TC) * CS & EDO*	31 October 2016* Requires monitoring	The 3 year economic assessment & strategy is currently being refreshed and will be available to seek Cabinet approval in December 2016. A Business Improvement District is under development for Staines-upon-Thames. Welcome packs for new businesses as well as property agents have been developed. A CRM is being developed to track Spelthorne's top 20 businesses with regards to key account management. A Commercial Property Agents/Developers event is being planned for March 2016 to help focus inward investment interests in Staines. A bid has been submitted to Surrey CC for £350k with regards to support for secondary town centres; £350k match funding from SBC has already been approved

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	18. Failure to comply with employment legislation or statutory duty leading to possible compensation (unlimited), damage to reputation, Legal costs and significant officer time.	3	Human Resources (HR) identify changes in employment legislation, provide guidance and training to ensure compliance. Equality and Diversity working group and training provided to all staff.		MAT/ Service Heads/ Head of HR*	Ongoing monitoring	Professional HR support will continue to be available.
	19. Failure to comply with statutory duty / adhere to Safeguarding Policy leading to death or injury to child or vulnerable adult, legal action and reputational damage. Failure by County to address Spelthorne referrals relating to vulnerable children/adults.	3	Council has statutory responsibility for safeguarding children and Adults. Safeguarding policies and procedures. Staff and Member training. All referrals to Surrey County Council should be reported to a nominated Spelthorne Officer. Regular meetings held with Surrey County Council and consultation with the Surrey Safeguarding Children's Board (SSCB). Annual Section 11 audit. The Children's Safeguarding and Adults at Risk Strategies were approved by Cabinet in October 2013. The Children's policy is currently being updated. Independent Living Managers have reviewed any changes required to Adults at Risk policies and processes.	19i. <i>The Leisure Services Manager to review changes required to the Children's Safeguarding policy, particularly with regards to child sexual exploitation.</i> 19ii. <i>Further liaison with Surrey County Council is necessary in order to strengthen the feedback process relating to children's referrals.</i> 19iii. <i>Staff training needs to be assessed and revised policies/processes publicised in due course.</i> 19iii. <i>To seek clarification over responsibility for dealing with safeguarding issues for cross border referrals (where families located out of Surrey).</i>	DCX (TC)/LSM/ILM/ JOINT HEADS OF H & IL *	30 April 2016 * O Requires monitoring	Standard policy and process for Safeguarding Adults being prepared for all districts and boroughs. Concerns remain about threshold of acceptance and follow up/feedback regarding children's referrals. There are also issues where families are placed out of Surrey, in terms of liaison and responsibility.
	20. Service delivery and planning difficulties due to reduction in Revenue Support Grant and therefore reduction in spending	3	Long term strategic/financial planning. Corporate Plan / priorities reviewed. Member engagement 'Towards a Sustainable Future' programme identified potential savings and additional sources of income.	<i>Towards a sustainable future programme to be delivered</i>	MAT	31 August 2016 * O Requires ongoing monitoring	TaSF programme to be progressed, including Structural Review, Knowle Green relocation and Income Generation (use of Assets).
				<i>Identify alternative service delivery models and prepare business cases. Assess the impact on in-house Services.</i>	Service Heads	31 May 2016 * R Requires monitoring	Some business cases for alternative service delivery models have been submitted, whilst others (Environmental Health) were put on hold for legitimate reasons, but are being pursued. The Public Sector Mutual Applied Resilience Service took effect from 1 September 2015. Meetings held to assess the impact of alternative service delivery models on existing in-house Services.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	21. Reduction in service delivery and possible loss of internal control as a result of savings required to balance budget	3	Management is responsible for maintaining key services and internal controls regardless of resource levels. Any savings offered will be accompanied with summary of any associated risks.		Service Heads/ MAT	Ongoing monitoring	
	22. Poor return on long term investments /investments insecure in current climate	3	Treasury Management Strategy approved annually by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely. Council's investments managed internally in consultation with Arlingclose. Quarterly meetings and conference calls held with Arlingclose. Deputy Chief Executive, Terry Collier and Portfolio Holder, Councillor Evans are involved in key decisions. Use a range of credit ratings and criteria recommended by Arlingclose. Regular monitoring ,reporting of investment portfolio and returns achieved.		DCX (TC) *	Ongoing monitoring	The income target for 2015/16 increased by £300k to £635k to reflect the significant capital receipt the Council was expecting to receive during the year. Despite the delay in this being received the estimated outturn position for 2015/16 at the end of December 2015 was £621k, with careful management and utilisation of the cash balances available to maximise return. The core pooled investment funds have been enhanced in year and continue to perform well, both in terms of interest earnings and capital growth. Accountancy continue to closely monitor risk, the global economic market and maintaining a diversified portfolio.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	23. Failure to collect/recover income due, resulting in losses to the authority.	3	Corporate Debt Officer Group meet periodically. Corporate Recovery Policy. Recovery policies also exist for specific areas such as Council Tax, NNDR, Sundry Debts etc. Debt collection statistics produced and analysed. Budget Monitoring identifies any shortfall in income. Accountancy report to Management Team and Members on significant variances and comparisons with previous year. The Corporate Debt Group, chaired by the Deputy Chief Executive (Terry Collier) continue to meet monthly and a wider representation from Services is being encouraged. The Deputy Chief Executive in his capacity as Section 151 Officer is taking the lead in coordinating outstanding actions with the Corporate Debt Group such as strengthening recovery procedures for sundry debts to reflect Spelthorne's recovery policy wherever possible and practical, with less intervention from Services; perusal of older debts by the Recovery team and monitoring by Management. Arrears figures at the Corporate Debt Group are reviewed, together with discussions about cost effectiveness of pursuing different types of debts.	23i. <i>Recovery arrangements for significant debts/other income streams and amounts outstanding continue to be periodically monitored through the Corporate Debt group.</i> 23ii. <i>External Consultant to coach and train staff responsible for debt recovery with a view to improving their skills and enhancing recovery rates.</i>	Service Heads/ DCX, TC/HOCS		For some income streams corporate debt recovery processes appear to stop or are handed back to Services. This has been discussed at the Corporate Debt Group with a view to strengthening processes. The Corporate Debt Group are appointing a Debt Recovery Consultant to coach and train officers dealing with the recovery of Housing Benefit Overpayments, Bed and Breakfast arrears, Sundry debts, Customer Services (Business rates and Council Tax) and other debts.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
	24. Increased risk of fraud / theft due to economic climate resulting in financial losses and damage to reputation of authority. Housing tenancy fraud reduces availability of social housing.	3	Corporate Policies including Confidential Reporting Code (Whistle blowing), Anti-fraud, Bribery and Corruption Strategy, Proceeds of Crime and Anti-Money Laundering, Code of Conduct including rules relating to gifts and hospitality, and declaration of interest. Staff are reminded about governance policies during appraisal process. Refresher fraud awareness training for staff and Members is due. Implications of Bribery Act (July 2010) considered by services. Various policies and procedures such as Financial Regulations and Contract Standing Orders, management checks, segregation of duties, reconciliation processes for financial systems and IT Security measures. Spelthorne have received £60k of the DCLG fraud fund (up to June 2016), used to assist in the detection and prevention of non benefit fraud, focusing on housing, (homeless and housing applications, tenancy fraud, right to buy applications) business rates (evasion and avoidance), and Corporate/miscellaneous frauds. Agreed targets. Audit Services are coordinating progress in terms of payback and submitting quarterly fraud returns to Surrey CC.	24i. To ensure that the DCLG fraud fund is used appropriately and that each initiative is receiving a payback. 24ii. Prepare business case for a Corporate Fraud resource/function. 24iii. To arrange Fraud and anti-bribery and corruption training for all staff and Members.	Service Heads/ MAT/IAM/Head of CS/Head of H&IL IAM IAM	Requires monitoring 30 June 2016 *R	Audit Services and Investigating Officers attend specialist Fraud groups with Surrey Partners which are very useful forums for sharing skills, knowledge and approaches to tackling fraud/ business rate avoidance/evasion cases. Data Intelligence systems such as Trace IQ are also being used to verify details and investigate fraud. The Internal Audit Manager continues to meet periodically with the Investigating Officers, Housing and Business Rates teams to review progress. It is reassuring that a robust internal fraud referral process/system has been implemented within Housing . As part of a Surrey wide publicity Campaign to tackle Social Housing Fraud, a press release was issued in November 2015 and various communication channels have been used to promote the message/display the poster. A fraud hotline has also been set up within Housing. As at 31st December 2015 the cumulative payback/return in tackling non-benefit fraud equates to £394k. This is well in excess of the original £60K DCLG fraud funding allocated to Spelthorne.

SPELTHORNE BOROUGH COUNCIL - CORPORATE RISK REGISTER
2015/16 QUARTER 1

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	OUTSTANDING ACTIONS	RISK OWNERSHIP	ACTION DATE	PROGRESS / COMMENTS
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***KEY TO RAG RATING**

	Actions outstanding
	Partially actioned
	Completed/Ongoing monitoring

***KEY TO TARGET DATES**

* O = Original target date for assigned action

* R = Revised target date for assigned action

***KEY TO OFFICERS**

MAT - Management Team

Head of CS - Head of Customer Services, Linda Norman

Head of CG – Head of Corporate Governance, Michael Graham

Head of ICT – Helen Dunn

DCX (TC) – Terry Collier

HSIRM - Health and Safety, Insurance and Risk Manager – Stuart Mann

Head of S & L – Head of Sustainability and Leisure Services, Sandy Muirhead

Head of SS – Head of Streetscene, Jackie Taylor

DCX (LO) – Lee O'Neil

SEHM - Senior Environmental Health Manager, Tracey Wilmott-French

PS - Principal Solicitor, Victoria Statham

STC & RM - Staines Town Centre and Regeneration Manager, Heather Morgan

Head of AM & OS – Head of Asset Management and Office Services, Dave Phillips

HRM – Human Resources Manager, Debbie O'Sullivan

CM- Contract Managers

Joint Heads of H & IL – Joint Heads of Housing and Independent Living, Deborah Ashman and Karen Sinclair

LSM - Leisure Services Manager, Lisa Stonehouse

RRO – Risk and Resilience Officer, Nick Moon

CS & EDO – Community Safety and Economic Development Officer, Keith McGroary

IAM - Internal Audit Manager, Punita Talwar

Audit Committee**24 March 2016**

Title	Confidential Reporting Code (Whistleblowing Policy)		
Purpose of the report	To make a decision		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	The Audit Committee is asked to note the Confidential Reporting Code (Whistleblowing Policy) and to recommend any amendments if necessary.		

1. Key issues

- 1.1 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. The Code is attached as Appendix 1.
- 1.2 The Audit Committee is required to review the Code annually. There will be some technical changes as part of the review of the Constitution which will be reviewed by full Council in April 2016.
- 1.3 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.
- 1.4 The Code is available to staff and Members on the intranet and it is included in the Council's Constitution. A leaflet (Appendix 2) has been placed on every notice board.
- 1.5 There are no proposals to amend the Confidential Reporting Code.

2. Options analysis and proposal

- 2.1 There are no options

3. Financial implications

3.1 Not applicable

4. Other considerations

4.1 None

5. Timetable for implementation

5.1 Not applicable

Background papers:

Appendices:

Appendix 1 – Confidential Reporting Code

Appendix 2 – Leaflet displayed on notice boards

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.
- 1.7 This Code has been discussed with UNISON and the Transport and General Workers Union and has their support.

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 ~~Sexual Harassment~~ and Bullying Policy to enable you to raise any concerns about ~~sexual harassment~~ 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
- sexual or physical abuse of clients, or
- other unethical conduct.

2.3 Any serious concerns that you have about any aspect of service provision or the conduct of ~~officers-staff~~ or ~~members-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 will take appropriate action to protect you against this when you raise a concern in good faith.

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 All concerns raised will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness.

5. ANONYMOUS ALLEGATIONS

- 5.1 This Code encourages you to put your name to your allegation whenever possible.
- 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	Roberto Tambini	(01784 446250)
Chief Finance Officer	Terry Collier	(01784 446296)
Monitoring Officer	Michael Graham	(01784 446227)
<u>Head of Audit Internal</u> <u>Audit Manager Services</u>	<u>Deanna Harris Punita</u> <u>Talwar</u>	(01784 446454)
<u>Principal Solicitor</u>	<u>Victoria Statham</u>	<u>(01784 446241)</u>

Human Resources
Manager (where
specifically relates to a
Human Resources
matter)

Victoria Statham
Debbie O'Sullivan

(01784 446289)

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

The Chairman or Vice Chairman of the Members' Code of Conduct Committee: the Council has a Members' Code of Conduct Committee, the purpose of which is to help the Council operate to the highest ethical standards. Both the Chairman and Vice-Chairman 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 web site; or

Public Concern at Work - 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 7404 6609; 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.

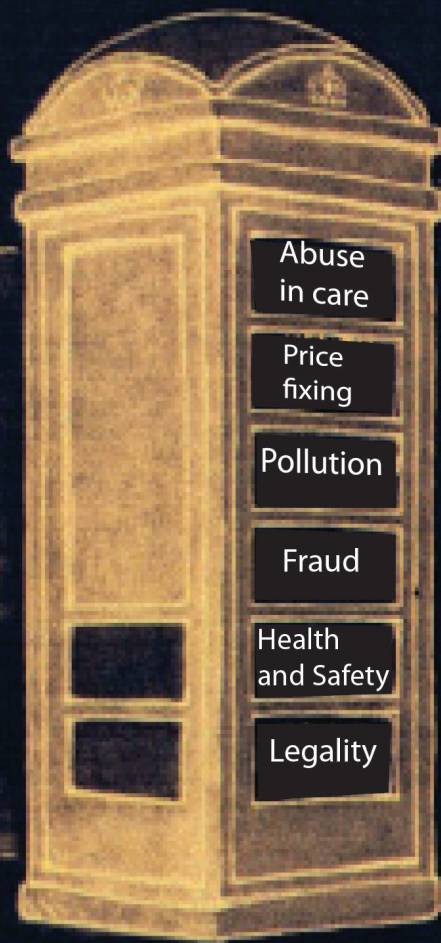
10. HOW THE MATTER CAN BE TAKEN FURTHER

- 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 Bureau
 - 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.

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



Not sure who you can talk to? Under our Confidential Reporting Code (whistleblowing policy), if you do not feel able to raise it with your line manager, you can talk in confidence to a number of officers. Please refer to the Confidential Reporting Code on our website: <https://www.spelthorne.gov.uk/CHttpHandler.ashx?id=12760&p=0>

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

Chief Executive, Roberto Tambini on 01784 446250

Deputy Chief Executive, Terry Collier on 01784 446296

Monitoring Officer, Michael Graham on 01784 446227

Internal Audit Manager, Punita Talwar 01784 446454

You can also speak to the charity Public Concern at Work for independent and confidential advice by calling 0207 404 6609



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Audit Committee**24 March 2016**

Title	Annual Internal Audit Plan 2016/17		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar,		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	The Audit Committee is asked to note the Internal Audit Plan (2016/17).		

1. Key issues

- 1.1 This report sets out the work planned by Audit Services during 2016/17 in order to fulfil its statutory and professional requirements.
- 1.2 Accounts and Audit Regulations require local authorities '*to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices*'.
- 1.3 Internal Audit is defined as "*An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*" (Public Sector Internal Audit Standards).
- 1.4 The audit planning process is set out below:
 - All auditable areas are identified (known as the 'Audit Universe'). These include:
 - Significant risks included in the Corporate Risk Register.
 - Financial risks and systems across the authority
 - Other risks identified within functions/Services
 - Information governance and information security
 - Procurement processes
 - ICT Security
 - Key Council projects
 - Fraud risks

- The Annual Internal Audit plan for 2016/17 will be delivered with a lower level of resource following the Head of Audit's departure in July 2015. Therefore greater reliance will need to be placed on other sources of assurance where possible (see below). Internal Audit have/will be commissioning some audit resource from Surrey County Council which enables sharing of knowledge, skills and best practice.
- In establishing the internal audit resource requirement and priorities for 2016/17 consideration has been given to existing sources of assurance. These include existing management controls (first line of defence), corporate review and monitoring processes (second line of defence) and independent sources of assurance such as Internal Audit (third line of defence). This assurance mapping process helps to identify and focus internal audit resource requirements.
- During 2015/16 Internal Audit have encouraged Managers to provide assurance that controls in their functions/services are operating effectively, which contributes to a more efficient way of working as well as promoting Management ownership of risks and controls.
- Audit work is prioritised and time allocated to each area which will be related to factors such as the value/volume of transactions, known system weaknesses, any change in personnel, likelihood and impact of risks.
- The Annual Plan is flexible and is reviewed periodically to allow priorities to be changed according to perceived risks.

A copy of the Annual Internal Audit Plan Summary (2016/17) is attached at Appendix 1.

- 1.5 The Council's Management Team and other senior officers have been consulted during the audit planning process.

2. Options analysis and proposal

- 2.1 There are no options

3. Financial implications

- 3.1 N/A

4. Other considerations

- 4.1 There are no further considerations

5. Timetable for implementation

- 5.1 The Annual Audit Plan sets out work to be undertaken during 2016/17.

Background papers:

There are none

Appendices:

Appendix 1 - Annual Internal Audit Plan – 2016/17.

Planned Audits - Assurance	Risk implications
Health and Safety	Death or serious injury, increased stress levels and sickness, prosecution of Council/Officers and reputational damage
Contaminated Land	Financial /economic consequences of contaminated land. Legal action against the Council.
Recruitment and Retention	Failure in service delivery; prolonged staff vacancies due to inability to recruit; posts advertised as temporary may be adversely impacting on the Council's ability to recruit and retain officers.
Information governance and security	Security/data breach leading to fines and reputational damage
Housing Service	Continuing external pressures on the Service leading to increased numbers of households in Bed and Breakfast, potential overspend, difficulties in staff retention due to uncertainty.
Financial <ul style="list-style-type: none"> Core financial systems Service based financial systems 	Financial losses due to fraud, theft, poor value for money or error. Inefficient systems.
ICT (to include review of authority's readiness for new Data Protection legislation)	Failure in service delivery, data breaches, increased penalties applicable under new Data Protection Act, reputational damage, fraud, theft, error, poor value for money through failure to use/ develop technology
Procurement / Contract management/Appointment of Consultants	Weak governance and lack of transparency in procurement. Contractual disputes and claims arising from poor specifications. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes. Failure to follow Contract Standing Orders and non-compliance with Procurement Regulations. Reputational damage and costly challenge by other companies. Financial loss / poor value for money as a result of poor contract management.
Follow up previous audit recommendations to confirm implementation.	Health and Safety/financial/legal/security/fraud/other consequences

<p><u>Council Functions</u> - Assess risks relating to functions (to include fraud risks) and review evidence/test to confirm relevant controls are in place. Some reliance will be placed on Managers to confirm controls are operating effectively for their respective areas.</p>	<p>Failure to manage service risks - leading to service delivery failure, delays, errors, losses, inefficient systems, injury/death and reputational damage.</p>
<p><u>Projects/Major issues:</u></p> <ul style="list-style-type: none"> • Towards a Sustainable Future programme (TaSF) to include use of assets, Knowle Green and embedding revised organisational structure • Alternative service delivery models and impact on in-house Services • Business Rates • Customer Relationship Management (CRM) • Housing • Parking • Spelthorne Leisure Centres • New Spelride fleet • Devolution 	<p>Failure of projects due to poor project management arrangements, lack of resources and expertise. Failure to deliver project outcomes within budget, (cost and time) and/or objectives not met.</p>
<p><u>Fraud</u></p> <ul style="list-style-type: none"> • DCLG Fraud fund – coordination of initiative with Surrey Counter Fraud Board (until July 2016) • Develop business case for Corporate Fraud function/resource • Review Fraud policies • Arrange Fraud, Bribery and Corruption awareness training 	<p>Financial losses and reputational damage. Social housing fraud deprives people in genuine need of a home, placing increased pressure on the Housing Service.</p>
<p><u>Corporate/Other</u></p> <ul style="list-style-type: none"> • Attendance at Working Groups such as the Corporate Risk Management Group, ICT SIG, Information Governance and Corporate Debt • Input into Code of Corporate governance review/ Annual Governance Statement • External Audit liaison • Advice and support to managers • Contingency time for unplanned work requests/special investigations 	<p>N/A</p>

Audit Committee**24 March 2016**

Title	Anti- Fraud, Bribery and Corruption Strategy		
Purpose of the report	To make a decision		
Report Author	Internal Audit Manager, Punita Talwar,		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	The Audit Committee is asked to: <ol style="list-style-type: none"> 1. Endorse the Council's Anti-Fraud, Bribery and Corruption Strategy 2. Approve the changes recommended to the Council's Anti-Fraud, Bribery and Corruption Strategy 		

1. Key issues

- 1.1 The Audit Committee is required to review the Council's Anti-Fraud, Bribery and Corruption Strategy annually and to make any recommendations for change to the Cabinet. Some minor changes are proposed as follows:
- Section 2 – Remove reference to the 'Audit Commission', replacing with 'The European Institute for combatting Corruption and Fraud - TEICCAF'
 - Section 10 – Remove reference to the Head of Audit services (following retirement in 2015) and add 'Internal Audit Manager' (Punita Talwar)
 - Section 17 – Remove reference to 'Benefit fraud' replacing with 'Corporate Fraud', reflecting the reduced significance of Benefit fraud and increased importance of corporate fraud
 - Section 18 – Add 'Effective methods for training and raising awareness shall be periodically explored'
- 1.2 During 2015 the Chartered Institute of Public Finance and Accountancy (Cipfa) issued a Code of practice on '*Managing the risk of fraud and corruption*', which highlighted that leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations.
- 1.3 The five key principles of the code are set out below:
1. *Acknowledge the responsibility of the governing body for countering fraud and corruption*

2. *Develop an appropriate counter fraud and corruption strategy*

3. *Take action in response to fraud and corruption.*

Spelthorne's position: Principles 1-3 are covered by the Council's Anti-Fraud, Bribery and Corruption Strategy.

4. *Provide resources to implement the strategy*

Spelthorne's position – Service managers are the first line of defence to minimise the risk/detect fraud and it is their responsibility to operate appropriate control systems. The Council has a small resource within Internal Audit to investigate fraud and funding (£60k) was obtained in 2015 from the Department of Communities and Local Government through a joint bid with six boroughs and the County Council to tackle non-benefit fraud during 2015/16. The Council's position with regard to the funding of fraud detection/investigation from July 2016 will need to be considered further and the Internal Audit Manager shall be preparing a business case for a Corporate Fraud function/resource at Spelthorne. Refresher Fraud training (to incorporate awareness of bribery and corruption) for staff and Members is also to be arranged in due course.

5. *Identify the fraud and corruption risks*

Spelthorne's position – Managers are responsible for identifying fraud and corruption risks in their services, and for operating systems of control to prevent and detect fraud. Internal Audit provides independent assurance that effective controls are in place to mitigate the risk of fraud.

2. Options analysis and proposal

Either:

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

Or:

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

3. Financial implications

3.1 Resources required (staff time) to implement actions to prevent and detect fraud risks should be contained within existing budgets. Funding for corporate fraud detection/investigation from July 2016 will need to be considered further by Management Team. There will also be costs associated with Fraud training.

4. Other considerations

4.1 Associated risks and consequences of fraud, bribery and corruption include financial losses and reputational damage to the authority.

5. Timetable for implementation

5.1 There are none.

Appendices: Appendix 1 – Anti-Fraud, Bribery and Corruption Strategy

ANTI FRAUD, BRIBERY AND CORRUPTION STRATEGY

Introduction

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

In this context

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

Corruption means - the dishonest influencing of actions and decisions.

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

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

Culture

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

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

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

Chief Finance Officer (currently Terry Collier)

Responsible for the financial management, audit and financial probity of the Council and also for its proper personnel policies and practices.

Monitoring Officer (currently Michael Graham)

Responsible for the legal probity and avoidance of maladministration or injustice by the Council.

Chief Executive (currently Roberto Tambini)

Responsible as Head of Paid Service for the overall management and direction of the Council and for ensuring adequate staff resources for services.

9. In addition each Head of Service has responsibility for the proper organisation and conduct of their service area.
10. Concerns should be raised with any of the above officers or with the Council's ~~Head of Audit~~ Internal Audit Manager Services ~~((Punita Talwar))~~ currently Deanna Harris.
11. More detailed guidance and advice on how to raise any concerns is contained in the Council's whistleblowing policy.
12. If anyone feels they are unable to raise their concerns through any of the above routes they may contact 'Public Concern at Work' (0207 404 6609), a registered charity whose services are free and strictly confidential.

Prevention

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

1. Codes/Procedures

All Members and staff need to be aware of, and have ready access to, the Council's agreed policies and procedures eg. Financial Regulations, Standing Orders, Codes of Conduct, and any relevant practice and procedure documents.

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

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

Members will in particular observe the Spelthorne code of conduct adopted on the 27 June 2012 and any other local Spelthorne code which may be adopted and will be supplied with a copy of any relevant code and advised of their responsibilities.

2. Systems

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

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

Chief Executive, ~~Assistant Deputy~~ Chief Executives, Heads of Service and managers are responsible for ensuring that appropriate internal controls are properly maintained.

A detailed analysis of the risks associated with any service should be carried out by managers (with assistance from Audit Services as necessary) to ensure that fraud, bribery and corruption is minimised.

Detection and investigation

14. Concerns should be reported to one of the individuals referred to in paragraphs 8 to 10 above or in accordance with the Council's whistleblowing policy. A detailed investigation of any concerns raised will be undertaken with the assistance of the Council's Internal Audit Service.
15. The Council will deal with any instances of fraud or corruption swiftly. Disciplinary action will be taken if appropriate after the police have been informed/involved, and the relevant Cabinet Member informed where necessary. Where the Council has adopted a prosecution policy for any business area (eg Housing Benefit Fraud) this will be followed.
16. In the event that fraud is suspected on the part of contractors' employees or internally, by staff involved in agency or contract work on behalf of other

bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Council will inform and involve employing contractors or agencies when appropriate.

- ~~17. Given the significance of benefit corporate fraud in national and local statistics, the Council recognises the important role of its Benefit-Fraud Investigation team in preventing and detecting benefit fraud. The Council will continue to support this function where working methods, resources and participation in national initiatives are under constant review.~~

17. Awareness

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

WORK PROGRAMME 2016 – 2017

AUDIT COMMITTEE – 24 MARCH 2016

Resolution Required

1. Work Programme

- 1.1 This report covers the Work Programme for the current and forthcoming municipal year 2015/16 and 2016/17.
- 1.2 The Committee's terms of reference are set out at the front of the agenda.

2. Current Work Programme

- 2.1 This is the last meeting of the Committee scheduled for the municipal year 2015/16.
- 2.2 Meetings of this Committee have been scheduled in the Council's Diary for 2016/17 on the following dates:-
 - **June 2016 (date to be amended)**
 - **29 September 2016**
- 2.3 Details of the Work Programme for the next meetings are as follows:

March 2016		
Corporate Risk Management	Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Anti-fraud, corruption and bribery policy	Internal Audit Manager	Review
Committee's Work programme for 2015/2016	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report
External Audit Annual Audit Letter	External Audit	Report
Internal Audit Annual Plan	Internal Audit Manager	Report
Confidential Reporting Code	Internal Audit Manager	Review
Committee's Work programme for 2016/2017	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

June 2016		
External Audit Plan	External Audit	Report
Corporate Risk Management	Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Audit Services Annual Report	Internal Audit Manager	Report
Committee's Work programme	Internal Audit Manager / Chief	Report

for 2016/2017	Finance Officer/Audit Committee	
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September 2015		
Corporate Risk Management	Internal Audit Manager	Review
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Annual Governance Statement	Chief Finance Officer	Approval
External Audit report on Audit and Statement of Accounts	Internal Audit Manager	Report
Report on The Effectiveness of the System of Internal Audit	Internal Audit Manager	Report
External Audit Annual Audit Letter	External Audit	Report
Internal Audit Interim Report	Internal Audit Manager	Report
Committee's Work programme for 2015/2016	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report

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

3. Resolution

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

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

Report Author: Samuel Nicholls, Committee Manager (01784) 446240