

Agenda

Audit Committee

Wednesday, 13 March 2024 at 7.30 pm

New Council Chamber, Town Hall, Reigate



This meeting will take place in the Town Hall, Castlefield Road, Reigate. Members of the public, Officers and Visiting Members may attend remotely or in person.



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

Members:

F. Kelly (Chair)

B. Green

J. S. Bray

G. Buttironi

V. Chester

T. Hyun (Independent Member)

Substitutes:

Conservatives:

K. Fairhurst and K. Sachdeva

Residents Group:

G. Adamson and N. D. Harrison

Green Party:

J. C. S. Essex and D. Torra

Liberal Democrats

Mari Roberts-Wood
Managing Director

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Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

- 1. Minutes** (Pages 5 - 14)

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. Risk management - Quarter 3 2023/24** (Pages 15 - 38)

To note the Quarter 3 2023/24 update on risk management provided in the report and make any observations to the Executive.
- 5. Risk management - 2024/25** (Pages 39 - 76)

To receive the 2024/25 strategic risks and assurance framework.
- 6. Internal audit - Quarter 3 2023/24 progress report** (Pages 77 - 100)
 - i) That the Audit Committee note the Q3 2023/24 internal audit progress report available at Annex 1; and
 - ii) That the Audit Committee make any comments and/or observations on the report to the Council's Chief Finance Officer.
- 7. Internal audit plan and charter - 2024/25** (Pages 101 - 124)
 - (i) That the Audit Committee approves the internal audit plan for 2024/25 as set out in annex 1; and
 - (ii) That the Audit Committee approves the internal audit Charter for 2024/25 as set out in annex 2.
- 8. Audit Committee Annual Report 2023/24 and Forward Work Programme 2024/25** (Pages 125 - 142)
 - (i) That the Annual Report of the Audit Committee be noted and, subject to any changes agreed at this meeting, recommended to Council; and
 - (ii) That the Audit Committee's Forward Plan for 2023/24 be approved.

9. Audit Committee - Action Tracker

(Pages 143 - 144)

To note the progress on actions contained within the Audit Committee's action tracker.

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 part of items 4 and 6 of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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.



Streaming of meetings

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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.

Minutes of a meeting of the **Audit Committee** held at the **New Council Chamber - Town Hall, Reigate** on **Wednesday, 6 December 2023** at **7.30 pm**.

Present: Councillors F. Kelly (Chair); B. Green (Vice-Chair), G. Buttironi, V. Chester and N. D. Harrison (Substitute)

29 Minutes

The minutes from the meeting held on 6 September 2023 were **APPROVED**.

30 Apologies for Absence and Substitutions

An apology for absence was received from Councillor Bray, Councillor Harrison attended as her substitute.

31 Declaration of Interest

There were none.

32 Risk management - Quarter 2 2023/24

Councillor J King, Executive Member for Corporate Policy and Resources, provided a short update from his portfolio for Committee members highlighting some developments relevant to the strategic risks which have taken place since the end of Q2:

SR1 – financial sustainability. Relevant to this risk was the draft 2024/25 budget, recently endorsed by the Executive, and currently undergoing consultation and review by the Overview and Scrutiny’s Budget Scrutiny Panel.

The draft budget for 2024/25 anticipated a balanced budget with a call on reserves for specific funding risks faced by the Council.

SR6 – Local Government reorganisation, devolution and Levelling Up. In his Autumn Statement, the Chancellor announced that Surrey County Council had been invited by the government to discuss a Level 2 devolution deal.

The deal did not require any structural changes to Local Government in Surrey, but provided the opportunity for Surrey County Council to take on additional areas of responsibility (with associated funding).

The Council would work with Surrey to help to shape the devolution deal.

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SR9 – Gatwick Airport. The Council has now submitted its representation to the Planning Inspectorate setting out its views on the proposal to bring the Airport's emergency runway into regular use. This response has recently been shared with all members.

The Head of Corporate Policy, Projects and Performance introduced the report and provided members with an update on risk management in Quarter 2 2023/24.

In quarter 2, no new strategic risks had been identified and no strategic risks were recommended for closure.

Operational Risks - As well as receiving an update on strategic risks, the Council provided the Committee with updates on RED rated operational risks.

At the end of quarter 2 there was one RED rated operational risk. Additional detail on this risk was provided in the part 2 exempt annex.

Following the Audit Committee meeting, this report would be considered by the Executive on 14 December.

Due to the timing of when the Executive meeting agenda was published, any observations made by the Audit Committee on the report's contents would be raised at the meeting of the Executive on 14 December.

In response to a member question regarding SR1, Financial Sustainability, it was explained that despite the Council currently forecasting a balanced budget for 2024/25 it was prudent that this remained red rated until the Council knew the final settlement in December. Officers would reconsider this RAG rating ahead of the next meeting.

The Committee felt that SR1 and SR2 were interlinked, and that financial sustainability was a longer-term factor, rather than just one year's budget and noted that there remain concerns looking further ahead. Some of the controls in SR1 related to the Council's commercial strategy. The Council was receiving positive financial returns on The Rise however it was now giving a lower priority to pursuit of its commercial strategy. Due to commercial failings in a number of councils there had been changes to the codes of practice relating to investments that are limiting the scope of new commercial opportunities going forward.

In terms of SR2, a member referred to the plans for Horley Business Park in anticipation of the LLP dispute being settled soon; the Council's investment in Pathway for Care was also discussed. It was noted that these were more about resolving risks than securing financial sustainability. A member questioned why this risk was amber rather than red rated and the process for how risks were scored was explained. The member stated that it was difficult to support the amber rating for SR2.

In respect of SR3, challenging economic conditions for residents and businesses, the Committee acknowledged what was included in this risk. In response to a member question, it was explained that SR3 was more about the impact on individual residents and the increase in demand for services from the Council as economic pressures increased for residents.

Referring back to SR1 and a question relating to the strength of budgetary control, it was explained that the Council had an established budget cycle which was described. Focussing on next year it was stated that ongoing financial risks had been identified but the Council expects to balance its budget. The Council took a medium-term approach to budget planning. The budget was subject to external audit which

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also tested the Council's control environment. Southern Internal Audit Partnership (SIAP) this year was reviewing the medium-term financial plan and also carry out a cyclical programme of audits of core financial systems and controls.

It was explained that officers and Members had concluded over recent years that a small number of commercial investments that commenced around seven years ago were not performing as expected and a fundamental review had been undertaken. The Council had not entered into new company arrangements since that review and has no current plans to do so again.

Members agreed that the Council should not be making commercial investments if it did not have the expertise. Officers acknowledged that buying in expertise did not always plug the gap. The Council had seen how complicated it was to unwind these types of investments.

RESOLVED that:

- i) the Audit Committee notes the Q2 2023/24 update on risk management provided in the report and makes any observations to the Executive.
- ii) Comments regarding the classification of SR2 be passed to the Executive.

33 Internal audit - Quarter 2 2023/24 progress report

Natalie Jerams, Chief Internal Auditor of Southern Internal Audit Partnership (SIAP), explained that page 48 of the report showed the list of live audits with the final three columns showing the number of overdue management actions.

All audits from Q1-Q3 were underway with a number due to come to completion. The remaining Q4 audits would begin in January 2024.

Page 52 of the report showed adjustments to the audit plan, these alterations would not impact the internal audit report and opinion.

A member of the Committee explained that he was concerned about contract management being deferred, it was felt that this was a significant piece of work that needed to be undertaken.

In terms of the performance dashboard on page 47 of the report, it was explained that having completed 19% of audits was lower than normal for this point in the year, however 50% were in progress and there was real breadth in this 50%. The Committee was assured there would be 100% delivery and that the annual report would be achieved.

In terms of the audit relating to the use of volunteers it was stated that the actions due on 30 November were complete. There had been 15 management actions that had come out of this audit, 1 of which was to prioritise enhanced DBS checks. Information had now been gathered and mitigations were in place. Processes had been put in place to ensure that the Council stayed on track moving forward regarding DBS checks. It was noted that those audits with limited assurance would appear in next year's audit programme to provide further assurance.

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A Councillor commented that in terms of overdue actions, it would be helpful to have column added to demonstrate what had changed since the previous Committee.

In respect of low and medium priorities it was stated that these still required addressing. It was noted that some of these were overdue by 2 years, including fleet management, procurement and information governance.

In response to a question, it was explained that, following internal changes, the Procurement function had moved into the Finance department. There was now a Procurement Board in place with an improvement plan overseen by the Board. The Council had also employed a procurement consultant to ensure that improvements were delivered. The Strategic Head of Organisation and Transformation gave an overview of the activities that had taken place over recent months.

It was explained that the previous internal audit reviews of procurement and contract management had taken place in 2021. The outcome was to conclude that the Procurement service required a complete redesign in order to address significant gaps.

While individual tendering exercises had continued to take place and were compliant with established processes the lack of strategic oversight meant that the service as a whole was not yet operating effectively to secure value for money across the board. It was anticipated that a new operating model would be fully embedded by April 2024, including recruitment of permanent staff. The Council was also working with a neighbouring authority that was in a similar position so that both authorities could benefit from shared capacity.

In terms of fleet management, the Council was ensuring all its driving assessments were up to date. There had been ongoing long-term sickness and the Council had struggled to recruit HGV drivers. It was noted that all those that were required to drive had been tested, it was occasional users of pool cars that had not been assessed. These overdue management actions were considered by the Corporate Governance Group monthly. SIAP would re audit the service for reassurance.

With regards to information governance, it was explained that there was an asset register, which was currently out of date, and alongside that was a document known as a RoPA (Record of Processing Activities) which was a legal requirement. As the authority had one Data Protection Officer it was decided that there should be a network of 32 data champions across the Council. In the interim they have been trained on how to create a RoPA. Some key services would not be able to complete this by 31 December, however it was anticipated this would be completed by the end of Q4.

RESOLVED that:

- i) The Audit Committee notes the Q2 2023/24 internal audit progress report available at Annex 1; and
- ii) the Council's Chief Finance Office notes any comments and/or observations made by the Committee.

34 Review of the Code of Corporate Governance

The Electoral and Democratic Services Manager and Deputy Monitoring Officer introduced the report, stating that each local authority was required to develop and maintain a 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 provided assurance that the Council was meeting best practice in protecting its assets and serving the community.

The Code of Corporate Governance has 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) guidance entitled 'Delivering Good Governance in Local Government'.

The guidance defines seven core principles that should underpin the governance framework of a local authority, and the Code demonstrates how the Council meets those principles by referring to relevant policies, strategies and governance framework documents. The guidance also recommended that local authorities review their Code each year to ensure it remained compliant and up to date.

The Monitoring Officer has reviewed the Code to ensure it still reflected the current governance arrangements of the Council and considered that no updates were required to the current Code as it still reflected the current governance arrangements of the Council.

In addition, the Council was currently undertaking a review of its Constitution, which formed a fundamental part of the governance arrangements of the Council, and therefore directly affected the Code of Corporate Governance.

This report therefore recommends that the current Code of Corporate Governance be confirmed by the Audit Committee, rather than amend it, with a view to an interim update after the Constitution is reviewed to realign the Code with it.

A member questioned how the Council monitored that the Code was being adhered to. It was explained that in terms of Principle 1, one of the documents was the Constitution and this ensured the right people made the right decisions. Regarding Principle 2, this ensured openness and comprehensive stakeholder engagement with the Corporate Plan. Overall, the Code was owned by different officers and Committees, but ultimately the Statutory Officers were the officers that took main responsibility for adherence to it.

In response to a question, it was explained that the Council undertook a review of the KPIs to ensure the Corporate Plan objectives were being met and the cycle was explained.

In response to a question regarding "social value", it was stated that this could be more clearly defined, however the housing delivery strategy could demonstrate social value as an example. The Council also included areas of social value in its contract management.

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With regards to the following bullet point on page 81 of the report:

Ensure the Leader and the Head of Paid Service/Directors have clearly defined and distinctive leadership roles within a structure whereby the Head of Paid Service/Directors lead in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.

It was stated that this referred to the Council's Statutory Officers i.e. the Head of Paid Service, the Monitoring Officer and the Section 151 Officer, whose roles are defined in the law with duties to protect the financial and lawful integrity of the actions the Council takes, this provides the supporting 'check and balance' which was set in the law.

In respect of using plain English, it was explained that Democratic Services act as the Council's gatekeepers to ensure reports were written in plain English. There was some concern that this meant officers were checking rather than members of the public.

It was requested that Councillor Lewanski be given access to minutes from the Corporate Governance Group. It was also noted that Councillor Lewanski be briefed on the Annual Governance Statement.

RESOLVED that:

- i) The Committee notes the Code of Corporate Governance at Annex 1; and
- ii) Observations from the Committee be considered as part of the next review.

35 Audit Work Programme and Schedule 2023/24 and Action Tracker

The Clerk explained that the work programme set out the intended work to be carried out by the Committee over the coming municipal year. This was a live document and was subject to change according to requirements and availability of information. The action tracker gave an overview of the status of the actions that were requested at the previous meeting.

RESOLVED that the work programme be noted.

36 Any Other Urgent Business

There was none.

37 Exempt Business

RESOLVED that members of the press and public be excluded from the meeting for part of agenda items 4 (Risk Management - Quarter 2 2023/24) and 5 (Internal audit - Quarter 2 2023/24 progress report) under Section 100A(4) of the Local Government Act 1972 on the grounds that: It involves the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act.

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3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

The meeting finished at 9.06 pm

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Agenda Item 4



Signed off by	Head of Corporate Policy, Projects and Performance
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To	Audit Committee Executive
Date	Audit Committee: Wednesday, 13 March 2024 Executive: Thursday, 21 March 2024
Executive Member	Portfolio Holder for Corporate Policy and Resources

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Risk Management - Quarter 3 2023/24
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Recommendations
<p>That the Audit Committee:</p> <p>(i) Notes the Q3 2023/24 update on risk management provided in the report and associated annexes and make any observations to the Executive.</p> <p>That the Executive:</p> <p>(ii) Notes the Q3 2023/24 update on risk management provided by the report and associated annexes.</p>
Reasons for Recommendations
The Audit Committee and Executive's constitutional responsibilities require the regular receipt of updates on risk management.
Executive Summary

Agenda Item 4

This report provides an update on risk management in Q3 2023/24. Additional detail is provided in the report as well as in the supporting annexes.

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 & 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. The risk management strategy and methodology sets out the full detail behind how risk is managed at the Council.
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 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. The Audit Committee has a constitutional responsibility to provide independent assurance to the Council of the adequacy of the risk management framework and internal control environment.
11. In so doing, the Committee receives quarterly updates on risk management. The Committee receives the strategic risk register and any red rated operational risks.

Key Information

Q3 2023/24 risk management update

12. The Q3 strategic risk register is available at annex 1 of this report.
13. In summary, in Q3 no new strategic risks have been identified and no strategic risks are recommended for closure.

Red rated operational risk

14. In Q3 there were no red rated operational risks.
15. The operational risk that was reported as red in previous quarters is no longer red rated - a further update is provided in the part 2 exempt annex 2.

Audit Committee observations to the Executive

16. As the agenda for the meeting where the Executive considers risk management is published before the Audit Committee meets, any observations made by the Audit Committee will be tabled at the meeting of the Executive.

Options

17. The Audit Committee has two options:
 - Option 1 – note this report and make any observations to the Executive.
 - Option 2 – note this report and make no observations to the Executive.
18. The Executive has one option:
 - Option 1 – note this report, consider any observations made by the Audit Committee and, if necessary, make any observations to the Head of Corporate Policy, Projects and Performance.

Legal Implications

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

Financial Implications

20. Financial risks are considered when preparing the Medium-Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
21. There are no additional financial implications arising from this report.

Equalities Implications

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

Communication Implications

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

Environmental Sustainability Implications

24. There are no environmental sustainability implications arising from this report.

Agenda Item 4

Risk Management Considerations
25. The Council's risk registers inform the development of the risk based internal audit plan, progress against which is reported separately to the Audit Committee.
26. The Council's approach to managing risk is a core component of the Code of Corporate Governance.
Procurement/Contract Management and Subsidy Considerations
27. There are no procurement, contract management and/or subsidy considerations arising from this report.
Other Implications
28. There are no other implications arising from this report.
Consultation
29. The risk registers have been considered by the Council's Corporate Governance Group as part of its governance role.
Policy Framework
30. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.
Background Papers
1. Risk management strategy: https://www.reigatebanstead.gov.uk/info/20090/council_policy/929/risk_management

Risk management

Strategic risk register

Quarter 3 – October to December 2023

Strategic risks

Strategic risks are risks that could have a negative impact on the Council's medium to long term objectives and priorities as set out in the Corporate Plan or other corporate level policies and strategies, including the Medium-Term Financial Plan (MTFP). Strategic risks typically originate from the environment within which the Council operates, though may also stem from an internal source – such as major project – if the impact merits its categorisation as a strategic risk.

Members of the Council's Senior Management Team and Executive members have shared responsibility for strategic risks.

The Council's strategic risks are detailed in below table:

<u>SR1</u>	<u>Financial sustainability</u>
<u>SR2</u>	<u>Commercial investment</u>
<u>SR3</u>	<u>Challenging economic conditions for residents and businesses</u>
<u>SR4</u>	<u>Organisational capacity and culture</u>
<u>SR5</u>	<u>Cost pressures affecting the viability of Council developments</u>
<u>SR6</u>	<u>Local government reorganisation, devolution and Levelling Up</u>
<u>SR7</u>	<u>ICT network capacity and resilience</u>
<u>SR8</u>	<u>Fraud</u>
<u>SR9</u>	<u>Gatwick Airport</u>
<u>SR10</u>	<u>Planning system reform</u>
<u>SR11</u>	<u>Climate change impact</u>

Scoring risks

Each risk on the risk register is assessed using a likelihood and impact matrix.

The likelihood and impact scores are then combined to give an overall risk score. This is done by multiplying the likelihood score by the impact score.

The total risk score is then plotted on a scoring matrix to illustrate the risk scoring visually:

IMPACT						
Grave	(5)	5	10	15	20	25
Significant	(4)	4	8	12	16	20
Moderate	(3)	3	6	9	12	15
Minor	(2)	2	4	6	8	10
Almost none	(1)	1	2	3	4	5
LIKELIHOOD		(1)	(2)	(3)	(4)	(5)
		Rare	Unlikely	Possible	More than likely	Almost certain

Risk treatment

Risk treatment is the collective term that refers to the various options that management have at their disposal to manage a risk. These are:

Avoidance	<p>Simply stop doing the activity that creates the risk, or elements therein. This may not be possible or desirable, however, particularly where the risk is unavoidable or arises from activity that the Council is obliged to undertake.</p> <p>Risk avoidance must also be balanced against the effect of doing so on the Council's objectives and how this reconciles with the wider risk appetite.</p>
Transfer	Transfer all or part of the risk to another party. For example, to insurance or to other agencies/contractors.
Reduce	Take steps to reduce the likelihood and/or impact of the risk, such as introducing new or modifying existing controls and mitigations.
Accept	Accept the risk and take no measures to reduce the likelihood and/or impact. This is not ordinarily a recommended course of action, though if the risk is outside of the Council's control it then it may be the only option available.

RISK RATINGS

IMPACT						
Grave	5					
Significant	4		SR5	SR4	SR1 SR3	
Moderate	3		SR6 SR7	SR2 SR8 SR9 SR10	SR11	
Minor	2					
Almost none	1					
LIKELIHOOD		1	2	3	4	5
		Rare	Unlikely	Possible	More than likely	Almost certain

The below table provides an overview of the current open strategic risks on the register and tracks the overall risk score for the time period that the risk has been open. It is intended to provide a visualisation of the journey of the risk over the time period that it has been open to provide context to its current score.

Year	2021/22			2022/23				2023/24		
Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SR1: Financial sustainability	16	16	16	16	16	16	16	16	16	16
SR2: Commercial investment				6	6	6	6	6	6	6
SR3: Challenging economic conditions for residents and businesses				16	16	16	16	16	16	16
SR4: Organisational capacity and culture	12	12	12	12	12	12	12	12	12	12
SR5: Cost pressures affecting the viability of Council developments				12	12	12	12	12	12	8
SR6: Local government reorganisation, devolution and Levelling Up	12	12	12	12	12	12	12	12	12	6
SR7: ICT network capacity and resilience			8	8	8	8	12	6	6	6
SR8: Fraud	12	12	12	12	12	12	12	12	12	9
SR9: Gatwick airport	16	9	9	9	9	9	9	9	9	9
SR10: Planning system reform and the Local Plan	9	9	9	9	9	6	6	9	9	9
SR11: Climate change impact				12	12	12	12	12	12	12

SR1	Financial sustainability		RED
Description	<p>A combination of current adverse macroeconomic conditions and the wider local government funding context have created conditions of unprecedented financial uncertainty and challenge for the Council.</p> <p>The Council is therefore increasingly reliant on generating additional income and identifying savings and efficiencies from existing budgets. If not mitigated, these financial challenges risk an adverse impact on the Council's ability to deliver its Corporate Plan objectives.</p>		
Owners	Portfolio Holder: Cllr Lewanski		
	Officer: Pat Main		
Controls	<p>Implemented Controls:</p> <p>The Council has strong financial management arrangements in place with continual investment in skills and expertise to support the delivery of the Council's financial and commercial objectives while managing risks.</p> <p>The Medium-Term Financial Plan (MTFP) sets out the forecast budget challenges over the coming five years and forms the basis for service and financial planning. The budget pressures identified by the MTFP will be addressed by the Council's Financial Sustainability Programme.</p> <p>The Capital Investment Strategy provides an overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of Council services and how associated risk is managed.</p> <p>The Commercial Strategy, parts 1 and 2, both set out the commercial activity the Council will consider, provide a framework on option evaluation, and provide the basis on which commercial decision making will be made.</p> <p>The Annual Revenue Budget sets out funding allocations for the current year and confirms officer accountability for ensuring that expenditure and income are managed within limits approved by Members. In year budget monitoring reports confirm compliance with these limits and report any action required to manage budget variances.</p> <p>The Treasury Management Strategy helps ensure that investments achieve target returns within approved security and liquidity limits and that borrowing to fund the Capital Programme is affordable.</p> <p>Internal audit has been utilised to review the approach taken to secure financial sustainability.</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Council has established a Financial Sustainability Programme, an initiative that is intended to reduce costs and/or increase income reducing the need to draw on reserves. Updates on the programme are reported quarterly to the Overview and Scrutiny Committee and Executive.</p> <p>An updated MTFP forecast was reported to Overview and Scrutiny Committee and Executive in July 2023. This update included an assessment of the latest position regarding the risk of increasing costs, in particular where driven by inflationary pressures in the wider economy.</p> <p>Ongoing Mitigations:</p> <p>Following public consultation and review by the Budget Scrutiny Panel, the draft 2024/25 budget was approved by the Executive in February 2024, ahead of it being considered by Full Council in March 2024.</p>		
Inherent Score	RED (20)		Likelihood: 5 Impact: 4

Current Score	RED (16)	Likelihood: 4 Impact: 4
Target Score	AMBER <i>Likelihood controlled to a score of 3 or below AND Impact mitigated to a score of 3 or below</i>	
Status	Reduce	
Last update	14 February 2024	

SR2	Commercial investment	AMBER
Description	<p>The generation of income from commercial investment is a contributor to the Council's financial sustainability. Following several high-profile commercial investment failures by local authorities, the ability to invest for a commercial purpose is being further restricted by changes in legislation, regulations, and codes of practice.</p> <p>Moreover, investing for commercial purposes – either in assets or in trading services – is not without risk due to market fluctuations and factors outside of the Council's control. The risks associated with commercial investment range from the non-achievement of budgeted income to significant capital and revenue losses, as well as governance, legal and reputational issues.</p>	
Owners	<p>Portfolio Holders: Cllrs A King and Lewanski</p> <p>Officers: Mari Roberts-Wood, Joyce Hamilton, and Pat Main</p>	
Controls	<p>Implemented Controls:</p> <p>Commercial opportunities will be considered on a case-by-case basis with up-to-date market intelligence used to inform decisions. Investments will be predicated on robust, stress-tested business cases and financial assessments which consider risks and benefits. Benefits will be monitored via established governance and reporting processes.</p> <p>Evidence of compliance with relevant Government and CIPFA guidance will be confirmed when business cases are approved.</p> <p>The Partnership, Shareholder and Trustee Executive Sub-Committee will approve and oversee commercial projects.</p> <p>The Council has now adopted parts 1 and 2 of the Commercial Strategy including an action plan which is reported on annually.</p>	
Mitigating actions/progress	<p>Ongoing Mitigations:</p> <p>Work is underway to review the future plans and direction for the Council's company investments.</p> <p>Action is underway to close down the Horley Business Park LLP following signature of the Settlement Deed by all parties.</p> <p>Action is also in progress to confirm the implications on the authority's investment in Pathway for Care Limited, following it entering administration in January 2024.</p> <p>Officers and members of the Partnership, Shareholder and Trustee Executive Sub-Committee are considering options for the future operation of Greensand Holdings Limited.</p> <p>The 2023 annual report was considered by the Overview & Scrutiny Committee in December 2023.</p>	
Inherent Score	RED (20)	Likelihood: 5 Impact: 4
Current Score	AMBER (9)	Likelihood: 3 Impact: 3
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce	
Last update	4 January 2024	

SR3	Challenging economic conditions for residents and businesses	RED
Description	<p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses.</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.</p> <p>Challenging financial circumstances for residents may also increase their reliance on Council services which could result in cost pressures on the Council. The risk of the latter is exacerbated by household budgets being stretched by current elevated levels of inflation and rising consumer prices.</p>	
Owners	<p>Portfolio Holders: Cllrs Biggs and Neame</p> <p>Officers: Mari Roberts-Wood, Pat Main, Duane Kirkland, Richard Robinson, Simon Bland, and Justine Chatfield</p>	
Controls	<p>Implemented Controls:</p> <p>The economic factors affecting the local economy are largely outside of the Council's direct control.</p> <p>The Council regularly engages with local businesses and residents to understand the challenges they face, and to provide advice, support, and networking opportunities where possible.</p> <p>The Council's homelessness service is fully compliant with the Housing Act 1996 (as amended). This includes a significant focus on preventing homelessness in the first place, thereby reducing the demand for emergency accommodation.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The government's Household Support Fund was introduced in September 2021. Three rounds of funding have been distributed by the Council to directly support vulnerable households with meeting daily needs, such as food, clothing, utilities, and advice to help with the cost of living.</p> <p>The Council supports a range of voluntary sector partners in the provision of local support services such as 'Food Clubs', 'Community Fridges' and 'Healthy Start' to assist vulnerable residents with access to affordable food locally.</p> <p>The Council continues to apply for Business Support grants as and when they are available to support local employment and businesses.</p> <p>The recent challenging economic conditions, especially for private renters, and additional challenges stemming from a vulnerable migrant cohort have placed additional strains on the service. In response the Housing service has increased its officer resourcing to assist with the increasing number/complexity of approaches and elevated levels of those in emergency temporary accommodation.</p> <p>Ongoing Mitigations:</p> <p>A fourth round of the Household Support Fund funding is providing approximately £700k of support through to 31 March 2024. The fund will allow the Council to further support residents most affected by cost-of-living pressures. We are distributing the funding through local partners to target help where its most needed, including areas such as income and disability benefits, bills and allowances, childcare, housing, and travel. The fund's future beyond March 2024 is in doubt, however.</p> <p>The Housing service has developed a proposal for the purchase of additional Council owned and operated temporary emergency accommodation to reduce budget pressures from the use of third-party accommodation. Securing these accommodation units has already commenced, with some offers already completed and accepted on a number of local properties.</p> <p>Current economic conditions have resulted in increased referrals to the Council's Money Support service stemming from inflationary pressures. Additional resource to</p>	

SR3	Challenging economic conditions for residents and businesses	RED
	<p>the Money Support service has been identified, and the Council is facilitating closer collaboration with other money/debt advice services operating locally.</p> <p>The fall in the headline rate of inflation has been helpful to the local business community. The Council will shortly be introducing a grant programme to help businesses with innovation to help with environmental sustainability and the creation of employment. We will also be launching a Peer-to-Peer learning programme to support growth businesses. We also continue to monitor the opportunity to apply for Business Support grants as and when they are available to support local employment and businesses.</p>	
Inherent Score	RED (25)	<i>Likelihood: 5 Impact: 5</i>
Current Score	RED (16)	<i>Likelihood: 4 Impact: 4</i>
Target Score	AMBER <i>Impact mitigated to a score of 3 or below</i>	
Status	Reduce/accept	
Last update	1 February 2024	

SR4	Organisational capacity and culture		AMBER
Description	<p>An effective and efficient organisational capacity and culture is key to the Council's ability to deliver on its corporate objectives.</p> <p>A combination of strong labour market conditions and associated higher turnover of staff nationwide, increasing move to a 'Hybrid Working Culture,' and the requirement by the council to comply with the objectives of the financial sustainability programme have introduced new complexities.</p> <p>These factors underscore the importance of the Council prioritising its activities and being sustainably and efficiently resourced to meet the challenges ahead. The embedding of a robust and resilient organisational culture that successfully supports officers and members and makes the Council an attractive place to work is similarly key. The failure to do will risk the delivery of the Council's objectives.</p>		
Owners	Portfolio Holder: Cllr Lewanski		
	Officer: Mari Roberts-Wood and Kate Brown		
Controls	<p>Implemented Controls:</p> <p>The Council has an embedded Establishment Management Process alongside service and financial planning.</p> <p>Ongoing consultation and engagement with staff. Including wellbeing check-ins, surveys, and engagement checks across the organisation.</p> <p>The Council has comprehensive succession planning in place to ensure minimal disruption during transitional periods.</p> <p>The Corporate Pay Board oversees all aspects of employee pay costs, benefits mapping, pay modelling and negotiation with staff representatives for the annual cost of living award.</p>		
Mitigating actions/progress	<p>Ongoing Mitigations:</p> <p>The development of the HR and OD strategy continues to progress.</p> <p>The strategy will provide the background context and identifies long term recommendations for the resourcing of the Council.</p>		
Inherent Score	RED (16)	<i>Likelihood: 4 Impact: 4</i>	
Current Score	AMBER (12)	<i>Likelihood: 3 Impact: 4</i>	
Target Score	<p>AMBER</p> <p><i>Likelihood Controlled to a score of 3 or below Impact mitigated to a score of 2 or below</i></p>		
Status	Reduce		
Last update	2 February 2024		

SR5	Cost pressures affecting the viability of Council developments		AMBER
Description	<p>The UK construction sector has seen an increase in building material and labour costs arising from uncertainties in the global supply chain and inflationary pressures. This disruption and increase in costs may impact the Council's ability to deliver economically viable development projects, where tenants may increasingly seek higher capital investment. It is now increasingly important that the council has appropriate funding/incentives to encourage commercial tenants for the lettings.</p> <p>The effects of this are multifaceted but could result in negative financial implications as well as jeopardising the delivery of strategic corporate objectives.</p>		
Owners	Portfolio Holder: Cllr A King		
	Officer: Mari Roberts-Wood, Luci Mould, Pat Main, Richard Robinson and Peter Boarder		
Controls	<p>Implemented Controls:</p> <p>As standard all development projects are subject to regular stress tested business cases which are reported and monitored via established governance arrangements.</p> <p>The Council considers cost pressures on its development schemes as part of its annual service and financial planning and budgeting monitoring processes. Cost pressures are also considered as part of business case development and are closely monitored throughout a project's lifecycle.</p> <p>Rigorous change management processes are in place for all development projects.</p> <p>Budget monitoring reports are reported on a regular basis to officer Boards, Overview & Scrutiny Committee and Executive.</p> <p>Ongoing Controls:</p> <p>The Council will pursue external grant funding opportunities as and when they are available.</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Council collaborates with and seeks advice from external professional teams (quantity surveyors, employers' agents, etc.) to confirm the impact of cost pressures and options for addressing them.</p>		
Inherent Score	RED (20)		<i>Likelihood: 5 Impact: 4</i>
Current Score	AMBER (8)		<i>Likelihood: 2 Impact: 4</i>
Target Score	<p>AMBER</p> <p><i>Likelihood Controlled to a score of 2 or below AND Impact mitigated to a score of 3 or below</i></p>		
Status	Reduce		
Last update	14 February 2024		

SR6	Local government reorganisation, devolution and Levelling Up		AMBER
Description	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 and 'Levelling Up' agenda. The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.		
Owners	Portfolio Holder: Cllr Lewanski		
	Officer: Mari Roberts-Wood		
Controls	<p>Implemented Controls: This risk is largely outside of the Council's ability to directly influence although some control can be placed on likelihood via influencing and consultations. The Council works closely with neighbouring and partner authorities to develop alternative proposals for the future of local government in Surrey.</p> <p>Ongoing Controls: The Council will continue to lobby central government where appropriate and necessary on reorganisation, devolution and levelling up at the local level.</p>		
Mitigating actions/progress	<p>Implemented Mitigations: In November 2023, it was confirmed that SCC is engaging in discussions with Government about a Level 2 deal; further details about this are included in a press release published at the time, including the proposed scope of a future deal and the potential to explore the onward devolution of county functions to districts and boroughs to be explored.</p> <p>Ongoing Mitigations: The Levelling Up and Regeneration Act received royal assent in Q3. The Council has engaged with Surrey CC as it progresses its proposal for a County Deal and will continue to work proactively influence this; this will include via joint working at the highest level, via Surrey Leaders' and Chief Executives' Groups</p>		
Inherent Score	RED (16)	Likelihood: 4 Impact: 4	
Current Score	AMBER (6)	Likelihood: 2 Impact: 3	
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>		
Status	Reduce		
Last update	14 February 2024		

SR7	ICT network capacity and resilience	AMBER
Description	<p>There has been a significant shift in the way that the Council works over the last few years, with increasing demands placed on technology and the underlying supporting ICT infrastructure as part of business-as-usual activities.</p> <p>As the reliance and demands placed upon technology continues to increase, there is a risk of significant disruption to service delivery in the event of network disruption and/or outage, particularly following a cyber-attack.</p> <p>It is therefore imperative that the Council continues to invest in robust systems, infrastructure, network security and disaster recovery capabilities to manage this risk and maintain the delivery of services.</p>	
Owners	Portfolio Holder: Cllr J King	
	Officer: Darren Wray	
Controls	<p>Implemented Controls:</p> <p>Since the Covid-19 pandemic, there has been investment in improved network infrastructure and resilience, including increased cyber security capability and back-up solution size. The Council has multiple layers of defences protecting core data and systems that are regularly reviewed and systems updated.</p> <p>A programme of mandatory cyber security training is in place for staff.</p> <p>The Council is in active contract with NCCGroup, a cyber security specialist, to investigate any incidents that may arise. The Council can instantly access NCCGroup's expertise in the event of an incident.</p> <p>Ongoing Controls:</p> <p>Implementation of the ICT strategy to further enhance the Council's network resilience and cyber security capabilities.</p> <p>Elected members' training on cyber security will be rolled out shortly.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>Implementation of the ICT strategy commenced in 2022/23. Procurement for the supplier of the new back-up and disaster recovery system has concluded, with a supplier now appointed and implementation ongoing.</p> <p>Ongoing Mitigations:</p> <p>Implementation of the new back-up and disaster recovery system has begun and is progressing well.</p>	
Inherent Score	RED (15)	<i>Likelihood: 3 Impact: 5</i>
Current Score	AMBER (6)	<i>Likelihood: 2 Impact: 3</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce	
Last update	13 February 2024	

SR8	Fraud	AMBER
Description	Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The risk of the latter is exacerbated from both legacy areas of activity and changes and additions to areas in which the council operates where fraud may be committed.	
Owners	Portfolio Holder: Cllr Lewanski	
	Officers: Pat Main and Simon Rosser	
Controls	<p>Implemented Controls:</p> <p>The Council maintains robust control measures to protect public funds from fraudulent activity, including Counter Fraud, Corruption and Bribery Policy, Whistleblowing Policy, and Prosecution Policies. The Fraud and Financial Investigations Team carries out investigations which cover all areas of corporate fraud.</p> <p>Staff induction includes fraud awareness training, as well as awareness of established policies and procedures.</p> <p>The Council is subject to regular internal audit reviews of potential fraud risk areas.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Council continues proactive fraud checks on all housing applications and action will be taken where appropriate. These are reported annually as part of the Councils Key Performance Indicator contextual indicators.</p> <p>Staff wide fraud awareness programme with training of the relevant teams continues to take place.</p> <p>The Council cooperates with Surrey County Council and other Local Authorities to review council tax single occupancy discounts to identify and decrease council tax fraud.</p> <p>Ongoing Mitigations:</p> <p>The Council's fraud team continues to see elevated levels of fraudulent activity, such as in housing benefit and council tax. Although levels of activity are elevated, both in these new and legacy areas, fraud activity remains controlled and mitigated within existing structures.</p>	
Inherent Score	RED (20)	<i>Likelihood: 5 Impact: 4</i>
Current Score	AMBER (9)	<i>Likelihood: 3 Impact: 3</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce	
Last update	1 February 2024	

SR9	Gatwick Airport	AMBER
Description	Gatwick Airport has indicated its commitment to pursue its plans for expansion. Whilst the airport is a key local employer and its operations and supply chains have a significant bearing on the borough's economy, its expansion risks local environmental and infrastructural issues if not appropriately planned for and outcomes managed.	
Owners	Portfolio Holder: Cllr Michalowski	
	Officer: Luci Mould and Andrew Benson	
Controls	<p>Implemented Controls:</p> <p>The decisions made around the expansion of Gatwick Airport are largely outside of the Council's control.</p> <p>However, the Council will continue to engage throughout the planning process to mitigate negative outcomes and maximise benefits. This includes cooperation with neighbouring Local Authority partners affected by the expansion.</p> <p>Following submission of the development consent order (DCO) application the Council sought to raise concerns over the adequacy of the consultation undertaken by Gatwick Airport, which was not accepted by the Planning Inspectorate.</p> <p>Ongoing Controls:</p> <p>The Council continues to engage throughout the DCO process to mitigate negative outcomes and maximise benefits from the Airports expansion.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>Gatwick submitted their application for a DCO for the conversion of the emergency runway into a second runway in early Q2. The Council has previously responded to the consultation in 2022/23 for the expansion, and submitted its Relevant Representation, summarising the main issues, by 29 October 2023. Local Impact Reports are being prepared for March 2024 highlighting in further detail the potential impacts of the project whilst a list of S106 asks is being prepared to seek to secure a potential package of mitigations.</p>	
Inherent Score	RED (12)	<i>Likelihood: 3 Impact: 4</i>
Current Score	AMBER (9)	<i>Likelihood: 3 Impact: 3</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce/Accept	
Last update	1 February 2024	

SR10	Planning system reform and the Local Plan		AMBER
Description	<p>The Council is in the process of implementing a new Local Plan, which will outline the delivery of housing, both affordable and private, within the borough.</p> <p>The Department for Levelling Up, Housing and Communities published proposals that seek to alter the overarching National Planning Policy Framework.</p> <p>These plans would also introduce controversial national development management policies (NDMPs) intended to help slim down local plans.</p> <p>There is currently a great deal of uncertainty and lack of clarity over what the revised planning policy framework will change. If radical changes are introduced this may create additional complexity which could lead to delays in implementation of the new local plan and/or impact on the Council's ability to achieve the objectives set out in the new Local Plan.</p>		
Owners	<p>Portfolio Holder: Cllr Michalowski</p> <p>Officer: Andrew Benson</p>		
Controls (Likelihood)	<p>Implemented Controls:</p> <p>The Council's local plan will respond to any changes to the requirements set out in the National Planning Policy Framework and the Levelling Up and Regeneration bill (once enacted) Act accordingly.</p>		
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Council has received and responded to the National Planning Policy Framework (NPPF) consultation paper. The latest round of consultations includes radical changes to the way that sustainability appraisals and habitats regulation will be undertaken. If these changes were carried through into the final draft, any work under the current system would be potentially negatively impacted. The latest edition of the NPPF also advises that green belts need not be reviewed to meet housing needs. Whether the local plan includes a green belt review will therefore be discussed with Members but there is a risk that any subsequent change in national policy could require green belt reviews, so causing potential delay to the plan if one were needed at a late stage.</p> <p>The Council will continue to respond to the consultations, attended working groups and generally offer its opinion on any changes to legislation as and when it occurs. Until there is further detail on how changes in plan-making legislation will impact upon the local plan, it is difficult to put measures in place although Members have been briefed and discussions sought with government departments.</p> <p>Ongoing Mitigations:</p> <p>New policy and legislation will be reviewed as it is published to consider what actions are required to mitigate against any harm to the plan making process or its outcomes, including the Levelling Up and Regeneration Act enacted in Q3.</p>		
Inherent Score	RED (12)	<i>Likelihood: 3</i> <i>Impact: 4</i>	
Current Score	AMBER (9)	<i>Likelihood: 3</i> <i>Impact: 3</i>	
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>		
Status	Reduce		
Last update	1 February 2024		

SR11	Climate change impact	AMBER
Description	<p>It is widely recognised that the Earth’s climate is changing, with this forecast to result in more extreme weather. This could have negative impacts, including on the built and natural environment, with vulnerable residents likely to be most severely impacted.</p> <p>In response, the Council may encounter difficulties in delivering services and may similarly have additional demands placed upon it, particularly as climate change adaptation and mitigation becomes increasingly necessary.</p>	
Owners	<p>Portfolio Holders: Cllr Moses</p> <p>Officers: Cath Rose, Andrew Benson, and Laura McCartney</p>	
Controls	<p>Implemented Controls:</p> <p>The adverse weather emergency plan and service level business continuity plans. Internal Sustainability Team and the associated implementation of the Environmental Sustainability Strategy.</p> <p>Supplementary planning document detailing climate change and sustainable construction for new developments.</p> <p>Ongoing Controls:</p> <p>Consideration of climate change impacts requirements under both existing and new local plan.</p>	
Mitigating actions/progress	<p>Implemented Mitigations:</p> <p>The Household Emergency Plan has been introduced on the Council’s website. This plan details what activities households can take to minimise impact from flooding or other extreme weather events. The Council’s Emergency Planning team proactively engages the Surrey Local Resilience Forum to prepare for and respond to extreme weather events.</p> <p>Ongoing Mitigations:</p> <p>Ongoing Partnership work with Surrey County Council and Environment Agency to identify opportunities to mitigate flooding impacts in local developments.</p> <p>Surrey County Council adopted a new Climate adaptation and resilience strategy in Q3 2023/24, which includes 9 strategic priorities and targets. Priority 1 is Climate Resilient Organisations, with a target of having adaptation and resilience plans in place for all local authorities in Surrey by 2027, and establishment of a new Surrey Adapt Forum. RBBC will continue to work with SCC and other local authorities to deliver against these targets. As part of this, a recently commenced review of the Council’s Environmental Sustainability Strategy (described at paragraph 33 here) will give greater consideration to climate change adaptation, recognising the progress that is also being made at a county level (see above). The reviewed Strategy is on track to be taken to the Executive in Q4 2023/24 for agreement.</p>	
Inherent Score	RED (16)	<i>Likelihood: 4 Impact: 4</i>
Current Score	AMBER (12)	<i>Likelihood: 4 Impact: 3</i>
Target Score	GREEN <i>Impact mitigated to a score of 2 or below</i>	
Status	Reduce/Accept	
Last update	1 February 2024	

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Signed off by	Head of Corporate Policy, Projects and Performance
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Email	Luke.Harvey@reigate-banstead.gov.uk, Catherine.Rose@reigate-banstead.gov.uk
To	Leader's Meeting
Date	Monday, 26 February 2024
Executive Member	Portfolio Holder for Corporate Policy and Resources

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Risk management - 2024/25
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Recommendations
<p>That the Audit Committee</p> <ul style="list-style-type: none"> (i) Notes the strategic risks (available at annex 1) for 2024/25 and makes any observations to the Executive (ii) Notes the 2024/25 assurance framework (available at annex 2) and makes any comments to the Head of Corporate Policy, Projects and Performance <p>That the Executive</p> <ul style="list-style-type: none"> (i) Approves the strategic risks for 2024/25 as detailed in annex 1. (ii) Notes the 2024/25 assurance framework (available at annex 2) and makes any comments to the Head of Corporate Policy, Projects and Performance.
Reasons for Recommendations
For appropriate risk management arrangements to be in place for 2024/25.
Executive Summary

Agenda Item 5

This report sets out the strategic risks and assurance framework for the 2024/25 financial year. The strategic risks are presented to the Audit Committee for their comment, and to the Executive for approval. The assurance framework was introduced as part of implementing the Council's updated risk management strategy and is presented for members' information. The assurance framework's purpose is to provide a comprehensive overview of the risks that the Council faces, allowing risk registers to focus on risks of concern and that are receiving active management attention to bring them within appetite.

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

1. Reigate & 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. The risk management strategy sets out the full detail behind how risk is managed at the Council (see background papers below).
2. In 2022/23, a thorough review of the Council's risk management strategy was undertaken. The updated strategy was approved by Full Council in March 2023.

Improved articulation of principal risks

3. As the strategy notes, the Council faces a considerable number of risks. This includes risks inherent to the delivery of the diverse range of services provided, but also those that stem from the environment in which the Council operates.
4. Risk awareness is a crucial component of effective risk management. To that end, the risk management strategy introduced the concept of an assurance framework for the Council. The assurance framework sets out the principal risks faced by the Council which are reasonably foreseen and managed as part of the usual course of service delivery.

Focusing on risks of concern

5. However, it is important for purposes of governance, risk management and control that attention is focused on risks of concern. The Council's strategic and operational risk registers set out these risks of concern, that is, where the risk is outside of appetite and is receiving active management attention. 2023/24 saw the introduction

of improvements to how risks are reported quarterly to the Audit Committee and the Executive.

6. 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). Members of the Management Team and Executive Members have shared responsibility for strategic risks. The Executive approve the risks for the upcoming financial year in Q3 reporting of each year.
7. Operational risks are short term risks that are encountered in the course of 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. Operational risks are managed by officers and are reported to the Audit Committee and Executive when 'red' rated.

Key Information

Strategic risks 2024/25

8. The strategic risks anticipated for 2024/25 are available at annex 1.
9. The substantive changes from the 2023/24 strategic risk register are as follows:
 - The risk on **cost pressures affecting the viability of Council developments (SR5)** is expected to be closed in Q4 2023/24 reporting. This is because the risk is now managed as business as usual via core governance processes, including, for instance, the Council's project management and commercial governance frameworks. If the Executive do not support the risk being closed in Q4 it will carry forward into 2024/25
 - The risk on **fraud (SR8)** is expected to be closed in Q4 2023/24 reporting. This is because the risk is now regarded as being sufficiently controlled and mitigated in accordance with the Council's risk appetite. It is also captured on the assurance framework (see below for additional information on the assurance framework). If the Executive do not support the risk being closed in Q4 it will carry forward into 2024/25.
 - **Local government reorganisation, devolution and Levelling Up (SR6)** is expected to close in Q4 reporting given that the county deal being for Surrey will not result in a reorganisation of local government. However, a new risk on the challenges facing the local government sector has been included in the strategic risks for 2024/25 (as SR2 local government sector sustainability and challenge). If the Executive do not support the existing risk being closed in Q4 it will carry forward into 2024/25.
 - **Organisational capacity and culture (SR4)** has received a contextual update.
 - The risk on **Planning System Reform (SR11)** has been updated to reflect the position following the publication of a new National Planning Policy Framework.
10. Otherwise, where necessary all risks have received a contextual update to reflect the anticipated position as of 1 April 2024.

Assurance framework

Agenda Item 5

11. As noted above, the updated risk management strategy now includes preparation of an assurance framework which is available at annex 2 for the Audit Committee and Executive to note.
12. The assurance framework records the principal – though not necessarily specific manifestations of – risks faced by the Council and maps the corresponding controls and mitigations that are in place. It aims to place the risk registers in the broader context of how risk is managed at the Council and to provide members with the necessary background when considering the strategic risk register and the Council’s wider risk profile.
13. The assurance framework will be maintained and reviewed quarterly by the Projects and Performance Team, alongside Heads of Service. In accordance with the risk management strategy and methodology, it will be reported annually (in Q3 of each year) to the Audit Committee and Executive when the risk registers for the upcoming financial year are considered.
14. Should members have detailed questions on the contents of the assurance framework, the Projects and Performance Team would be pleased to receive these in writing, though the assurance framework is primarily a management document and does not require Audit Committee and Executive agreement.
15. The compilation of an assurance framework mirrors sector best practice as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Options

16. The Audit Committee has two options:
 - Option 1 – note the report and the assurance framework and make any observations on the 2024/25 strategic risks to the Executive.
 - Option 2 – note this report and the assurance framework and make no observations on the 2024/25 strategic risks to the Executive.
17. The Executive has two options:
 - Option 1 – note this report and the assurance framework and approve the strategic risks for 2024/25. This is the recommended option.
 - Option 2 – note this report and do not approve the strategic risks for 2024/25.

Legal Implications

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

Financial Implications

19. There are no financial implications arising from this report.

Equalities Implications

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

Communication Implications

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

Environmental Sustainability Implications

22. There are no environmental sustainability implications arising from this report.

Risk Management Considerations

23. There are no additional risk management considerations arising from this report.

Procurement/Contract Management and Subsidy Considerations

24. There are no procurement, contract management and subsidy considerations arising from this report.

Other Implications

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

Consultation

26. The report has been considered by Corporate Governance Group as part of its governance role.

Policy Framework

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

Background Papers

1. Risk management strategy:
https://www.reigatebanstead.gov.uk/info/20090/council_policy/929/risk_management

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Annex 1 – Strategic risks 2024/25

Ref.	Description	Portfolio holder
SR1	<p>Financial sustainability</p> <p>A combination of current adverse macroeconomic conditions and the wider local government funding context have created conditions of unprecedented financial uncertainty and challenge for the Council.</p> <p>The Council is therefore increasingly reliant on generating additional income and identifying savings and efficiencies from existing budgets. If not mitigated, these financial challenges risk an adverse impact on the Council's ability to deliver its Corporate Plan objectives.</p>	Cllr Lewanski
SR2	<p>Local government sector sustainability and challenge</p> <p>Local government is facing a period of significant challenge. Demands for services are increasing, the national policy picture is uncertain and the ongoing financial sustainability of the sector is in doubt. There is a risk that these factors (alone or in combination) and/or future measures implemented by the government to manage or mitigate them, could adversely affect the Council and the delivery of services for residents and businesses.</p>	Cllr Biggs
SR3	<p>Commercial investment</p> <p>The generation of income from commercial investment is a contributor to the Council's financial sustainability. Following several high-profile commercial investment failures by local authorities, the ability to invest for a commercial purpose is being further restricted by changes in legislation, regulations, and codes of practice.</p> <p>Further, investing for commercial purposes – either in assets or in trading services – is not without risk due to market fluctuations and factors outside of the Council's control. The risks associated with commercial investment range from the non-achievement of budgeted income to significant capital and revenue losses, as well as governance, legal and reputational issues.</p>	Cllr A. King & Cllr Biggs
SR4	<p>Challenging economic conditions</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. Prevailing economic conditions influence the demand for Council services, where the current challenging economic picture for residents may increase their reliance on Council services, which could result in cost pressures for the Council.</p>	Cllr Biggs and Cllr Neame
SR5	<p>Organisational capacity and culture</p> <p>The Council has an ambitious agenda and objectives. In delivering against these, it is crucial that the organisation is resourced appropriately, has effective enabling systems and a positive culture that supports effective working between officers and members. Any failure in this area risks the non-delivery or delayed delivery of corporate and service objectives.</p>	Cllr Lewanski
SR6	<p>ICT network capacity and resilience</p> <p>There has been a significant shift in the way that the Council works in recent years, with increasing demands placed on technology and the underlying supporting ICT infrastructure.</p>	Cllr J. King

Ref.	Description	Portfolio holder
	<p>As the reliance and demands placed upon technology continues to increase, there is a risk of significant disruption to service delivery in the event of network disruption and/or outage, particularly following a cyber-attack.</p> <p>It is therefore imperative that the Council continues to invest in robust systems, infrastructure, network security and disaster recovery capabilities to manage this risk and maintain the delivery of services.</p>	
SR7	<p>Gatwick Airport</p> <p>Gatwick Airport is pursuing plans for expansion and intensification. Whilst the airport is a key local employer and its operations and supply chains have a significant bearing on the borough's economy, its expansion risks local environmental and infrastructural issues if not appropriately planned for and outcomes managed.</p>	Cllr Michalowski
SR8	<p>Local Plan</p> <p>In late 2023 the government published a new National Planning Policy Framework (NPPF). There is a risk that the changes within the NPPF, as well as the wider national policy direction, could affect the timely delivery of the borough's new Local Plan.</p>	Cllr Michalowski
SR9	<p>Climate change impact</p> <p>It is widely recognised that the Earth's climate is changing, with this forecast to result in more extreme weather. This could have negative impacts, including on the built and natural environment, with vulnerable residents likely to be most severely impacted.</p> <p>In response, the Council may encounter difficulties in delivering services and may similarly have additional demands placed upon it, particularly as climate change adaptation and mitigation becomes increasingly necessary.</p>	Cllr Moses

Assurance framework (2024/25)

Introduction

In accordance with the Council's risk management strategy, the assurance framework is the means through which the Council gathers, documents and demonstrates a comprehensive awareness of the risks it faces and the effectiveness of the controls and mitigations that are in place. It provides a structured means of identifying and mapping the main sources of assurance relating to risks and helps coordinate management response to best effect. It cannot reasonably be expected to identify all specific permutations or situations within which risk may be manifested, but instead focuses and groups risks by category for the ease and effectiveness of analysis.

The assurance framework is distinct from risk registers which deal with risks of current concern and are being actively managed. The assurance framework sets out all risks, including those that are sufficiently controlled and do not therefore merit the same level of management attention. It is a product of, but likewise underpins, the Council's risk management cycle and a risk aware culture.

The assurance framework is primarily an operational document that is used by officers as part of the regular review of the Council's risk profile. It is presented to the Audit Committee and Executive in Q3 reporting of each year, alongside the risk registers for the upcoming year, to illustrate the Council's risk profile. The assessment of the current risk score and the target risk score has been undertaken in accordance with the risk management strategy and methodology.

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
47 1	Complaints handling The Council strives for excellence in service delivery. As a complex organisation that provides a wide range of services, it is recognised that we won't always get things right and that complaints will be received. It is crucial that, where possible, the Council learns from complaints to improve service delivery. Failure to adequately manage and address complaints risks poor service delivery and sanction by the Local Government and Social Care Ombudsman.	Officer(s): Carys Jones Executive Member: Cllr J. King	Complaints handling system; regular monitoring and reporting of complaint trends to identify issues to proactively avoid service failure; regular reporting of customer service KPIs; training of staff in complaints handling	Where a service failure occurs, take appropriate remedial action.		2	2	4	2	2	4	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
2	<p>Health and safety - staff working on reception and in other public facing areas</p> <p>There is a risk that staff working on reception may be the subject of physical and/or verbal assault by visiting clients, thereby affecting their health and wellbeing.</p>	<p>Officer(s): Carys Jones</p> <p>Executive member: Cllr J. King</p>	Visible security presence on reception at the Town Hall; panic alarms are in place; panic alarms given to staff when they go into meeting rooms; risk assessment for reception which Customer Contact, Housing and other face to face departments have oversight of; risk assessments made available on the intranet; training for preventing staff abuse for front facing staff and, in future, for wider staff; building wide security risk assessments and measures implemented.	A prevention of abuse of staff guide is being prepared; access to the Employee Assistance Programme for affected staff	Health and safety governance internal audit (2022/23)	2	2	4	2	2	4	Yes	N/A
3	<p>Food safety - community centres</p> <p>The Council's community centres provide a hot and cold food service. Whenever food is prepared there is a risk of food safety issues.</p>	<p>Officer(s): Justine Chatfield</p> <p>Executive Member: Cllr Victor Lewanski</p>	Robust food safety procedures in place at all community centres, with regular spot checks on adherence by management; adequate staff training, including continued CPD; inspections by the Council's Environmental Health team as part of food business registration every 12 - 18 months.	There is little that can be done to reduce the impact of this risk - effort must be focused on reducing the likelihood of food safety issues occurring.	Food safety inspections. Banstead Community centre (5*), July 2023; Horley Community Centre (5*), February 2023; and Woodhatch Community Centre (5*), November 2023.	2	2	4	2	2	4	Yes	N/A
4	<p>Prevent, Domestic Homicide and Anti-Social Behaviour</p> <p>Inadequate implementation of the Prevent Duty strategy, Domestic Homicide and Anti-social behaviour, poses a risk to community safety, potentially leading to increased vulnerability to radicalisation, legal non-compliance, and reputational harm for the Council.</p>	<p>Officer(s): Justine Chatfield</p> <p>Executive Member: Cllr Richard Biggs</p>	Maintain reporting mechanisms to meet our statutory duty as they occur and collaborate with local agencies.	Review and update policies, encourage community engagement, and address concerns promptly.		2	2	4	2	2	4	Yes	N/A

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5	<p>Voluntary and community sector failure/distress</p> <p>There is a risk that voluntary sector organisations in the borough could fail or experience difficulties. These organisations provide valuable support to the borough's residents, and the Council works closely in supporting them. The failure or distress of one of these organisations would negatively impact local residents reliant on their service. It may also create additional demand on Council services or similarly require the Council to step in and provide new areas of support.</p>	<p>Officer(s): Justine Chatfield</p> <p>Executive Member: Cllr Richard Biggs</p>	Regular engagement with VCS partners, especially those which are directly funded, to understand their needs and support.	In 2023/24 a £150k reserve was created to provide support to the local voluntary and community sector if required. The Council is putting in place a plan for its work with the VCS for 2024/25 and a new approach to the allocation of its strategic grants to clarify and strengthen its support.		3	3	9	3	2	6	No	OR5
49 6	<p>Business continuity incident</p> <p>There is a risk that services may be unable to deliver their priority functions due to a business continuity incident. The source and consequences of this are various and multifaceted. Impacts include the non-delivery of core statutory functions, loss of trust and reputational impact. It is therefore crucial that services have robust and effective business continuity plans in place to mitigate the impact of this risk which, in turn, influence the Council's strategic response.</p>	<p>Officer(s): Laura McCartney</p> <p>Executive Member: Cllr Richard Biggs</p>	Corporate cyber security defences and backup; disaster recovery system; staff awareness raising of cyber risks	Up to date strategic and service level business continuity plans which sufficiently account for the Council's reasonable worst case planning assumptions	Business continuity internal audit (2022/23)	3	3	9	3	3	9	Yes	N/A

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7	<p>Changing policy context - national policy</p> <p>The Council operates within a changing and often uncertain national policy context. National policy changes can result in unbudgeted financial pressures as well as the risk of negative service delivery impacts and resident dissatisfaction. This risk affects all Council services, though has a particular impact upon those that are set, influenced and/or regulated by national policy.</p>	<p>Officer(s): Mari Roberts-Wood</p> <p>Executive Member: Cllr Richard Biggs</p>	<p>This risk is outside of the Council's direct control. Where changes are proposed the Council will respond to consultations to highlight any impacts that may be felt. Controls will be identified as individual, specific risks emerge (see risk registers).</p>	<p>The Council maintains robust service and financial planning processes to mitigate for any impacts arising from national policy changes. New burdens funding will be sought where available. Mitigations will be identified as individual, specific risks emerge (see risk registers).</p>		3	4	12	3	3	9	No	SR2
8	<p>Civil emergency</p> <p>There is a risk of a major incident taking place in the borough which could negatively affect residents and businesses as well as the Council itself. There are also risks associated with the Council's duty to respond to emergencies, particularly concerning staff and resident welfare which must also be managed.</p>	<p>Officer(s): Laura McCartney</p> <p>Executive Member: Cllr Richard Biggs</p>	<p>The risk of a civil emergency occurring is outside of the Council's gift to control. However, we are able to control the likelihood of risks materialising as part of the Council's response to emergencies through maintaining a suite of emergency plans that detail the Council's response and risks faced therein."</p>	<p>A suite of emergency plans detailing how, at the strategic and operational level, the Council responds to, and supports the recovery from, a range of emergency incidents in conjunction with our multi-agency partners. It is also the role of other partners at the LRF to also mitigate this risk (e.g. Surrey Police and Fire service)</p>	<p>Emergency Planning internal audit (2022/2023)</p>	3	3	9	3	3	9	Yes	N/A
9	<p>Climate change</p> <p>It is widely recognised that the Earth's climate is changing, with this forecast to result in more extreme weather. This could have negative impacts, including on the built and natural environment, with vulnerable residents likely to be most severely impacted.</p> <p>In response, the Council may encounter difficulties in delivering services and may similarly have additional demands placed upon it, particularly as climate change adaptation and mitigation becomes increasingly necessary.</p>	<p>Officer(s): Catherine Rose</p> <p>Executive Member: Cllr Nadean Moses</p>	<p>Whilst the Council is unable to control this risk in broad terms, it can take steps to reduce the likelihood of specific impacts materialising through the implementation of reasonable controls. To that end, controls include: maintenance of an adverse weather plan and other emergency plans, as well as service level business continuity plans; implementation of the Environmental Sustainability Strategy.</p>	<p>The Council's updated Environmental Sustainability Strategy will include greater emphasis on means for climate adaptation and mitigation. The Council continues to work with Surrey County Council as the lead flood risk management authority to bring forward schemes to manage the impact of extreme flooding events in areas at risk, such as the scheme as part of the regeneration of Merstham Recreation Ground.</p>	<p>Environmental sustainability internal audit (2022/23)</p>	4	3	12		2	<10	No	SR9

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10	<p>Information governance - Freedom of Information (FOI) request responses</p> <p>Mishandling or delayed responses to Freedom of Information requests in the statutory timeline of 20 working days mandated by the Information Commissioner's Office can result in legal and reputational consequences for the Council. Inadequate transparency may erode public trust and lead to compliance issues, impacting the Council's standing within the community.</p>	<p>Officer(s): Laura McCartney & Nicole Idaomi</p> <p>Executive Member: Cllr Victor Lewanski</p>	<p>Freedom of Information 2021 policy; monthly report for each service area to see which area is responding within the response time and service areas outside the timeframe are flagged; monthly reports are shared to the Information Governance Group who have oversight for FOI responses and compliance; the Council has an online system which supports the efficient FOI response; service areas will be invited to the Information Governance group to explain non compliance; service FOI training; application of exemptions where appropriate.</p>	<p>Provide further training on data protection laws, and implement efficient document management systems; ensure prompt and transparent communication with the public, conduct regular reviews of information request processes, and maintain up-to-date records.</p>	<p>Information governance internal audit (2021/22)</p>	3	2	6	3	2	6	Yes	N/A
11	<p>Information governance - Subject Access Requests</p> <p>Inadequate handling of Subject Access Requests raises risks of non-compliance with data protection regulations. Failure to provide timely and accurate information to individuals requesting access to their data within the timeframe of 30 calendar days may result in legal consequences and reputational damage.</p>	<p>Officer(s): Laura McCartney & Nicole Idaomi</p> <p>Executive Member: Cllr Victor Lewanski</p>	<p>Establishment of clear SAR procedures; training for staff; review held data to ascertain its compliance with exemptions and make any necessary redactions; data champions for each service area to support compliance; introduction of software to manage SAR requests.</p>		<p>Information governance internal audit (2021/22)</p>	3	2	6	3	2	6	Yes	N/A

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12	<p>Project and programme management</p> <p>Projects and programmes introduce change and are inherently risky in their delivery. It is therefore crucial that they are delivered in a controlled environment, underpinned by a sound business case and system of governance to help ensure that they are delivered to time, within budget and remain within scope.</p>	<p>Officer(s): Catherine Rose</p> <p>Executive Member: Cllr James King</p>	<p>A comprehensive project and programme management framework that sets out how Council projects should be initiated, delivered and closed; robust project/programme governance arrangements in place, including regular monitoring and reporting; individual project and programme assurance arrangements; each project must identify risks faced and must, in the context of the agreed business case, plan to control them accordingly, balancing the costs of doing so with the potential impact; regular governance board meetings to review progress and escalate issues.</p>	<p>Each project must identify risks faced and must plan to mitigate them accordingly; robust change control procedures in place as part of the usual course of project and programme governance</p>	<p>Programme & project management (Marketfield Way) internal audit (2020/21)</p> <p>Financial Sustainability Plan internal audit (2022/23)</p> <p>Housing internal audit (2022/23)</p>	3	3	9	3	3	9	Yes	N/A
13	<p>Information governance - compliance with the Data Protection Act (2018)</p> <p>Compliance with the Data Protection Act (2018) is more than preventing data breaches. It also includes ensuring that data is held, processed and disposed of securely and lawfully. Non-compliance risks a significant fine and reputational damage.</p>	<p>Officer(s): Laura McCartney & Nicole Idaomi</p> <p>Executive Member: Cllr Victor Lewanski</p>	<p>The Council's Data Protection Policy clearly states the rules to follow on how personal data is handled and used; every member of staff is expected to have sight of the policy and new staff induction includes reviewing and agreeing to be bound by the policy; regular audits per service area to check staff are complying with data protection and staff training; maintenance of department level information asset registers; oversight by the Council's information governance group.</p>	<p>Primary effort should be focused on reducing the likelihood of mishandling data as per the Act. Any breaches should be reported to the Information Commissioner's Office as failure to report a breach risks further sanction.</p>	<p>Information governance internal audit (2021/22)</p>	3	2	6	3	2	6	Yes	N/A

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14	<p>Information governance - data breach</p> <p>There is a risk of a data breach (personal data held by the Council inadvertently being disclosed). There are several impacts of this, including reputational damage, loss of trust and the issuance of significant fines and enforcement action by the Information Commissioner's Office. Data breaches may also put the personal safety of members, officers, residents and clients/customers at risk.</p>	<p>Officer(s): Laura McCartney & Nicole Idaomi</p> <p>Executive Member: Cllr Victor Lewanski</p>	Data protection and information governance policies and procedures, owned by the Information Governance Group; data processed and held on the basis of these policies; staff training and regular awareness raising; service and departmental specific retention schedules that are adhered to and regularly updated; secure systems; data processing agreements.	Prompt reporting of a data breach in accordance with ICO requirements	Information governance internal audit (2021/22)	2	2	4	2	2	4	Yes	N/A
15	<p>Building safety, compliance and maintenance</p> <p>Failure to comply with legislation and regulations relating to the use and occupation of the Council's operational buildings, risks staff and visitor health and safety.</p>	<p>Officer(s): Pat Main</p> <p>Executive Member: Cllr Andrew King</p>	Resources and systems in place to ensure full compliance across our asset base; maintenance of registers such as asbestos register; regular inspections; planned and proactive maintenance; undertaking of risk assessments as required.	Taking swift remedial action where an issue is identified.	Property management and maintenance internal audit (2021/22 and 2023/24)	2	3	6	2	3	6	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
16	<p>Economic and financial uncertainty</p> <p>There is a risk that periods of economic uncertainty and challenge will result in financial difficulties for the Council. This includes increased demands for services, cost pressures resulting from inflation and difficulties in achieving budgeted income and the collection of local taxes. Periods of financial challenge may also result in the Council being unable to meet its corporate plan objectives.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Richard Biggs & Cllr Victor Lewanski</p>	The Council has strong financial management arrangements in place, with continual investment in skills and expertise to support the delivery of objectives. These include the medium term financial plan; capital investment strategy; treasury management strategy; and the annual revenue and capital budgets.	Robust annual budget setting and service and financial planning; the Financial Sustainability Programme that sets out how the Council will meet its budget challenges set out in the MTFP.	<p>Financial resilience internal audit (2020/21)</p> <p>Financial resilience internal audit (2021/22)</p> <p>Capital programme internal audit (2021/22)</p> <p>Financial Sustainability Programme governance internal audit (2022/23)</p> <p>Financial governance internal audit (2023/24)</p>	4	4	16	3	3	9	No	SR1 SR4
17	<p>Finance - treasury management</p> <p>Inadequate treasury management poses a risk to the Council's financial stability, potentially leading to liquidity issues, increased borrowing costs, and an inability to meet financial obligations. The risk is exacerbated by current uncertain market conditions.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	Treasury Management strategy, reviewed annually with progress reported twice yearly	Treasury Management strategy, reviewed annually with progress reported twice yearly	Treasury management internal audit (2020/21)	2	2	4	2	2	4	Yes	N/A

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						L	I	Total	L	I	Total		
18	<p>Insurance</p> <p>The Council holds an insurance policy which covers the full range of its activities. It is set in accordance with the requirements of legislation, as well as the Council's risk appetite. It is crucial that the policy is sufficient for the Council's needs, and that, in order to maintain cover, the Council adheres to the requirements of the policy, including taking measures to control and mitigate risk. Failure to do so risks uninsurable losses and the resultant financial and service impacts.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	Regular review of insurance cover; regular meetings with insurance providers, ensuring sufficient policy coverage; provision of necessary and accurate information to the insurers as required under the policy.		Insurance internal audit (2024/25 TBC)	2	2	4	2	2	4	Yes	N/A
19	<p>Local government finance - budget challenges</p> <p>The failure to meet the ongoing impacts of economic uncertainty and government funding challenges risks service delivery, reputational damage and potential government intervention.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	Make use of sector specific information and guidance; regular budget monitoring; robust service and financial planning and annual budget setting process, ensuring that budgets are as effective as possible	Ensure financial plans are realistic and subject to regular review; Financial Sustainability Programme	Savings realisation (Financial Sustainability Programme) internal audit (2022/23)	4	4	16	3	3	9	No	SR1
20	<p>Local government finance - changing regulation</p> <p>Local government finance guidance and regulations are complex and frequently changing. There is a risk that the Council does not adequately keep up with these changes, thereby risking a failure to account for public funds correctly.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	Make effective use of sector specific sources of information and advice; use of consultants to advise where necessary	Take action to demonstrate compliance with the relevant regulatory guidance	Accounts payable internal audit (2021/22); Council Tax internal audit (2022/23); NNDR internal audit (2022/23); Income collection internal audit (2022/23); Main accounting internal audit (2023/24); Treasury management internal audit (2023/24);	2	2	4	2	2	4	Yes	N/A

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						L	I	Total	L	I	Total		
21	<p>Payment of grants</p> <p>The Council administers a number of grants for residents, local businesses and the local voluntary and community sector, and also utilises revenue and capital grant funding to support Council services and deliver projects. In so doing, there is a risk of maladministration and the improper use of public funds. The Council may be required to pay back any incorrectly administered funds.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>All grants are to be disbursed in accordance with the terms of the scheme. While all grants are generally administered by the service, it is expected that Finance and other aligned services will be consulted to ensure that funds are disbursed in accordance with the terms of the grant and/or the Council's procedures; regular monitoring of compliance with the conditions of grant funding.</p>	<p>The taking of any remedial action to ensure grant compliance where issues are identified.</p>	<p>Various grants administered or used by the Council are subject to internal audit review, including: Homes England grant, 2023/24; Covid-19 enforcement grant, 2021/22; Local government compensation scheme grant, 2021/22 and 2020/21.</p>	2	2	4	2	2	4	Yes	N/A
22	<p>Payments - accounts payable</p> <p>There are a number of risks inherent to paying for goods and services, including late and/or missed payments, internal and external fraud (e.g. mandate fraud), inaccurate or duplicate payments and a general lack of compliance with the Council's financial and contractual procedural rules.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Robust and regularly tested financial procedures and policies, including payment of creditors guidance notes and new supplier procedure notes; effective supplier detail change management processes; regular review of dormant suppliers in the system; regular review of open purchase orders; payment authorisation procedures, including appropriately set approval limits; regular reconciliation between the accounts payable ledger and the General Ledger; KPI reporting; appropriate systems access for different users.</p>	<p>Regular review of payments to ensure adherence to the procedure rules and policies, allowing action to be taken if necessary; multi-layered and documented approval levels.</p>	<p>Accounts payable internal audit (2021/22)</p> <p>Car parking income collection (2021/22)</p> <p>Car parking income collection (2020/21)</p>	2	2	4	2	2	4	Yes	N/A

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23	<p>Payments - accounts receivable and debt management</p> <p>The Council collects income from a range of sources and is vital to delivering services and maintaining the Council's overall financial sustainability. Where income is collected there is a risk of non-collection, fraud and error in its allocation.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	Regularly reviewed policies and procedures; segregation of duties in place between invoicing, income collection, reconciliation and banking of income; regular review of the suspense account, with income posted to the debtor account; use of a debt management system, with access restricted as appropriate.	Debt management procedures and debt collection activities.	Accounts Receivable & Debt Management internal audit (2021/22) Income collection internal audit (2022/23)	2	2	4	2	2	4	Yes	N/A
24	<p>Procurement</p> <p>As a local authority, the Council must be compliant with the public sector procurement regime. Non-compliance risks the ineffective use of public funds, as well as the risk of challenge to procurement decisions.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	Corporate Procurement Board; introduction of a procurement strategy; compliance dip sampling; regular reporting; sharing of staff resource with Tandridge District Council to heighten resilience.	It is not possible to mitigate the impact of non-compliance.	Procurement internal audit (2020/21) Contract management internal audit (2021/22)	3	3	9		2	<10	No	OR6
25	<p>Property estate - data quality</p> <p>There is a risk of a loss of income or unexpected costs due to inaccurate or incomplete asset data.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Andrew King</p>	Maintenance of an asset management database; sufficient staff resource to maintain the asset database.	Regular asset data audits, provide staff training on data quality standards, and establish clear data governance policies.	Property management and maintenance internal audit (2021/22 and 2023/24)	2	2	4	2	2	4	Yes	N/A
26	<p>Property estate - rental voids</p> <p>The Council has a diverse commercial property portfolio. Rental voids are an inherent risk associated with this, which can leave the Council with budget pressures which must be met, expected or otherwise.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Andrew King</p>	Regularly monitor property occupancy rates, market research conducted to understand tenant demands and potential renters. Transparent leasing policies and maintaining an updated property inventory contribute to better control over rental voids.	Proactive marketing strategies for vacant properties, conduct regular property assessments, and establish efficient leasing processes. Analyse market trends and adjust rental pricing based on demand to minimise the duration of rental voids.	Property management and maintenance internal audit (2021/22 and 2023/24)	2	3	6	2	3	6	Yes	N/A

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27	<p>Reliance on key suppliers</p> <p>Whilst there are often cost and operational advantages to rationalising a supplier base, there is a concurrent risk of becoming too reliant on a select few suppliers. The impacts of this risk are multifaceted, though include not achieving best value for money and operational issues and/or single points of failure that negatively impact service delivery.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>A robust procurement and contract management function that maps critical supplier dependencies and puts appropriate mechanisms in place to manage these dependencies; appropriate supplier and contract management governance procedures in place via the Procurement and Contract Management Board; use provisions within contracts to control price rises and standards of service delivery, including considerations on risk management; ensure suppliers adhere to the required tenets of the public sector procurement regime; undertake due diligence on suppliers as part of the procurement exercise.</p>	<p>Business continuity plans that explicitly consider supplier distress or failure and put mitigations in place as necessary; avoid overreliance on key suppliers if this is regarded as placing the authority at risk, balanced against the benefits of agglomeration.</p>	<p>Procurement internal audit (2020/21)</p> <p>Contract management internal audit (2021/22)</p>	2	2	4	2	2	4	Yes	N/A
28	<p>Supplier and contract management</p> <p>Poor supplier and contract management can result in cost inefficiencies or overruns, delays in service and/or project delivery and disputes with suppliers, jeopardising the Council's reputation and financial resources while hindering the timely execution of activities.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Robust procurement processes; implement an effective corporate approach to contract management via the Procurement Board; monitor supplier contractual compliance and performance; conduct thorough due diligence on suppliers as part of the procurement process.</p>	<p>Regularly review supplier performance; renegotiate contracts as necessary; diversify the supplier base to reduce dependency.</p>	<p>Contract management internal audit (2021/22)</p>	3	3	9		2	<10	No	OR6

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
29	<p>Use of corporate credit cards</p> <p>Credit cards are a legitimate means of payment for some transactions. However, there is a risk of misuse and lack of compliance with the Council's financial procedure rules.</p>	<p>Officer(s): Pat Main</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Strict controls on which officers are able to hold corporate credit cards; clear and documented rules on the use of corporate credit cards, only in instances where the Council's usual purchasing processes are impractical; training and guidance on their use; regular review of transactions and credit card statements</p>	<p>Spending limits on each card, agreed with the departmental management and set an appropriate level given the anticipated legitimate use of cards; cards are suspended when the limit is reached and management are notified.</p>	<p>Procurement, credit cards internal audit (2020/21)</p>	2	1	2	2	1	2	Yes	N/A
30	<p>Council owned housing - stock maintenance and quality</p> <p>The Council owns social housing stock in the borough. Housing requires regular maintenance to ensure it is of good quality for residents. Failure to keep these properties in a good state of repair risks resident health and wellbeing as well as financial penalties and reputational damage.</p>	<p>Officer(s): Richard Robinson</p> <p>Executive Members: Cllr Caroline Neame</p>	<p>The Council is in contract with Mount Green, who manage Wheatley Court on its behalf, including regular maintenance; the Property team carry out stock condition surveys; Establishing preventive maintenance schedules, conducting regular stock audits, and maintaining open communication with suppliers. Proactive measures, such as early detection of stock issues and prompt resolution, contribute to maintaining quality standards and preventing disruptions to service delivery.</p>	<p>Conducting regular quality checks, investing in staff training, and collaborating closely with reliable suppliers. These measures aim to ensure consistent, high-quality services that meet the expectations.</p>		1	2	2	2	2	4		

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
31	<p>Government funding - Homelessness Prevention Grant</p> <p>The Housing service relies on the government's Homelessness Prevention Grant to support the delivery of the statutory homelessness service. There is a risk that this grant may be withdrawn after 2025, potentially resulting in a significant overspend.</p>	<p>Officer(s): Richard Robinson</p> <p>Executive Members: Cllr Caroline Neame</p>	<p>The Council is unable to directly influence whether the grant will continue in subsequent years. Where possible the Council will respond to any government consultations on homelessness prevention.</p>	<p>Prevention of homelessness through proactive work with at risk households; the opening of additional Council owned and operated temporary emergency accommodation to relieve pressure on emergency accommodation budgets; regular review of budgets and the use of earmarked reserves to offset revenue budget pressures, as has been done in the 2024/25 budget; apply for any subsequent government grants as they become available.</p>		3	3	9	3	3	9	Yes	N/A
32	<p>Homelessness</p> <p>Homelessness is a significant national and local issue. The Council, as the local housing authority, has a responsibility to prevent homelessness and, if necessary, to provide accommodation for those in priority need. The scale of the issue risks significant financial implications on the Council.</p>	<p>Officer(s): Richard Robinson</p> <p>Executive Members: Cllr Caroline Neame</p>	<p>Ensuring that the Council is compliant with the Housing Act 1996 as amended, which places heavy emphasis upon preventing homelessness; increase of staff resource to meet the increasing demands on the service; use of the Household Support Fund to support residents with rent in advance and deposit payments, though its future is currently uncertain; operation of Council owned emergency accommodation, negating the need to use expensive private accommodation.</p>	<p>Regular review of budgets; application for grants from central government to offset budget pressures; drawing upon earmarked reserves</p>	Housing internal audit (2022/23)	3	3	9	2	3	6	No	OR7 OR8

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
33	<p>Network and systems resilience</p> <p>Council services are dependent on a resilient and reliable network infrastructure and systems. There is a risk of significant disruption to service delivery and data loss/theft in the event of network disruption and/or outage, particularly following a cyber-attack. It is therefore imperative that the Council continues to invest in robust systems, infrastructure, network security and disaster recovery capabilities.</p>	<p>Officer(s): Darren Wray</p> <p>Executive Members: Cllr Caroline Neame</p>	<p>Implementation of the new ICT strategy and investment in improved network infrastructure and resilience; multi-layered defences protecting core data and systems that are regularly reviewed and updated; data encryption; staff cyber security awareness training; working with NCC Group to provide advice and expertise in the event of an incident;</p>	<p>Service business continuity plans; a Council wide strategic business continuity plan; data backups; improvement in the Council's disaster recovery capabilities; uninterruptable power supply (giving 1-2 hours of power to allow for safe powerdown in the event of a power outage) installed at the Town Hall;</p>	<p>Disaster recovery internal audit (2020/21)</p> <p>Networking and communications internal audit (2021/22)</p> <p>Cyber security internal audit (2022/23)</p> <p>Database management (2022/23)</p>	3	4	12		2	<10	No	SR6 OR3
34	<p>Governance and decision-making</p> <p>Decisions taken by officers and members must be lawful, ethical and made in accordance with the constitution, scheme of delegation and all relevant codes of practice. Failure to make legitimate decisions in a legitimate way risks the ineffective use of public funds and/or judicial review.</p>	<p>Officer(s): Joyce Hamilton</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Adherence to the constitution and scheme of delegation; adherence to the Council's Code of Corporate Governance. The Code sets out the governance and decision making framework; compliance with the Code is reported through the Annual Governance Statement; decisions published in accordance with transparency standards; the Audit Committee regularly receives reports on matters of decision making and corporate governance; declaration of interests (officers and members)</p>	<p>Provide training for decision-makers, conduct regular process reviews, and foster a culture of accountability. These actions contribute to a more robust decision-making framework, minimising the risk of inefficiencies and legal complications; scrutiny of Executive and officer delegated decision making by the Overview and Scrutiny Committee.</p>	<p>Annual governance statement internal audit (2021/22)</p> <p>Decision making and accountability internal audit (2022/23)</p> <p>Ethical governance internal audit (2023/24)</p>	2	2	4	2	2	4	Yes	N/A

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						L	I	Total	L	I	Total		
35	<p>Safeguarding</p> <p>The Council has a duty to safeguard vulnerable people and report any safeguarding concerns to the lead safeguarding authority. Inadequate safeguarding measures can result in legal issues, reputational damage, and compromised community trust, posing a significant risk to the Council's standing and effectiveness in ensuring the wellbeing of residents. Insufficient training and awareness may lead to a failure in identifying and addressing safeguarding issues, putting vulnerable individuals at risk.</p>	<p>Officer(s): Duane Kirkland</p> <p>Executive Members: Cllr Caroline Neame</p>	<p>A comprehensive safeguarding policy is in place; the Council provides training for staff as part of their induction; provide additional training to teams more likely to encounter potential safeguarding issues; identified safeguarding leads; signposting staff to the training recommendations and good practice guidelines; safeguarding meetings are held on a monthly basis; safeguarding meetings with relevant Senior Officer happen at least twice a year; establish reporting mechanisms; where necessary employees are DBS checked and this is reviewed by HR & Safeguarding team; provide safeguarding advice to internal teams within the organisation; signpost to the EAP Assistance scheme, there is clinical supervision support for the intervention team which is funded monthly; quarterly meetings are held with SCC Boards; establishment of a recording system for safeguarding referrals; safeguarding email inbox for concerns to be reported; referral helpline.</p>	<p>Undertaking regular audits of safeguarding practices; reporting safeguarding concerns to the relevant agencies; collaborating with other local authorities such as SCC and external agencies to address concerns.</p>	<p>Surrey Safeguarding Adults Board (Quality Assurance questionnaire - every 2 years) Surrey Safeguarding Children Partnership (Quality Assurance questionnaire - every 2 years).</p>	2	2	4	2	2	4	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
36	<p>Contract failure - Disabled Facilities Grant and Handy Person service providers</p> <p>The Council uses an external contractor to deliver home adaptations under the Disabled Facilities Grant and Handy Person service. As with any outsourced service, there is a risk of supplier collapse and the need to urgently re-procure and/or insource the service. The risk is shared between Mole Valley and Tandridge District Council.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Richard Michalowski</p>	Robust procurement processes to ensure the appointment of a supplier with sufficient operational resilience and effectiveness; effective contract management of appointed suppliers.	The risk is jointly shared with Mole Valley and Tandridge District Councils. The scale of three Councils helps mitigate the impact of the risk insofar as it makes it a more economically viable opportunity for any potential new supplier.	Disabled Facilities Grant internal audit (2022/23)	2	2	4	2	2	4	Yes	N/A
37	<p>Earlswood Lakes</p> <p>The Council is responsible for the maintenance and repair of Earlswood New Pond and Boating Lakes, together comprising Earlswood Lakes. Both lakes are dammed and are categorised as 'high risk' by the Environment Agency given the volume of water held. A breach would pose a risk to life, property and the environment.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	Regular inspection and maintenance.	Maintenance of an on-site flood plan to manage the effects of any uncontrolled release of water; undertaking of an emergency exercise in accordance with the Council's civil contingency responsibilities.	Emergency exercise undertaken in 2023	1	2	2	1	2	2	Yes	N/A

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						L	I	Total	L	I	Total		
38	<p>Fleet management</p> <p>The Council is reliant on a range of fleet vehicles to deliver services. There is a risk of inadequate fleet management, composition, replacement and maintenance as well as regulatory compliance issues, thereby affecting the delivery of services.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	<p>Fleet management strategy, setting out how the Council ensures operational resilience; a robust fleet replacement programme that ensures the Council's fleet vehicles are fit for purpose; a comprehensive maintenance programme to ensure the roadworthiness and operational efficiency of the fleet; holding of sufficient consumables and spare parts to minimise fleet down time; rolling replacement to avoid simultaneous fleet issues; adherence to the requirements of the Council's operator licence; where alternatively fuelled vehicles are used, ensure that sufficient infrastructure is in place to support their operation.</p>	<p>The Council is able to spot hire vehicles if necessary; older vehicles can also be retained to increase resilience where appropriate.</p>	<p>Fleet management internal audit (2021/22)</p> <p>Fleet management internal audit follow-up (2022/23)</p>	2	2	4	2	2	4	Yes	N/A
39	<p>Health & safety - playgrounds and wheeled sports facilities maintenance</p> <p>The Council provides a number of playgrounds. In so doing, the Council has a responsibility to ensure that they are in a good state of repair to prevent accidents and injury to users.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Moses</p>	<p>Engagement with a contractor to inspect playgrounds; appropriately scaled facilities given the intended user base; clear signposting of facilities advising of risks; preventive, scheduled and reactive maintenance, including repair and cleansing; renewal of facilities on a rolling basis; risk assessments in place for playgrounds; regular staff training</p>	<p>Means for users to report playground issues, closure of facilities undertaken if necessary.</p>	<p>Parks and countryside internal audit (2022/23)</p>	2	2	4	2	2	4	Yes	N/A

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						L	I	Total	L	I	Total		
40	<p>Health and safety - fleet drivers</p> <p>Some Council staff are required to drive vehicles in the completion of their duties. Under health and safety legislation the Council has a responsibility to ensure that staff are adequately trained and have the sufficient competency to drive Council vehicles in accordance with relevant legislation and the conditions of our operators licence. It is also important that appropriate insurance arrangements are in place for staff that use their own vehicles for work purposes and that licence checks are carried out. Failure to do so risks staff health and safety, potential liability in the event of an accident and non-adherence to rules and regulations.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	<p>Adherence to the Fleet Driving Policy and Guidance which clearly sets out the Council's operational obligations and roles and responsibilities; clear guidance and training issued to staff; driver CPCs undertaken in accordance with regulatory requirements, with compliance regularly reviewed; tachograph compliance system to ensure compliance with HGV driver rules; fleet driver assessments taking place in accordance with the Fleet Driving Policy; vehicle defect reporting procedures; risk assessments undertaken where necessary and aligned with an employee's role.</p>	<p>Swift accident reporting to necessary stakeholders, including near misses;</p>	<p>Fleet management internal audit (2021/22)</p> <p>Fleet management internal audit follow-up (2022/23)</p>	2	2	4	2	2	4	Yes	N/A

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41	<p>Health and safety - operational staff</p> <p>There is a risk that staff that work in operational roles - given the nature of the jobs they do - may seriously injure themselves in the completion of their duties.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	<p>Risk assessments and safe systems of work produced and refreshed at least annually; tailored training delivered to all staff members as part of their induction and the usual course of management; use of personal protective equipment and all necessary safety equipment; monitoring and evaluation of safety documentation and procedures; reviewing reported accidents at work to identify lessons learned; workplace Health and Safety forum; managers from Waste and Recycling, Greenspaces and Street Cleansing have completed the IOSH Health and Safety Training.</p>	<p>Workplace logging and reporting of accidents, including near misses.</p>	<p>Health and safety governance internal audit (2022/23)</p>	1	3	3	1	3	3	Yes	N/A
42	<p>Supply chain disruption - Neighbourhood Operations</p> <p>The Neighbourhood Operations service relies on a range of parts and consumables to deliver services, ranging from fleet management, refuse collection and playgrounds. In recent years supply chain disruption has made sourcing such materials challenging. Such difficulties in sourcing parts and consumables could result in disruption to service delivery.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	<p>Maintenance of a diverse supplier list; good levels of stock of key parts and consumables maintained at operational sites; reuse goods wherever possible.</p>	<p>Maintenance of a fuel shortage business continuity plan.</p>		2	2	4	2	2	4	Yes	N/A

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						L	I	Total	L	I	Total		
43	<p>Volatility in recyclate income</p> <p>The Council receives income from the sale of recyclates. The market is international and volatile – price fluctuations can be sudden and result in a negative impact on the Council’s budget.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	<p>The global recycling market is outside of the Council's control. However, we are able to secure more advantageous terms for the sale of recyclates through joint contracts with other waste collection authorities. The Council is current in contract for the sale of paper and card through to March 2024.</p>	<p>Reduce the budgetary reliance on in-year recyclate income</p>	<p>Refuse, recycling and street cleansing internal audit (2023/24)</p>	2	3	6		2	<10	Yes	N/A
44	<p>Engaging with contractors and use of agency staff</p> <p>The Council is often required to acquire temporary staff resource to deliver projects and other specific pieces of work, as well as to alleviate short-term capacity pressures. In using contractors and/or agency staff, it is crucial that the Council complies with off-payroll working rules, also known as IR35. Failure to do so risks enforcement action from HMRC.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Clear guidelines have been created for the use of agency staff; HR review requests for acquiring agency staff and contractors and provide advice accordingly; a single platform is used for the acquisition of agency staff.</p>	<p>Processes are in place to monitor agency staff usage, should this require a change in the contractual relationship with a temporary member of staff then the HR team will take action as required.</p>	<p>Establishment controls internal audit (2020/21)</p>	2	2	4	2	2	4	Yes	N/A
45	<p>Establishment control</p> <p>Staff costs form a considerable element of the Council's budget. It is crucial that the Council has a full understanding and control of the posts that are on the establishment, and how these are funded through departmental revenue budgets. A failure to have a grip on the establishment can risk significant financial impacts and the inadvertent creation of ongoing employment liabilities. Proper establishment control also supports the effective management of limited budgets.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Annual service and financial planning; regular review of vacancies as and when they emerge, allowing a decision to be made on recruitment and/or delivering the role differently; supporting HR systems and reporting, allowing management to keep track of the establishment.</p>	<p>Regular review of establishment posts and those that are fixed term funded.</p>	<p>Establishment controls internal audit (2020/21)</p>	2	2	4	2	2	4	Yes	N/A

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46	<p>Health and safety - desk based staff</p> <p>As an employer, the Council must protect staff from the health risks of working with display screen equipment (such as PCs and laptops) as well as risks associated with working from desk based workstations. The failure to do so risks staff wellbeing, elevated sickness levels and reduced productivity.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	DSE Assessments; Health & Safety Advisor providing advice and guidance to staff and management; monitoring compliance with safety protocols; encouraging regular breaks, and addressing reported concerns promptly; ongoing training and creating channels for staff feedback.	Referrals to the Council's occupational health provider can help mitigate and prevent such issues from occurring through identifying and implementing adjustments to workstations or working conditions.	Health and safety governance internal audit (2022/23)	3	2	6	3	2	6	Yes	N/A
47	<p>Health and safety - external lone working</p> <p>Some Council staff are required to work alone. As the HSE notes, lone workers are at higher risk of harm without direct supervision or anyone to help if things go wrong.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	Lone Working Policy and Procedure reviewed annually; DSE policies are reviewed on a regular basis; lone worker safety protocols; conduct risk assessments for lone working situations where necessary and provide ongoing training to enhance awareness. Implementing robust communication systems and ensuring quick response mechanisms contribute to effective control over lone worker safety; maintenance of a client of concern database	Provide training on risk awareness and utilise technology such as phones for check-ins. Establish emergency response procedures and conduct regular reviews of lone worker policies to ensure they align with evolving safety standards.	Health and safety governance internal audit (2022/23)	2	2	4	2	2	4	Yes	N/A
48	<p>Health and safety - home working</p> <p>Inadequate health and safety measures for remote workers pose a significant risk, potentially leading to accidents, health issues, and heightened liability for the Council. Failure to address these risks may result in decreased staff productivity and increased absenteeism, impacting overall service delivery.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	Requirement for remote working risk assessments; Enforcing adherence to established guidelines; actively monitoring remote working conditions through virtual check-ins; and ensuring consistent application of safety protocols; regular assessments and adjustments to policies based on feedback and evolving circumstances;	Implementing and enforcing remote work policies aligned with health and safety regulations will contribute to a secure and productive remote work environment. The Council to comply with a home working risk assessment checklist which will be introduced in 2024 for all staff.	Health and safety governance internal audit (2022/23)	2	2	4	2	2	4	Yes	N/A

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						L	I	Total	L	I	Total		
49	Health and safety - wellbeing of staff The Council has a responsibility to safeguard the health and wellbeing of staff at work. The failure to do so risks heightened levels of sickness, decreased productivity and, ultimately, not achieving corporate objectives.	Officer(s): Kate Brown Executive Members: Cllr Victor Lewanski	Staff risk assessments, including stress risk assessments; guidance issued to staff and managers on wellbeing at work; staff wellbeing group that lead initiatives to support staff wellbeing; internal communications campaigns making staff aware of wellbeing initiatives; proactive referrals to occupational health where necessary; monitoring of sickness absence trends	Employee Assistance Programme; occupational health referrals; using sickness absence trend data to take action as necessary.		3	2	6	3	2	6	Yes	N/A
50	Organisational capacity and culture The Council has an ambitious agenda and objectives. In delivering against these, it is crucial that the organisation is resourced appropriately, has effective enabling systems and a positive culture that supports effective working between officers and members. Any failure in this area risks the non-delivery or delayed delivery of corporate and service objectives.	Officer(s): Mari Roberts-Wood Executive Members: Cllr Victor Lewanski	Creation of an HR and OD strategy; workforce planning; succession planning			2	4	8	2	3	6	No	SR
51	Pay and employment law risks Employment and pensions legislation and case law change frequently. It is crucial that the Council applies this correctly in order to manage the risk of sanction and claims, as well the incurrence of historic liabilities.	Officer(s): Kate Brown Executive Members: Cllr Victor Lewanski	Receipt of regular advice from the Council's payroll advisors; proactive monitoring of updated case law and any legislative changes;	Seek bespoke, specialist advice where necessary to mitigate any risks faced.		2	3	6	2	2	4	No	OR9

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
52	<p>Payroll</p> <p>The administration of payroll is a significant area of risk for an organisation given the total value of payments involved, including the risk of inaccurate and fraudulent payments being made, as well as the incorrect application of tax and other deductions.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Clear payroll policies, procedures and guidance notes that are regularly reviewed and tested; segregation of duties between inputting ,checking and authorising payroll changes; audit testing as part of the risk based internal audit plan; management authorisation of staff expenses before payment; prompt completion of statutory returns; secure processing and maintenance of payroll data.</p>		<p>Payroll internal audit (2021/22)</p>	1	2	2	2	2	4	Yes	N/A
53	<p>Staff sickness</p> <p>Council staff are essential to delivering services for residents. Whilst sickness is usual and is to be expected, it must be effectively managed (in terms of preventable causes and effects) to reduce the risk of service delivery being impacted.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Sickness absence policy and procedure; HR support for managers and staff in managing sickness absence; regular monitoring and reporting of sickness absence</p>	<p>Service level business continuity plans; acquisition of temporary staff resource</p>	<p>HR & OD internal audit - absence management (2021/22)</p> <p>Business continuity internal audit (2022/23)</p>	3	2	6	3	2	6	Yes	N/A
54	<p>Staff turnover</p> <p>A degree of staff turnover is healthy for an organisation. However, elevated levels of turnover may be indicative of issues in the workplace. Excessive turnover may also result in a disruption to service delivery and a loss of institutional knowledge, further affecting service delivery.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Monitoring and reporting of turnover trends, allowing for remedial or investigative action to be taken; engagement exercises with staff to 'temperature check' the organisation and how staff are feeling; regular staff surveys; exit interviews; HR and OD strategy, making the Council an employer of choice; team building sessions to help with team cohesion and resilience.</p>	<p>Recruitment of staff to replace leavers; service level business continuity plans; acquisition of temporary staff resource; use of the Employee Assistance Programme.</p>		3	2	6	3	2	6	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
55	<p>Use of volunteers</p> <p>The Council utilises volunteers in delivering a number of services. As volunteers are not employees of the Council, their use must be carefully managed to avoid placing volunteers, staff and residents/service users at risk.</p>	<p>Officer(s): Kate Brown</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Appropriate policies and procedures in place, clearly defining the appropriate scope of use of volunteers and the description of the role vis a vis employed staff; volunteer handbook and code of conduct, issued to volunteers to clarify roles and responsibilities; centralised records of volunteers, held in line with departmental retention schedules; identity checks carried out where necessary; risk assessments undertaken for individual volunteer roles where required; DBS checks carried out where the risk assessment requires it; undertaking of volunteer training on key health and safety risks, as well as the core elements of the role;</p>	<p>Regular management monitoring and reporting on the use of volunteers across the Council; undertaking of volunteer training;</p>	<p>Human Resources - use of volunteers internal audit (2022/23)</p>	3	2	6	3	2	6	Yes	N/A
56	<p>Changing policy context - Local Plan</p> <p>Significant changes to legislation may impact on the delivery of the Local Plan, as could the failure to follow due processes or through political decision making. The Local Plan being found to be unsound or delayed may result in: the loss of planning control for the borough, leading to unsustainable development being approved or a reduction in affordable housing, as well as increased costs to the Council.</p>	<p>Officer(s): Andrew Benson</p> <p>Executive Members: Cllr Richard Michalowski</p>	<p>Regular planning committee performance monitoring and reporting; ensure that applications are determined with adherence to KPIs in mind; obtain extensions where necessary; planning committee training and guidance</p>	<p>Create action plans to address any failings; Planning Officers Society review of the service if required</p>		2	3	6	2	3	6	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
57	<p>Planning - poor performance designation</p> <p>The failure to meet government set KPIs relating to planning application determination can result in poor performance designation, allowing planning applications to be determined by the Planning Inspectorate.</p>	<p>Officer(s): Andrew Benson</p> <p>Executive Members: None - Planning is a non-Executive function</p>	Regular planning committee performance monitoring and reporting; ensure that applications are determined with adherence to KPIs in mind; obtain extensions where necessary; planning committee training and guidance	Create action plans to address any failings; Planning Officers Society review of the service if required		2	2	4	2	2	4	Yes	N/A
58	<p>Council Tax and NNDR collection</p> <p>In its capacity of billing authority, the Council collects Council Tax and Business Rates (NNDR) on behalf of a number of precepting authorities. There is a risk that, should the collection fund be in deficit, that the Council will be required to meet the deficit from its own revenue budget. It is also crucial that exemptions and discounts are applied in accordance with the rules.</p>	<p>Officer(s): Simon Rosser</p> <p>Executive Members: Cllr Victor Lewanski</p>	An effectively resourced Council Tax and NNDR service that achieves high collection rates; robust systems and processes to track and pursue monies owed; documented procedural notes for Council Tax and NNDR; regular monitoring of collection performance	The Council maintains an in-house Fraud team that monitors fraud in the application of Council Tax discounts, such as single person's discount.	<p>NNDR internal audit (2022/23)</p> <p>Council Tax internal audit (2022/23)</p>	2	2	4	2	2	4	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
59	<p>Fraud - internal and external</p> <p>Due to the wide range of activities undertaken and administered by the Council, there is a risk of fraud being committed both externally and internally. Fraud depletes the public purse and reduces public trust.</p>	<p>Officer(s): Simon Rosser</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>The Council maintains policies and procedures to prevent and deter fraud, including the Counter Fraud policy, Corruption and Bribery policy and Whistleblowing Policy and Prosecution Policies; staff fraud awareness training; robust financial controls preventing unauthorised expenditure; contract management procedures to monitor contract spend. Proactive fraud checks are undertaken in key risk areas, such as housing benefit, joining the housing register and council tax discounts.</p>	<p>The Council has an in-house fraud team that undertakes fraud investigations into all risk areas of corporate fraud; the Council is able to use the Proceeds of Crime Act to seek Forfeiture Orders to recover money or property fraudulently acquired.</p>	<p>Commissioning and procurement internal audit (2020/21); Housing benefits internal audit (2020/21); Harlequin banking and reconciliation internal audit (2021/22); Parking enforcement internal audit (2021/22)</p> <p>Accounts payable internal audit (2021/22); Income collection internal audit (2022/23); Fraud framework internal audit (2023/24)</p>	3	2	6	3	2	6	Yes	N/A
60	<p>Reimbursement of costs from central government</p> <p>The Council acts as an agent for the government in administering a number of nationally set schemes, such as Housing Benefit and associated subsidy grant. There is a risk that expenditure may not be reimbursed in full, therefore negatively impacting the Council's financial position.</p>	<p>Officer(s): Simon Rosser</p> <p>Executive Members: Cllr Victor Lewanski</p>	<p>Involvement of the finance team in the administration of all grants and funding schemes to identify funding risks and pressures arising; lobbying of government to ensure adequate reimbursement; full accounting of costs incurred.</p>	<p>Establishment of a government funding risk reserve to mitigate specific funding risks and their impact on the revenue budget; ensuring adherence to funding conditions in order to achieve full reimbursement; regular monitoring and review of schemes administered on behalf of the government.</p>		2	2	4	2	2	4	Yes	N/A

ID	Risk name and description	Risk owners	Controls	Mitigations	Sources of assurance	Current risk score			Target risk score			Within appetite?	Risk register - 2024/25
						L	I	Total	L	I	Total		
61	<p>Fit for purpose operational assets</p> <p>The Council relies on a range of property, plant and equipment to deliver services. It is crucial that these assets receive appropriate levels of maintenance and investment in order to meet the demands of service delivery. The failure to do so risks the efficient and effective delivery of services for residents and businesses in the borough.</p>	<p>Officer(s): Mari Roberts-Wood</p> <p>Executive Members: Cllr Richard Biggs</p>	Capital investment strategy and programme; annual service and financial planning, ensuring appropriate resources are allocated to services;	Regular preventive, reactive and planned maintenance of assets.		3	3	9	3	2	6	No	OR3 OR4
62	<p>Changing policy context - waste service</p> <p>In October 2023 the government published new requirements for the collection of waste and recycling from domestic and business premises, requiring the Council to amend its waste and recycling service. The required operational changes are complex and must be delivered within challenging timescales. There is a risk of a loss of income and a marked increase in costs to deliver the service.</p>	<p>Officer(s): Morag Williams</p> <p>Executive Members: Cllr Hannah Avery</p>	Create and implement a robust plan for implementing the required changes; acquire temporary additional resource where necessary; robustly tested business case/options appraisal.	New burdens funding to offset cost increases; reuse bins where possible.		3	3	9	2	2	4	No	OR2

Glossary of terms

Controls – action that reduces the likelihood of the risk materialising.

Mitigations – action that reduces the impact of the risk in the event that it materialises.

Sources of assurance – pieces of commissioned work and/or activity that support in the assessment of a risk's score. In most cases this will be commissioned internal audit activity, though can also include bespoke pieces of consultancy.

Current risk score:

- **L** = likelihood rating
- **I** = impact
- **Total** = likelihood x impact

Target risk score: is the level where management is aiming to treat or manage the risk to. The target risk sets out the desired and acceptable end point of the risk management cycle and is set in accordance with the Council's risk appetite.

Risk register:

- **SR#** = strategic risk register and the unique numeric reference
- **OR#** = operational risk register and the unique numeric reference

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Signed off by	Chief Finance Officer
Author	Tom Borer, Senior Policy Officer
Telephone	Tel: 01737 276717
Email	tom.borer@reigate-banstead.gov.uk
To	Audit Committee
Date	Wednesday, 13 March 2024
Executive Member	Deputy Leader and Portfolio Holder for Finance, Governance and Organisation

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Internal audit - Quarter 3 2023/24 progress report
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Recommendations
<ul style="list-style-type: none"> (i) That the Audit Committee note the Q3 2023/24 internal audit progress report available at Annex 1; and (ii) That the Audit Committee make any comments and/or observations on the report to the Council’s Chief Finance 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 2023/24 internal audit plan at the end of Q3.
The Audit Committee has authority to approve the above recommendations.

Statutory Powers

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1. The requirement of an internal audit function in local government is detailed within the Accounts and Audit (England) regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2022, 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 Finance 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. A professional, independent and objective internal audit service is a key element of ensuring good corporate governance.
5. The PSIAS defines internal audit as 'an independent, objectives 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.'
6. The Council's internal auditors are the Southern Internal Audit Partnership (SIAP).
7. 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.
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. Under the Council's Constitution the Audit Committee is responsible for reviewing internal audit progress reports and monitoring delivery of the internal audit plan.
11. Audit Committee approved the 2023/24 internal audit plan at its meeting on 15 March 2023. The plan details the activity to be undertaken during the year.
12. The audit plan is risk based and determines the priorities of internal audit activity. The plan is kept under close review to ensure that it continues to be relevant to the Council's risk profile and to ensure an appropriate level of audit coverage throughout the year.
13. The Committee receives regular quarterly updates on the progress of delivery of the audit plan, including any agreed amendments to the audit plan.

Management Actions

14. Internal audit's role is to identify potential weaknesses in systems, controls and procedures that may expose the authority to risk. Whilst internal audit highlights these weaknesses, it is the responsibility of management to propose, design and implement actions that address these and, in so doing, control and mitigate risk.
15. Heads of Service are responsible for acting on internal audit reviews in their service areas and, as senior officers and members of the management team of the Council, are ultimately responsible for overseeing the implementation of management actions. In so doing, they are able to amend the dates of implementing actions in response, for instance, to competing priorities.
16. The respective priority for individual actions (High, Medium or Low) is assigned by Heads of Service in consultation with SIAP.
17. SIAP's report at Annex 1 and the exempt Annex 2 provides detail on overdue high priority management actions, as well as the latest management update. For additional context, an overview of the number of overdue low and medium priority actions and any revised implementation dates is provided.
18. Additional information from officers on the progress of the management actions regarding procurement is provided at Annex 3.

Audit Committee Responsibilities

19. In accordance with the Council's Constitution and Internal Audit Charter, the Committee is required to focus on matters of significance arising from internal audit reviews.

Key Information

Assurance Opinions

20. 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.
21. SIAP's assurance opinions are categorised as follows:

Assurance	Description
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

Agenda Item 6

is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Q3 2023/24 Progress Update

22. SIAP's attached progress report at Annex 1:
- Summarises the status of 'live' audit reports (an audit report is considered to be 'live' if there are outstanding management actions);
 - Provides an update on the delivery of the internal audit plan.
 - Summarises internal audit performance, including assurance opinions give; and
 - Summarises any adjustments made to the internal audit plan.
23. Section 3 of the progress report details the overall progress in delivering the 2023/24 internal audit plan and section 7 provides an overview of the work programme for the year.
24. Section 5 provides a summary of any key observations arising from reviews during the quarter that concludes with a 'limited' or 'no' assurance opinion. There were no internal audit reports published during the quarter which concluded with a 'limited' or 'no' assurance opinion.
25. The following reviews have so far concluded with an assurance opinion during the year:

Review	Opinion
Housing Allocations	Reasonable
Main Accounting	Reasonable
National Non-Domestic Rates (NNDR)	Substantial

26. Copies of all completed internal audit reports are available to Members via the Mod.Gov document library.

Amendments to the 2023/24 internal audit plan

27. There have been no further amendments to the 2023/24 internal audit plan since the previous progress report.

Options

28. The Committee has two options:
- Option 1:** Note the Q3 2023/24 internal audit progress report and make any observations on its contents to the Council's Chief Finance Officer.
- Option 2:** Note the Q3 2023/24 internal audit progress report and make no observations on its contents to the Council's Chief Finance Officer.

Legal Implications

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

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30. If the internal audit process identifies any concerns regarding legal matters, these will be addressed through identified management actions.

Financial Implications

31. There are no financial implications arising from this report.
32. If the internal audit process identifies any concerns regarding financial matters, these will be addressed through identified management actions.

Equalities Implications

33. There are no equalities implications arising from this report.
34. If the internal audit process identifies any concerns regarding equalities matters, these will be addressed through identified management actions.

Communication Implications

35. There are no communications implications arising from this report.
36. If the internal audit process identifies any concerns regarding communications matters, these will be addressed through identified management actions.

Environmental Sustainability Implications

37. There are no environmental sustainability implications arising from this report.
38. If the internal audit process identifies any concerns regarding environmental sustainability matters, these will be addressed through identified management actions.

Risk Management Considerations

39. An effective internal audit function is an important part of effectively managing risk.
40. The Council's strategic and operational risk registers were utilised in the development of the annual internal audit plan.
41. There are no other risk management implications arising from this report.

Consultation

42. The internal audit reports have been considered by the Council's Corporate Governance Group as part of its governance role.

Policy Framework

43. 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

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None.

Annexes

Annex 1: Q3 2023/24 internal audit progress report

Annex 2: Q3 2023/24 internal audit progress report (part 2 exempt annex)

Annex 3: Q3 2023/24 procurement management actions update



Southern Internal Audit Partnership

Assurance through excellence
and innovation

REIGATE AND BANSTEAD BOROUGH COUNCIL

Internal Audit Progress Report – 2023/24 (Q3)

Prepared by: Natalie Jerams, Deputy Head of Partnership

February 2024

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

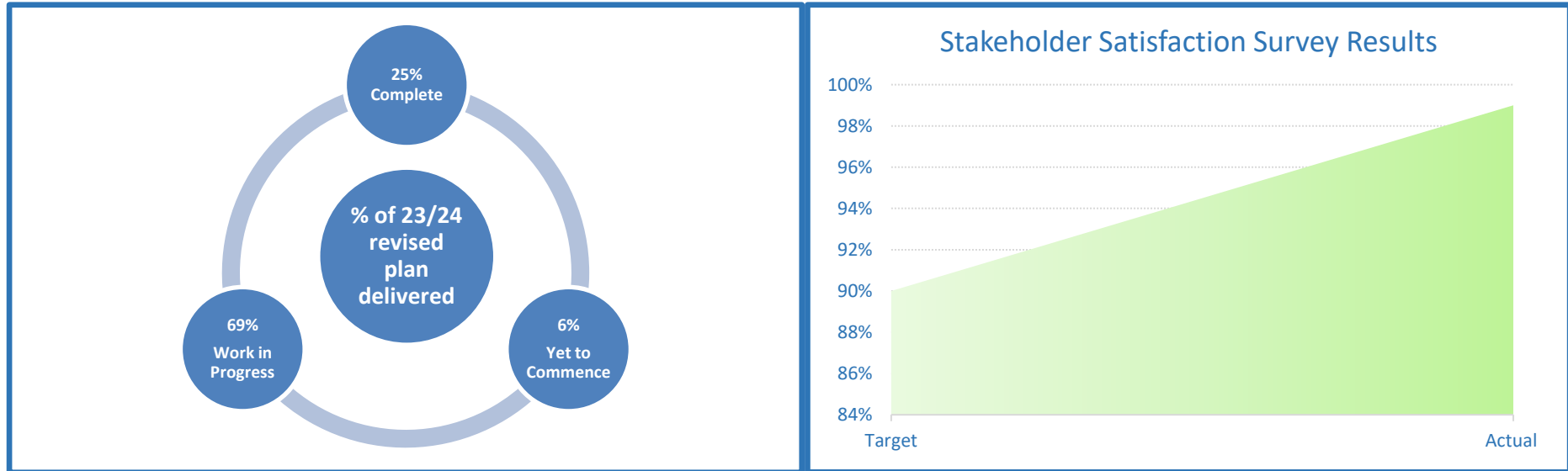
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- 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. 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.

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 Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Procurement	05.05.21	CFO	Limited	8(0)	0(0)	1(0)		7	
IT Disaster Recovery	27.05.21	HofIT	Limited	8(6)	0(0)	4(2)			4
Information Governance	06.12.21	HofIT	Reasonable	3(0)	0(0)	2(0)		1	
IT Database Management	24.04.23	HofIT	Reasonable	5(0)	0(0)	4(0)	1		
PCI Data Security Standard	31.07.23	CFO	Reasonable	4(2)	2(0)	2(2)			
Health & Safety Governance	04.08.23	HofNO	Limited	12(0)	5(0)	6(0)		1	
HR – Use of Volunteers	16.08.23	SHofO&T	No	19(6)	0(0)	18(5)			1
Housing Allocations	08.11.23	HofH	Reasonable	4(0)	2(0)	2(0)			
Main Accounting	05.02.24	CFO	Reasonable	1(0)	1(0)	0(0)			
Total				64(14)	10(0)	39(9)	1	9	5

*Total number of actions (total number of high priority actions)

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

There have been no new reports published concluding a “Limited” or “No” assurance opinion since the last progress report in December 2023.

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to Corporate Governance Group and the Audit Committee in March 2023.

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 2023/24

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2022/23 Reviews								
NNDR	HofRB&F	✓	✓	✓	✓	✓	Substantial	
Playgrounds & Wheeled Sports Facilities	HofNO	✓	✓	✓	✓			Draft final report issued, senior management sign off required.
2023/24 Reviews								
Corporate								
Financial Governance Framework	CFO	✓	✓	✓				Close of audit scheduled for 29/2/2024
Governance								
Fraud Framework	HofRB&F	✓	✓	✓	✓			
Human Resources	HofOD&HR							Q4 – scoping to be arranged.
Risk Management	HofCPP&P	✓						

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Ethical Governance	SHofL&G	✓	✓	✓				Close of audit held, report pending.
IT								
Cyber Security – Staff Training and Awareness	HofIT	✓	✓	✓				
Core Financial Reviews								
Main Accounting	CFO	✓	✓	✓	✓	✓	Reasonable	
Treasury Management	CFO	✓						
Payroll	CFO	✓	✓	✓				
Organisation								
Property Management & Maintenance	PSM	✓	✓	✓				
People								
Housing Allocations	HofH	✓	✓	✓	✓	✓	Reasonable	
Place								
Refuse, Recycling and Street Cleaning	HofNO	✓	✓	✓				
Environmental Health and Licencing	HofNO	✓	✓	✓				
Development Management & Planning Policy – Distribution of CIL	HofP	✓	✓					
Other								
Homes England Grant – Rough Sleeping Accommodation Programme (RSAP) - Capital	CFO	✓	✓	✓	n/a	✓	n/a	Grant certification

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Homes England Grant – Rough Sleeping Accommodation Programme (RSAP) - Revenue	CFO	✓	✓	✓	n/a	✓	n/a	Grant certification

Audit Sponsors			
D	Director	SHofO&T	Strategic Head of Organisation and Transformation
CFO	Chief Finance Officer (S151 Officer)	SHofL&G	Strategic Head of Legal and Governance (Monitoring Officer)
HofCPP&P	Head of Corporate Policy, Projects & Performance	HofL&I	Head of Leisure and Intervention
HofOD	Head of Organisational Development & HR	HofCP	Head of Community Partnerships
HofIT	Head of IT	HofCCCD&I	Head of Communications, Customer Contact, Data & Insight
HofH	Head of Housing	HofP	Head of Planning
HofRB&F	Head of Revenues, Benefits and Fraud	HofPD	Head of Place Delivery
HofNO	Head of Neighbourhood Operations	HofEP	Head of Economic Prosperity
PSM	Property Services Manager		

8. Adjustments to the Internal Audit Plan

There have been the following amendments to the plan to date:

Plan Variations for 2023/24	
Added to the plan	Reason
Homes England Grant – Rough Sleeping Accommodation Programme (RSAP) - Capital	The grant conditions required an independent review and report ahead of Chief Finance Officer sign off.
Homes England Grant – Rough Sleeping Accommodation Programme (RSAP) - Revenue	The grant conditions required an independent review and report ahead of Chief Finance Officer sign off.
Risk Management	Added to the plan to review the risk management framework.
Removed from the plan	Reason
Contract Management	Deferred to 2024/25 to allow for the previous audit management actions to be addressed and embedded prior to re-review.
Procurement	Deferred to 2024/25 to allow for the previous audit management actions to be addressed and embedded prior to re-review.
IT Disaster Recovery	Deferred to 2024/25 to allow for the previous audit management actions to be addressed and embedded prior to re-review.

Overdue 'High Priority' Management Actions

IT Disaster Recovery – Limited Assurance			
Observation: Please see separate report.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Please see separate report.			

Use of Volunteers – No Assurance

Observation:

The Council does not have a policy in place covering whether volunteers should be DBS checked.

The Community Centres Team Leader advised that DBS checks are not performed on the volunteers working at the Council's Community Centres. We were advised that this is because they are never left alone with children and vulnerable people. All three Community Centre Managers also confirmed that DBS checks are not performed on Community Centre volunteers.

The ratio of volunteers versus paid staff varies significantly between Community Centres, and it is not clear whether the ratios would adequately enable volunteers to be appropriately supervised at all times. However, the Head of Community Partnerships has advised that only a relatively small number of volunteers work at any one centre at any one time.

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Management Action	Original Due Date	Revised Due Date	Latest Service Update (Provided by the Strategic Head of Organisation and Transformation)
RBBC to ensure there is a clear and consistent approach to DBS checks covering the following: <ul style="list-style-type: none"> • Criteria • Record-keeping • Review and update of all linked policies and procedures. • Audit. 	31.12.2023	31.03.2024	The management action is 90% complete. The remaining checks are being worked through between HR & Community Centre Managers with an action plan put in place.

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Procurement	05.05.2021	Limited	Medium	31.12.2021	31.12.2023 30.04.2024
			Medium	31.12.2021	31.12.2023 30.04.2024
			Medium	31.12.2021	31.12.2023 30.04.2024
			Medium	31.12.2021	31.12.2023 30.04.2024
			Medium	31.12.2021	31.12.2023 31.05.2024
			Medium	31.12.2021	31.12.2023 31.05.2024
			Medium	31.12.2021	31.12.2023 30.09.2024
Information Governance	06.12.2021	Reasonable	Medium	30.09.2022	31.12.2023 29.2.2024
IT Database Management	24.04.2023	Reasonable	Low	31.08.2023	31.03.2024 30.09.2024
Health and Safety Governance	04.08.2023	Limited	Medium	31.12.2023	31.03.2024

Internal audit

Management Actions – Procurement & Contract Management

Quarter 3 2023/24 - Update

Internal Audit Reviews

1. Procurement

An internal audit review of the Procurement service took place during 2020/21.

It concluded with Limited assurance.

Audit observations identified the requirement to make improvements to the framework of governance, risk management and control, including development of an updated procurement strategy, compliance sampling and contract reporting and recording.

A number of management actions were agreed with medium priority.

2. Contract Management

A subsequent audit of the Council's Contract Management arrangements took place during 2021/22.

It also concluded with Limited assurance.

Audit observations focussed on shortcomings in central and service record keeping and lack of clarity of responsibilities in some areas for managing key contracts.

Progress at March 2024

Capacity constraints within the Procurement service along with competing demands of the Council's response to the pandemic meant that the agreed management actions following these audits were not progressed as originally planned.

In the meantime, operational procurement activity continued but has lacked strategic oversight and direction to ensure that full benefit is derived.

A Procurement Transformation Programme was initiated in July 2023 and the service subsequently transferred to oversight by the Chief Finance Officer.

Work is now underway to fundamentally review the Procurement service and ensure it is fit for purpose.

The key areas of focus for the Transformation Programme include:

Area of Focus		Planned Activity
1.	Procurement Strategy	<ul style="list-style-type: none"> Confirm Strategy for procurement and contract management activity – September 2024
2.	Procurement & Contract Management KPIs	<ul style="list-style-type: none"> Publish Procurement & Contract Management KPIs and start to report performance against them to the Corporate Governance Group – April 2024 Present an annual update to Audit Committee on Procurement activity and performance – December 2024 onwards.
3.	Procurement & Contract Procedure Rules (PCPRs)	<ul style="list-style-type: none"> Adopt updated Procurement & Contract Procedure Rules in the Constitution – operational by May 2024
4.	Procurement & Contract Management Board	<ul style="list-style-type: none"> Establish Procurement & Contract Management (officer) Board – December 2023 - COMPLETE
5.	Contract Management & Contract Register	<ul style="list-style-type: none"> Ensure that the Contract Register complies with Transparency Code requirements and report compliance performance to the Corporate Governance Group – April 2024
6.	Forward Plan (Pipeline)	<ul style="list-style-type: none"> Establish a forward plan for planned procurements – April 2024
7.	Category Management	<ul style="list-style-type: none"> Identify lead officers with responsibility for specific categories of expenditure – December 2023 – COMPLETE Review category expenditure analyses to identify opportunities to realise savings and improve value of money – September 2024
8.	Guidance for Procuring Officers	<ul style="list-style-type: none"> Publish updated training materials and guidance for procuring officers – April 2024
9.	Procurement Team Capacity	<ul style="list-style-type: none"> Recruit to vacant roles – April 2024
10.	Procurement Act 2023	<ul style="list-style-type: none"> Prepare for implementation of procedural changes as a consequence of the Act – October 2024
11.	Internal Audit Reviews	<ul style="list-style-type: none"> Ensure that outstanding management actions from the Procurement and Contract Management audit reviews are concluded – September 2024
12.	Ethical Procurement	<ul style="list-style-type: none"> Develop the authority's approach and supporting policies and procedures to ensure that ethical procurement factors are taken into account when procuring works, goods and services – September 2024,
13.	Sustainable Procurement	<ul style="list-style-type: none"> Develop the authority's approach and supporting policies and procedures to ensure that sustainability factors are taken into account when procuring works, goods and services – September 2024,

Outstanding Audit Management Actions

A summary of the audit management actions, how they now align with the Transformation Programme and progress to date is set out below.

Procurement and Contract Management Audit Reviews - Observations	Management Action in Response to the Audit Observations	Procurement Transformation Programme – Area of Focus	Progress at March 2024
Procurement Strategy & Board	<ul style="list-style-type: none"> To review, update and further embed the Council's procurement strategy. A new procurement strategy and procurement governance board to be put in place. This will provide strategic oversight and opportunities to challenge contract managers. [And] provide a framework within which there will be periodic reviews and reports regarding performance of contracts. 	1. Procurement Strategy	Confirm Strategy for procurement and contract management activity – September 2024
		4. Procurement & Contract Management Board	Establish Procurement & Contract Management (officer) Board – December 2023 - COMPLETE
Scrutiny and Governance	<ul style="list-style-type: none"> To report to Corporate Governance Group. 	2. Procurement & Contract Management KPIs	Publish Procurement & Contract Management KPIs and start to report performance against them to the Corporate Governance Group – April 2024
Key Performance Indicators	<ul style="list-style-type: none"> To develop performance indicators, monitor and report. 		Annual report to Audit Committee – December 2024 onwards
Compliance with Contract Procedure Rules	<ul style="list-style-type: none"> To implement a mechanism to monitor, report and sample CPR compliance. A closer alignment between procurement and finance officers for spend analysis and regular challenge on spend and CPRs. To develop a register of timebound waivers. 	3. Procurement & Contract Procedure Rules (PCPRs)	Adopt updated Procurement & Contract Procedure Rules in the Constitution – operational by May 2024
Contract Register – Forward Planning	<ul style="list-style-type: none"> To develop a mechanism to proactively review contracts register. The contract register will be reviewed and improved to ensure accuracy. 	5. Contract Management & Contract Register	Ensure that the Contract Register complies with Transparency Code requirements and report compliance performance to the Corporate Governance Group – April 2024
Contract Documentation	<ul style="list-style-type: none"> To develop a mechanism to dip sample contract documentation within the InTend system. 		

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Signed off by	Chief Finance Officer
Author	Tom Borer, Senior Policy Officer
Telephone	Tel: 01737 276717
Email	tom.borer@reigate-banstead.gov.uk
To	Audit Committee
Date	Wednesday, 13 March 2024
Executive Member	Deputy Leader and Portfolio Holder for Finance, Governance and Organisation

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Internal audit plan and Charter - 2024/25
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Recommendations
<p>That the Audit Committee:</p> <ul style="list-style-type: none"> (i) Approve the internal audit Plan for Q1 2024/25 as set out in annex 1; and (ii) Approve the internal audit Charter for 2024/25 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
<p>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.</p> <p>In order to increase the responsiveness of audit reviews within the year, the audit plan is presented on a quarterly basis. The Audit Committee is therefore asked to approve the plan for Q1 2024/25, and will be asked to similarly approve the plans for quarters 2 to 4.</p>
The Committee has authority to approve the above recommendations.

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Statutory Powers

1. The requirement of an internal audit function in local government is detailed within the Accounts and Audit (England) regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2022, which state that authorities must: 'undertake an effective internal audit to evaluate the effectiveness of [their] risk, control and governance processes, taking into account public sector internal auditing standards or guidance'.
2. The 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. A professional, independent and objective internal audit service is a key element of ensuring good corporate governance.
5. The PSIAS defines internal audit as 'an independent, objectives 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.'
6. The Council's internal auditors are the Southern Internal Audit Partnership (SIAP).
7. 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. Key to doing this is the setting of a risk based internal audit plan.
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. Under the Council's Constitution the Audit Committee is responsible for approving the Council's internal audit plan and Charter, as well reviewing internal audit progress reports and monitoring delivery of the internal audit plan.
11. The Chartered Institute of Public Finance and Accountancy's (CIPFA) guidance on the role of the Audit Committee in Local Government provides further background and context to this requirement..

Key Information

The internal audit plan and Charter

Agenda Item 7

12. The Public Sector Internal Audit Standards state that a risk-based internal audit plan should be established in order to determine the priorities of internal audit activity. The plan for Q1 2024/25 is provided at annex 1.
13. 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.
14. The Chief Internal Auditor holds overall responsibility for the delivery of the plan.
15. The audit plan has been developed in consultation with the Council's senior management and with regard to the Council's strategies, objectives and risks.
16. The audit plan is presented on a quarterly basis, to enable the internal audit reviews undertaken within each quarter to be responsive to the risks and contextual factors within each quarter.
17. The Audit Committee will therefore also be asked to approve the audit plan for quarters 2 to 4 of 2024/25 at subsequent meetings at the start of each of these quarters.
18. The plan is kept under continual review in order to ensure that it remains 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.

Options

20. The Committee has two options

Option 1: Approve the internal audit plan 2024/25 (Q1) and internal audit Charter 2024/25 as set out in annex 1 and 2 respectively.

This is the recommended option as it will allow the swift commencement of the work programme for 2024/25.

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 2024/25 plan to schedule.

Legal Implications

21. 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.
22. An effective internal audit function supports good governance which, in turn, reduces the risk of the Council being subject to successful legal challenge.
23. If the internal audit process identifies any concerns regarding legal matters, these will be addressed through identified management actions.

Financial Implications

Agenda Item 7

24. There are no financial implications arising from this report.
25. If the internal audit process identifies any concerns regarding financial matters, these will be addressed through identified management actions.

Equalities Implications

26. There are no equalities implications arising from this report.
27. If the internal audit process identifies any concerns regarding equalities matters, these will be addressed through identified management actions.

Communication Implications

28. There are no communications implications arising from this report.
29. If the internal audit process identifies any concerns regarding communications matters, these will be addressed through identified management actions.

Environmental Sustainability Implications

30. There are no environmental sustainability implications arising from this report.
31. If the internal audit process identifies any concerns regarding environmental sustainability matters, these will be addressed through identified management actions.

Risk Management Considerations

32. An effective internal audit function is an important part of effectively managing risk.
33. The Council's strategic and operational risk registers were utilised in the development of the internal audit plan.
34. There are no other risk management implications arising from this report.

Consultation

35. This internal audit plan and Charter have been considered by the Council's Corporate Governance Group as part of its governance role.

Policy Framework

36. 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.

Annexes

Annex 1: Internal Audit Plan 2024/25 (Q1)

Annex 2: Internal Audit Charter 2024/25

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**Southern Internal
Audit Partnership**

Assurance through excellence
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**REIGATE AND BANSTEAD BOROUGH COUNCIL
INTERNAL AUDIT PLAN 2024-25 (Q1)**

Prepared by: Natalie Jerams, Deputy Head of Partnership

February 2024

Introduction

The role of internal audit is that of 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’.

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 relevant Directors 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, Deputy Head of Southern Internal Audit Partnership and 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.

109 In considering all sources of evidence the external assessment team 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.'

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team 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 strategic risks assessed by the Council are a key focus of our planning to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives.

Ref	Risk Description
SR1	Financial Sustainability
SR2	Commercial Investment
SR3	Challenging economic conditions for residents and businesses
SR4	Organisational capacity and culture
SR5	Cost pressures affecting the viability of Council developments
SR6	Local government reorganisation, devolution and Levelling Up
SR7	ICT network capacity and resilience
SR8	Fraud
SR9	Gatwick Airport
SR10	Planning system reform
SR11	Climate change impact

*Strategic Risks as per the Q2 2023-24 Strategic Risk Register.

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.

Developing the internal audit plan 2024/25

In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation’s goals.

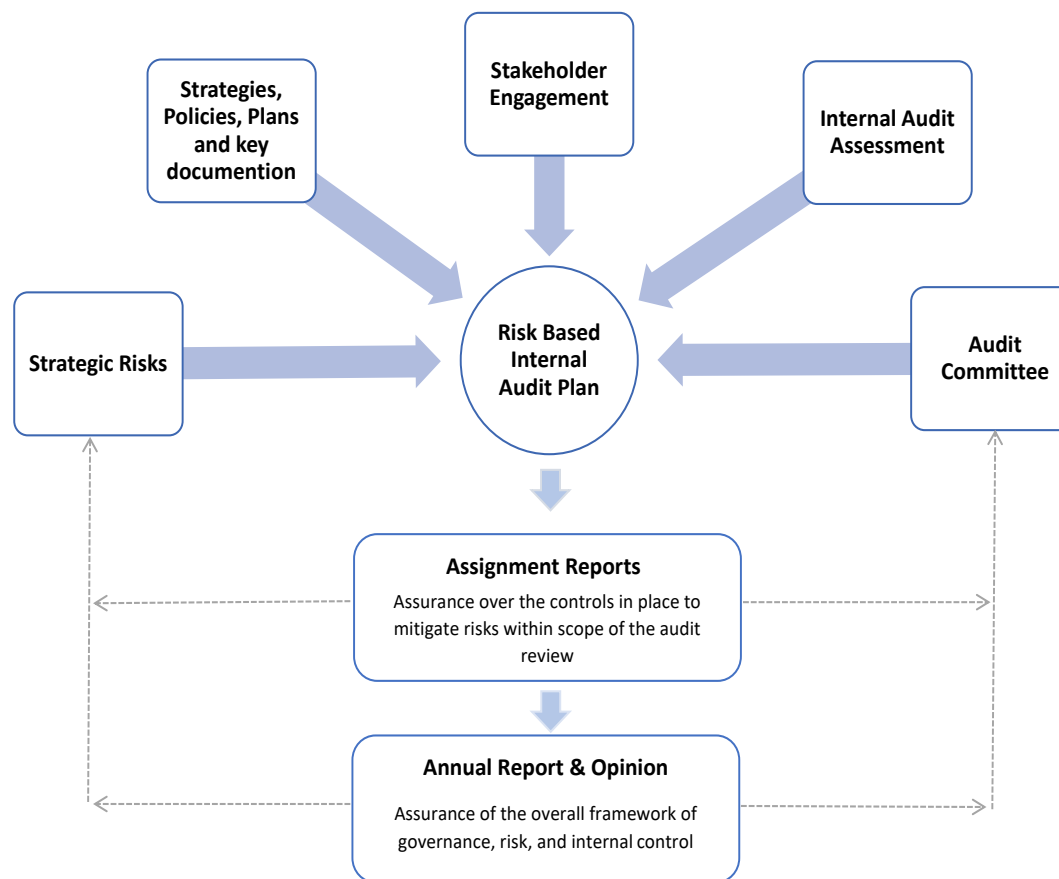
Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the organisation.

To ensure internal audit focus remains timely and relevant, the Southern Internal Audit Partnership has moved to a quarterly planning process.

Based on conversations with key stakeholders, review of risk registers, key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed a plan of proposed internal audit coverage during quarter 1.

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 2024-25

Audit	Audit Category	Sponsor	Scope/ Risk	Strategic Risk	Quarter
Insurance	Governance	CFO	To review the decision making process when submitting an insurance claim and the governance arrangements in place.	SR1	Q1
Capital Programme	Governance	CFO	Assurance over the delivery of the Capital Programme.	SR1, SR5	Q1
Accounts Receivable & Debt Management	Core Financial Review	CFO	Assurance over the effectiveness of controls in place for the Accounts Receivable & Debt Management function.	SR1	Q1
Non-Commercial Asset Management	Organisation	PSM	Assurance over the management of tenancies for non-commercial assets.	SR1	Q1
Management					Q1-4

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Audit Sponsors			
D	Director	SHofO&T	Strategic Head of Organisation and Transformation
CFO	Chief Finance Officer (S151 Officer)	SHofL&G	Strategic Head of Legal and Governance (Monitoring Officer)
HofCPP&P	Head of Corporate Policy, Projects & Performance	HofL&I	Head of Leisure and Intervention
HofOD	Head of Organisational Development & HR	HofCP	Head of Community Partnerships
HofIT	Head of IT	HofCCCD&I	Head of Communications, Customer Contact, Data & Insight
HofH	Head of Housing	HofP	Head of Planning
HofRB&F	Head of Revenues, Benefits and Fraud	HofPD	Head of Place Delivery
HofNO	Head of Neighbourhood Operations	HofEP	Head of Economic Prosperity
PSM	Property Services Manager		

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Southern Internal Audit Partnership

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REIGATE AND BANSTEAD BOROUGH COUNCIL INTERNAL AUDIT CHARTER 2024/25

**Prepared By: Natalie Jerams, Deputy Head of Partnership
February 2024**

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 Borough Council lies with the Chief Finance Officer (S151 Officer).

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

The Chief Internal Auditor (Deputy 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 Chief Finance Officer (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 Managing Director 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 Chief Finance Officer (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 (broken down into a quarterly planning process) 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 quarterly 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 Chief Finance Officer (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 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;
- 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 Crawley Borough Council Arun District Council Guildford Borough Council Hart District Council
Blue light Key Stakeholder Partners:	Hampshire & IoW Fire & Rescue Authority West Sussex Fire Service Office of the Hampshire & IoW Police & Crime Commissioner / Hampshire & IoW 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 Ringwood Town Council Lymington & Pennington Town Council Langstone Harbour Authority Chichester Harbour Authority Isle of Wight College

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.



Signed off by	Chief Finance Officer
Author	Liane Dell, Democratic Services Officer
Telephone	Tel: 01737 276865
Email	Liane.Dell@reigate-banstead.gov.uk
To	Audit Committee
Date	Tuesday, 13 March 2024
Member	Councillor Frank Kelly, Audit Committee Chair

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Audit Committee Annual Report 2023/24
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Recommendations

- (i) That the Annual Report of the Audit Committee be noted and, subject to any changes agreed at this meeting, recommended to Council;
- (ii) That the Audit Committee’s Forward Plan for 2024/25 be approved.

Reasons for Recommendations

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 provides a summary of the Committee’s work during 2023/24. It also confirms the scope of the Committee’s work programme for 2024/25.

Executive Summary

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.

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It oversees the work of internal audit and external audit, helping to ensure efficient and effective independent assurance arrangements are in place.

During 2023/24 the Committee received quarterly reports on internal audit and risk management. It also considered and provided feedback on the Annual Governance Statement and Code of Corporate Governance.

The roles and responsibilities of the Audit Committee are set out in its 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 plans for the coming year.

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 2023/24 sets out the work of the Audit Committee in 2023/24 and considers its forward work programme for 2024/25.

Key Information

Introduction

3. The Accounts & Audit (England) Regulations 2015 require:

[The] authority must ensure that it has a sound system of internal control which – facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(a) ensures that the financial and operational management of the authority is effective; and

(b) includes effective arrangements for the management of risk.

4. The Chartered Institute of Public Finance & Accountancy (CIPFA) sets out further detail on the role of Audit Committees in their Practical Guidance for Local Authorities 2018. It 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 Committee has continued to operate effectively and has an established forward work programme which is examined periodically by the Chair, Officers and the Committee as a whole. The programme is amended when new requirements and issues are identified which ensures the Committee remains dynamic and focussed on its functions.
6. Five Council members were appointed to the Committee for 2023/24; Councillor Frank Kelly was elected as Chair and Councillor Green was elected as Vice-Chair.
7. Councillor Kelly also attended the LGA’s training event for Audit Committee Chairs at Warwick University this Municipal Year, showing commitment to ensure the Council is adopting good practice and learning from others.
8. Following the resignation of the Independent Member to the Committee in February 2023, Mr Tommy Hyun was appointed as the new Independent Member to the Committee at the Full Council meeting held on 30 November 2023. Mr Hyun attended and was welcomed to the Audit Committee meeting on 6 December 2023.
9. There have been four scheduled meetings during the 2023/24 Municipal year with an additional meeting programmed in on 19 July 2023. The first meeting on 14 June 2023, was dedicated to introducing members to the role of the Committee and its workplan.
10. Committee Members have been invited to attend training and briefings prior to each formal meeting, with the aim of providing additional background and context on the reports that were being presented. These sessions were well attended.

Programme of Work 2023/24

11. The Audit Committee has considered the following during 2023/24:
 - Audit Committee Introduction and Overview
 - Quarterly updates from the Chief Internal Auditor
 - Internal Audit - Annual Report & Opinion 2022/23
 - Internal Audit - Plan and Charter 2024/25
 - Quarterly updates on Strategic Risks and red rated operational risks
 - Draft Annual Governance Statement 2022/23
 - Code of Corporate Governance

Draft Annual Governance Statement 2022/23

12. At its meeting held on 19 July 2023 the Committee was informed that for compliance with the Accounts and Audit Regulations the Council was required to prepare and publish a statement on its internal control and governance arrangements as part of

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the Annual Statement of Accounts. The Statement draws on a number of sources of information about how the Council is performing in order to give a well-rounded picture.

13. The Statement is also an opportunity to flag any areas for concern or improvement. Two matters of note were referenced:
 - The Statement of Accounts for 2020/21 and 2021/22 had not yet been audited or approved by Audit Committee. An extended timescale had been agreed with the external auditor to allow time for completion of agreed actions by the Finance team to address historic shortcomings stretching back over many years in the financial fixed asset register. These issues do not call into question the accuracy of asset values in the accounts, but they give rise to significant challenges for the Finance team when assembling supporting asset records and audit trail. It was therefore agreed with Deloitte that additional capacity and time would be dedicated to remedying these issues as part of 2020/21 end of year work. The audit is now in progress and Deloitte had at that point expected to complete this by September 2023. They would then commence work on auditing the 2021/22 accounts.
 - During the year the authority encountered continued issues relating to a commercial joint venture that has been addressed by the statutory officers under the direction of the Partner, Shareholder and Trustee Executive Sub-Committee and with support from external commercial and legal advisors. This matter is currently subject to legal privilege while the settlement terms are finalised.

Internal Audit Plan 2023/24 and Internal Audit Opinion 2022/23

14. At its meeting on 6 September 2023, the Committee considered the internal audit Opinion for 2022/23. The Southern Internal Audit Partnership (SIAP) reported an overall opinion of “reasonable assurance” on the Council’s framework of risk management, governance and control. SIAP identified that, in giving the overall annual opinion, assurance can never be absolute and therefore, only reasonable assurance could be provided however there were no major weaknesses identified in the processes reviewed.
15. With regards to completion of management actions following audit reviews, SIAP reported that they continued to follow these through to completion. Additionally those audits that received either ‘limited’ or ‘no’ assurance opinions would be subject to future re-review, and would be considered as part of 2024/25 internal audit planning.
16. Throughout the year, the Committee received quarterly updates from SIAP on progress against the 2023/24 Audit Plan and Members requested further detail on overdue low and medium priority management actions and regular updates were provided by officers.
17. The Committee will consider the internal audit Opinion for 2023/24 at the first meeting of the Committee of 2024/25 (currently scheduled for 3 July 2024).

Risk Management

18. The Audit Committee has responsibility for oversight and ensuring robustness of strategic risk-setting and assessing the adequacy of the risk management process. The Committee may raise any observations to the Executive where necessary. The Committee receives quarterly updates on all strategic risks and any red-rated operational risks.
19. 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).
20. 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 delegated responsibility for managing operational risks.
21. 2023/24 saw the implementation of the Council's new risk management strategy which had been agreed by Full Council in March 2023. This included an updated reporting structure, including in the controls and mitigations section of the risk register showing what action had been taken already to reduce the likelihood and impact of the risk, as well as the actions that were still ongoing to bring the risks, as far as possible, to an acceptable level.
22. This was complemented by the risk register now setting out the inherent, current and target risk scores. The target risk score defined where the Council aimed to manage the risk to, reflecting the Council's risk appetite.
23. A further improvement introduced by the new risk management strategy is preparation of an annual risk Assurance Framework, presented to Committee at their March 2024 meeting.

Code of Corporate Governance

24. 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.
25. The Monitoring Officer has reviewed the Code to ensure it still reflected the current governance arrangements of the Council and considered that no updates were required to the current Code as it still reflected the current governance arrangements of the Council.
26. In addition, the Council was currently undertaking a review of its Constitution, which forms a fundamental part of the governance arrangements of the Council, and therefore directly affected the Code of Corporate Governance.

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27. This Municipal year the Committee confirmed the current Code of Corporate Governance, and no amendments were recommended. An interim update would take place after the Constitution is reviewed to realign the Code with it. In addition, the Committee resolved that the next review give consideration to its observations recorded in the [minutes of the meeting held on 6 December 2023](#).

External Audit Opinion and Statement of Accounts

28. 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 2020/21, 2021/22 and 2022/23. Additional meetings of the Committee will be arranged to consider the auditor's reports and the statement of accounts when the audits are concluded.

Acknowledgement

29. Once again it is acknowledged that 2023/24 has been a productive year and thanks were offered by the Chair to the SIAP, the Finance Team, the Policy & Performance Team and Democratic Services for their contributions in enabling the work of the Committee in 2023/24.

Future Work Programme 2024/25

30. A Forward Plan for the Committee has been compiled and can be found at Annex 1. This may be subject to change as required by the Committee during the year.

Conclusions

31. The Committee provides independent assurance to the Council of the adequacy of the risk management framework, the internal control environment and financial reporting.
32. The Committee's work programme is dynamic to reflect emerging information and will continue to be reviewed to ensure the Committee maximises its contribution to governance and the control framework.
33. The work programme for 2023/24 has been delivered in line with the Committee's remit.
34. In accordance with its Terms of Reference, the Committee is requested to consider and recommend this Annual Report to Council.

Options

35. The Committee has two options:
- Option 1:** To approve the Annual Report of the Audit Committee 2023/24 as written and recommend it to Council.
- Option 2:** To suggest amendments to the Annual Report of the Audit Committee 2023/24 prior to its recommendation to Council.

Legal Implications

36. Audit Committee terms of reference are based upon CIPFA Guidance and meet the requirements of the Accounts & Audit (England) Regulations 2015 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.
37. In approving the above recommendations, the Audit Committee is promoting sound robust risk management in accordance with its statutory responsibilities.

Financial Implications

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

Equalities Implications

39. 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.
40. 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.
41. 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

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

Environmental Sustainability Implications

43. There are no direct environmental sustainability implications arising from this report.

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Risk Management Considerations
44. Oversight of the Council's risk management arrangements is a key responsibility of this Committee and is considered throughout the wider audit process.
Human Resource Implications
45. There are no Human Resource implications arising from this report.
Consultation
46. The Committee's Annual Report was drafted in consultation with the Chair and Vice-Chair of the Audit Committee.
Policy Framework
47. There are no policy framework implications.
Annex
Annex 1 – Audit Committee Forward Plan 2023/24.

REIGATE AND BANSTEAD BOROUGH COUNCIL:

AUDIT COMMITTEE

Date of issue: 04 March 2024



Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
3 July 2024								
Luke Harvey, Project & Performance Team Leader	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy, Projects and Performance	Risk Management – Quarter 4 2023/24 To note the Quarter 4 2023/24 update on risk management provided by the report and associated annexes and make any observations to the Executive.		11 July 24		Open	
Tom Borer, Policy Officer	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal Audit 2023/24 – Quarter 4 progress report To consider progress in Q4 against delivery of the 2023/24 internal audit plan.				Open	
Tom Borer, Policy Officer	Deputy Leader and Portfolio Holder for Finance and Governance	Chief Finance Officer	Annual Internal Audit report and opinion 2023/24 To consider the audit report opinion for 2023/24.				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
	and Organisation							
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal Audit 2024/25 – Q2 internal audit plan To consider the internal audit plan for quarter 2 of 2024/25.					
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Draft Annual Governance Statement 2023/24 To review the Draft Annual Governance Statement				Open	
11 September 2024								
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal Audit 2024/25 – Quarter 1 progress report To consider progress in Q1 against delivery of the 2024/25 internal audit plan.				Open	
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and	Chief Finance Officer	Internal Audit 2024/25 – Q3 internal audit plan To consider the internal audit plan for quarter 3 of 2024/25.				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
	Organisation							
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy, Projects and Performance	Risk Management – Quarter 1 2024/25 To note the Quarter 1 2024/25 update on risk management provided by the report and associated annexes and make any observations to the Executive.		19 September 24		Open	
4 December 2024								
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal audit 2024/25 – Quarter 2 progress report To consider progress in Q2 against delivery of the 2024/25 internal audit plan.				Open	
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal Audit 2024/25 – Q4 internal audit plan To consider the internal audit plan for quarter 4 of 2024/25.				Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy, Projects and Performance	Risk Management – Quarter 2 2024/25 To note the Quarter 2 2024/25 update on risk		12 December 24		Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
			management provided by the report and associated annexes and make any observations to the Executive.					
<i>Simon Rosser Revenues and Benefits Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Counter Fraud Policy Update To note the Counter Fraud Policy Update.				Open	
<i>Pat Main, Chief Finance Officer,</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Procurement Update To note the update on Procurement activity				Opeb	
<i>Alex Vine Electoral and 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.				Open	
12 March 2025								
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy, Projects and Performance	Risk Management – Quarter 3 2024/25 To note the Quarter 3 2024/25 update on risk		20 March 25		Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
			management provided by the report and associated annexes and make any observations to the Executive.					
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Policy and Resources	Head of Corporate Policy, Projects and Performance	Risk Management – 2025-26 To receive the 2025/26 strategic risks and assurance framework.		20 March 25			
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal Audit 2024/25 – Quarter 3 progress report To consider progress in Q3 against delivery of the 2024/25 internal audit plan.				Open	
<i>Tom Borer, Policy Officer</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Internal Audit Plan 2025/26- and Charter 2025/26 To approve the internal audit plan for 2025/26 and Charter 2025/26.				Open	
<i>Liane Dell - Democratic Services Officers</i>	Portfolio Holder for Corporate Policy and Resources	Head of Legal and Governance	Audit Committee Annual Report 2024/25 and Forward Work Programme 2025/26 To consider the Audit Committee's Annual Report and				Open	

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Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
			forward work programme for 2025/26.					
Meeting Date TBC for 2020/21 reports								
<i>Pat Main Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Final Annual Governance Statement 2020/21 To consider the Final Annual Governance Statement 2020/21				Open	
<i>Pat Main, Interim Head of Finance and Assets</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Audited Statement of Accounts 2020/21 To consider the Audited Statement of Accounts 2020/21				Open	
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	External Auditor Report (ISA 260) 2020/21 This report, from the Council's external auditors, summarises conclusions and significant issues arising from the audit of the 2020/21 Annual Financial Report.					
Meeting Date TBC for 2021/22 reports								
<i>Pat Main, Chief Finance Officer,</i>	Deputy Leader and Portfolio	Chief Finance Officer	Final Annual Governance Statement 2021/22				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Jacqueline Aboagye, Finance Manager</i>	Holder for Finance and Governance and Organisation		To consider the Final Annual Governance Statement 2021/22					
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Audited Statement of Accounts 2021/22 To consider the Audited Statement of Accounts 2021/22				Open	
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	External Auditor Report (ISA 260) 2021/22 This report, from the Council's external auditors, summarises conclusions and significant issues arising from the audit of the 2021/22 Annual Financial Report.				Open	
Meeting Date TBC for 2022/23 reports								
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Final Annual Governance Statement 2022/23 To consider the Final Annual Governance Statement 2022/23				Open	
<i>Pat Main, Chief Finance Officer,</i>	Deputy Leader and Portfolio	Chief Finance Officer	Audited Statement of Accounts 2022/23				Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Jacqueline Aboagye, Finance Manager</i>	Holder for Finance and Governance and Organisation		To consider the Audited Statement of Accounts 2022/23					
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	External Auditor Report (ISA 260) 2022/23 This report, from the Council's external auditors, summarises conclusions and significant issues arising from the audit of the 2022/23 Annual Financial Report.				Open	
Meeting Date TBC for 2023/24 reports								
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Final Annual Governance Statement 2023/24 To consider the Final Annual Governance Statement 2023/24				Open	
<i>Pat Main, Chief Finance Officer, Jacqueline Aboagye, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance and Governance and Organisation	Chief Finance Officer	Audited Statement of Accounts 2023/24 To consider the Audited Statement of Accounts 2023/24				Open	
<i>Pat Main, Chief Finance Officer,</i>	Deputy Leader and Portfolio	Chief Finance Officer	External Auditor Report (ISA 260) 2023/24				Open	

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Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Jacqueline Aboagye, Finance Manager</i>	Holder for Finance and Governance and Organisation		This report, from the Council's external auditors, summarises conclusions and significant issues arising from the audit of the 2023/24 Annual Financial Report.					

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Action Tracker – Audit Committee 2023/24

Meeting 2023/24	Subject and Request	Action	Who	Status	Response
6 December 2023	EXEMPT Item 4 - Risk management - Quarter 2 2023/24 and Item 5 Internal audit – quarter 2 2023/24 progress report	<p>Written response</p> <p>Two written responses were requested from the Strategic Head of Organisation and Transformation.</p>	Strategic Head of Organisation and Transformation	Completed	Circulated to Committee Members on 13 December 2023.

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