

Agenda

Audit Committee

Thursday, 11 March 2021 at 7.00 pm

Remote meeting via video link



This meeting will be held **remotely**. Committee Members will be provided with the details of how to connect to the meeting one day before the meeting.



Members of the public may observe the proceedings live on the Council's [website](#).

Members:

J. S. Bray (Chair)

M. S. Blacker
G. Buttironi
J. P. King
S. A. Kulka

C. M. Neame
S. J. G. Rickman
R. Ritter

Substitutes:

Conservatives: R. S. Turner and S. T. Walsh

Residents Group: R. J. Feeney, N. D. Harrison and C. T. H. Whinney

Green Party: J. C. S. Essex and S. Sinden

Liberal Democrats J. E. Philpott

Mari Roberts-Wood
Interim Head of Paid Service

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Published 03 March 2021

- 1. Minutes** (Pages 5 - 8)
To confirm as a correct record the Minutes of the previous meeting.
- 2. Apologies for Absence and Substitutions**
To receive any apologies for absence and notification of substitutes in accordance with the Constitution.
- 3. Declaration of Interest**
To receive any declarations of interest.
- 4. Report of the External Auditor (ISA260) and Audited Statement of Accounts 2019/20** (Pages 9 - 12)
To receive an update on the current position regarding completion of the audit.
- 5. Internal Audit Plan 2021/22-2023/24 and Charter 2021/22** (Pages 13 - 44)
 - I. That the Audit Committee approve the internal audit plan for 2021/22-2023/24 as set out in annex 1; and,
 - II. That the Audit Committee approve the internal audit Charter for 2021/22 as set out in annex 2.
- 6. Internal Audit 2020/21 - Quarter 3 Progress Report** (Pages 45 - 62)
 - I. To note the internal audit progress report attached at annex 1;
 - II. That the Committee make any comments and/or observations on the report to the Council's Chief Financial Officer.
- 7. Strategic Risks - 2021/22** (Pages 63 - 72)
To note the identified strategic risks for 2021/22 as detailed in annex 1 and make any observations to the Executive.

8. Risk Management - Quarter 3 2020/21

(Pages 73 - 94)

- I. To note the Q3 update on risk management provided by the report and associated annexes and make any observations to the Executive.
- II. To note the closed strategic risk on Brexit as detailed in the report and in annex 2.

9. Audit Committee Annual report 2020/21

(Pages 95 - 106)

- I. To note the Annual Report of the Audit Committee and subject to any changes agreed at this meeting, recommended to Council.
- II. That the Audit Committee's Forward Plan for 2021/22 be approved.

10. Any Other Urgent Business

To consider any item(s) which, in the opinion of the Chair, should be considered as a matter of urgency – Local Government Act 1972, Section 100b (4)(b).

Note: Urgent business must be submitted in writing but may be supplemented by an oral report.

11. Exempt Business

RECOMMENDED that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.



Our meetings

As we would all appreciate, our meetings will be conducted in a spirit of mutual respect and trust, working together for the benefit of our Community and the Council, and in accordance with our Member Code of Conduct. Courtesy will be shown to all those taking part.



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Notice is given of the intention to hold any part of this meeting in private for consideration of any reports containing "exempt" information, which will be marked accordingly.

BOROUGH OF REIGATE AND BANSTEAD

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held remotely on 26 November 2020 at 7.00 pm.

Present: Councillors J. S. Bray (Chair), H. Brown, G. Buttironi, K. Foreman (Vice-Chair), J. P. King, S. A. Kulka, C. M. Neame and S. J. G. Rickman.

16. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies for absence.

17. MINUTES

The minutes from the meeting held on 9 September 2020 were approved.

18. DECLARATION OF INTEREST

There were no declarations of interest.

19. STATEMENT OF ACCOUNTS 2019-20 - AUDIT PROGRESS UPDATE

The Interim Head of Finance explained that the original intention was for the external audit lead to attend this meeting to present their (ISA260) report with the outcome of the audit. At the time of preparing the report, the audit work had not yet concluded therefore the audited Statement of Accounts and the external auditor's report were not available for approval.

It was stated that Deloitte still had transaction testing work to undertake and quality checking prior to reporting. They indicated that work was now expected to be completed in the new year. This was not inconsistent with other Local Authorities who were in a similar position. Capacity issues at the auditing firms remained a challenge.

Ordinarily the deadline to publish draft accounts fell on 31 May with completion of the audit by 30 November, however all dates had been pushed back this year due to the COVID-19 pandemic. The Council met its revised deadline to publish its accounts on 5 October and the audit started on that day as planned.

Members were assured that there would not be any sanctions due to the late publication of the audit report. It was also unlikely that the late publication of the 2019/20 audited accounts would have a knock-on effect on closedown for 2020/21, but the overlap would add some new pressures on the Finance team.

Once the audited accounts were available, a special meeting of the Committee would be convened along with a pre-meeting briefing on the accounts for Committee Members.

RESOLVED that the current position regarding completion of the audit of the Statement of Accounts for 2019/20 be noted.

Agenda Item 1

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26 November 2020

Minutes

20. UPDATE OF THE CODE OF CORPORATE GOVERNANCE

The Deputy Democratic Services Manager explained that each local authority was required to develop and maintain an up to date Code of Corporate Governance. The Code of Corporate Governance sets out the principles of good governance and the arrangements in place to ensure that the Council conducts its business in accordance with the law and proper standards. It provides assurance that the Council meets best practice in protecting its assets and serving the community. The updated Code had been reviewed by the Governance Task Group and was recommended for adoption by the Committee. Once adopted, the Code would apply to all members and officers in the discharge of their duties.

It was noted that the updated Code of Corporate Governance had been drafted in accordance with the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

RESOLVED that the adoption of the updated Code of Corporate Governance be approved.

21. RISK MANAGEMENT - QUARTER 2 2020/21

Councillor Lewinski introduced the item stating that the report provided an update on risk management in Quarter 2 of 2020/21 and the Annex showed the Council's risks and their ratings.

One new strategic risk was identified in quarter 2 and this related to the proposed reform of the planning system, currently in White Paper stage. The full risk description was shown in Annex 3 of the report.

The Committee was pleased that financial sustainability had been updated to show the progress made. Organisational capacity and culture originally required more work, however the potential risk of becoming a unitary authority had currently been taken off the table.

The Committee considered information relating to the red rated operational risk within the exempt part of the meeting.

RESOLVED that:

- (i) The Audit Committee notes the Quarter 2 update on risk management provided by the report and associated annexes (including within the exempt part of the meeting); and
- (ii) the Audit Committee notes the newly identified strategic risk detailed in the report and in annex 3.

22. INTERNAL AUDIT 2020/21 - QUARTER 2 PROGRESS REPORT

Natalie Jerams, Deputy Head of Southern Internal Audit Partnership (SIAP), gave an overview of Appendix 1, explaining that this was the second progress report for the year.

There were some overdue actions but SIAP continued to work with Officers on these. It was noted that Ethical Governance was now showing as 1 management action as opposed to 4 set out within the report. All those actions showing as overdue now had a revised target date and this was due to competing demands on Officers as the Council responded to the COVID-19 Pandemic. These actions would continue to show as overdue and would continue to be monitored.

The quarter 2 audits were coming to a close and all quarter 3 audits have been scoped in all areas apart from one (cyber security review). It was anticipated that Quarter 4 audits would be scoped prior to Christmas and officers continued to work positively with SIAP despite current circumstances.

It was noted that the treasury management audit had been removed until 2021/22 in order to account for the new review from Government regarding the Local Government Compensation Scheme and this was explained to Members.

Two reports had been finished and this was a credit to Officers. Staff and the Internal Auditors were thanked.

Neil Pittman, Head of SIAP, explained that during September 2020, the Institute of Internal Auditors (IIA) undertook an External Quality Assessment (EQA) of the Southern Internal Audit Partnership which considered their conformance with the International Professional Practices Framework (IPPF), Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN).

The EQA stated that SIAP conformed to all standards and requirements of the audit. The value added was detailed on page 75 of the EQA report and this provided a credible benchmark against other providers. SIAP's outcome was that they were *Excellent* in three areas and *Good* in two. The aspiration was to become *Excellent* in all areas and an action plan had been formulated. This was taken forward to the Stakeholder Board, of which Pat Main, Interim Head of Finance, was a member.

The EQA document was important to present as it gave the Council and its Members independent assurance.

SIAP were congratulated on their report.

RESOVLED that:

- (i) That the Committee notes the Internal Audit Progress report attached at annex 1;
- (ii) the Committee notes the Southern Internal Audit Partnership's External Quality Assessment (EQA) report available at annex 2.

23. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

Agenda Item 1

Audit Committee
26 November 2020

Minutes

24. EXEMPT BUSINESS

RESOLVED that members of the Press and public be excluded from the meeting for part of agenda item 6 (Risk Management – Quarter 2 2020/21) under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Act; and
- i. information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The Meeting closed at 7.45 pm



SIGNED OFF BY	Interim Head of Finance
AUTHOR	Pat Main Interim Head of Finance
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TO	Audit Committee
DATE	Thursday, 11 March 2021
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Finance

KEY DECISION REQUIRED:	No
WARD (S) AFFECTED:	ALL

SUBJECT:	Statement of Accounts 2019/20 – Audit Progress Update
RECOMMENDATIONS	
That the current position regarding completion of the audit of the Statement of Accounts for 2019/20 be noted.	
REASONS FOR RECOMMENDATIONS:	
The Audit Committee has delegated responsibility for approving the Council’s annual Statement of Accounts and for receiving the external auditor’s report on them.	
EXECUTIVE SUMMARY:	
The draft Statement of Accounts was published on the Council’s website on 5 October 2020 and the audit by Deloitte LLP commenced on that day.	
The original intention was for the external audit lead to attend this meeting to present their (ISA260) report with the outcome of the audit. At the time of preparing this report, the audit work had not yet concluded therefore the audited Statement of Accounts and the external auditor’s report are not yet available for approval by this Committee.	
A verbal update will be provided by officers to this meeting of Audit Committee regarding the anticipated date for receipt of the auditor’s report.	

The Audit Committee has authority to approve the above recommendations.

STATUTORY POWERS

Agenda Item 4

1. The Council is required to produce a Statement of Accounts by the *Local Government and Housing Act 1989* and the *Accounts and Audit Regulations 2015*.
2. In accordance with the *Local Authorities (Functions and Responsibilities) (England) Regulations 2000* and the Council's Constitution approval of the Statement of Accounts is an Audit Committee responsibility.

BACKGROUND

3. For the 2019/20 Accounts the publication and audit deadlines in the Accounts & Audit Regulations have been amended due to the COVID-19 pandemic.

KEY INFORMATION

4. The main provisions in the Accounts & Audit Regulations for the 2019/20 Statement of Accounts and progress against them are set out below.
5. *The responsible financial officer must, by 31 August 2020, sign and date the Statement of Accounts and certify that it presents a true and fair view of the financial position of the Council at the end of the financial year and of the Council's income and expenditure for that year.*
 - The Interim Head of Finance & Assets (as the Council's Chief Finance Officer) signed and published the draft Statement of Accounts on 5 October.
 - As previously reported to Audit Committee, the primary reasons for the delay in publication were competing demands on the Finance team's capacity due to the COVID-19 pandemic and the requirement to undertake additional work as part of this year's closedown to ensure that all recommendations arising from the 2018/19 audit were addressed. Specifically, this required a significant volume of additional work to update the council's asset register records to ensure compliance with the Code of Practice for local government accounting.
6. *The Audit Committee [on behalf of the Council] must, by 31 November 2020, consider and approve the Statement of Accounts by way of resolution. Following approval by Audit Committee, the Committee Chair must sign and date the Statement of Accounts. The Council must the publish its Statement of Accounts, including the Annual Governance Statement together with any certificate or opinion entered by the auditor.*
 - The external audit of the Accounts by Deloitte LLP began, as planned, on 5 October.
 - At the time of preparing this report the audit had not yet concluded. A verbal update will be provided by officers to this meeting of Audit Committee on the revised anticipated completion date.

OPTIONS

- i. To consider and approve the progress update provided in this report.
- ii. To consider and request additional information about the update provided in this report.
- iii. To reject the update.

LEGAL IMPLICATIONS

7. There are no legal implications arising from this report. There are no specific consequences arising from failure to publish the Statement of Accounts by the dates specified in the Accounts & Audit Regulations.

FINANCIAL IMPLICATIONS

8. There are none.

EQUALITIES IMPLICATIONS

9. There are none.

COMMUNICATION IMPLICATIONS

10. There are no communications implications arising from this report. The auditor's report and audited Statement of Accounts 2019/20 will be published on the Council's website when approved by Audit Committee.
11. The Accounts & Audit Regulations include provision for public inspection of the Accounts and supporting documents whereby interested parties may submit requests during the audit period for more detail on the information included in the Accounts. To date one request has been received relating to the 2019/20 Accounts.

RISK MANAGEMENT CONSIDERATIONS

12. There are none.

HUMAN RESOURCE IMPLICATIONS

13. There are none.

CONSULTATION

14. There are no specific consultation requirements

POLICY FRAMEWORK

15. The annual Statement of Accounts and audit opinion are key elements of the authority's governance arrangements.

Background Papers:

Draft Statement of Accounts 2019/20 [website link](#)

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SIGNED OFF BY	Head of Finance and S151 Officer
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TO	Audit Committee
DATE	Thursday, 11 March 2021

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Internal audit plan 2021/22-2023/24 and Charter 2021/22
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RECOMMENDATIONS
<ul style="list-style-type: none"> (i) That the Audit Committee approve the internal audit plan for 2021/22-2023/24 as set out in annex 1; and, (ii) That the Audit Committee approve the internal audit Charter for 2021/22 as set out in annex 2.

REASONS FOR RECOMMENDATIONS
The Council has a statutory obligation to undertake an adequate and effective internal audit function. The approval of the audit plan and Charter is integral to this.

EXECUTIVE SUMMARY
The Audit Committee is responsible for agreeing the Council's internal audit plan and Charter. The audit plan and Charter (attached as annex 1 and 2 respectively) will provide independent and objective assurance that the Council's systems and processes are appropriate, operating effectively and provide sufficient control for the purposes of risk management, internal control and governance.
The Committee has the authority to approve the above recommendations

STATUTORY POWERS

Agenda Item 5

1. The requirement of an internal audit function in local government is detailed within the Accounts and Audit (England) regulations (2015), which state that authorities must: 'undertake an effective internal audit to evaluate the effectiveness of [their] risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
2. The latter standards are defined in the Public Sector Internal Audit Standards (PSIAS) which were last updated in 2017.
3. Under Section 151 of the Local Government Act (1972), the Council's Chief Financial Officer holds the statutory responsibility for the overall financial administration of the Council's affairs and is therefore responsible for maintaining an adequate and effective internal audit function

BACKGROUND

4. The Council's internal auditors are the Southern Internal Audit Partnership (SIAP).
5. The Partnership is hosted by Hampshire County Council and is comprised of a number of local authorities and other public sector organisations.
6. A professional, independent and objective internal audit service is a key element of ensuring good corporate governance.
7. The PSIAS defines internal audit 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'.
8. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and are operating effectively.
9. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.
10. The Council's Chief Internal Auditor – the Head of the Southern Internal Audit Partnership – is responsible for the management of the Council's internal audit activity.
11. Under the Council's constitution the Audit Committee has responsibility for approving the Council's internal audit plan and Charter, amongst other responsibilities.
12. The Audit Committee's internal audit role is to provide assurance of the adequacy of the risk management framework and the associated control environment, as well as independent scrutiny of the Council's financial and non-financial performance insofar as it affects the Council's exposure to risk.
13. The Chartered Institute of Public Finance and Accountancy's (CIPFA) guidance of the role of the Audit Committee in Local Government (2018) provides further background and context to this requirement.

KEY INFORMATION

The internal audit plan and charter

14. The PSIAS state that a risk-based internal audit plan should be established on an annual basis in order to determine the priorities of internal audit activity. The plan for 2021/22-2023/24 is provided at annex 1.
15. The audit plan provides the mechanism through which the Council's internal auditors are able to ensure the most appropriate use of resources. The eventual culmination of the work as detailed by the plan is a clear statement of assurance on risk management, internal control and governance arrangements, expressed in an annual opinion of the Chief Internal Auditor.
16. The Chief Internal Auditor holds overall responsibility for the delivery of the plan.
17. The audit plan has been developed in consultation with the Council's senior management and with due regard to the Council's strategies, objectives and risks.
18. The plan is kept under constant review in order to ensure that it continues to remain relevant to the Council's risk profile. Any subsequent revisions to the plan are reported to the Committee through the quarterly progress reports.
19. The Charter – updated annually – formally defines the purpose, authority and responsibility of internal audit.
20. In approving the plan and Charter the Committee is confirming its agreement that these documents are sufficient to monitor the organisation's risk profile and provide assurance that the Council's risk management framework and controls are robust and fit for purpose.

OPTIONS

21. The Committee has two available options:
22. Option 1: approve the internal audit plan for 2021/22-2023/24 and Charter for 2021/22 as set out in annexe 1 and 2 respectively. This is the recommended option as it will allow the auditors to swiftly commence their work programme for 2021/22.
23. Option 2: defer approval. This is not the recommended option as it will cause delay and may prove injurious to SIAP's ability to deliver the 2021/22 plan to schedule.

LEGAL IMPLICATIONS

24. The adoption of the internal audit plan and Charter will fulfil the Council's statutory duty to maintain an independent and effective internal audit function.
25. An effective internal audit function supports good governance which, in turn, reduces the risk of the Council being subject to successful legal challenge.

FINANCIAL IMPLICATIONS

26. The cost of funding the Audit Plan is covered within the Council's revenue budget.

Agenda Item 5

27. The cost of any additional work – including, for instance, ad-hoc consultancy – that is not provided for within the audit plan will be funded from the service area that requires the additional support.

EQUALITIES IMPLICATIONS

28. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

29. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

30. An effective internal audit function is an important part of risk management.

31. The Council's strategic and operational risk registers have influenced the development of the audit plan.

OTHER IMPLICATIONS

32. There are no other implications arising from this report.

CONSULTATION

33. The plan and Charter have been developed alongside the Council's Corporate Governance Group, Heads of Service and Management Team with due regard to the Council's strategies, objectives and risks.

POLICY FRAMEWORK

34. Internal audit makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Corporate Plan Priority areas.

BACKGROUND PAPERS

None.

Internal Audit Plan

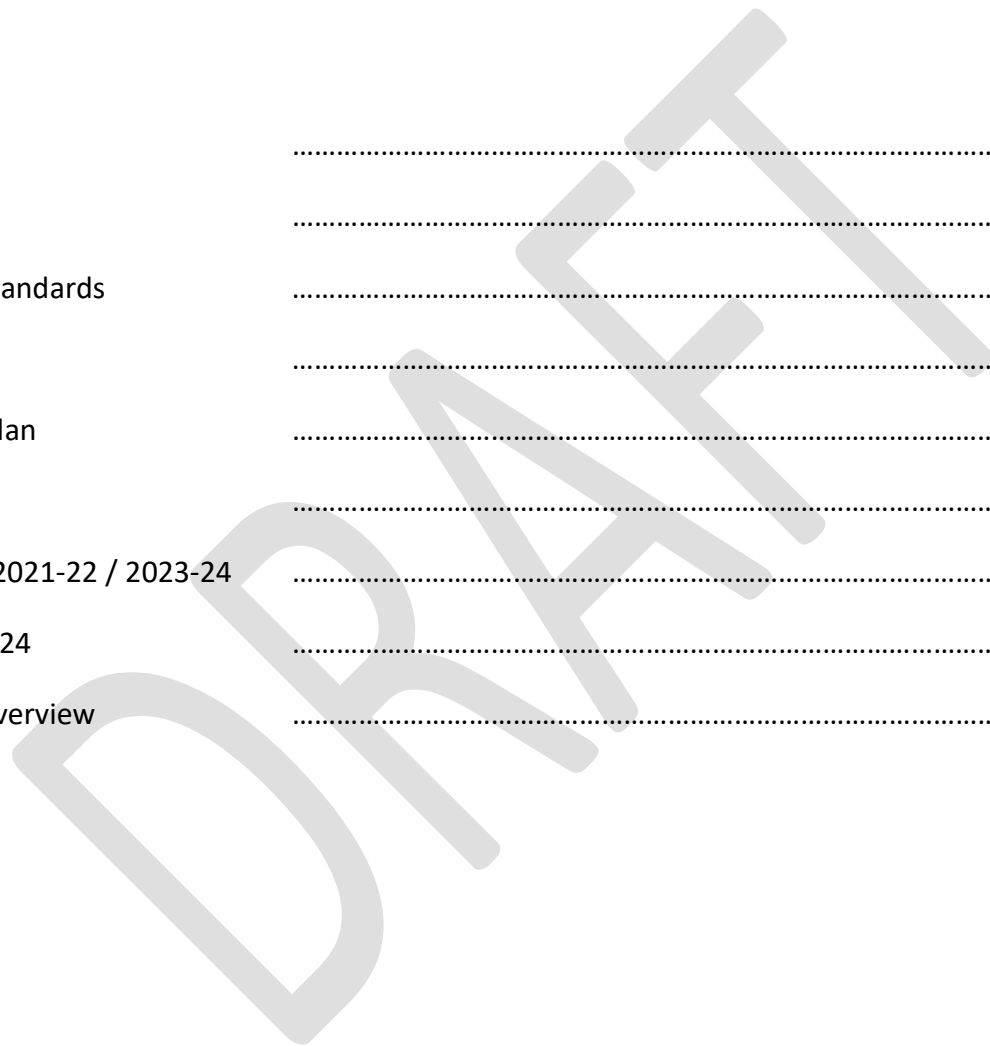
2021-22 / 2023/24

Reigate & Banstead Borough Council



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Introduction

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

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

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

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

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- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the Senior Management Team and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Natalie Jerams, Assistant Head of Southern Internal Audit Partnership, supported by Joanne Barrett, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020, the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

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'It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Reigate & Banstead 2025 - 5 Year Plan

Reigate & Banstead Borough Council have adopted a 5-year plan for the 2020-25 period. The plan sets out the Council's priorities and explains how they will focus resources and deliver services to those living, working and spending time in the borough. The plan is based around a vision for the borough, with priorities set around three key themes.

Vision:

To be recognised by our residents, businesses and partners as a great Council. This means: delivering quality services and support; providing value for money; making the borough a great place to live, work in, do business and visit; being proactive about tackling climate change and reducing our environmental impact; and ; being flexible and sustainable, responding to the needs and demands of our borough, residents and businesses.

Commitments:

People

Housing: Secure the delivery of homes that can be afforded by local people and which provide a wider choice of tenure, type and size.

Communities and community safety: Work with partners to create strong, safe and welcoming communities.

Vulnerable residents: Provide targeted and proactive support for our most vulnerable residents.

Leisure and wellbeing: Provide leisure, cultural and wellbeing services that are accessible to, and meet the needs of, communities and visitors.

Place

Towns and villages: With our partners, invest in our town and village centres, so they continue to be places where people choose to live, work, do business and visit.

Economic prosperity: Drive the continued economic prosperity of the borough, facilitate improved business infrastructure, and confirm the borough's reputation as a great place to do business.

Shaping our places: Ensure new development is properly planned, sustainable, and benefits the borough's communities and the wider area.

Clean and green spaces: Provide high quality neighbourhood services to ensure that the borough continues to be clean and attractive and local people have access to the services and facilities they need.

Environmental sustainability: Reduce our own environmental impact, support local residents and businesses to do the same, and make sure our activities increase the borough's resilience to the effects of climate change.

Organisation

Financial sustainability: Be a financially self-sustaining Council. Funding our services: Generate additional income and build our financial resilience, in order to sustain services, through responsible and sustainable commercial activities.

Operational assets: Ensure that our operational assets (things like our estate, equipment, IT and vehicles) are fit for purpose.

Skills and great people: Ensure the Council (councillors and officers) has the right skills to deliver this plan.

Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Ref	Risk Description
SR1	COVID-19 pandemic -The Council will continue to respond to the COVID-19 pandemic in supporting residents, businesses as well as other partner public sector organisations. The effects of the pandemic, coupled with the ongoing response, could result in significant disruption to the delivery of services and the achievement of corporate objectives.
SR2	Financial sustainability -In the wake of the COVID-19 pandemic and resultant recession, the Council faces a period of unprecedented financial uncertainty. The most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council's COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes. If this substantial financial burden is not mitigated through direct Government support, then these unplanned financial pressures will have an adverse impact on the Council's capacity to deliver against its Corporate Plan ambitions. The delivery of corporate plan objectives will similarly be jeopardised if the Council is unable to secure additional income streams. The ongoing financial settlement with the Government also remains uncertain. The Council is therefore increasingly reliant on income derived, and to be derived and generated, from investments, fees and charges and commercial activities – the ability to do so, however, may be further restricted by changes in legislation, regulations and codes of practice. Commercial activity and investments are similarly not without risk.
SR3	Local government reorganisation - A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of the government's devolution agenda. A White Paper on English devolution and local recovery is expected in the latter part of 2021, delayed from autumn 2020. The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.
SR4	Organisational capacity and culture - The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy. The COVID-19 pandemic has changed the way the Council operates, the context within which it does so, and will similarly drastically change the organisational culture and ways of working. The Council will continue to be ambitious and new ways of working will need to be embraced by both members and officers in order for objectives to be achieved. Key to this is ensuring that staff welfare and wellbeing is maintained, particularly in the challenging circumstances caused by the pandemic. The failure to remain ambitious and adapt to the ongoing challenges of the pandemic will risk the delivery of corporate objectives.
SR5	Economic prosperity - A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic has resulted in significant negative impacts upon the economy, which will continue to be felt for some time. Prevailing economic conditions have a direct impact on the Council's financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from fees and charges and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.
SR6	Reliance on the welfare system - The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.

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Ref	Risk Description
SR7	<p>Cyber security - Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases, particularly as home working has become the norm in response to the COVID-19 pandemic.</p> <p>More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction and theft, as well as significant disruption to the delivery of services.</p>
SR8	<p>Fraud - Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>
SR9	<p>Marketfield Way - Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality. It will also generate income which can be reinvested in Council services.</p> <p>The ongoing economic fallout of the COVID-19 pandemic may have negative impacts on this development, particularly with regards to securing commercial tenants and its consequent financial viability.</p>
SR10	<p>Gatwick Airport - The COVID-19 pandemic will continue to negatively impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue for the foreseeable future due to the negative economic outlook and ongoing global travel restrictions.</p> <p>As a key local employer, the financial position of the airport will affect local employment, which may result in an increased number of residents seeking support from the Council.</p> <p>Moreover, despite the negative economic outlook, Gatwick Airport have indicated that they will continue to pursue their previously announced expansion plans. An intensification or expansion of Gatwick has attendant local environmental and infrastructural risks.</p>
SR11	<p>Reform of the planning system - Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage, the current White Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC's delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>

*Strategic Risks as per the Draft Strategic Risk Register due to be presented to Audit Committee in March 2021

Developing the internal audit plan 2021-22 / 2023-24

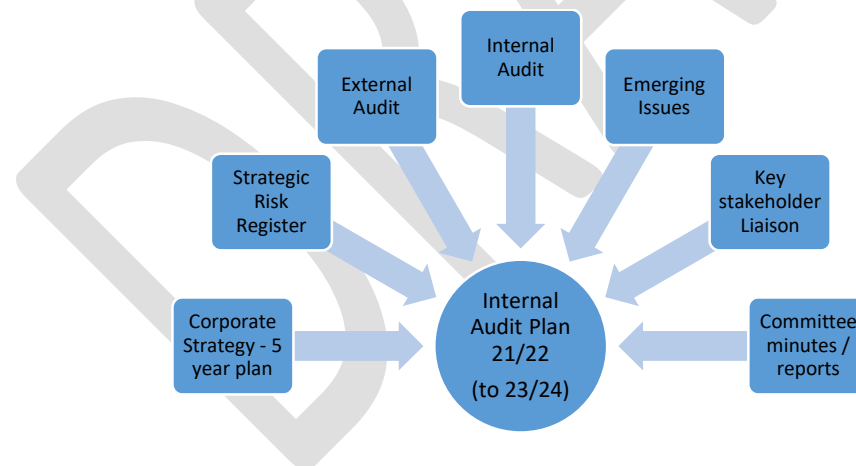
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Corporate Governance Group
- Interim Head of Finance & Assets (S151 Officer)
- Directors & Heads of Service
- Audit Committee
- Other key stakeholders

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit strategy for 2021-22 / 2023-24.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Corporate						
Programme & Project Management	Assurance over project management framework and compliance in relation to delivery on live / ongoing projects through the PMO.	SR9	2020/21 (Marketfield Way) 2019/20 (position statement)		✓	
Alternative Delivery Models	Unique methods of service delivery with the potential for loss of control / ownership. Assurance over governance, rights of access, third party assurance, contingencies, exit strategies, hosting arrangements, accountability.	SR3			✓	
Financial Resilience	Impact of COVID, reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). Implications on future saving programmes / work streams. Also consider the impact on debt recovery.	SR1, SR2	2020/21 2017/18	Q4		✓
Working in Partnership	Working alongside different cultures. Potential for some loss of control / ownership of service delivery. Assurance over governance, rights of access, third party assurance, contingency arrangements, exit strategy, hosting arrangements (accountabilities), benefit realisation. Focus on non-commercial partnerships and Inter Authority Agreements (IAAs).	SR3			✓	

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Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Corporate Plan	Assurances over the delivery of the Corporate Plan. Environmental Sustainability is a key priority within the Corporate Plan.	SR1, SR2, SR3, SR4, SR5, SR9, SR11	2019/20 2016/17		✓	
Transformation	To meet future financial challenges and enable improved and more efficient services. To include digitalisation (new ways of working, CRM, AI, robotics etc.)	SR2, SR3,	2017/18	Q3		
Governance						
Decision Making & Accountability	Assurance over the effectiveness and transparency of the decision-making process at officer and Member level. To consider governance, accuracy and timeliness of information including consultation with the public as necessary.	SR4	2020/21 2019/20		✓	
Risk Management	Assurance over the risk management framework including governance, transparency and maturity.		2020/21 2018/19 2017/18 2016/17		✓	
Fraud & Irregularities	Cyclical assurance over the governance arrangements to prevent, detect and investigate fraud and irregularities.	SR8	2019/20			✓
Contract Management	Review of contract management arrangements and compliance across a selection of contracts in place.		2018/19 2015/16	Q1		✓

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Human Resources & Organisational Development	Assurances over the audit cycle to cover: <ul style="list-style-type: none"> • Performance Management • Absence Management • Officer Recruitment • Officer Training & Development • Workforce Strategy / Development • Flexible Working • Use of Volunteers. 2021/22 focus to be Absence Management.	SR4	2019/20 2015/16	Q2		
Commissioning & Procurement	Assurance over the effective identification and assessment of organisational needs to maximise value for money and efficiencies through procurement. Assurance over compliance with contract procedure rules and legislative requirements. Analysis of spend both off and on contract.		2020/21 2018/19 2015/16		✓	
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution.		2020/21 (COVID specific) 2016/17		✓	
Information Governance	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).		2018/19	Q1		✓
Ethical Governance	Evaluation of the design, implementation and effectiveness of RBBC's ethics-related objectives, equalities, programmes and activities (Officers & Members Code of Conduct).		2019/20		✓	

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Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
COVID-19: Contingency	To review new systems and processes implemented by the Council due to new and emerging risks from COVID-19. Including ongoing recovery, grant payments, Local Government Compensation Scheme payments.	SR1		✓ TBC		
Business Continuity & Emergency Planning	Assurance over planning for extreme events that may lead to delays in responding to situations resulting in increased costs and staff resources including <ul style="list-style-type: none"> • Business Continuity Plan • Emergency Plan. 	SR1	2020/21 (COVID-19 specific) 2016/17		✓	
Annual Governance Statement	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.			Q2		
Capital Programme	Assurance over the delivery of the Capital Programme.			Q3		
IT						
IT Governance	Review of IT strategy, policies, standards and procedures. Other potential areas for consideration to include IT asset management, change management and software licensing.			Q4		
Data Management	Review of data centre facilities and security including storage and back-up. To also consider database management.				✓	

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Information Security	Review of security controls (including remote access) and cloud storage. To also consider network security and infrastructure management	SR7	2020/21 2016/17			✓
Cyber Security	Review of cyber security arrangements (including Phishing, Smishing etc.), security controls (including remote access) against the Cyber Essentials Scheme.	SR7, SR8	2020/21			✓
System Development & Implementation	Systems Life Cycle, Project Management and Application Management.		2019/20 2016/17		✓	
IT Disaster Recovery	Disaster recovery, system resilience.	SR7	2020/21			✓
Networking & Communications	Network management. Virtualisation, operating systems, communication platforms.			Q2		
Payment Card Industry Data Security Standard	Compliance to meet industry standards		2018/19	Q3		✓
Mobile Working	Initiatives to promote agile working. Security (physical, environmental and technical) of data and hardware.				✓	
Core Financial Reviews						
Housing Benefits			2020/21 2017/18			✓
Council Tax			2019/20 2017/18		✓	
Accounts Payable			2018/19 2017/18	Q2		
Accounts Receivable / Debt Management	Programme of cyclical systems reviews		2018/19 2016/17	Q3		

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Main Accounting			2019/20 2018/19 2016/17		✓	
Treasury Management			2020/21 2018/19 2016/17			✓
Income Collection			2019/20		✓	
NNDR			2019/20 2017/18		✓	
Payroll			2020/21 2018/19 2017/18			✓
Banking & Reconciliations				Q1		

Organisation

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Property Management & Maintenance	Assurance over effectiveness and delivery repairs and maintenance to non-housing assets (planned & reactive).		2018/19	Q1		
Investments	Assurance over the governance, development, accountabilities, viability and outcomes of Investment Strategy. Significant financial expectations through the successful delivery of the IS to meet savings targets (incl. review of Asset Management Plan).	SR2	2019/20		✓	
Income Generation & Commercialisation	Effectiveness of income generation / maximisation (rental income and leases, optimal use of subsidies, fees and charges). Review of relevant strategies based on financial pressures. Setup and future deliverables of investment companies.	SR2			✓	

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
People						
Homelessness	Assurance over management and prevention of homelessness. Working in partnership with housing associations and purchase of property to provide temporary / emergency accommodation.	SR5	2020/21 2017/18			✓
Housing (including Affordable Housing)	Effective Housing Policy and procedures to achieve desired outcomes. Development and delivery of the Housing Strategy (project management.) Opportunities for development and alternative methods of delivery to meet organisational and national priorities for Affordable Housing.	SR2, SR6, SR11	2019/20 2017/18		✓	
Community Safety	Response to community safety and anti-social behaviour. To include PREVENT, Reigate & Banstead Community Safety Partnership.					✓
Health & Leisure Facilities	Thematic reviews based on areas of significant risk. To include contract management of leisure centres. The community centres and The Harlequin Theatre & Cinema are run in-house inherent risks cash handling, procurement, H&S, safeguarding.		2018/19		✓	
Community Development	Assurances over services designed to empower communities to identify and develop their strengths and support effective multi-agency partnership working. Inherent risks include funding, demand, safeguarding.					✓

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Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Place						
Refuse, Recycling & Street Cleansing	In-house responsibilities for household, clinical waste and recycling collection in addition to recycling sites / banks. Some commercial activity through garden / bulky / trade waste collection. Future risks include reduced recycling credits.		2019/20			✓
JET	The JET provides a visible presence & neighbourhood services. Inherent risks of H&S, safeguarding etc.					✓
Environmental Health & Licensing	In-house delivery with some opportunities to provide services / advice to other LA's. Legislative changes could increase licensing and enforcement activity (i.e. HMO's).		2020/21			✓
Development Management & Planning Policy	Development Management (planning applications, appeals, enforcement); Planning Policy (local plan, CIL, S106).		2019/20 2018/19 2017/18		✓	
Parks & Countryside	Grounds maintenance of parks, cemetery and open spaces in addition to road verges on behalf of Surrey County Council.				✓	
Regeneration	Programme management, governance and reporting of key projects against desired outcomes.					✓
Economic Prosperity	Support to help local businesses start, develop and grow. Includes administering business support grants.	SR5				✓

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Parking & Enforcement	Assurance over service delivery in addition to existing agreements with other authorities (i.e. SCC, Tandridge on-street parking). Inherent risk of cash handling and contract management.		2017/18 2016/17	Q4		
Disabled Facility Grants	Administration and compliance with local / legislative requirements.		2015/16	Q1		
Fleet Management	To cover the council's management of its fleet including procurement, maintenance and renewal. Existing fleet coming towards the end of its service life. Significant volume of MOT's through the workshop (licensed taxi's)		2020/21 2015/16		✓	
Other						
33 Management	To include annual planning, reporting and attendance at SMT, Corporate Governance Group and Overview & Scrutiny Committee, action tracking, liaison with key stakeholders and annual report and opinion.			✓	✓	✓
Total days				170	180	180

The strategic risk relating to the impact of COVID will be considered when scoping each review throughout the year (where applicable).

2021/22 Audit Plan Overview

Audit	Quarter
Corporate	
Financial Resilience	Q4
Transformation	Q3
Governance	
Contract Management	Q1
Human Resources & Organisational Development	Q2
Information Governance	Q1
COVID-19: Contingency	TBC
Annual Governance Statement	Q2
Capital Programme	Q3
IT	
IT Governance	Q4
Networking & Communications	Q2
Payment Card Industry Data Security Standard	Q3
Core Financials	
Banking & Reconciliations	Q1
Accounts Payable	Q2
Accounts Receivable / Debt Management	Q3
Organisation	
Property Management & Maintenance	Q1
Place	
Parking & Enforcement	Q4
Disabled Facility Grants	Q1
Other	
Management	On-going
Total Days	170

Internal Audit Charter – 2021/22

Introduction

The Public Sector Internal Audit Standards (the Standards) provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.

The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes:

- the mission;
- core principles;
- definition of internal audit; and
- Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'.



The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility.

Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

Authority

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

‘undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’.

The standards for ‘proper practices’ in relation to internal audit are laid down in the Public Sector Internal Audit Standards (updated 2017).

Purpose

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

This is achieved through internal audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

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

‘independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within Reigate & Banstead BC lies with the S151 Officer.

For the Council, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the ‘Mission’, ‘Core Principles’, ‘Definition of Internal Auditing’, the ‘Code of Ethics’ and ‘the Standards’.

Definitions

For the purposes of this charter the following definitions shall apply:

The Board – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit Committee.

Senior Management – those responsible for the leadership and direction of the Council. At the Council this shall mean the Senior Management Team.

Position in the organisation

The Chief Internal Auditor reports functionally to the Board, and organisationally to the S151 Officer who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit Committee).

Internal audit resources

The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The S151 Officer will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit strategy and operational audit plan.

The annual operational plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

'Senior Management' and 'the Board' will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The annual operational plan will be submitted to 'senior management' and 'the Board', for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to 'senior management' and 'the Board'.

If the Chief Internal Auditor, 'the Board' or 'Senior Management' consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the S151 Officer accordingly.

Independence and objectivity

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to 'senior management' and 'the Board';
- reports functionally to 'the Board';
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team; and
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to 'Senior Management' and 'the Board'. The nature of the disclosure will depend upon the impairment.

Due professional care

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the '*Mission*', '*Core Principles*', '*Definition of Internal Auditing*', the '*Code of Ethics*' and the '*Standards*' and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported in accordance with the Council's Anti-fraud and Corruption Policy.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to effect personal gain.

Access to relevant personnel and records

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to the Council or its key delivery partner organisations.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

Scope of Internal Audit activities

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Council assume a Key Stakeholder role within the Southern Internal Audit Partnership (SIAP). The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

A range of internal audit services are provided (Annex 2) to form the annual opinion for each member / client of the SIAP. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

The Council maintain an in-house Fraud & Investigation Team responsible for conducting reactive fraud and irregularity investigations and proactive fraud work. This includes participation in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other Local Authorities and external agencies to detect potential fraudulent activity.

The Fraud & Investigation Team will inform the SIAP of the outcomes of all reactive fraud and irregularity investigations and proactive fraud work on a regular basis. SIAP will monitor the outcomes of this work to contribute to its assessment of the wider control environment and will review the governance arrangement to prevent, detect and investigate fraud and irregularities on a cyclical basis.

Reporting

Chief Internal Auditor's Annual Report and Opinion

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate as a minimum:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Senior Management

As those responsible for the leadership and direction of the Council. It is imperative that the Senior Management Team are engaged in:

- approving the internal audit charter (minimum annually);
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;

- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

The Board

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit resource plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;
- agreement of the scope and form of the external assessment as part of the quality management and improvement plan;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

Review of the internal audit charter

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to *'Senior Management'* and *'the Board'* for approval.

Southern Internal Audit Partnership – Client Portfolio

- Strategic Partners:** Hampshire County Council
- Key Stakeholder Partners:** West Sussex County Council
 Havant Borough Council
 East Hampshire District Council
 Winchester City Council
 New Forest District Council
 Mole Valley District Council
 Epsom & Ewell Borough Council
 Reigate & Banstead Borough Council
 Tandridge District Council
 Hampshire Fire & Rescue Authority
 Office of the Hampshire Police & Crime Commissioner / Hampshire Constabulary
 Office of the Sussex Police & Crime Commissioner / Sussex Police Force
 Office of the Surrey Police & Crime Commissioner / Surrey Police Force
- External clients:** Waverley Borough Council
 Hampshire Pension Fund
 West Sussex Pension Fund
 New Forest National Park Authority
- Further Education Institutions**
 Eastleigh;
 Highbury;
 Isle of Wight College; and
 Portsmouth

Assurance Services

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- **Developing systems audit:** in which:
 - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Council's Anti Fraud and Anti Corruption Strategy.
- **Advisory / Consultancy services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

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SIGNED OFF BY	Head of Finance and S151 Officer
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TO	Audit Committee
DATE	Thursday, 11 March 2021

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Internal audit 2020/21 - Q3 progress report
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RECOMMENDATIONS

- (i) That the Committee note the internal audit progress report attached at annex 1;
- (ii) That the Committee make any comments and/or observations on the report to the Council's Chief Financial Officer.

REASONS FOR RECOMMENDATIONS

In accordance with its constitutional responsibilities and the Council's Internal Audit Charter, the Audit Committee is required to receive regular updates on the progress of internal audit plan delivery.

EXECUTIVE SUMMARY

This report provides an update on the delivery of the 2020/21 internal audit plan as of the end of Q3 2020/21.

The Committee has the authority to approve the above recommendations

STATUTORY POWERS

1. The requirement of an internal audit function in local government is detailed within the Accounts and Audit (England) regulations (2015), which state that authorities must: 'undertake an effective internal audit to evaluate the effectiveness of [their]

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risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.

2. The latter standards are defined in the Public Sector Internal Audit Standards (PSIAS) which were last updated in 2017.
3. Under Section 151 of the Local Government Act (1972), the Council’s Chief Financial Officer holds the statutory responsibility for the overall financial administration of the Council’s affairs and is therefore responsible for maintaining an adequate and effective internal audit function.

BACKGROUND

4. The Council’s internal auditors are the Southern Internal Audit Partnership (SIAP).
5. The Partnership is hosted by Hampshire County Council and is comprised of a number of local authorities and other public sector organisations.
6. A professional, independent and objective internal audit service is a key element of ensuring good corporate governance.
7. The PSIAS defines internal audit 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’.
8. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and are operating effectively.
9. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.
10. The Council’s Chief Internal Auditor – the Head of the Southern Internal Audit Partnership – is responsible for the management of the Council’s internal audit activity.
11. The Audit Committee endorsed the 2020/21 internal audit plan at its meeting on 16 July 2020. This would ordinarily have taken place in March 2020 ahead of the new financial year; the situation with COVID-19, however, meant that this was delayed.
12. The plan was fundamentally updated given the change in risk environment that the COVID-19 pandemic caused.
13. Under the Council’s Constitution the Committee is responsible for reviewing internal audit progress reports and monitoring delivery of the annual audit plan.
14. The attached progress report:
 - Summarises the status of ‘live’ audit reports (an audit is considered to be ‘live’ if there are outstanding management actions);
 - Provides an update on the delivery of the annual audit plan;

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- Summarises internal audit performance, including assurance opinions given; and,
- Summarises any adjustments made to the audit plan.

KEY INFORMATION

Q3 2020/21 progress update

15. Section 3 of SIAP's report details the overall progress in delivering the 2020/21 audit plan.
16. Section 7 of the report provides a detailed overview of the work programme for the year.
17. Internal audit reviews result in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service under review. SIAP's assurance opinions are categorised as follows:

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

18. So far this year the following audits have concluded:

Audit	Assurance opinion
Programme and project management – Marketfield Way	Substantial
Risk management	Reasonable

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Health & Safety (COVID-19 response)	Reasonable
COVID-19: Small business grants	Substantial
COVID-19: Discretionary payments	Substantial
COVID-19: Emergency response and recovery	Reasonable
Cyber security	Reasonable
Housing benefits	Substantial

Management actions

19. Section 4 of SIAP's report at annex 1 provides a summary of the outstanding management actions.
20. As previously reported to the Audit Committee, the Council is prioritising efforts on the ongoing response to, and recovery from, the COVID-19 pandemic. As such, all identified management actions in section 4 of SIAP's have been given revised implementation dates. It is therefore expected that all actions will be concluded by Q1 2021/22 reporting.
21. Outstanding management actions will continue to be reported to the Audit Committee until their full implementation.

Amendments to the audit plan

22. Section 8 of SIAP's report at annex 1 details the changes made to the audit plan during the year.
23. The internal audit plan is risk based and determines the priorities of internal audit activity. The plan should remain fluid and kept under constant review in order to ensure that it continues to remain relevant to the Council's risk profile and to ensure an appropriate level of audit coverage.
24. The internal audit plan for 2020/21 has therefore been updated within the year to take account of new risk areas and to also ensure the most appropriate, risk-based use of resources.
25. To that end, section 8 of SIAP's report details the audits that have been deferred this year. An update on the audits deferred from the 2020/21 audit plan is provided below. The Committee is also considering the 2021/22-2023/24 audit plan as part of this meeting's agenda, where information on the current draft timescales for these audits is provided.
 - **Working in partnership** – in the draft plan to be audited in 2022/23;
 - **Community safety** – in the draft plan to be audited in 2023/24;
 - **Business continuity and emergency planning** – the original audit scope was amended to focus on COVID-19 response and recovery, with two audits resulting

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(Decision making and governance and response and recovery). Emergency planning and business continuity will be audited in 2022/33;

- **IT governance** – in the draft plan to be audited in Q4 2021/22;
- **Economic prosperity** – in the draft plan to be audited in 2023/24;
- **Income generation and commercialisation** – in the draft plan to be audited in 2022/23;
- **Treasury management** – was originally deferred from 2020/21, however the audit is now taking place in Q4 2020/21;
- **Information governance** – in the draft plan to be audited in Q1 2021/22;
- **Contract management** – in the draft plan to be audited in Q1 2021/22; and,
- **Payment Card Industry Data Security Standard (PCIDSS)** – in the draft plan to be audited in Q3 2021/22.

26. As noted above, the audit plan will continue to remain fluid and be kept under constant review in order to ensure that it continues to remain relevant to the Council's risk profile and to ensure an appropriate level of audit coverage.

OPTIONS

27. The Committee has two options:

28. Option 1: note the report and make any observations and comments on its contents to the Council's Chief Financial Officer.
29. Option 2: note the report and make no observations to the Council's Chief Financial Officer.

LEGAL IMPLICATIONS

30. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

31. There are no financial implications arising from this report. Internal audit fees are funded within the annual revenue budget.

EQUALITIES IMPLICATIONS

32. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

33. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

34. An effective internal audit function is an important part of effectively managing risk.
35. The Council's strategic and operational risk registers were utilised in the development of the annual internal audit plan.

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OTHER IMPLICATIONS
36. There are no other implications arising from this report.
CONSULTATION
37. This report has been considered by the Council's Corporate Governance Group as part of its governance role.
POLICY FRAMEWORK
38. Internal audit makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Corporate Plan Priority areas.
BACKGROUND PAPERS
None.

Internal Audit Progress Report 2020/21

January 2021

Reigate & Banstead Borough Council



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1. Role of Internal Audit

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

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

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

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

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

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

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

2. Purpose of report

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

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

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

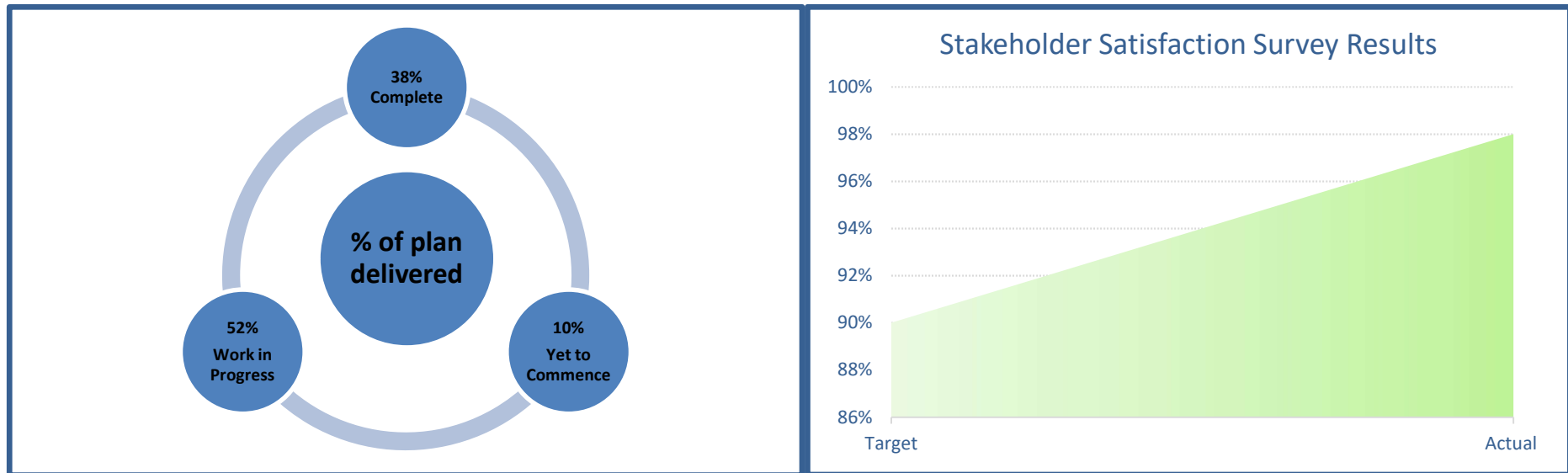
CIPFA have recently released a paper which examined the case for standardising the terminology and definitions used in internal audit engagements across the whole of the public sector and has subsequently recommended a standard set of opinions and supporting definitions for internal audit service providers to use.

To ensure we continue to conform to the best practice principles, we will be adopting the standard definitions for our 2020/21 work and moving forwards. The assurance opinions are categorised as follows:

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

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1*

3. Performance dashboard



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Compliance with Public Sector Internal Audit Standards

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

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
Human Resources and Organisational Development	03.10.19	HofOD	Adequate	7(0)	0(0)	0(0)	1(0)	6		
Refuse, Recycling and Street Cleansing	15.10.19	HofNO	Adequate	15(3)	0(0)	0(0)	14(3)		1	
NNDR	05.02.20	HofRB&F	Adequate	3(2)	0(0)	0(0)	2(2)		1	
Council Tax	05.02.20	HofRB&F	Adequate	6(2)	0(0)	0(0)	3(2)		3	
Planning Enforcement	05.03.20	HofP	Adequate	2(0)	0(0)	0(0)	0(0)	2		
Ethical Governance	01.04.20	HofL&G	Adequate	5(0)	0(0)	1(0)	3(0)	1		
Risk Management	03.02.21	HofCP	Reasonable	3(0)	0(0)	2(0)	1(0)			
Cyber Security	04.02.21	HofIT	Reasonable	7(4)	0(0)	7(4)	0(0)			
Housing Benefits	04.02.21	HofRB&F	Substantial	1(0)	0(0)	1(0)	0(0)			
Health and Safety	04.02.21	HofNO	Reasonable	5(3)	0(0)	4(3)	1(0)			

Audit Sponsors

HofCP	Head of Corporate Policy	HofW&I	Head of Wellbeing and Intervention
HofPP	Head of Projects and Performance	HofCP	Head of Community Partnerships
HofOD	Head of Organisational Development	HofC&CC	Head of Communications and Customer Contact
HofIT	Head of IT	HofP	Head of Planning
HofL&G	Head of Legal and Governance	HofPD	Head of Place Delivery
HofF&A	Head of Finance and Assets	HofEP	Head of Economic Prosperity
HofH	Head of Housing	HofNO	Head of Neighbourhood Operations
HofRB&F	Head of Revenues Benefits and Fraud		

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

There are no new final reports published concluding a “limited” or “no” assurance opinion.

6. Planning & Resourcing

The scale of COVID-19 coupled with the speed of its impact and the wide-ranging challenges presented has necessitated new and different ways of working across the Council. Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate. In response, the Southern Internal Audit Partnership engaged with the Council’s Corporate Governance Group to reprioritise the originally drafted audit plan in March 2020 to provide assurance in respect of emerging key risk areas and these are detailed within section 8 of this report.

The revised internal audit plan for 2020-21 was presented to Corporate Governance Group and the Audit Committee in July 2020.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Corporate								
Programme & Project Management	HofP&P	✓	✓	✓	✓	✓	Substantial	
Financial Resilience	HofF&A	✓	✓	✓				
Governance								
Risk Management	HofP&P	✓	✓	✓	✓	✓	Reasonable	
Commissioning & Procurement	HofL&G	✓						
Commissioning & Procurement – Credit Cards	HofF&A	✓	✓	✓	✓			
Health & Safety	HofNO	✓	✓	✓	✓	✓	Reasonable	
COVID-19: Small Business Grants	HofF&A	✓	✓	✓	✓	✓	Substantial	
COVID-19: Discretionary Payments	HofF&A	✓	✓	✓	✓	✓	Substantial	
COVID-19: Decision Making & Governance	HofPP	✓	✓	✓	✓			
COVID-19: Emergency Response & Recovery	HofCP & HofPP	✓	✓	✓	✓	✓	Reasonable	
IT								
Information Security	HofIT	✓	✓					
Cyber Security	HofIT	✓	✓	✓	✓	✓	Reasonable	
IT Disaster Recovery	HofIT	✓	✓					
Core Financial Reviews								
Housing Benefits	HofRB&F	✓	✓	✓	✓	✓	Substantial	
Local Government Compensation Scheme (LGCS)	HofF&A	✓	✓	✓	n/a			Claim 1 and 2 assurance given.
Payroll	HofOD	✓	✓	✓				
Treasury Management	HofF&A							Q4 – scoping meeting to be arranged.

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Budgetary Control – Establishment	HofF&A							Q4 – scoping meeting booked for 10/2/2021.
People								
Homelessness	HofH	✓						
Place								
Environmental Health & Licensing	HofNO	✓	✓	✓				
Fleet Management	HofNO	✓	✓	✓	✓			

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2020/21

Removed from the plan	Reason
Working in Partnership	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Community Safety	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Business Continuity & Emergency Planning	Scope refocused to prioritise lessons learnt from COVID-19 and recovery processes in place.
IT Governance	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Economic Prosperity	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Income Generation & Commercialisation	Defer until 2021/22. Replaced with the review of Financial Resilience.
Treasury Management	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19.
Information Governance	Defer until 2021/22 at the request of the client due to staff availability during Q4.
Contract Management	Defer until 2021/22 at the request of the client due to staff availability during Q4. To be replaced with a review of Commissioning & Procurement in 2020/21.
Payment Card Industry Data Security Standard	Defer until 2021/22 to take account of system changes due to be implemented and therefore look to provide assurance post implementation.
Added to the plan	Reason
Information Security	Deferred from 2019/20
COVID-19: Small Business Grants	Prioritised due to implications of COVID-19.
COVID-19: Discretionary Payments	Prioritised due to implications of COVID-19.
COVID-19: Decision Making & Governance	Prioritised due to implications of COVID-19.
Cyber Security	Prioritised due to implications of COVID-19.
Financial Resilience	Prioritised due to implications of COVID-19.
COVID-19: Emergency Response & Recovery	Prioritised due to implications of COVID-19.
Local Government Compensation Scheme (LGCS)	Prioritised due to implications of COVID-19.
Budgetary Control – Establishment	Included within the plan through discussions with the Interim Head of Finance and Assets to review the processes in place to monitor establishment vs budgets across the organisation.
Commissioning & Procurement	Incorporated to replace the deferred contract management review and optimise availability of key staff.
Treasury Management	Originally deferred from the 2020/21 plan in order to prioritise new risks relating to COVID-19. However, this has been reincorporated as a replacement for the Payment Card Industry Security Standard review.

Reigate & Banstead Borough Council Assurance Opinions (Pre 2020-21)

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

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SIGNED OFF BY	Head of Corporate Policy
AUTHOR	Luke Harvey, Project & Performance Team Leader
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EMAIL	Luke.Harvey@reigate-banstead.gov.uk
TO	Audit Committee Executive
DATE	Audit Committee, Thursday, 11 March 2021 Executive, Thursday 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Strategic risks - 2021/22
----------------	---------------------------

RECOMMENDATIONS
<p>That the Audit Committee:</p> <p>(i) Note the identified strategic risks for 2021/22 as detailed in annex 1 and make any observations to the Executive.</p> <p>That the Executive:</p> <p>(ii) Approve the strategic risks for 2021/22 as detailed in annex 1.</p>
REASONS FOR RECOMMENDATIONS
<p>The Audit Committee's risk management responsibilities require it to receive regular updates on the Council's risk management arrangements, including the identification of the strategic risks for each financial year.</p> <p>In accordance with the Council's risk management strategy, the Executive is responsible for approving the identified strategic risks for each financial year.</p>
EXECUTIVE SUMMARY

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This report identifies the Council's strategic risks for the 2021/22 financial year. The risks have been updated given the anticipated position as of 1 April 2021.

The Audit Committee and Executive have the authority to approve their respective recommendations.

STATUTORY POWERS

1. The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for and is used economically and effectively.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

BACKGROUND

5. Reigate and Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes.
6. The Council operates a two-tiered risk management process to address the dynamic and interdependent nature of risk categorisation. The risk categories are strategic and operational risks.
7. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP).
8. Members of the Management Team and Executive Members have shared responsibility for strategic risks. It is the responsibility of the Executive to formally endorse the strategic risks for each financial year.
9. Operational risks are short term risks that are encountered in the course of the day to day delivery by services. However, if the operational risk cannot be fully managed within the service or it has a wider organisational impact, then it will be considered for inclusion in the operational risk register.
10. Heads of Service have responsibility for operational risks. Operational risks are identified in discussion with Heads of Service and Directors and reported to the Council's Corporate Governance Group. The Audit Committee and Executive receive updates on any red rated operational risks as part of quarterly risk management reporting.
11. The Council's risk management strategy and methodology utilises the following risk ratings:

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Rating	Action
Red	Where management should focus attention. Immediate actions should be identified and plans put in place to reduce risk as a priority.
Amber	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus.
Yellow	These should have basic mechanisms in place as part of the normal course of management.
Green	Where risk is minimal and does not demand specific attention but should be kept under review.

KEY INFORMATION

Strategic risks 2021/22

12. The strategic risks for 2021/22 are available at annex 1.
13. The strategic risks have been given a contextual update to reflect the anticipated position as of 1 April 2021.
14. The key differences from the 2020/21 strategic risk register are as follows:
 - SR1 – Brexit. This risk is recommended for closure in Q3 2020/21 reporting.
 - SR4 – Partner public sector funding decisions. It is expected that this risk will be recommended for closure in Q4 2020/21 reporting. This is due – as reported in the agenda item on Q3 risk management – to the Council’s funding reliance on the County Council reducing in recent times, therefore reducing the potential impact of any funding or budgetary decisions they make. Recommended closure in Q4 is expected in order to align with finalisation of the Council’s and Surrey’s 2021/22 budgets.
15. Any new strategic risks identified as part of Q4 2020/21 reporting will transfer over to the risk register for 2021/22 if endorsed by the Executive.
16. The full risk registers are made available to all members via the ModGov document library.

Reporting

17. The Audit Committee and Executive receive quarterly updates on risk management. This includes newly identified strategic risks, strategic risks identified for closure and any red rated operational risks.

OPTIONS

18. The Audit Committee has two options:
19. Option 1: note the strategic risks for 2021/22 and make no observations to the Executive.

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20. Option 2: note the strategic risks for 2021/22 and make any observations to the Executive
21. The Executive has two options:
22. Option 1: approve the identified strategic risks for 2021/22. This is the recommended option.
23. Option 2: do not approve the identified strategic risks for 2021/22. This is not the recommended option as it will result in the Council not having a strategic risk register in place for the start of the 2021/22 financial year.

LEGAL IMPLICATIONS

24. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

25. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
26. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

27. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

28. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

29. The Council's risk registers inform the development of the annual risk based internal audit plan.
30. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

OTHER IMPLICATIONS

31. There are no other implications arising from this report.

CONSULTATION

32. The contents of this report have been considered by the Council's Corporate Governance Group.

POLICY FRAMEWORK

33. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.

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BACKGROUND PAPERS
None

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Annex 1 – Draft strategic risks 2021/22

Ref.	Description	Portfolio holder
SR1	<p>COVID-19 pandemic</p> <p>The Council will continue to respond to the COVID-19 pandemic in supporting residents, businesses as well as other partner public sector organisations.</p> <p>The effects of the pandemic, coupled with the ongoing response, could result in significant disruption to the delivery of services and the achievement of corporate objectives.</p>	Cllr Brunt
SR2	<p>Financial sustainability</p> <p>In the wake of the COVID-19 pandemic and resultant recession, the Council faces a period of unprecedented financial uncertainty.</p> <p>The most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council's COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes.</p> <p>If this substantial financial burden is not mitigated through direct Government support then these unplanned financial pressures will have an adverse impact on the Council's capacity to deliver against its Corporate Plan ambitions. The delivery of corporate plan objectives will similarly be jeopardised if the Council is unable to secure additional income streams.</p> <p>The ongoing financial settlement with the Government also remains uncertain.</p> <p>The Council is therefore increasingly reliant on income derived, and to be derived and generated, from investments, fees and charges and commercial activities – the ability to do so, however, may be further restricted by changes in legislation, regulations and codes of practice. Commercial activity and investments are similarly not without risk.</p>	Cllr Schofield
SR3	<p>Local government reorganisation</p> <p>A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of the government's devolution agenda. A White Paper on English devolution and local recovery is expected in the latter part of 2021, delayed from autumn 2020.</p> <p>The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.</p>	Cllr Brunt
SR4	<p>Organisational capacity and culture</p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.</p> <p>The COVID-19 pandemic has changed the way the Council operates, the context within which it does so, and will similarly drastically change the organisational culture and ways of working.</p> <p>The Council will continue to be ambitious and new ways of working will need to be embraced by both members and officers in order for objectives to be achieved. Key</p>	Cllr Lewanski

Ref.	Description	Portfolio holder
	<p>to this is ensuring that staff welfare and wellbeing is maintained, particularly in the challenging circumstances caused by the pandemic.</p> <p>The failure to remain ambitious and adapt to the ongoing challenges of the pandemic will risk the delivery of corporate objectives.</p>	
SR5	<p>Economic prosperity</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic has resulted in significant negative impacts upon the economy, which will continue to be felt for some time.</p> <p>Prevailing economic conditions have a direct impact on the Council's financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from fees and charges and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>	Cllrs Humphreys and Schofield
SR6	<p>Reliance on the welfare system</p> <p>The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>	Cllr Knight
SR7	<p>Cyber security</p> <p>Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases, particularly as home working has become the norm in response to the COVID-19 pandemic.</p> <p>More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction and theft, as well as significant disruption to the delivery of services.</p>	Cllr Lewanski
SR8	<p>Fraud</p> <p>Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>	Cllr Schofield
SR9	<p>Marketfield Way</p> <p>Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality. It will also generate income which can be reinvested in Council services.</p> <p>The ongoing economic fallout of the COVID-19 pandemic may have negative impacts on this development, particularly with regards to securing commercial tenants and its consequent financial viability.</p>	Cllr Biggs
SR10	<p>Gatwick Airport</p>	Cllr Humphreys

Ref.	Description	Portfolio holder
	<p>The COVID-19 pandemic will continue to negatively impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue for the foreseeable future due to the negative economic outlook and ongoing global travel restrictions.</p> <p>As a key local employer the financial position of the airport will affect local employment, which may result in an increased number of residents seeking support from the Council.</p> <p>Moreover, despite the negative economic outlook, Gatwick Airport have indicated that they will continue to pursue their previously announced expansion plans. An intensification or expansion of Gatwick has attendant local environmental and infrastructural risks.</p>	
SR11	<p>Reform of the planning system</p> <p>Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage, the current White Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC's delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>	Cllr Biggs

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SIGNED OFF BY	Head of Corporate Policy
AUTHOR	Luke Harvey, Project & Performance Team Leader
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TO	Audit Committee Executive
DATE	Audit Committee: 11 March 2021 Executive: 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Risk management - Q3 2020/21
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RECOMMENDATIONS
<p>That the Audit Committee:</p> <ul style="list-style-type: none"> (i) Note the Q3 update on risk management provided by the report and associated annexes and make any observations to the Executive. (ii) Note the closed strategic risk on Brexit as detailed in the report and in annex 2. <p>That the Executive:</p> <ul style="list-style-type: none"> (i) Note the Q3 update on risk management provided by the report and associated annexes. (ii) Approve the closure of the strategic risk on Brexit (SR1) as detailed in the report and in annex 2.
REASONS FOR RECOMMENDATIONS
The Audit Committee and Executive's constitutional responsibilities require them to receive regular updated on risk management.
EXECUTIVE SUMMARY

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This report provides an update on risk management in Q3 of 2020/21. Additional detail is provided in the report as well as the associated annexes.

The Audit Committee and the Executive have the authority to approve their respective recommendations.

STATUTORY POWERS

1. The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for and is used economically and effectively.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

BACKGROUND

5. Reigate and Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes.
6. The Council operates a two-tiered risk management process to address the dynamic and interdependent nature of risk categorisation. The risk categories are strategic and operational risks.
7. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP).
8. Members of the Management Team and Executive Members have shared responsibility for strategic risks. It is the responsibility of the Executive to formally endorse any new risks for inclusion on the strategic risk register.
9. Operational risks are risks that are encountered in the course of the day to day delivery of services. However, if an operational risk cannot be fully managed within the service or it has a wider organisational impact then it will be considered for inclusion in the operational risk register by the Council's Corporate Governance Group. Heads of Service have responsibility for operational risks.

KEY INFORMATION

Risk management reporting

10. The Council's risk registers have been updated at the end of Q3, alongside Directors and Heads of Service.

Agenda Item 8

11. The full risk registers are made available to all members via the ModernGov document library. Risk registers from previous years are available on the eMembers portal.
12. Each quarter the Audit Committee and Executive receives an update on risk management. As per the Council's risk management methodology this report provides an update on all strategic risks as well as any red rated operational risks.
13. The update – available at annex 1 – includes the current risk rating, the direction of travel of the risk (with reference to its score) as well as a summary of the key updates in the quarter.

Risk ratings

14. The Council's risk management strategy and methodology utilises the following risk ratings:

Rating	Action
Red	Where management should focus attention. Immediate actions should be identified and plans put in place to reduce risk as a priority.
Amber	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus.
Yellow	These should have basic mechanisms in place as part of the normal course of management.
Green	Where risk is minimal and does not demand specific attention but should be kept under review.

Q3 2020/21 risk management update

15. An update on the Council's strategic risks for Q3 2020/21 is provided in annex 1
16. In Q3 there was one red rated operational risk, the detail of which is set out in the part 2 exempt annex 3.
17. In Q3 one strategic risk was identified for closure (SR1 – Brexit), the detail of which is available in annex 2.
18. In Q3 no new strategic risks were identified.

OPTIONS

19. The Audit Committee has two options:
20. Option 1: note this report and the associated annexes and make no observations to the Executive.
21. Option 2: note this report and associated annexes and make any observations to the Executive.

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22. The Executive has two options:
23. Option 1: note this report and endorse the closure of the strategic risk on Brexit (SR1). This is the recommended option.
24. Option 2: note this report and not endorse the closure of the strategic risk on Brexit (SR1).

LEGAL IMPLICATIONS

25. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

26. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
27. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

28. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

29. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

30. The Council's risk registers inform the development of the annual risk based internal audit plan.
31. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

OTHER IMPLICATIONS

32. There are no other implications arising from this report.

CONSULTATION

33. The contents of this report have been considered by the Council's Corporate Governance Group.

POLICY FRAMEWORK

34. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.



BACKGROUND PAPERS

None

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ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR1	<p>Brexit</p> <p>The UK’s withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place. Despite the COVID-19 pandemic, the government remains committed to leaving the transition period by 31 December.</p> <p>The government has the option to extend the transition period but will need to make this decision by June at the latest. If the option to extend is not exercised any later request will require a new treaty and ratification by all EU member states within a short timeframe.</p> <p>If the extension is refused, this leaves the government limited time to agree new trading arrangements. If new trade arrangements aren’t negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p>	Cllr Schofield	GREEN	<p>Following the agreement of a trade deal between the United Kingdom and the European Union on 24 December 2020, this risk is recommended for closure in Q3 2020/21 reporting.</p> <p>Risks associated with any worsening in the economic outlook will be covered by the strategic risk on Economic prosperity (SR6).</p> <p>The Council’s supply chains were previously reviewed as part of Brexit preparations and were found to be robust. Any specific supply chain risks will be closely monitored and, if necessary, raised as an operational risk.</p> <p>The ongoing issues at close strait channel crossings are being managed at the Local Resilience Forum level. The Council is fully engaged with our partners at the LRF.</p>	
SR2	<p>Financial sustainability</p> <p>The Council is now operating in a uniquely challenging and uncertain financial context.</p> <p>In the wake of the COVID-19 pandemic and likely recession which will follow, the Council faces a period of unprecedented financial uncertainty.</p> <p>The ongoing financial settlement with the Government also remains unclear with the Fair Funding Review</p>	Cllr Schofield	RED	<p>The Council’s updated Medium-Term Financial Plan was reported to the Executive in January 2021. This sets out the forecast budget challenges over the coming five years. It will form the basis for service and financial planning for 2022/23 onwards.</p> <p>The specific outcomes of the Fair Funding Review and Business Rates Reset remain unknown; however it is expected to result in significantly reduced funding.</p>	

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>and Business Rate Reset and Revaluation being delayed.</p> <p>There most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council’s COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes. If this substantial financial burden is not mitigated through direct Government support these unplanned financial pressures will have an adverse impact on the Council’s capacity to deliver against its Corporate Plan ambitions in future years.</p>			<p>COVID-19 has resulted in material new financial risks, both in 2020/21 and over the medium term. Additional unbudgeted expenditure has been incurred to deliver the authority’s response and budgeted sources of income have been impacted by reduced demand during lockdown.</p> <p>Government funding received to date is likely to address a significant proportion of the one-off cost pressures and lost income, but there remains uncertainty about funding support for lost income from fees and charges and local taxes in 2021/22 as well as about whether income levels will return to pre-COVID levels in the remainder of the year and beyond.</p> <p>In Q3 the Council submitted the second claim to Central Government for lost income as a result of the COVID-19 pandemic.</p> <p>Despite the impact of COVID-19 on priorities and workloads, the Council adopted Part 1 of its Commercial Strategy in Q3 demonstrating the continued importance of: (i) adopting and implementing strategies that support sustainable income generation and (ii) taking forward income generating projects such as Horley Business Park, and a crematorium. The Council is now in receipt of external advice on how to deliver appropriate commercial structures, roles and responsibilities and the relevant sub-committee is considering how to take this forward.</p>	

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR3	<p>Local government reorganisation</p> <p>A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of a new devolution agenda.</p> <p>Given the COVID-19 Pandemic, a mandated reorganisation or devolution is unlikely. Instead, changes are most likely to result from a neighbouring or partner authority's financial failure or distress.</p> <p>The results of a possible reorganisation are uncertain, though it could adversely affect this Council and the delivery of services for residents.</p>	Cllr Brunt	AMBER	<p>The 2019 Queen's speech announced an upcoming white paper on devolution and local government reorganisation.</p> <p>In response to the latter, in the summer of 2020 Surrey County Council announced its intention to develop a proposal for a single unitary authority to cover the county. The proposal would have necessarily involved the abolition of all districts and boroughs. The Council was a joint signatory to a letter to the Secretary of State, Robert Jenrick MP, which requested that the government give consideration to alternative proposals for the structure of local government in Surrey.</p> <p>Surrey's proposal was not one of three that the government invited to take forward.</p> <p>The government recently announced that the White Paper will now follow in the latter part of 2021 – delayed from Autumn 2020.</p> <p>The Council will continue proactively seek to influence the debate on the future structure of local government within Surrey.</p> <p>In 2020 Leaders of all Surrey's district and borough councils commissioned a piece of work, with assistance from KPMG, to look at local government provision across the county and explore ways of joint working and closer collaboration with partners. The report was published in January 2021 and details collaboration opportunities in areas such as waste, building control, IT infrastructure, housing, revenues and benefits, procurement,</p>	—

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				economic development and leisure services. The report's recommendations will not be actively pursued as the Council continues to respond to the COVID-19 pandemic.	
SR4	<p>Partner public sector funding decisions</p> <p>The public sector is experiencing significant funding pressures. Budgetary decisions made by other public service providers will impact this borough's residents and businesses as well as the Council itself.</p> <p>The COVID-19 pandemic has increased pressure on public services. These pressures may result in partners being stretched which may require the Council to increase services and support provided. This could have negative funding and resource implications.</p>	Cllr Schofield	AMBER	<p>Our partner public sector organisations are operating in a similarly challenging financial context as detailed in SR2 above.</p> <p>As per SR3, the financial distress or failure of a partner or neighbouring authority could result in changes to the structure of local government in Surrey.</p> <p>We will seek to align Council and partner priorities around the new Corporate Plan wherever possible, to ensure that all services are meeting the needs of our residents and businesses.</p> <p>Surrey County Council published its draft budget in January 2021. Any impacts on this Council will be kept under close review. The Council's funding reliance on the County Council has reduced in recent years, however, therefore reducing the potential impact of any funding or budgetary decisions they make.</p>	—
SR5	<p>Organisational capacity and culture</p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.</p> <p>The COVID-19 pandemic will change the way the Council operates and will drastically change the organisational culture and ways of working.</p>	Cllr Lewanski	AMBER	<p>Before the COVID-19 pandemic significant work was undertaken on the Council's Great People work programme (formerly known as the Organisation Development strategy). This has formed a solid basis for post COVID planning.</p> <p>Organisational culture:</p>	—

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>The Council will continue to be ambitious and the new ways of working will need to be embraced by both members and officers in order for objectives to be achieved.</p> <p>The failure to remain ambitious will risk the delivery of these objectives in these unprecedented times.</p>			<p>The pandemic has resulted in a need for the organisation to work differently. This is being proactively driven by the New Ways of Working Recovery group. This group has member oversight. As of January 2021, this work is now being overseen by the Organisation Board.</p> <p>Priority is being given to understanding and addressing staff welfare and wellbeing issues.</p> <p>Capacity and resilience: As recently agreed by the Employment Committee, the recruitment of a new Chief Executive will be paused and reconsidered in the Spring. Suitable plans are in place within the Management Team to cover all duties. Recruitment will be underway shortly to increase capacity in the Management Team.</p>	
SR6	<p>Economic prosperity</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic will have negative impacts upon the economy, with forecasts suggesting the worst recession in a century.</p> <p>Prevailing economic conditions have a direct impact on the Council’s financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from paid for services and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>	<p>Cllrs Humphreys and Schofield</p>	RED	<p>The latest available data (current as of October 2020) shows that Reigate and Banstead has had the highest number of furloughed employees in Surrey. The government’s Jobs Retention Scheme has been extended until the end of April 2021.</p> <p>In Q4 the Council will launch the East Surrey Work Local Youth Hub. The Hub is a new initiative to combat the recent increase in youth unemployment.</p> <p>The Council has been active in helping to support local businesses using virtual platforms throughout the COVID-19 pandemic. We will continue to carry out heightened levels of engagement and communication with local businesses.</p>	<p>—</p>

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>Support has also included the processing of business grants and applications for business rate relief. The Council has also distributed money to support businesses via the local authority discretionary grant fund. In Q3 the scope of the grant programme was expanded to support a wider group of local businesses.</p> <p>The 'R&B Works' project is set to take place in Q4. This project intends to highlight and provide support towards local employment opportunities for residents.</p>	
84	<p>SR7 Reliance on the welfare system</p> <p>The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched and residents being threatened with homelessness. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>	Cllr Knight	RED	<p>The COVID-19 pandemic has resulted in significant negative economic impacts on residents. The Council will closely monitor the impact of the gradual ending of the government's furlough scheme and the impact on local residents.</p> <p>The Council continues to administer Test and Trace support payments. The payment of £500 is for people on low incomes who are unable to work from home if they are told to self-isolate by NHS Test and Trace and will lose income as a result.</p> <p>The full roll-out date for universal credit has yet to be confirmed. However, the system is live for those experiencing changes in their circumstances. The effects of COVID-19 has increased universal credit claimants in the borough.</p> <p>The Council's Money Support service is receiving increased referrals in comparison to previous years. This will continue to be</p>	-

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>monitored and services adjusted/scaled up if required. Additional resourcing has been identified to support the service.</p> <p>The Housing service has successfully applied for a government grant to help with accommodating single homeless persons. The Council has also participated in a cross-Surrey application made to the 'Changing Futures Fund'. This fund is a new pilot service aimed at providing support to vulnerable homelessness clients.</p> <p>As of the end of Q3 the ban on evictions continues to be in effect and is expected to continue through to mid-February 2021. When the courts do reopen, however, there is an expectation that the Housing service will experience an increase in homelessness applications.</p>	
<p>SR8</p>	<p>Cyber security</p> <p>Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases. More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The shift to remote working and teleconferencing in response to COVID-19 could potentially compromise cyber security.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction, disruption to the delivery of services and data theft.</p>	<p>Cllr Lewanski</p>	<p>AMBER</p>	<p>ICT reports data security matters to the Senior Information Risk Officer (SIRO). The ICT customer base will be kept informed of any specific threats and will be continually reminded to be vigilant when opening email or browsing websites, particular those from unknown sources</p> <p>The 2020 assessment of ICT security standards, set by the Cabinet office and known as the Public Sector Network Code of Connection (PSN CoCo), has been passed and certificated. The 2021 assessment is due to commence in February/March 2021. Certification is expected in June 2021.</p>	<p style="text-align: center;">■</p>

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE



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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				ICT are currently working with the National Computer Centre to implement a statement of works to improve the Council's cyber security.	
SR9	<p>Fraud</p> <p>Due to the wide range of activities being undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>	Cllr Schofield	AMBER	<p>The new areas of activity that the Council has delivered since the pandemic started increase the risk of fraud. The Council nevertheless has robust control measures in place to protect public funds from fraudulent activity.</p> <p>The Council's processes regarding the payment of small business grants were audited by the Council's internal auditors in Q2 of this financial year. An opinion of 'substantial assurance' was received, with no management actions recommended. An audit on discretionary grant payments took place in Q3, with the service also receiving a 'substantial assurance' opinion, with no management actions recommended.</p>	■
SR10	<p>Marketfield Way</p> <p>Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality and viability. It will also generate income which can be reinvested in Council services.</p> <p>The COVID-19 pandemic will likely negatively impact upon this development, including in its delivery as well as its financial viability.</p>	Cllr Humphreys	AMBER	<p>The project continues to be on track.</p> <p>Enabling works have now been completed, and full works have commenced. Office based staff are working remotely and social distancing measures are in place on site. These safety measures are aligned to industry standards as well as all relevant government guidance. This is a key control to prevent work on site being delayed.</p> <p>We have entered into a building contract which reduces financial risk to Council by fixing a high proportion of outstanding costs.</p>	■

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>The current economic climate may make securing pre-let agreements – particularly for the cinema operator – challenging. This will be continually monitored alongside the Council’s commercial agent. The council is adopting a flexibility-of-use methodology for Marketfield Way’s commercial units. This is to ensure that there are appropriate tenant incentive packages in place to encourage interest from commercial organisations.</p> <p>The project was recently audited by the Council’s internal auditors and received an assurance rating of ‘substantial’.</p>	
87 SR11	<p>Gatwick Airport</p> <p>The COVID-19 outbreak is likely to have a prolonged negative impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue into the foreseeable future due to the negative economic outlook and likely ongoing global travel restrictions.</p> <p>As a key local employer the financial position of the airport will likely have a negative effect on local employment, which may result in an increased number of residents seeking support from the Council.</p>	Cllr Humphreys	RED	<p>This risk is largely outside of the Council’s control and is dependent on any possible support provided by the government to the aviation sector and the commercial decisions made by private companies.</p> <p>As noted above, Reigate and Banstead has the highest number furloughed employees in Surrey. It is likely that a high number of Reigate and Banstead residents are on furlough from Gatwick and its associated supply chain.</p> <p>Prior to third lockdown announced before Christmas, Gatwick had indicated some confidence of returning to around 50% of normal capacity in the summer of 2021. Given the current lockdown, this is likely to be delayed, with recovery subject to the success of the vaccination program and limited by any future restrictions.</p>	■

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				As of end of Q3, Gatwick continues to operate at severely reduced levels, with majority of staff remaining on furlough.	
<p>SR12</p>	<p>COVID-19: second wave/local lockdown</p> <p>In the event of a second wave or local lockdown, the Council will be required to stand up its response to support residents and businesses.</p> <p>This will result in members of staff being redeployed and could result in significant disruption to the delivery of services.</p>	<p>Cllr Brunt</p>	<p>AMBER</p>	<p>In October 2020 the government announced a new tiered system of restrictions to stop the spread of COVID-19. The latter was supplanted, however, by the announcement of two subsequent national lockdowns.</p> <p>The Council has utilised its robust plans to continue to provide services under the several rounds of COVID-19 restrictions during the quarter. This has included providing support services to residents and businesses as well as maintaining business continuity and the delivery of core statutory services.</p> <p>In this regard, it is important to note that operating within the confines of, and responding to, Covid-19 has now become 'normal' for the Council. Ongoing disruption is expected and is being planned for.</p> <p>The Council continues to engage with partners in Surrey, including the Local Resilience Forum and other districts and boroughs. Learning from partners has assisted preparedness activities.</p>	
<p>SR13</p>	<p>Reform of the planning system</p> <p>Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage and are subject to later change and revision, the current White</p>	<p>Cllr Biggs</p>	<p>AMBER</p>	<p>In Q2 the Council responded to the consultation by central government and lodged its opposition to the white paper's proposals as currently defined, principally in regards to the loss of affordable housing in the borough. The consultation closed on 29 October 2020.</p>	

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC’s delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>			<p>The Council continues to pursue the delivery of affordable housing within the borough as articulated in the Housing Delivery Strategy.</p>	

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ANNEX 2 - STRATEGIC RISK RECOMMENDED FOR CLOSURE (Q3 2020/21)

Ref.	Risk description	Owner	Mitigating actions/update
<p>SR1</p>	<p>Brexit</p> <p>The UK's withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place. Despite the COVID-19 pandemic, the government remains committed to leaving the transition period by 31 December.</p> <p>The government has the option to extend the transition period but will need to make this decision by June at the latest. If the option to extend is not exercised any later request will require a new treaty and ratification by all EU member states within a short timeframe.</p> <p>If the extension is refused, this leaves the government limited time to agree new trading arrangements. If new trade arrangements aren't negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p>	<p>Cllr Schofield</p>	<p>As noted in annex 1 of this agenda item, following the agreement of a trade deal between the United Kingdom and the European Union on 24 December 2020, this risk is recommended for closure in Q3 2020/21 reporting.</p> <p>Risks associated with any worsening in the economic outlook will be covered by the strategic risk on 'Economic prosperity'.</p> <p>The Council's supply chains were previously reviewed as part of Brexit preparations and were found to be robust. Any specific supply chain risks will be closely monitored and, if necessary, raised as an operational risk.</p> <p>The ongoing issues at close strait channel crossings are being managed at the Local Resilience Forum level under Operation Tarragon. The Council is fully engaged with our partners at the LRF.</p>

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Signed off by	Interim Head of Finance
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Telephone	Tel: 01737 276865
Email	liane.dell@reigate-banstead.gov.uk
To	Audit Committee
Date	Thursday, 11 March 2021
Member	Councillor Jill Bray

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Audit Committee Annual Report 2020/21
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Recommendations
<p>(i) That the Annual Report of the Audit Committee be noted and, subject to any changes agreed at this meeting, recommended to Council.</p> <p>(ii) That the Audit Committee's Forward Plan for 2021/22 be approved.</p>
Reasons for Recommendations
<p>The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. The Annual Report of the Committee provides a summary of its work during 2020/21. It also demonstrates the scope of the Committee's work programme for 2021/22.</p>
Executive Summary
<p>The Audit Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and strong public financial standards and management. It scrutinises the Council's governance, risk management and control frameworks and oversees the integrity of financial reporting and annual governance processes. It oversees the work of internal audit and external audit, helping to ensure efficient and effective independent assurance arrangements are in place.</p> <p>There are strong risk management arrangements in place and the Audit Committee receives quarterly reports on internal audit and risk management, together with individual reports from the Executive.</p>

Agenda Item 9

The roles and responsibilities of the Audit Committee are set out in its written terms of reference, which include the requirement to provide an annual report to the Council which presents a summary of work undertaken over the previous year and its plans for the coming year. In performing this function, the Audit Committee is encouraging an awareness of their oversight responsibilities.

The above recommendations are subject to approval by the Committee.

Statutory Powers

1. The functions of the Audit Committee are set out in the Council's Constitution, in line with the Local Government Act 2000 as amended by the Localism Act 2011 and the Local Audit and Accountability Act 2014 and the Local Audit and Accounts Regulation 2015.

Background

2. The Annual Report 2020/21 sets out the work of the Audit Committee in 2020/21 and considers its forward work programme for 2021/22.

Key Information

Introduction

3. The Accounts & Audit (England) Regulations 2003 impose responsibility on local authorities *“for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”*
4. The Chartered Institute of Public Finance & Accountancy (CIPFA) sets out the role of Audit Committees in their Practical Guidance for Local Authorities 2018. This states that *“the purpose of the Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”*

Audit Committee Overview

5. The Audit Committee held its first meeting on 16 July 2020, having taken over the audit function from the Overview and Scrutiny Committee for 2020/21 onwards. These arrangements are in accordance with best practice guidance from CIPFA.
6. The Committee has worked well and has an established forward work programme which is examined periodically by the Chair and Officers. The programme is amended when new requirements and issues are identified which ensures the Committee remains dynamic and focussed on its functions.
7. There were nine members appointed to the Committee and Councillor Bray was elected as Chair of the Committee for 2020/21. At the meeting held in September a tribute was paid to Committee member Councillor Allcard, who had sadly passed away. The vacancy was filled by Councillor Blacker. In November 2020 Councillor Brown resigned as a member of the Audit Committee and Councillor Ritter was

appointed to the Committee in his place. On 28 February 2021 Councillor Foreman, who was elected as Vice-Chair, resigned from the Council, thus ceasing to be a member of the Committee.

8. Since the Audit Committee's inception there have been four scheduled meetings.
9. Members of the Committee were invited to attend the training courses listed below. Six of the nine current members that were appointed to the Committee attended at least one course as well as four substitute members having attended at least one course.
 - CIPFA 'Role of the Audit Committee' – held on 9 July 2020
 - SIAP 'Role of the Audit Committee' – held on 16 July 2020
 - CIPFA 'Councillors' Guide to Understanding your Council's Financial Reporting Requirements' – held on 8 September 2020 (attended by Cllr Bray)
 - CIPFA 'Update for Local Authority Audit Committee Members' – held on 27 January 2021

Programme of Work 2020/21

10. The Audit Committee has considered the following during 2020/21.
 - Approval of the 2020/21 Internal Audit Plan and Charter and quarterly progress reports from Southern Internal Audit Partnership (SIAP)
 - Strategic Risks for 2020/21
 - External Audit Plan 2020/21
 - Quarterly reports relating to risk management
 - Update of the Code of Corporate Governance
 - External Auditor's Report (ISA260) and audited Statement of Accounts 2019/20 (scheduled to be considered at the meeting on 11 March 2021)

Internal Audit 2020/21 and Internal Audit Opinion

11. At its meeting on 26 November 2020, internal audit - quarter 2 was considered and it was reported that there were some overdue management actions outstanding from previous audits, as such these were provided with revised target dates. Southern Internal Audit Partnership (SIAP) thereafter continued to work with Officers on these overdue actions. The delays were generally due to competing demands and shifting priorities on Officers as the Council responded to the difficulties of the COVID-19 pandemic. These actions continue to be monitored.
12. In September 2020, the Institute of Internal Auditors (IIA) undertook an External Quality Assessment (EQA) of SIAP, which considered their conformance with the International Professional Practices Framework (IPPF), Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN).
13. The EQA stated that SIAP conformed to all standards and requirements of the audit. SIAP's outcome was that they were 'Excellent' in three areas and 'Good' in two. The aspiration is to become Excellent in all areas and an action plan had been formulated. This was taken forward to the SIAP Stakeholder Board, of which the Interim Head of

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Finance, was a member. This assessment gave the Council and its Members independent assurance on the quality of SIAP's operations.

14. The Committee will consider the internal audit opinion given for 2020/21 at the first meeting of the Audit Committee of 2021/22 (currently scheduled for the 28 July 2021).

Risk Management

15. The Audit Committee receives a quarterly update on risk management as part of its constitutional responsibility. As per the Council's risk management methodology, the risk management report provides an update on all strategic risk as well as any red rated operational risks. Through this, the Committee has oversight and ensures robustness of strategic risk setting and assessment of the adequacy of the risk management process. Furthermore, the Committee feeds back to the Executive in respect of the risk register.
16. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP). Part of the Committee's remit is to consider these risks as part of risk management.
17. Operational risks are risks that are encountered in the course of the day to day delivery of services. However, if an operational risk cannot be fully managed within the service or it has a wider organisational impact then it will be considered for inclusion in the operational risk register by the Council's Corporate Governance Group. Heads of Service have responsibility for operational risks. The Council's Risk Management Strategy requires that operational risks are reported by exception to the Audit Committee (and Executive) when RAG rated 'red'. In 2020/21 one red rated operational risk was reported to and considered by the Committee.

Corporate Governance

18. The Code of Corporate Governance sets out the principles of good governance and the arrangements in place to ensure that the Council conducts its business in accordance with the law and proper standards. It provides assurance that the Council is meeting best practice in protecting its assets and serving the community.

External Audit Opinion and Statement of Accounts

19. At the time of preparing this report the authority was still awaiting confirmation of the external auditor's ISA260 report on the Statement of Accounts for 2019/20. An additional meeting of the Committee will be arranged to consider the auditor's report and the statement of accounts as soon as the ISA260 is finalised.
20. Conclusion of the audit is later than the original plan, which was to report in November 2020. It has been delayed due to a combination of factors which include:
 - the volume of work that has been carried out by Deloitte LLP during this year's audit, to ensure compliance with the National Audit Office's Code of Audit Practice. Audit team capacity was also under pressure due to the volume of changes to 2019/20 audit deadlines both for this authority and other clients in response to the COVID-19 pandemic; also

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- the Finance team's capacity to respond to audit enquiries whilst also supporting the authority's response to the COVID-19 pandemic.

Acknowledgement

21. It is acknowledged that 2020/21 has been a challenging year and thanks were offered to the Finance Team for their work and in enabling the success of the Audit Committee in 2020/21.

Future Work Programme 2021/22

22. A Forward Plan for the Committee has been compiled and can be found in Appendix A. This is a live document and will be subject to change as required.

Conclusion

23. The Committee provides independent assurance to the Council of the adequacy of the risk management framework, the internal control environment and financial reporting. It recognises that the Council continues to focus on outcomes for residents and businesses and is responding well to continuing financial pressures, managing its processes in an efficient manner, particularly with the added pressures 2020/21 has brought in relation to COVID-19. The Committee's work programme is dynamic and will continue to be reviewed to ensure the Committee maximises its contribution to governance and the control framework.
24. The work programme for 2021/22 has been considered in line with the Committee's remit.
25. In accordance with the Audit Committee's Terms of Reference, the Committee is requested to consider and recommend this Annual Report to Council.

Options

26. To approve the Annual Report of the Audit Committee 2020/21 as written and recommend it to Council.
27. To suggest amendments to the Annual Report of the Audit Committee 2020/21 prior to recommendation by Council.

Legal Implications

28. Audit Committee terms of reference are based upon CIPFA Guidance and meet the requirements of the Accounts & Audit (England) Regulations 2003 which require the Audit Committee to consider the work of internal and external audit to give assurance to give assurance to elected members and the public about the governance, financial reporting and performance of the Council.
29. In approving the above recommendations, the Audit Committee is promoting sound robust risk management in accordance with its statutory responsibilities.

Financial Implications

30. There are no direct financial implications arising from the annual report.

Equalities Implications

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31. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
32. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
33. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:
- How policy issues impact on different groups within the community,
 - Particularly those that share the nine protected characteristics;
 - Whether the impact on particular groups is fair and proportionate;
 - Whether there is equality of access to service and fair representation of all groups within the Borough;
 - Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

Communication Implications

34. There are no significant communications implications arising from this report.

Risk Management Considerations

35. Oversight of the Council's risk management arrangements is a key responsibility of this Committee and is considered throughout the wider audit process.

Consultation

36. In accordance with the Audit arrangements contained in the Council's Constitution, the Committee's Annual Report was drafted in consultation with the Chair and Vice-Chair of the Audit Committee.

Annex

37. Annex A – Audit Committee Forward Plan 2021/22

REIGATE AND BANSTEAD BOROUGH COUNCIL:

AUDIT COMMITTEE

Date of issue: 02 March 2021



Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
10 June 2021								
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	<p>Annual Internal audit report and opinion 2020/21 – Quarter 4 progress report</p> <p>To consider progress in Q4 against delivery of the 2020/21 internal audit plan and the audit report opinion for 2020/21.</p>				Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	<p>Risk Management – Quarter 4 2020/21</p> <p>To note the Quarter 4 2020/21 update on risk management provided by the report and associated annexes and make any observations to the Executive.</p>				Open	
<i>Helen Stocker, Finance Manager</i>	Deputy Leader and Portfolio	Interim Head of Finance	<p>Draft Annual Governance Statement 2020/21</p>				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
	Holder for Finance and Governance		To review the Draft Annual Governance Statement					
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance and Governance	Interim Head of Finance	External Audit Plan 2021/22 To note the External Audit Plan for 2021/22.				Open	
28 September 2021								
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	Internal audit 2021/22 – Quarter 1 progress report To consider progress in Q1 against delivery of the 2021/22 internal audit plan.				Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	Risk Management – Quarter 1 2021/22 To note the Quarter 1 2021/22 update on risk management provided by the report and associated annexes and make any observations to the Executive.				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
25 November 2021								
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance and Governance	Interim Head of Finance	<p>Report from the External Auditors on the 2020/21 Financial Accounts (ISA 260 Report)</p> <p>This report, from the Council's external auditors, summarises conclusions and significant issues arising from the audit of the 2020/21 Annual Financial Report.</p>				Open	
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance and Governance	Interim Head of Finance	<p>Audited Statement of Accounts 2020/21</p> <p>To consider the Audited Statement of Accounts 2020/21.</p>				Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	<p>Internal audit 2021/22 – Quarter 2 progress report</p> <p>To consider progress in Q2 against delivery of the 2021/22 internal audit plan.</p>				Open	
<i>Luke Harvey, Project & Performance</i>	Portfolio Holder for Corporate Policy and	Head of Projects and Performance	<p>Risk Management – Quarter 2 2021/22</p>				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Team Leader</i>	Resources		To note the Quarter 2 2021/22 update on risk management provided by the report and associated annexes and make any observations to the Executive.					
<i>Alex Berry. Deputy Democratic Services Manager</i>	Portfolio Holder for Corporate Governance	Commercial and Investment Director	Update of the Code of Corporate Governance To adopt the updated Code of Corporate Governance.					
15 March 2022								
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance and Governance	Interim Head of Finance	Annual Governance Statement 2021/22 – draft To review the final Annual Governance Statement.				Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	Internal audit 2021/22 - Q3 progress report To consider progress in Q3 against delivery of the 2021/22 internal audit plan.				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Projects and Performance	Internal Audit Plan 2022/23 To endorse the draft Internal Audit Plan for 2022/23 and Charter				Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy	Strategic Risks – 2022/23 To consider the strategic risks for the Council in 2022/23.					
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy	Risk Management – Quarter 3 2021/22 To note the Quarter 3 2021/22 update on risk management provided by the report and associated annexes and make any observations to the Executive.					
<i>Liane Dell - Democratic Services Officers</i>	Portfolio Holder for Corporate Policy and Resources	Head of Legal and Governance	Audit Committee Annual report 2021/22 To consider the Audit Committee's Annual Report and forward work programme for 2022/23				Open	

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Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key

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