

Standards and Audit Committee

Tuesday 5 June 2018 at 7.30pm

**Council Chamber
Runnymede Civic Centre, Addlestone**

Members of the Committee

Councillors M G Nuti (Chairman), D E Anderson-Bassey (Vice-Chairman), A Alderson, M D Cressey, S L Dennett, J R Furey, Mrs Y P Lay, P Snow, P J Taylor and A P Tollett.

In accordance with Standing Order 29.2 any non-member of the Committee who is considering attending the meeting should first request the permission of the Chairman.

A G E N D A

Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant "background papers" are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Miss C Pinnock, Democratic Services, Law and Governance Business Centre, Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425627). (email: clare.pinnock@runnymede.gov.uk).**
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr B A Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on www.runnymede.gov.uk.
- iv) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.
- v) **Filming, Audio-Recording, Photography, Tweeting and Blogging of Meetings**

Members of the public are permitted to film, audio record, take photographs or make use of social media (tweet/blog) at Council and Committee meetings provided that this does not

disturb the business of the meeting. If you wish to film a particular meeting, please liaise with the Council Officer listed on the front of the Agenda prior to the start of the meeting so that the Chairman is aware and those attending the meeting can be made aware of any filming taking place.

Filming should be limited to the formal meeting area and not extend to those in the public seating area.

The Chairman will make the final decision on all matters of dispute in regard to the use of social media, audio-recording, photography and filming in the Committee meeting.

LIST OF MATTERS FOR CONSIDERATION

PART I

Matters in respect of which reports have been made available for public inspection

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PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

a) Exempt Items

(No items to be considered under this heading)

b) Confidential Items

(No items to be considered under this heading)

1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions, which set out the procedures to be followed in the event of fire or other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

3. MINUTES

To confirm and sign the Minutes of the Meeting held on 30 January 2018, previously circulated to all Members in March 2018.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Democratic Services Officer at the start of the meeting. A supply of the form will also be available from the Democratic Services Officer at meetings.

Members are advised to contact the Council's Legal section prior to the meeting if they wish to seek advice on a potential interest.

Members are reminded that a non pecuniary interest includes their appointment by the Council as the Council's representative to an outside body and that this should be declared as should their membership of an outside body in their private capacity as a director, trustee, committee member or in another position of influence thereon.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is a disclosable pecuniary interest or if the interest could reasonably be regarded as so significant as to prejudice the Member's judgement of the public interest.

6. INTERNAL AUDIT PROGRESS REPORT (TIAA)

Synopsis of report:
To inform Members on the progress made by TIAA, the Council's internal auditors, on progress to date with the 2017/18 and 2018/19 Internal Audit Annual Plans.

Recommendation(s):
None: The report is for information.

1. Context of report

1.1 Attached at Appendix 'A' is TIAA's Internal Audit Progress Report for 2017/18 and 2018/19.

2. Report

- 2.1 The report identifies the audits which have been completed since the meeting of this Committee in January 2018 for the 2017/18 planned audits.
- 2.2 There have not been any changes to the 2018/19 audit plan.
- 3. **Resource implications**
- 3.1 The audit service is budgeted for in the Council's annual budgets, with a small contingency to cover unforeseen audits.
- 4. **Legal implications**
- 4.1 None.
- 5. **Equality implications**
- 5.1 None.

(For information)

Background papers

Relevant Internal Audit working files and reports

7. ANNUAL INTERNAL AUDIT ASSURANCE REPORT 2017/18 (TIAA)

Synopsis of report:

To inform Members on the outcome of the internal audit work carried out during 2017/18 by the Council's Internal Auditors, TIAA.

Recommendation(s):

None: The report is for information.

- 1. **Context of report**
- 1.1 Attached at Appendix 'B' is TIAA's Annual Internal Audit Assurance Report 2017/18.
- 2. **Report**
- 2.2 The report identifies the audits carried out during 2017/18 and the overall assurance opinion for the year which is "satisfactory". As the report shows all audits have an assurance opinion which is either 'Substantial' or 'Reasonable', both of which are positive outcomes, with no 'Limited Assurance' reports and no 'No Assurance' reports.
- 2.3 Members can therefore take comfort from the fact that based on the work undertaken by internal audit during 2017/18, systems are generally sound and working as expected.
- 3. **Resource implications**
- 3.1 The audit service is budgeted for in the Council's annual budgets, with a small contingency to cover unforeseen audits.

4. **Legal implications**

4.1 None.

5. **Equality implications**

5.1 None.

(For information)

Background papers

Relevant Internal Audit working files and reports

8. **KPMG AUDIT PLAN FOR THE STATEMENT OF ACCOUNTS 2017/18 (RESOURCES)**

Synopsis of report:

Attached at Appendix 'C' is the KPMG Audit Plan for the upcoming audit of the Council's Statement of Accounts 2017/18.

Recommendation(s):

None. This report is for information.

1. **Context of report**

1.1 The Statement of Accounts (SoA) is the Council's "stewardship" report to electors, business in Runnymede, interested parties and Parliament.

1.2 The audit has various statutory responsibilities set out in the Local Audit and Accountability Act 2014, the national Audit Office Code of Audit Practice and the Public Sector Audit Appointments (PSAA) Statement of Responsibility.

2. **The Audit Plan**

2.1 The Audit has two key objectives – which require the appointed auditor (KPMG), to report on:

- the Council's financial statements, the Annual Governance Statement and the Corporate Director of Resources narrative statement
- Use of Resources –the Council's arrangements for securing value for money in the use of resources.

2.2 The Council, in common with most local authorities, faces some significant risks in 2017/18 and beyond:-

- Value of land and buildings – the Council has increased its asset portfolio significantly since 2014 commencing with the Addlestone One project
- Pension liabilities – the value of the Council's future liabilities as calculated by the actuary for the Surrey pension fund.

- Faster closing timetable – in previous years the SoA was ready for audit by 30 June, now 31 May. The final accounts would be signed by 30 September, now 31 July. Clearly this tighter timetable, with statutory deadlines, does present a risk to the Council.

2.3 The draft Annual Governance Statement is the next item on this agenda and the Corporate Director of Resources will update Members verbally on the progress made with meeting the 31 May deadline

(For information)

Background papers

The Director of Resources' final accounts working file.

9. ANNUAL GOVERNANCE STATEMENT 2017/18 (RESOURCES)

Synopsis of report:

The Annual Governance Statement (AGS) is a significant part of the Council's Statement of Accounts 2017/18. It gives readers the background on the Council's stewardship of public funds.

Recommendation(s)

Subject to any Member amendments, the Annual Governance Statement, as attached at Appendix 'D', be signed by the Leader of the Council and Chief Executive

1. Context of report

- 1.1 The Council has adopted a local code of corporate governance which reflects the guidance contained in the CIPFA / SOLACE Framework for "delivering good governance in local Government". The Framework was updated in 2016. The Council's local code of Governance has been revised and adopted as part of the Council's revised Constitution which came into effect on 16 May 2018. This revised Constitution was approved by full Council on 19 April 2018.
- 1.2 The overall aim of good governance is to ensure that resources are directed in accordance with the Council's policies and priorities and that there is sound and inclusive decision making, with clear lines of accountability for the use of resources and the outcomes they achieve for our communities.
- 1.3 One significant change is that local authorities focus on the long term sustainability of their policies, and the resources that underpin them. Runnymede BC can demonstrate it takes account of the responsibility to future as well as current electors in the Corporate Plan and their regeneration plans which are based on sound financial strategies.

2. Report

The AGS in detail

2.1 The original CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, had the six core principles detailed below:-

1. Focusing on the purpose of the Council and on outcomes for

the community, and on creating and implementing a vision for the local area.

- 2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.**
- 3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**
- 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing of risk.**
- 5. Developing the capacity and capability of Members and Officers to be effective.**
- 6. Engaging with local people and other stakeholders to ensure robust public accountability.**

2.2 The 7 key principles are now:

- Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensure openness and comprehensive stakeholder engagement;
- Define outcomes in terms of sustainable economic, social, and environmental benefits;
- Determine the interventions necessary to optimise the achievement of the intended outcomes
- Develop the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implement good practices in transparency, reporting, and audit to deliver effective accountability

2.3 The AGS contains all of our governance arrangements and how these have been enhanced to reflect how the Council meets all of the new requirements. Many of our arrangements fit into more than one category. In preparing the revised AGS the Chief Executive, Monitoring Officer and Corporate Director of Resources have chosen the most appropriate, but the AGS is to be read in its entirety rather than in discrete sections. The AGS is attached at Appendix 'D'.

2.4 The principles contained in the framework recommend Councils should:

- review existing governance arrangements
- develop and maintain an up to date code of governance which includes arrangements for ensuring ongoing effectiveness
- reporting publicly (the annual AGS) on compliance with our own code and how we have monitored its effectiveness and any planned changes.

2.5 The Framework does acknowledge that any code relies on the shared values, spirit and ethos of the Council that are integrated into the culture and are reflected in Council policies and behaviours.

2.6 The general principles of the code are that:-

1. We behave with integrity demonstrating strong commitment to ethical values and respecting the rule of law
2. Ensuring openness and comprehensive stakeholder engagement

3. Policy framework implications

3.1 The AGS summarises how all of the Council's various policies and strategies, as well as day to day operations, deliver a strong operational governance framework for Members and Officers to work within.

4. **Legal implications**

4.1 Regulation 6(1)(a) of the Accounts and Audit Regulations 2016 require a local authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1)(b) of the Accounts and Audit Regulations 2016 describes the statement as an Annual Governance Statement.

4.2 The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be "prepared in accordance with proper practices in relation to accounts".

(To resolve)

Background papers

CIPFA/ SOLACE – delivering good governance, 2016 edition

10. **COMPLAINTS AND COMPLIMENTS 1 JANUARY – 31 MARCH 2018 (LAW AND GOVERNANCE)**

Synopsis of report:

To provide Members with a summary of the complaints and compliments received from 1 January to 31 March 2018.

Recommendation(s):

None. This report is for information.

1. **Context of Report**

1.1 The Council maintains a database of formal complaints which have been recorded (including those in which the Local Government and Social Care Ombudsman (LGSCO) has been involved), what they relate to and how they have been resolved. We maintain a similar database for compliments that have been recorded.

2. **Report**

2.1 The Council's Complaints Procedure regards complaints as 'an expression of dissatisfaction with a Council's action or omission, whether justified or not'. Requests for services, information and explanations of Council policy are not generally regarded as complaints.

- 2.2 Members are updated on complaints and compliments received at each scheduled meeting of this Committee rather than following the corporate KPI model or the financial year.

Complaints and Compliments

- 2.3 There were 30 formal complaints and 16 compliments recorded between 1 January and 31 March 2018. The table below shows the number of entries in each register from 1 June 2017 to 31 March 2018.

Business Centre	Complaints 2017			Totals by Business Centre	Complaints 2018
	June - Aug	Sept - Oct	Nov - Dec		
Corporate Services	1	4	0	5	1
Community Development	1	2	2	5	2
Environmental Services	5	5	3	13	4
Housing	4	7	4	15	9
Law and Governance	0	0	0	0	1
Planning	3	5	4	12	8
Resources	3	4	0	7	5
Totals	17	27	13		30

Business Centre	Compliments 2017			Totals by Business Centre	Compliments 2018
	June - Aug	Sept - Oct	Nov - Dec		
Corporate Services	0	0	0	0	0
Community Development	1	2	2	5	0
Environmental Services	2	1	5	8	10
Housing	3	0	0	3	5
Law and Governance	3	0	0	3	0
Planning	1	0	0	1	0
Resources	5	3	1	9	1
Totals	15	6	8		16

- 2.4 The number of complaints was higher in the last reporting period. However, the number of compliments has doubled.
- 2.5 Of the 30 complaints received, there were 8 upheld, 1 partly upheld, 17 not upheld and the remaining 4 in respect of refuse and recycling are in the process of being dealt with.

- 2.6 In addition, a complaint received in Housing has been added to the November/December figures as it was not resolved until January and then added to the register at that point rather than when it was received in December.
- 2.7 The nature of complaints in this period (bearing in mind the majority were not upheld) concerned a number of different things, some of which were beyond our control such as legislation concerning Council Tax and Benefits, parking in residential areas and dissatisfaction with having to pay a fine that was rightly applied. Where we upheld complaints, three related to administrative errors, the handling of 2 planning applications, an appeal regarding a planning condition and one regarding one of our contractors. Where we partly upheld a complaint it was regarding a regulation which, although we had no control over, a delay in taking further action was offered.
- 2.8 There were 16 compliments received between 1 January and 31 March 2018. This was double the amount received just before Christmas 2017. Ten of these were for Environmental Services (Refuse and Recycling (9) and Licensing (1)), 5 for Housing and 1 for Customer Services.
- 2.9 One member of staff in Housing Maintenance got two compliments. In Refuse and Recycling it was pleasing to note the number of compliments for staff 'on the front line' and that residents had taken the trouble to record their satisfaction with the consideration and diligence shown by crews.
- 2.10 The recording and periodic review of complaints and compliments is a valuable tool for the Council to use to review performance and improve the delivery of services. There will be a report to Members in September 2018, as requested at the last meeting, once the registers have been operating for a full year.
- 2.11 Compliments are also a useful performance tool. They highlight when things are working well and can be used to identify good working practices which can be shared across the organisation. For example the appreciation our residents have for the personal touch and face to face contact

3. Policy framework and legal implications

- 3.1 Members approved a new Customer Service Charter in December 2016. Officers had anticipated that this would go live early in the new financial year. However, this has been delayed. Under the new Complaints Procedure the response time for formal complaints will be reduced from 10 to 5 working days. A new procedure has been drafted in readiness.
- 3.2 The registers have been reviewed to ensure they comply with the General Data Protection Regulation. A notice has been added to the registers stating that the retention period is two years after which entries are deleted. Information in the spreadsheets which might identify individuals is not shared except for the express purpose of resolving a complaint internally and only externally if the Local Government Ombudsman or other relevant public body becomes involved.

4. Resource implications

- 4.1 Responsibility for overseeing the registers of compliments and complaints is an important part of Corporate Governance and is undertaken by an Officer in Democratic Services on behalf of the Monitoring Officer and met from within existing resources. Accurate completion of the registers is the responsibility of those designated Officers across the organisation. There are a number of Officers that have access to the registers which spreads the workload.

5. **Equality implications**

- 5.1 Although Officers endeavour to collect data that might enable us to identify whether a complainant, or satisfied customer for that matter, has a protected characteristic for equality monitoring purposes, in practice hardly anyone is prepared to divulge such information. Consequently, it is impossible to say whether any particular group is disadvantaged.
- 5.2 In this period no complaints were recorded as being relevant to a protected characteristic.

(For information)

Background papers

The Complaints and Compliments Registers held on the Council's feedback drive and relevant (part exempt) emails in Democratic Services Outlook folders.

11. **COMPLAINTS ABOUT COUNCILLORS 2017/18 (LAW AND GOVERNANCE)**

Synopsis of report:

To inform Members of complaints about Councillors received during 2017/18

Recommendation:

None. This report is for information.

1. **Context of report**

- 1.1 At the time of the adoption of the new Code of Conduct for Members in 2012, the Council requested the Corporate Head of Law and Governance to produce an annual report of complaints received about elected Members and any action taken.

2. **Report**

- 2.1 During 2017/18 there were 5 recorded complaints about the conduct of elected Members. This compares with 3 complaints in 2016/17.
- 2.2 An extract from the Register of Complaints about Councillors is attached at Appendix 'E' and is also available for inspection on the Council's website with the other Councillor related pages.
- 2.3 In the first case, the elected Member acknowledged they had breached the Code with regard to treating others with respect. The Member issued a public apology to the resident and the matter was treated as having been resolved informally. In the second case, an informal resolution was rejected by the elected Member and the case has been referred for an external investigation. In the third case, no breach was found as the Member in question was not found to be acting in contravention of the Council's Constitution. The remaining complaints are currently with the Monitoring Officer for investigation and he has been liaising with the Independent Persons who are consulted when issues concerning conduct arise. However, to give any further information at this stage would be likely to breach the General Data Protection Regulation as the individuals concerned could be identified.

2.4 It is disappointing that a small cluster of complaints has arisen in a short space of time and by their nature have been somewhat acrimonious between the parties.

3. **Policy framework implications**

3.1 The Councillor's Code of Conduct is intended to provide a framework and guidance of how elected and co-opted Members should conduct themselves within the context of the Nolan Principles set out in the Council's Constitution.

4. **Resource implications**

4.1 Most complaints can be dealt with within existing resources unless the services of an external investigator are required. In 2017/18 the need for an external investigator has arisen but the cost of this will be met from the 2018/19 financial year owing to their timing being so close to the end of this Municipal Year.

5. **Equality implications**

5.1 Although Officers endeavour to collect data that might enable us to identify whether a complainant, or satisfied customer for that matter, has a 'protected characteristic' for equality monitoring purposes, in practice hardly anyone is prepared to divulge such information. Consequently, it is impossible to say whether any particular group is disadvantaged.

(For information)

Background papers

Exempt Correspondence on file 66.17.12 and the Law and Governance Outlook email folders.

12. EXCLUSION OF PRESS AND PUBLIC

If Members are minded to consider any of the foregoing items in private, it is the

OFFICERS' RECOMMENDATION that -

where appropriate the press and public be excluded from the meeting during discussion of the report(s) under Section 100A(4) of the Local Government Act 1972 on the grounds that the report(s) in question would be likely to involve disclosure of exempt information of the description specified in the relevant paragraphs of Part 1 of Schedule 12A of the Act.

(To resolve)

Part II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

a) Exempt Items

(No items to be considered under this heading)

b) Confidential Items

(No items to be considered under this heading)

Standards and Audit Committee

Tuesday 5 June 2018

Appendices

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Runnymede Borough Council

**Internal Audit Progress Report
2018/19**

Standards and Audit Committee – 5 June 2018

INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our 2017/18 and 2018/19 work at Runnymede Borough Council as at 1 May 2018.

PROGRESS AGAINST THE 2017/18 ANNUAL PLAN

2. Our progress against the Annual Plan for 2017-18 is set out in Appendix A and for 2018/19 in Appendix B. The audits finalised since the last report are shown in section 5 below and where appropriate in Appendix C.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation in the period since our last progress report.

AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

5. The table below sets out details of audits finalised since the previous meeting of the Standards and Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Day Centres	Reasonable	21/09/17	03/04/18	04/04/18	-	-	4	5
Depot	Reasonable	04/04/18	23/04/18	24/04/18	-	2	4	-
Housing Rents	Substantial	19/12/17	25/04/18	26/04/18	-	-	-	-
Benefits and Council Tax Support	Substantial	16/02/18	21/02/18	22/02/18	-	-	1	1
Council Tax	Substantial	06/03/18	24/04/18	25/04/18	-	-	1	-
Accounts Receivable (Debtors)	Substantial	01/12/17	07/12/17	08/12/17	-	1	-	-
Income – Cash and Bank	Substantial	17/01/18	21/01/18	22/01/18	-	-	-	-
Main Accounting	Substantial	16/03/18	25/03/18	26/03/18	-	-	-	-

NDR	Substantial	08/02/18	19/02/18	20/02/18	-	-	1	1
Treasury Management	Substantial	21/03/18	28/03/18	29/03/18	-	-	1	-

All Priority 1 and 2 recommendations made and management responses are shown at Appendix C.

CHANGES TO THE ANNUAL PLAN 2018/19

6. We have not made any changes to the to the plan for 2018/19

FRAUDS/IRREGULARITIES

7. No fraud or irregularity has been reported in the period since the last report to Committee.

LIAISON

8. We continue to liaise with the Corporate Director of Resources on a regular basis.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

9. We have not made any further Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous progress report.

RESPONSIBILITY/DISCLAIMER

10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2017/18

System	Planned Quarter	Days	Current Status	Comments
Risk Management	1	6	Final report issued December 2017	
Community Transport	1	5		Audit delayed at request of client now Q4. Cancelled from 2017/18 plan. Audit will now be done in 2018/19
Safeguarding/Prevent	1	5	Final report issued October 2017	
Day Centres	1	5	Final report issued April 2018	
Customer Services	1	8	Draft report issued May 2018	Audit delayed at request of client now Q4
Addlestone 1 (Town Centre Redevelopment-First half year)	2	5	Final report issued June 2017	
Procurement	2	6	Final report issued October 2017	
Governance (Constitution/Reporting/Records)	2	6	Draft report issued October 2017	
HR – Absence Management	2	5	Final report issued November 2017	
Depot – to include Commercial (Trade) Waste from 2017/18	2	6	Final report issued April 2018	Audit delayed at request of client now Q4
Building Control	2	3	Final report issued October 2017	
Housing Enforcement	2	6		Audit delayed at request of client now Q4. Cancelled from 2017/18 plan. Audit will now be done in 2018/19
Housing Rents	2	6	Final report issued January 2018	
Commercial Rents	2	8	Draft report issued May 2018	
Commercial Property Redevelopment	3	11	Draft report issued May 2018	
ICT – GDPR	3	5	In progress	

System	Planned Quarter	Days	Current Status	Comments
ICT – Cyber Security	3	8	In progress	
ICT – Project Management	3	6	In progress	
Benefits and Council Tax Support	3/4	10	Final report issued February 2018	
Council Tax	3/4	6	Final report issued April 2018	
Accounts Payable (Creditors)	3/4	6	Final report issued December 2017	
Accounts Receivable (Debtors)	3/4	6	Final report issued December 2017	
Income – Cash and Bank	3/4	6	Final report issued January 2018	
Main Accounting (General Ledger)	3/4	6	Final report issued March 2018	
Payroll	3/4	8	Final report issued December 2017	
Non Domestic Rates (NDR)	3/4	6	Final report issued February 2018	
Treasury Management	3/4	6	Final report issued March 2018	
Follow Up	4	6	Final report issued November 2017	
Sheltered Centres	4	5		Cancelled from 2017/18 plan. Audit will now be done in 2018/19
Addlestone 1 (Town Centre Redevelopment-Second half year)	4	5	Draft report issued May 2018	
Total		186		

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

Progress against the Annual Plan for 2018/19

System	Planned Quarter	Days	Current Status	Comments
Business Continuity	1	6		
Data Protection	1	6		
HR - Recruitment	1	6	In Progress	
Whistle Blowing follow up	1	3		
Community Transport	1	5		Brought forward from 2017/18
Housing Enforcement	1	6		Brought forward from 2017/18
Sheltered Centres	1	5		Brought forward from 2017/18
Building Services	1	5	In Progress	
Runnymede Travel Initiative	2	5	In Progress	
Enforcement	2	6		
Community Grants	2	5	In Progress	
Housing Rents	2	8		
Housing Repair and Maintenance	2	8		
Benefits and Council Tax Support	3	10		
NDR	3	11		
Council Tax	3	11		
Accounts Payable (Creditors)	3	6		

System	Planned Quarter	Days	Current Status	Comments
Accounts Receivable (Debtors)	3	6		
Income – Cash and Bank	3	6		
Payroll	3	11		
Budgetary Control	3	6		
Project Management Toolkit	3	5		
Addlestone One (Town Centre Redevelopment)	4	6		
Commercial Property	4	11		
Commercial Rents	4	6		
Procurement / Contracts	4	6		
ICT Audit	4	6		
ICT Audit	4	6		
ICT Audit	4	6		
Follow up	Q1 (19/20)	6		
Total		198		

Recommendations – Priority 1 and 2 recommendations

Audit Report: Depot
Report Issued: April 2018

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	It was noted that the procedures although updated in December 2017 (Version 5) were still in need of a refresh to take account of any changes and updates required. It is therefore suggested that a complete read through is required of the procedures and amendments made to provide a current and up to date set of procedures for the Depot.	The DSO Procedures be read and updated, as appropriate, to reflect current working practices.	2	Agreed	01/07/2018	Senior DSO Officer
2	Directed	The induction log was reviewed which contains the signed induction forms for operatives to make sure they understand and can undertake their duties in compliance with health and safety requirements. It was noted that this form primarily related to key health and safety matters but did not include	The health and safety induction training programme be extended to include the various office procedures that are noted in the DSO Procedures Manual which relate to operatives.	2	Agreed	01/06/2018	DSO Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>a number of the procedures held in the Depot's procedures manual. It is therefore suggested that the Health and Safety induction form is updated to reflect the many procedures in the procedures which relate to the various levels of staff/operative.</p>					

Audit Report Accounts Receivable (Debtors)
Report Issued: 8/11/17

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	Sample testing of invoices and credit notes highlighted that in five cases (relating to four individuals) the authorising officer did not have the delegated authority to do so, as per the Council's authorised signatory list. When this was discussed with officers, it was confirmed that two cases represented human error and the authorisation levels for the other two individuals should be amended. In addition, in three cases the supporting documentation had not been countersigned by a second member of the Sundry Debts team as evidence of an input check.	Adequate checks be carried out in all cases to establish that invoices and credit notes have been duly authorised in accordance with the Council's authorised signatory list, with supporting documentation countersigned in all cases as evidence of a secondary check.	2	<i>We are creating an excel version of the signatory lists which allows easy access to staff limits and permissions. This will be updated every time a signatory is added or deleted.</i>	31/12/17	Senior Exchequer Services Officer (Income Services)



Runnymede Borough Council

Internal Audit Annual Assurance Report

2017/18

Internal Audit Annual Report

INTRODUCTION

This is the 2017/18 Annual Assurance Report by TIAA on the internal control environment at Runnymede Borough Council. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of Runnymede Borough Council's risk management, control and governance processes. In my opinion, Runnymede Borough Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2017/18 Annual Audit Plan approved by the Audit and Standards Committee was for 186 days of internal audit coverage in the year. During the year there was 1 addition and 3 deletions to the Audit Plan and these changes were reported to the Standards and Audit Committee.

The majority of the planned work has been carried out and final reports have been issued (Annex A).

There was one audit carried out which was in addition to the work set out in the Annual Audit Plan which was reported to the Committee.

ASSURANCE

TIAA have carried out, or in the process of carrying out some 26 reviews, (of which 18 are finalised, 5 still at draft, 3 still in progress) which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	15	12
Reasonable Assurance	8	7
Limited Assurance	0	0
No Assurance	0	1

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work which has reached final report stage in 2017/18.

Urgent	Important	Routine
0	12	24

AUDIT SUMMARY

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'. Recommendations were however, made to further strengthen the control environment, where appropriate, and the management responses indicated that the recommendations had been accepted.

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational

11

INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

PERFORMANCE AND QUALITY ASSURANCE

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	TBA%
Audits Completed in Time Allocation	100%	TBA%
Final report issued within 10 working days of receipt of responses	95%	TBA%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2016 and in particular to meet the requirement of an independent five year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

RELEASE OF REPORT

The table below sets out the history of this Annual Report.

Date Report issued:	May 2018
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Annexes

Annex A

Actual against planned Internal Audit Work 2017/18

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Risk Management	Assurance	6	6	Reasonable	
Community Transport		5			Cancelled
Safeguarding/Prevent	Assurance	5	5	Substantial	
Day Centres	Assurance	5	5	Reasonable	
Customer Services	Assurance/ Follow up	8	8	Substantial	Draft
Addlestone 1 (Town Centre Redevelopment-First half year)	Assurance	5	5	Substantial	
Procurement	Assurance	6	6	Reasonable	
Governance (Constitution/Reporting/Records)	Assurance	6	6	Reasonable	Draft
HR – Absence Management	Assurance	5	5	Reasonable	
Depot – to include Commercial (Trade) Waste from 2017/18	Assurance	6	6	Reasonable	
Building Control	Assurance	3	3	Substantial	
Housing Enforcement		6			Cancelled
Housing Rents	Assurance	6	6	Substantial	
Commercial Rents	Assurance	8	8	Substantial	Draft
Commercial Property Redevelopment	Assurance	11	11	Substantial	Draft
ICT – GDPR	Assurance	5	5		In progress
ICT – Cyber Security	Assurance	8	8		In progress
ICT – Project Management	Assurance	6	6		In progress

Benefits and Council Tax Support	Assurance	10	10	Substantial	
Council Tax	Assurance	6	6	Substantial	
Accounts Payable (Creditors)	Assurance	6	6	Reasonable	
Accounts Receivable (Debtors)	Assurance	6	6	Substantial	
Income – Cash and Bank	Assurance	6	6	Substantial	
Main Accounting (General Ledger)	Assurance	6	6	Substantial	
Payroll	Assurance	8	8	Reasonable	
Non Domestic Rates (NDR)	Assurance	6	6	Substantial	
Treasury Management	Assurance	6	6	Substantial	
Follow Up	Follow up	6	6	N/A	
Sheltered Centres		5			Cancelled
Addlestone 1 (Town Centre Redevelopment-Second half year)	Assurance	5	5	Substantial	Draft
	Total Days	186	170		



External Audit Plan 2017/18

Runnymede Borough Council

April 2018

Financial Statement Audit

There are no significant changes to the Code of Practice on Local Authority Accounting (“the Code”) in 2017/18, which provides stability in financial reporting terms. The entity is investing in non-core business and there is a risk that the entity do not have the relevant expertise etc. to become successful in these types of investments. The entity is also unable to demonstrate a sustainable revenue stream and still depends heavily on the government which is their main source of income.

Council significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of land and buildings:** Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated;
- **Pension liabilities:** The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation; and
- **Faster Close:** The timetable for the production of the financial statements has been advanced with draft accounts having to be prepared by 31 May 2018 (2017: 30 June) and the final accounts signed by 31 July 2018 (2017: 30 September). We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and any impact on our work.

Value for Money Audit

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risk to date:

- **Delivery of budgets:** As a result of reductions in central government funding, and other pressures, the Authority is having to make additional savings beyond those from prior years and pursue income generation strategies. We will consider how the Authority identifies, approves, and monitors savings plans and income generation projects and how budgets are monitored throughout the year.

Other information

Logistics and team

Our team is led by Joanne Lees - Director and Muhammad Uzair Khan - Manager.

Our work will be completed in four phases from March to September and our key deliverables are this Audit Plan, and a Report to Those Charged With Governance.

Fees

Our fee for the 2017/18 audit is £45,135 (£45,135 2016/2017). This is in line with the scale fees published by PSAA.

Acknowledgement

We thank officers and Members for their continuing help and cooperation throughout our audit.

Content

The contacts at KPMG in connection with this report are:

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Headlines

1. Introduction

2. Financial statements audit planning

3. Value for money arrangements work

4. Other matters

Appendices

- 1: Key elements of our financial statements audit approach
- 2: Independence and objectivity requirements
- 3: Quality framework

Page

3

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

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Joanne Lees, the engagement lead to the Council, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (0207 694 8981, andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

1. Introduction

Background and statutory responsibilities

This plan supplements our 2017/18 audit fee letter dated 27/03/15, which sets out details of our appointment by PSAA.

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the NAO's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit / review and report on your:

- **Council Financial statements:** Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and
- **Use of resources:** Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reported to the Audit Committee.

Financial statements audit

Our financial statements audit follows a four stage process:

- Financial statements audit planning
- Control evaluation
- Substantive procedures
- Completion

Appendix 1 provides more detail on these stages. This plan concentrates on the Financial Statements Audit Planning stage.

Value for Money

Our Value for Money (VFM) arrangements work follows a five stage process:

- Risk assessment
- Links with other audit work
- Identification of significant VFM risks
- Review work (by ourselves and other bodies)
- Conclude
- Report

Page 8 provides more detail on these stages. This plan concentrates on explaining the VFM approach for 2017/18 and the findings of our VFM risk assessment.

2. Financial statements audit planning

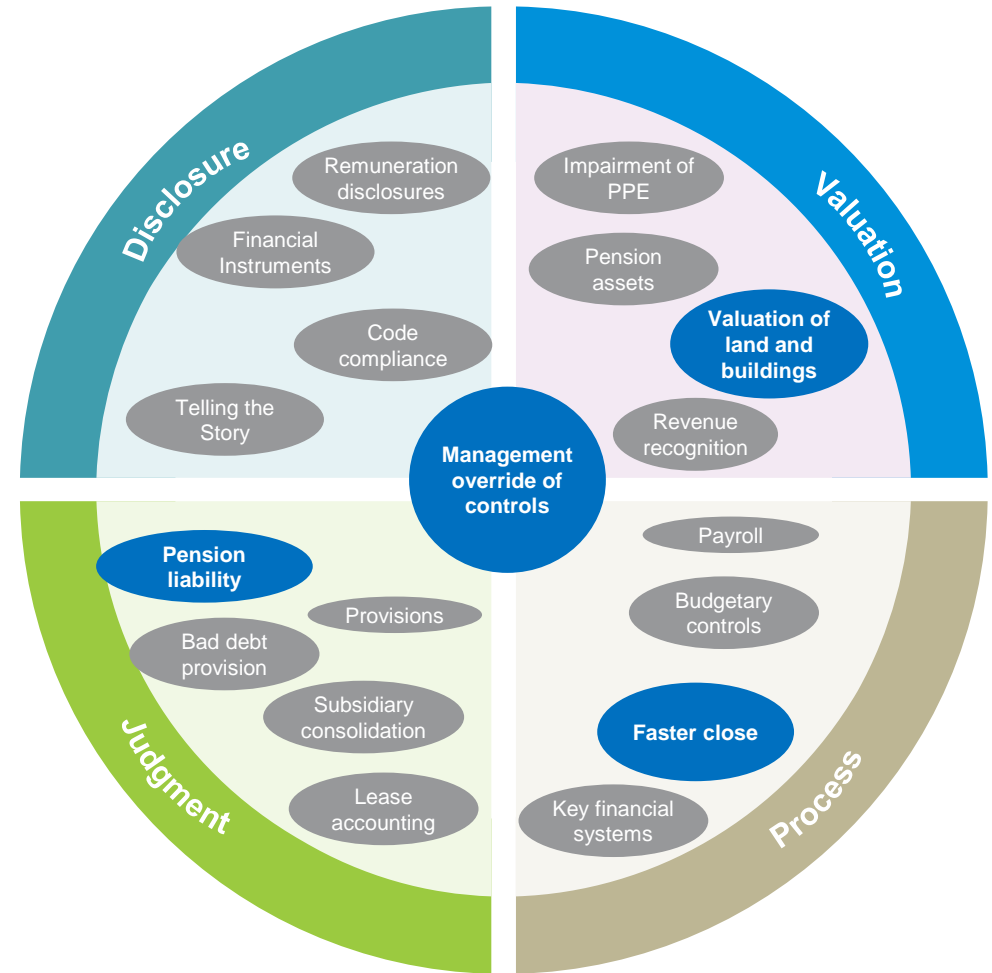
Financial statements audit planning

Our planning work takes place March 2018 and involves: determining materiality; risk assessment; identification of significant risks; consideration of potential fraud risks; identification of key account balances and related assertions, estimates and disclosures; consideration of Management's use of experts; and issuing this plan to communicate our audit strategy.

Council risk assessment

Professional standards require us to consider two standard risks. We are not elaborating on these standard risks in this plan but consider them as a matter of course and will include any findings arising from our work in our ISA 260 Report.

- **Management override of controls:** Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit incorporates the risk of Management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- **Fraudulent revenue recognition:** We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures. We will however consider whether there are any other material revenue streams and if so, we will recognize a significant risk in relation to revenue recognition.



Key: ● Significant risk ● Other area of audit focus ● Other areas considered

2. Financial statements audit planning

Council significant audit risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Council.

Valuation of land and buildings

Risk: The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Council has adopted a rolling revaluation model which sees land and buildings revalued over a five year cycle. As a result individual assets may not be revalued for two years. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. Additionally, Local Authorities exercise judgment in determining the fair value of different asset classes held and the methods used to ensure that the carrying values recorded each year reflect those fair values. Given the materiality in value and the judgment involved in determining the carrying amounts of assets we considered this to be a significant audit risk for 2017/18.

Approach: We will undertake detailed testing of Land and Buildings and Investment Property as part of our final accounts audit, including specific detailed testing of the asset valuation. We will critically analyse the valuation methodology adopted by the Council's valuer, to confirm that it is in accordance with RICS principles and the Council's accounting policies for Land and Buildings and Investment Properties, and the valuation instructions provided. We will consider the basis on which the valuation has been carried out to ensure it is in line with The Code of Practice on Local Authority Accounting in the United Kingdom 2017-18. We will carry out detailed testing to ensure that revaluation gains and losses have been correctly reflected in the financial statements.

Pension liabilities

Risk: During 2016/17, the Local Government Pension Scheme for Surrey County Council (the Pension Fund) has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The Authority's share of pensions assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation. The pension liability numbers to be included in the financial statements for 2016/17 was based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017/18 and 2018/19 the actuary will then roll forward the valuation for accounting purposes based on more limited data.

Approach: There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Surrey County Council, who administer the Pension Fund. As part of our audit, we will agree any data provided by the Authority to the actuary, back to the relevant systems and reports from which it was derived, in addition to checking the accuracy of this data. We will also liaise with Grant Thornton, who are the auditors of the Pension Fund, where this data was provided by the Pension Fund on the Authority's behalf to check the completeness and accuracy such data.

2. Financial statements audit planning

Faster close

Risk: In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.

These changes represent a significant change to the timetable that the Authority has previously worked to. The time available to produce draft accounts has been reduced by one month and the overall time available for completion of both accounts production and audit is two months shorter than in prior years.

To meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. There are logistical challenges that will need to be managed including:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries, subsidiaries and subsidiary auditors) are aware of the revised deadlines and have made arrangements to provide the output of their work accordingly;
- Revising the closedown and accounts production timetable to ensure that all working papers and supporting documentation are available at the start of the audit;
- Ensuring that the Audit & Standards Committee meeting schedules have been updated to permit signing in July; and
- Applying a shorter paper deadline to the July meeting of the Audit & Standards Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report.

In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline. There is an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return. This is not seen as a breach of deadlines.

Approach: We will continue to liaise with officers in preparation for our audit to understand the steps the Authority is taking to meet the revised deadlines. We will look to advance audit work into the interim visit to streamline the year end audit work. Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.

2. Financial statements audit planning

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements. Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Council materiality for planning purposes has been set at £1.2M which equates to approximately 2% of 2017/18 budgeted gross expenditure. The threshold above which individual errors are reported to Audit Committee is £60K.

The Group materiality for planning purposes has been set at same level as the Council which is £1.2M which equates to just under 2% of 2017/18 group budgeted expenditure. The threshold above which individual errors are reported to Audit Committee is £60K.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Group we propose that an individual difference could normally be considered to be clearly trivial if it is less than £60K.

In the context of the Council we propose that an individual difference could normally be considered to be clearly trivial if it is less than £60K.

If Management has corrected material misstatements identified during the audit, we will consider whether those corrections should be communicated to Audit Committee to assist it in fulfilling its governance responsibilities.

Group audit

In addition to the Council we deem the following subsidiaries to be significant in the context of the group audit:

- RBC Investments (Surrey) (Limited) (RBCIS); and
- RBC Services (Addlestone ONE) Limited (RBCSO)

To support our audit work on the group accounts, we seek to place reliance on the work of CSL Partnership Limited, who are the auditors to these subsidiaries. We will liaise with them in order to confirm that their programme of work is adequate for our purposes and they satisfy professional requirements.

In addition, the Authority has two further subsidiary entities; Runnymede Heat Company (RBCHC) which is trading in 2017/18, however, remains immaterial to the council. Furthermore, Applied Resilience, a public service mutual company, which is not material to the financial statements in 2017/18.

We will report the following matters in our Report to those charged with Governance:

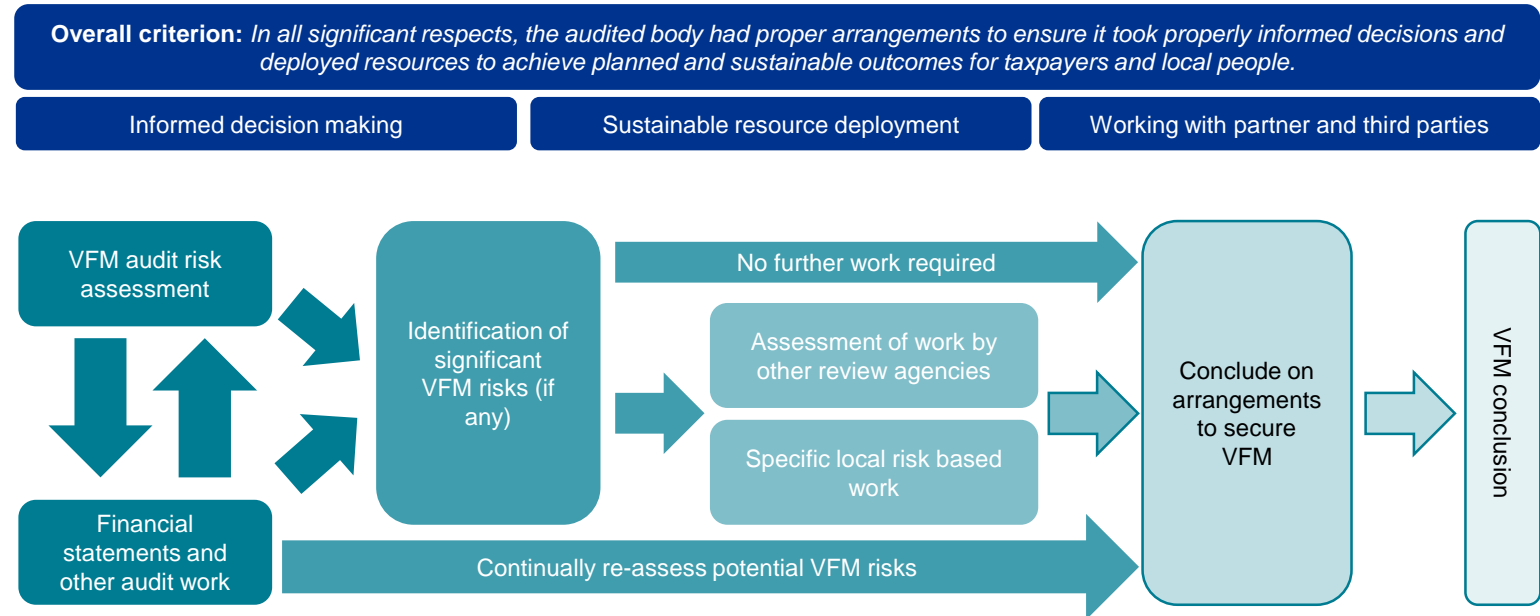
- Any deficiencies in the system of internal controls or instances of fraud which the subsidiary auditors identify;
- Any limitations on the group audit, for example, where our access to information may have been restricted; and
- Any instances where our evaluation of the work the subsidiary auditors where applicable gives rise to concern about the quality of that auditor's work.

3. Value for money arrangements work

For our value for money conclusion we are required to work to the NAO Code of Audit Practice (issued in 2015 after the enactment of the Local Audit and Accountability Act 2014). Our approach to VFM work follows the NAO's new guidance that was first introduced in 2015-16, is risk based and targets audit effort on the areas of greatest audit risk. We have planned our audit to draw on our past experience of delivering this conclusion and have updated our approach as necessary. We will also consider reports from your regulators and review agencies.

The Local Audit and Accountability Act 2014 requires auditors of NHS Bodies to be satisfied that the organisation "has made proper arrangements for securing economy, efficiency and effectiveness in its Value for Money". This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to "take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements."

The VFM process is shown in the diagram below:



We have completed our initial VFM risk assessment and have identified a significant risk in relation to the VFM conclusion. See overleaf for our initial VFM risk assessment.

3. Value for money arrangements work

Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

Delivery of budgets

Risk: The current forecast shows that the Council will deliver an overspend of approximately £0.1M in 2017/18.

The Authority's budget for 2018/19 was approved at the Council meeting on 08th February 2018, recognising £7.5M of additional income through income generated by investment property. The Council have a further £10m gross income target from commercial property and regeneration schemes such as the Egham Gateway and Addlestone One projects by the end of the MTFS.

Approach: We will review controls the Authority has in place to facilitate the delivery of its budget, specifically that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, and any required restructuring costs. Robust sensitivity analysis of non-core income generation streams from investment property and the risks associated with these should also form a key part of the budget model and we will consider the extent to which this has been identified in the MTFS

VFM sub-criterion: This risk is related to the following Value For Money sub-criterion:

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and third parties.

4. Other matters

Whole of government accounts (WGA)

We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Council. Deadlines for completion of this for 2017/18 have not yet been confirmed.

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are: the right to inspect the accounts; the right to ask the auditor questions about the accounts; and the right to object to the accounts. As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece where we interview an officer and review evidence to form our decision to a more detailed piece where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised. Costs incurred responding to questions or objections raised by electors is not part of the fee. This work will be charged in accordance with PSAA's fee scales.

Our audit team

Your audit team has been drawn from our specialist public sector assurance department and is led by two key members of staff:

- Joanne Lees: your Director has overall responsibility for the quality of the KPMG audit work and is the contact point within KPMG for the Audit & Standards Committee, the Chief Executive Director of Corporate Resources.
- Muhammad Uzair Khan: your Manager is responsible for delivery of all our audit work. He will manage the completion of the different elements of our work, ensuring that they are coordinated and delivered in an effective manner.

The core audit team will be assisted by other KPMG staff, such as risk, tax, clinical or information specialists as necessary to deliver the plan.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but in ensuring that the audit team is accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are required to be independent and objective. Appendix 2 provides more details of our confirmation of independence and objectivity.

4. Other matters

Audit fee

Our Audit Fee Letter 2017/2018 presented to you in April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the S151 Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £45,135 for the Council (2016/17: £45,135).

Grants and claims work

We undertake other grants and claims work for the Council that does not fall under the PSAA arrangements

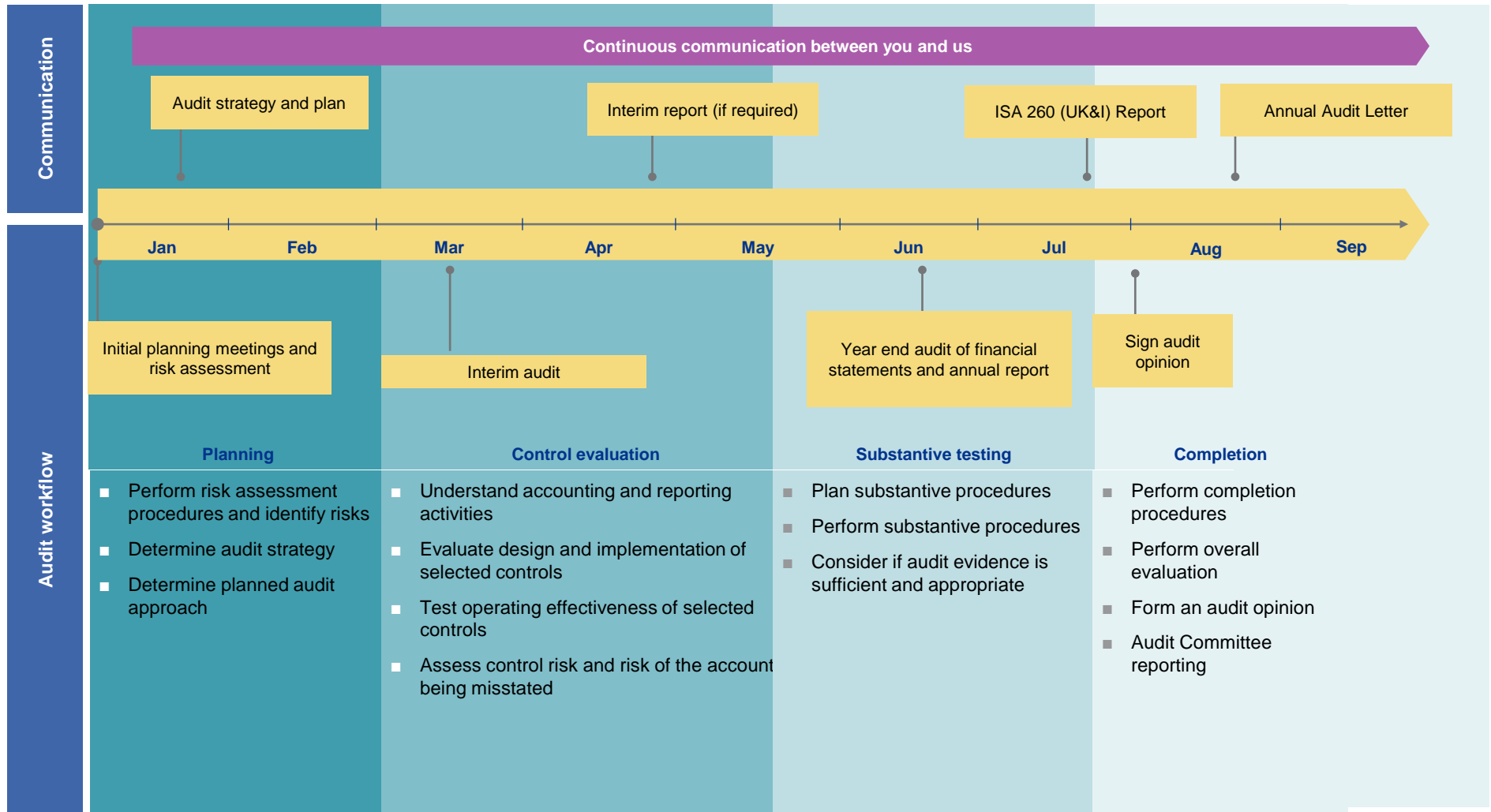
- Housing benefits grant claim: This audit is planned for August/September 2018. Our fee for this work is £8,970 and falls under PSAA arrangements.
- Pooled housing capital receipts: This audit is planned for August/September 2018. Our fee for this work is £2,500; and

Public interest reporting

In auditing the accounts as your auditor we must consider whether, in the public interest, we should make a report on any matters coming to our notice in the course of our audit, in order for it to be considered by Members or brought to the attention of the public; and whether the public interest requires any such matter to be made the subject of an immediate report rather than at completion of the audit.

At this stage there are no matters that we wish to report.

Appendix 1: Key elements of our financial statements audit approach



Appendix 2: Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF RUNNYMEDE BOROUGH COUNCIL

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses: General procedures to safeguard independence and objectivity; Breaches of applicable ethical standards; Independence and objectivity considerations relating to the provision of non-audit services; and Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values; Communications; Internal accountability; Risk management; and Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the Council and its affiliates for professional services provided by us during the reporting period.

We confirm that all non-audit services were approved by the audit & standards committee or equivalent

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following.

Appendix 2: Independence and objectivity requirements

Analysis of Non-audit services for the year ended 31 March 2018

Appropriate approvals have been obtained from PSAA for all non-audit services above the relevant thresholds provided by us during the reporting period. In addition, we monitor our fees to ensure that we comply with the 70% non-audit fee cap set by the NAO.

Description of scope of services	Principal threats to independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2018	Value of Services Committed but not yet delivered
				£000	£000
Pooling of house capital receipt & Housing Benefits	Self review; assumption of management responsibility	KPMG staff will be used for performing the audit work on the returns, however the staff have not been involved in the preparation of the returns, nor will the audit of the statutory accounts have concluded on the grants work already.	£11,470 (total)	Nil	£11,470

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

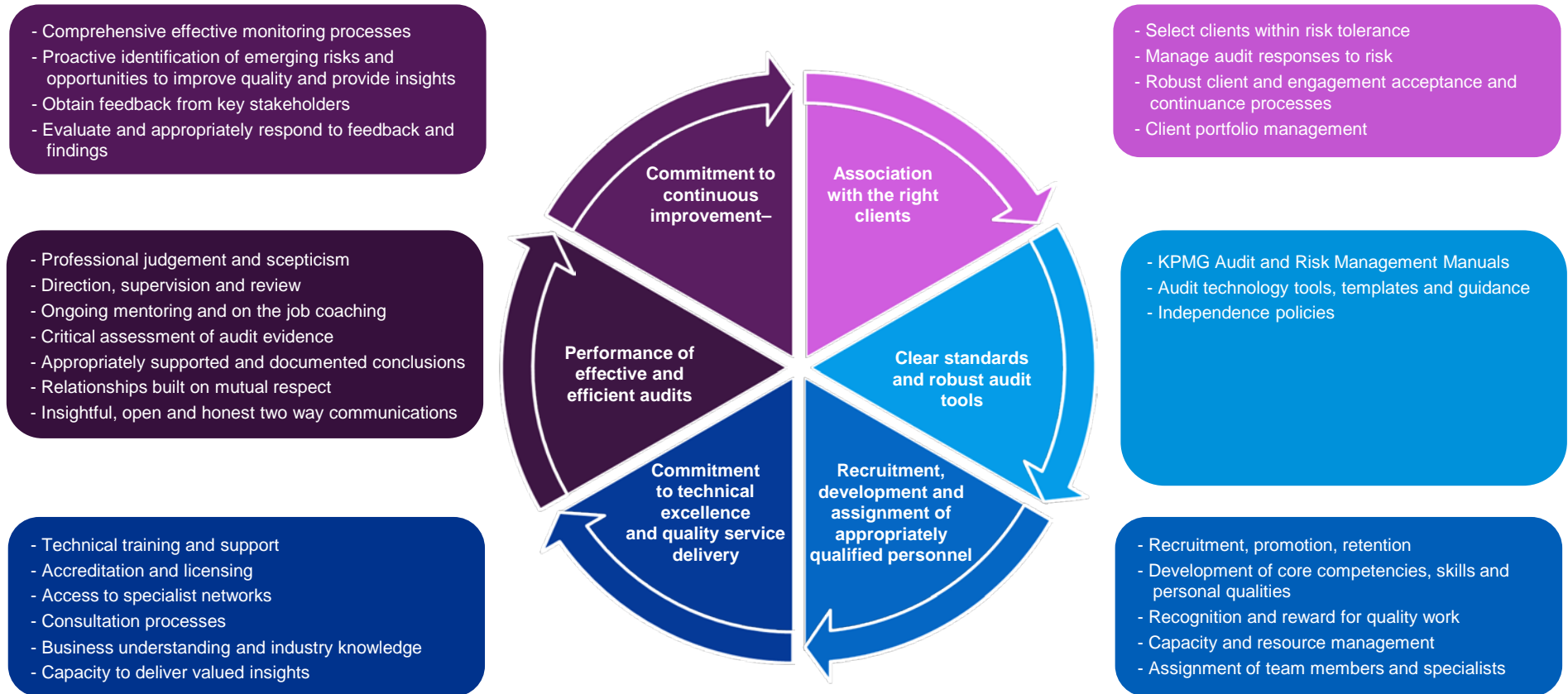
We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Appendix 3: Quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework





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This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment’s website (www.psaa.co.uk).

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

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

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Scope of responsibility

Runnymede Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Runnymede Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Runnymede Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Runnymede Borough Council has formally adopted a code of corporate governance as recommended in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 edition*. This statement explains how Runnymede Borough Council meets the requirements of regulation 6 of the Accounts and Audit Regulations 2016 in relation to the publication of an Annual Governance Statement and the CIPFA/SOLACE Code of Practice. The Council has also adopted the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The purpose of the Governance Framework

The Governance Framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Runnymede Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at Runnymede Borough Council for the year ended 31 March 2017 and up to the date of approval of these Financial Statements.

The Governance Framework

The key principles and how the Council has complied with them are as set out in Chapter 6 of the 2016 Framework, are:

- Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensure openness and comprehensive stakeholder engagement;
- Define outcomes in terms of sustainable economic, social, and environmental benefits;
- Determine the interventions necessary to optimise the achievement of the intended outcomes
- Develop the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implement good practices in transparency, reporting, and audit to deliver effective accountability

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The key elements of the core principles are detailed below.

A Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

The Council has adopted a Constitution which has been revised in 2017/18 and formally adopted by the Council in April 2018. This sets out how the Council operates and how decisions are made with procedures to be followed to ensure they are fit for purpose. The Constitution details the roles and functions relative to these bodies, panels and officers. The Council's committee structure with main functions is shown below.

The Corporate Management Committee set up or continued with a number of member Working Groups in 2014/15 to 2017/18 to oversee a number of significant projects or the business of the Council.

The Business Systems and Communications Member Working Group reports to the same Committee on the implementation of ICT and solutions in the Customer Services section and how we communicate and transact with residents, businesses and visitors to the Borough – the aim being to significantly improve the services we provide.

The Council has invested in the regeneration of the three major towns in the Borough – Addlestone, Chertsey and Egham. The first project is the Addlestone One investment followed by the Egham Gateway phase 1 and a new leisure centre in Egham is under construction. The Property and Acquisitions Member Working Group gives initial consideration to strategic asset acquisitions as part of the Council's place shaping and income generation strategy.

The Council operates to a set of Corporate Values which underpin individual and collective behavior and are reflected in discussion, communication and the decision making processes. These values have been adopted as part of the Corporate Business Plan 2016-2020 **and** are stated below.

- **Customer-focused** – we will put our customers at the heart of what we do and they will be able to interact with us easily in the way they want.
- **Passionate** – we will empower our staff to be passionate about all we do.
- **Performance driven** – we will strive for excellence in all we do.
- **Innovative** – we will aim to creatively improve our services.
- **Promoting equality and diversity** – we believe in fairness as well as creating a diverse workforce so we can draw upon a wide range of views and experiences to meet the changing needs of our customers.
- **Delivering excellent value for money** – we will strive to be as efficient and effective as possible.

Corporate Goals

Our Corporate Goals are our broad guiding principles which will help us to achieve Our Vision. These principles are:

- We will deliver cost effective services.
- We will have very satisfied customers.
- We will train, develop and motivate our staff.
- We will be financially stable.
- We will have sound leadership and governance.
- We will have a clear performance management system.
- We will provide customers with a range of channels to interact with us.
- We will be a more agile organisation responsive to changing circumstances.

Members have adopted a set of principles regarding behavior, contained in the Member Code of Conduct which forms part of the Constitution, which complement the procedures and codes operated. They were adopted in 2012 and minor amendments made since on three occasions.

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The Code of Conduct for Members is based upon the Nolan Principles and section 28(1) of the Localism Act 2011

Selflessness

To serve only the public interest and never improperly confer an advantage or disadvantage on any person.

Integrity

Not to place themselves in situations where their integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behavior

Objectivity

Make decisions on merit, including when making appointments, awarding contracts or recommending individuals for rewards or benefits.

Accountability

To be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their Office.

Openness

To be as open as possible about their actions and those of the Council and should be prepared to give reasons for those actions.

Honesty

Not to place themselves in situations where their honesty may be questioned, should not behave improperly and should, on all occasions, avoid the appearance of such behavior.

Leadership

Should promote and support these principles by leadership and by example and should always act in a way that secures or preserves public confidence.

B Ensure openness and comprehensive stakeholder engagement

As stated above, the Council has a Corporate Business Plan in place which sets out its vision, values, goals and priorities. In 2016 the Council went through an extensive consultation exercise with its residents in preparing the Corporate Business Plan. In 2017/18 the Council consulted widely with residents on the Local Plan which will be submitted to Government in July 2018. In 2017/18 the Council also consulted widely on revisions to its Constitution. The Council also works closely with the M3 LEP (Local Enterprise Partnership)

C Define outcomes in terms of sustainable economic, social, and environmental benefits

The Council is responsible for a number of key services and functions including:

- Community grants and events.
- Council tax and business rates collection. Also administering the national council tax and housing benefit service locally. The Council has adopted a local council tax support scheme.
- Environmental Services e.g. Engineering, parking, refuse collection, street cleaning and recycling.

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- Housing – both the Council's own stock of dwellings for rent and some aspects of private sector housing including homelessness and improvement and disabled adaptation grants.
- Community Development e.g. Leisure development, green space, halls, museum, community safety, community alarms, community meals, community transport, independent retirement living, and centres for over 55s.
- Regulation e.g. planning, building control, environmental health and licensing.
- Asset management – this increased in 2016/17 to 2019/20 in scope and in the number of staff involved in generating new income from significant investment in infra-structure. In 2016/17 and 2017/18 the General Fund borrowed to part fund a significant regeneration project in Addlestone and refurbish two assets at St Jude's and Ashdene in Englefield Green. Further projects commenced in 2017/18 and will continue in 2018/19 and beyond.
- During 2017/18 the three Council owned companies became active requiring company accounts to be prepared. These are consolidated into the Council's main Statement of Accounts.

In 2012/13 the Council started a major, long term "place shaping" and revitalisation initiative. This included major projects in Addlestone and Egham which continued to be developed in 2017/18. The construction of the Addlestone One development commenced in the spring of 2015. The development is on target to be completed in two phases during 2017/18 and mid 2018/19. While this will involve spending around £75m to fund the development the governance structures are already in place. The regeneration and place shaping plans have been further developed in 2017/18.

The scheme includes a new Leisure Centre which replaces a 1970's centre with extensive maintenance liabilities with a new centre, which will include Runnymede's only large swimming pool.

In all of these schemes residents, local businesses and other stakeholders have been involved in the design brief. Officers report to Members on the progress of each regeneration scheme quarterly. To support the revenue costs of the place shaping and regeneration projects and to compensate for a marked reduction in Government funding, the Council's capital programme included £200 million in 2017/18 to acquire assets which generate a sustainable income stream. In March 2017 the Standards and Audit Committee made recommendations to Council to strengthen the governance arrangements on the regeneration strategy which was included in the 2017 revised constitution of the Council.

As part of the Internal Audit of the processes behind commercial rent reviews it was identified that a significant number of reviews, including at least one high value rent review, had not taken place. The rent foregone is likely to have been over £1 million over a ten year period. Following a review of process reported to the Standards and Audit Committee the Council has transferred responsibility for rent reviews to the Commercial Services with increased resources to review over 200 lease agreements. An action plan on the recovery process is reported regularly to the Standards and Audit Committee.

In 2017/18 a "whistle blower" alleged an officer had accepted a bribe from a contractor they regularly commissioned work from. The allegation was not proven. However a follow up investigation by Internal Audit into the way management investigated the original allegation has resulted in a review of the anti-fraud and corruption policies and the way officers investigate any potential financial irregularities.

The role of the Standards and Audit Committee includes:

- Promoting and maintaining high standards of conduct by Councilors and co-opted Members
- Assisting Councilors and co-opted Members to observe the Members' Code of Conduct

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- Advising the Council on the adoption or revision of the Members' Code of Conduct and monitoring its operation

The conduct of Members and Officers is further regulated through a number of individual strategies including anti-fraud and corruption and money laundering strategies.

The Chief Executive (Head of Paid Service), the Corporate Head of Law & Governance (Monitoring Officer) and the Corporate Head of Resources (Responsible finance officer) each have specific responsibilities to ensure reports to Members for decision comply with Financial Regulations, Standing Orders and are lawful.

The Constitution includes protocols on Member /Officer relations. The Monitoring Officer has confirmed that in 2017/18 there were five complaints received. No breach was found in one case, one was resolved locally and three are still being investigated.

D Determine the interventions necessary to optimise the achievement of the intended outcomes

The Council sets the overall strategy and policy, and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to. The system of internal control is based on a framework contained within the Constitution, including rules and procedures in respect of:

- Functions of the Council, Committees and Officers;
- Procedures for conducting the Council's business;
- Delegations to Officers;
- Budget and policy framework;
- Ethics and probity;
- Overview and scrutiny;
- Financial and contracts procedures;

Taken together, the Constitution defines how decisions are taken and the processes and controls required in managing risk. The Constitution also contains a wide range of control and policy documents to support sound corporate governance. These policy documents can be viewed on the Council's website at www.runnymede.gov.uk

The Constitution is reviewed each year. This process includes consultation with staff and councillors, a report to the Corporate Management Committee on proposed changes, and the approval of the revised Constitution by the Full Council. Changes are made through the year as appropriate.

Companies owned by the Council

In 2015/16 the construction began on a major regeneration scheme in Addlestone, called Addlestone One. The Council is investing £75m in a scheme to provide 213 dwellings, with 53 sold off plan to a registered provider, 60 will be sold to owner occupiers on long term leases and 100 provided for rent by RBC Investments (Surrey) Limited, a company 100% owned by the Council.

RBC Investments (Surrey) Limited became active on 01/10/15. It is the Council's investment and property development company which will take long term leases on private dwellings that become owned by the Council and then manage those properties and be responsible for collecting rents etc. The long term leases are independently valued using Section 123 Local Government Act 1972 criteria and will be paid for by the Company by way of a single payment using loan funding from the Council. The interest rate charged by the Council is a commercial loan rate of 5.02% which is compliant with the EU State Aid Rules having regard to the base rate and risk / security for the loan. The Framework for loans is provided by the Loan Facilities Agreement (LFA) which

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provides for the normal range of commercial pre-conditions for loan finance to a company and also provides for securing loans against the assets, registering the loan at Companies House and for the registered title to declare the lease and loan.

Two of the Council's Officers are directors of this company:

- Mr. J Rice is the Managing Director who is employed by the Council as their Head of Commercial Services
- Mr. P McKenzie is the Finance Director who is employed by the Council as their Chief Financial Officer.

In addition Mrs. Sarah Keenan, a Council solicitor, is the Company Secretary

The Chairman of the Board and Non-Executive Director is Cllr P I Roberts who was Leader of the Council for 2015/16. He remained Chairman of the Board for 2017/18.

Two other companies were created in 2015/16 and became active in 2017/18. These are:

- RBC Services (Addlestone one) Ltd, which will provide the service charge regime to the commercial and domestic occupants of the St Jude's Cottages Apartments, the Addlestone development and all future commercial or residential holdings of the Council that require service charges to be administered. This company became active in 2016/17 as the regeneration strategy came on line; and
- RBC Heat Company Ltd, which provides heating and hot water as a commercial undertaking to all of the dwellings on the Addlestone ONE development and those commercial tenants who chose to buy the services.

Mr. V Sibley is the Operations Director. Mr. Sibley is employed by the Council as Commercial Services Manager. For both companies the Council's Chief Finance Officer will provide financial services and have oversight of the company affairs to protect the Council's financial interest. The Board has appointed local private sector accountants to prepare the company accounts and the required audits to report to the Council as the ultimate shareholders.

All three companies have Articles of Association in place, company registration documents and bespoke Shareholder Agreements. A detailed business and financial plan has been prepared and the Loan Facilities Agreement (LFA) that will provide the mechanism for drawing down commercial loans from the Council.

At every stage of the development of the Council's regeneration programs and projects, Members have steered the direction of activity within the framework provided by the Property Investment Strategy and via reports to the former Property- Sub Committee, Corporate Management Committee, and all Member briefings to Council who have made key decisions. That process will continue beyond 31 March 2017 as the regeneration activity develops through the procurement of a development partner to deliver the Runnymede Regeneration Programme of five sites over an 8-10 year period and will include building a replacement leisure centre in Egham.

E Develop the entity's capacity, including the capability of its leadership and the individuals within it

The Corporate Business Plan focuses on the outcomes for the community and is the driver behind the Council's priorities. In 2016/17 the Council updated its Corporate Business Plan 2016-2020 following extensive consultation with residents to focus scarce resources on those

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services residents see as important. Elected members adopted the Corporate Business Plan taking those views into account.

The Council has continued its partnership arrangements with other local authorities in areas such as:

- Transport, building maintenance, and ICT.
- In 2015/16 the Council set up an employee led “mutual” with Spelthorne BC called “Applied Resilience”. This has increased both Councils’ capacity to respond to civil emergencies such as the severe flooding which impacted on Runnymede significantly in December 2013 to March 2014 and beyond, as well as business continuity. This arrangement continued in 2017/18
- Community Services providing a range of community services in partnership with Surrey Heath BC.
- Safer Runnymede provides a CCTV service for Spelthorne Borough Councils as well as Thorpe Park (a large theme park) and various NHS establishments.

These arrangements enable the Council to receive or provide cost effective services which require specialist skills and knowledge. It also provides resilience and business continuity arrangements

Corporate Leadership Team (CLT) is led by the Chief Executive supported by:

- Corporate Director of Housing and Community Development
- Corporate Director of Planning and Environmental Services.
- Corporate Head of Law & Governance (the Monitoring officer)
- Corporate Director of Resources (Responsible Finance or Section 151 officer)
- Corporate Head of Strategy

The Corporate Leadership Team is also supported by a range of senior managers as appropriate e.g., the Head of Human Resources and Head of ICT. The Council has set up a flat management structure to support the following objectives:

- Focus management attention on performance management, and achievement of objectives set out in the Corporate Business Plan.
- Budget management is a key target for each manager – to forecast income and expenditure to the year end as part of the monthly monitoring cycle and to propose corrective action for Members consideration if an overspend / underspend is likely to occur.

Attached is the officer structure chart that was in place for most of 2017/18. However, the Chief Executive and Corporate Director of Resources commenced a major restructure of the Resources division in March 2017. The Customer Services and Revenues and Benefits sections are now managed by one Head of service and operational integration was completed in the late summer 2017.

The Council’s Medium Term Financial Strategy predicts significant reductions in Government support to local authorities. The reduction for this Council will be significant by the end of this decade. The officer structure is designed to focus on the delivery of cost effective, efficient services which respond to residents needs and to generate additional income rather than cut expenditure and services.

Officers from CLT meet bi-weekly as a group (with specialist officer’s support) to lead on:

- Strategy
- Business Planning
- Asset Management
- Risk Management
- Business Continuity
- Equalities

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- Health and Safety
- Performance Management for Corporate Key Performance Indicators, Corporate Projects and Financial Management.
- Budget management
- Governance

For Committees, each Member receives a copy of meeting agendas in advance, mostly five working days in advance of the meeting. A Committee or Sub-Committee may agree to accept an urgent item for decision at their discretion.

Reports which have resource implications (assets, financial, human) must receive clearance from the Chief Executive and Chief Finance Officer before being added to draft agenda. Reports contain, where appropriate, legal, financial, risk, equality and diversity implications.

It is a requirement for Members to declare any interests in the report at the beginning of the meeting. As part of the governance trail members also declare if they held any executive positions with organisations that carry out business with the Council. In 2017/18 the Council received declarations from all 42 Councillors.

The Overview and Scrutiny Select Committee carries out the overview and scrutiny functions conferred by regulations under Section 32 of the Local Government Act 2000. The Committee may review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions. In exceptional cases it may "call in" a Committee decision for further consideration before it is implemented. The Committee makes reports and recommendations to the Full Council and any Committee as it sees fit. The Committee prepares an Annual Report on their work programme for the Full Council.

The main aim of the Overview and Scrutiny Select Committee is to act as a "critical friend" to the Council in order to promote better services, policies and decisions. No Member may be involved in scrutinising a decision in which he / she has been directly involved.

The Council also has Planning, Licensing and Regulatory Committees which discharge the following regulatory functions:

- Decisions on planning applications and enforcement items.
- Regulation of taxis, private hire vehicles and other licenses including liquor and public entertainment.

CLT regularly reviews the Corporate Risk Register. The objectives of the Risk Management Strategy are to support the Council identifying risks which need to be mitigated as well as identifying future threats and opportunities.

By ensuring our strategic risk position is reviewed regularly, we seek to improve our customers' lives by taking the appropriate action against risk which may impact on the services they value.

We also seek to minimise the financial impact by mitigating the cost of an event occurring through cost effective mitigation.

In March 2015 the Environment and Sustainability Committee agreed to enhance our emergency planning and risk management capacity by entering into a three year contract with a staff led mutual, Applied Resilience. This Council and Spelthorne Borough Council will each hold 10% of the shares and share in the future distribution of profit. However the main reason for establishing the Mutual was to increase the staff base which brings additional expertise to the Council. The increase in capacity will benefit not only response to emergencies but disaster recovery, business continuity and general risk management. Both Runnymede and Spelthorne Councils have appointed their Chief Financial Officer as Non-Executive Directors of Applied Resilience to protect their Council's financial interests. This relationship was in place during 2017/18.

The CLT and the Applied Resilience team oversee and manage risk by:

- reviewing the strategy regularly

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- ensuring a consistent approach to risk across the Council
- acting as a central point for the co-ordination and dissemination of information on risk
- meeting quarterly to review and update the Corporate Risk Register

F Managing risks and performance through robust internal control and strong public financial management

The Members and Officers, starting in early September 2016, spent a number of days preparing options for the 2017/18 budget. This member / officer group completed and produced a balanced budget by December 2016. The objective was not only the future financial resilience of the Council in an environment where Central Government grant will be reduced but to improve services to residents by reducing overhead costs.

Members receive specific training on the regulative functions, e.g. Planning, and on the Constitution from the Monitoring Officer. During 2017/18 the members of the Standards and Audit Committee have requested specific training in their role and to increase the number of meetings each year from three to four. In 2016/17 and 2017/18 a number of training sessions have been run for newly elected Councilors on various topics including local government finance, treasury management etc. Training and seminars are also provided, at member request on topics such as risk management

The draft Council Tax Support Scheme was consulted with residents and was duly amended and approved by Members in January 2013. In February 2017 Council approved the scheme continuing into 2017/18.

All Senior Officers completed a declaration relating to the governance, internal control and assurance framework in their business area. This covered areas such as risk management, use of resources to meet Council objectives, community safety, the Council's equalities obligations and financial probity.

Financial management and controls

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Managers within the Council undertake development and maintenance of the system. The system includes:

- Comprehensive budgeting systems;
- Clearly defined capital expenditure guidelines;
- Named Budget Managers who have the responsibility for delivering services within the approved budget;
- Setting targets to measure financial and other performance;
- Periodic and annual financial reports comparing financial performance against forecasts;
- Formal project management disciplines with regular reporting mechanisms to the Corporate Leadership Team and a report on completion of each project to sponsoring service committees; and
- A detailed annual Internal Audit Plan with priorities and an inspection regime reflecting the risk assessment of the service.

The Council has also adopted a Procurement Strategy that aims to promote best practice and ensures that the procurement of goods and services achieves value for money.

G Implement good practices in transparency, reporting, and audit to deliver effective accountability

The Council is committed to eliminating discrimination within the workplace and the community and had achieved the "achieving" level of the Equality Standard for Local Government". Due to

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cost implications the Council did not renew the accreditation. However we have an Equality Policy and equality objectives in accordance with the Equalities Act 2010.

The Council has a Customer Complaints Policy which states that a complaint will be acknowledged within three working days. The key points of the Policy are:

Runnymede Borough Council recognises the importance of providing an excellent service to every member of our community. A core part of this is an open, responsive approach to feedback and complaints.

Runnymede has a formal approved process in place that details how staff should handle complaints. This was last reviewed and updated in March 2016. Runnymede has a two stage procedure in place. Any complaint is initially handled by a senior manager in the appropriate section. It must be acknowledged within three working days and a full response given within 10 working days. If the complainant is not happy with the stage one response, they can make a stage two complaint which will be dealt with by the relevant head of service. This officer will review both the complaint and the stage one response and will respond further within 10 working days. The conclusion of stage two is the end of the Council's formal complaints procedure.

Complaints against Members and co-opted Members will be referred to the Monitoring Officer. Complaints against a member of staff who would normally handle the complaint at that stage will be referred to their line manager. Complaints against a business centre manager will be referred to the Chief Executive. There are separate arrangements in respect of allegations of financial impropriety, criminal activity or unlawful harassment or discrimination. A separate policy exists to deal with vexatious complaints.

If the complainant remains dissatisfied after having exhausted the formal complaints procedure, he/she may also decide to complain to the Local Government Ombudsman if he/she believes the Council has not handled matters properly.

Complaints (and compliments) are analysed annually and a report on these and any lessons learnt is considered by Standards and Audit Committee.

The Council has a "whistle blowing" policy included in the anti-fraud and corruption strategy which has been given to every member of staff.

The Council in 2017/18 has not had a finding of maladministration found against it by the Local Government Ombudsman.

All Council meetings are open to the public, except where personal or confidential matters are to be discussed. All agendas and minutes are placed on the Council's public website and are also available by contacting the Council should electronic access not be possible.

The Council engages in formal consultation on the following year's budget and at the end of the financial year an Annual Statement of Accounts is produced and their availability for inspection by the local electorate is published. The public notice includes detail of how to contact the Appointed Auditor should an elector wish to make an objection to the accounts.

During 2016/17 the Corporate Leadership worked with the Chairmen and Vice-Chairmen of all Committees to revise the Council's Corporate Business Plan 2016-2020 which was subject to wide range public consultation and was approved in late 2016 to replace the Sustainable Community Strategy. The vision for Runnymede is to be:

"A vibrant Borough with a high quality environment, where we maximise opportunities with partners to provide services which are highly regarded by local people."

The Corporate Business Plan 2016-2020 is the Council's highest level strategic document for senior managers and the responsible committees to monitor and review, as well as highlight where slippage or other difficulties are occurring and appropriate recovery strategies need to be put in place. Progress reports on performance indicators are reported to Committees on a regular basis.

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The Council's Performance Management Framework is a continuing process to increase the efficiency, accountability and analysis of performance management information, and aid greater ownership of performance by staff and Members alike. Business Centre/ Team Plans were in place for 2017/18.

Audit Committee and the internal audit function

The Constitution sets out the role and function of the Standards and Audit Committee. The Internal Audit section reports to the Corporate Head of Resources. The Chief Internal Auditor reports on the plans and progress of the internal audit function directly to the Standards and Audit Committee. The complete internal audit service has been provided under contract. The Audit Committee members meet privately with TIAA and the Council's appointed auditor, KPMG LLP privately at least once a year

Ensuring compliance with established policies, procedures, laws and regulations

The Corporate Directors and Heads, via the Chief Executive, are ultimately responsible to the Council for ensuring compliance with established policies, procedures, laws and regulations. The roles of the Head of Paid Service, the Monitoring Officer, and the Responsible Finance Officer are set out in legislation and reflected in the Constitution of the Council. The Council's Legal Section reviews all reports to service committees to ensure propriety and provides advice on the impact of legislation. This includes a review of forthcoming legislation likely to impact on Runnymede.

Internal audit and external audit

The role of the Internal Audit function is to review compliance with financial procedures and other policies, to monitor the economy, efficiency and effectiveness of operations by advising and commenting on how risks are being managed, and to review arrangements for the security of the Council's assets. The Internal Audit Section contributes to the maintenance of effective corporate governance by:

- providing assistance in the development of internal financial controls
- ensuring that all significant business systems are subject to appropriate financial control, through targeted audit coverage using an appropriate risk based approach

Internal Audit also provides an independent and objective opinion to the organisation on the degree to which internal controls support and promote the achievement of the organisation's objectives. The operational and management arrangements for Internal Audit are as follows:

- The Standards and Audit Committee reviews the audit coverage undertaken during the previous year and the audit plan for the forthcoming year;
- Internal Auditors conduct their work in accordance with professional standards set out in the Public Sector Internal Audit Standards (PSIAS);
- The Chief Internal Auditor has access to all senior managers and internal auditors have access to all records held by the Council when required;
- The work of Internal Audit is based on an evaluation of risk.
- Internal Audit produces an annual report that provides an opinion on the overall control and risk environment and reports on significant findings in the year.

A report on Internal Audit coverage in 2017/18 will be presented to the Standards and Audit Committee in summer 2018.

Internal audit reports to the Corporate Head of Resources comply with the CIPFA Statements on the *Role of the chief financial officer in local government* in respect of his Section 151 Officer responsibilities.

At operational level, recommendations from Internal Audit Reviews are discussed and agreed with departmental management. At a strategic level, summary reports in respect of completed internal audit reviews are presented to the Standards and Audit Committee.

Local authorities are also required to review the effectiveness of their system of Internal Audit once a year and present the findings to a committee, or full Council, as part of the consideration

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of the system of internal control. The Standards and Audit Committee duly considered the results of this review in March 2018. The next review is to be considered by September 2018.

Our External Auditor submitted to the Council their Annual Governance Report 2017/18 on xxxxxxxx 2018. The report identified recommendations to improve internal control which have been addressed in 2018/19 and any material errors identified in the Statement of Accounts.

The Council has set a balanced budget for 2017/18 through to 2018/19. The budget includes contingencies for managing risk and a planned use of reserves to mainly fund the regeneration plans of the Council. The Annual Governance Report and Annual Audit Letter are published on our website (www.runnymede.gov.uk)

Other explicit review and assurance mechanisms.

A corporate compliance and review mechanism requires all Senior Officers to be explicitly responsible for:

- reviews of plans and procedures;
- ensuring that process reviews demonstrate continuous improvement;
- implementing agreed actions from internal audit reports;
- ensuring that staff personal development programmes are relevant to service delivery;
- monitoring Business Centre/Team Plan targets and budgets and report performance and variations.
- budget monitoring and control with monthly projected full year spend reported to the Corporate Leadership Team

Internal Audit investigations provide scrutiny of the required actions and report on instances of non-compliance

Significant governance issues

Where weaknesses in controls have been identified the Council have taken action to strengthen controls in these areas. No significant weaknesses in internal control have been identified.

The need to achieve improvements in the following areas to further enhance our governance arrangements had been identified in the attached action plan.

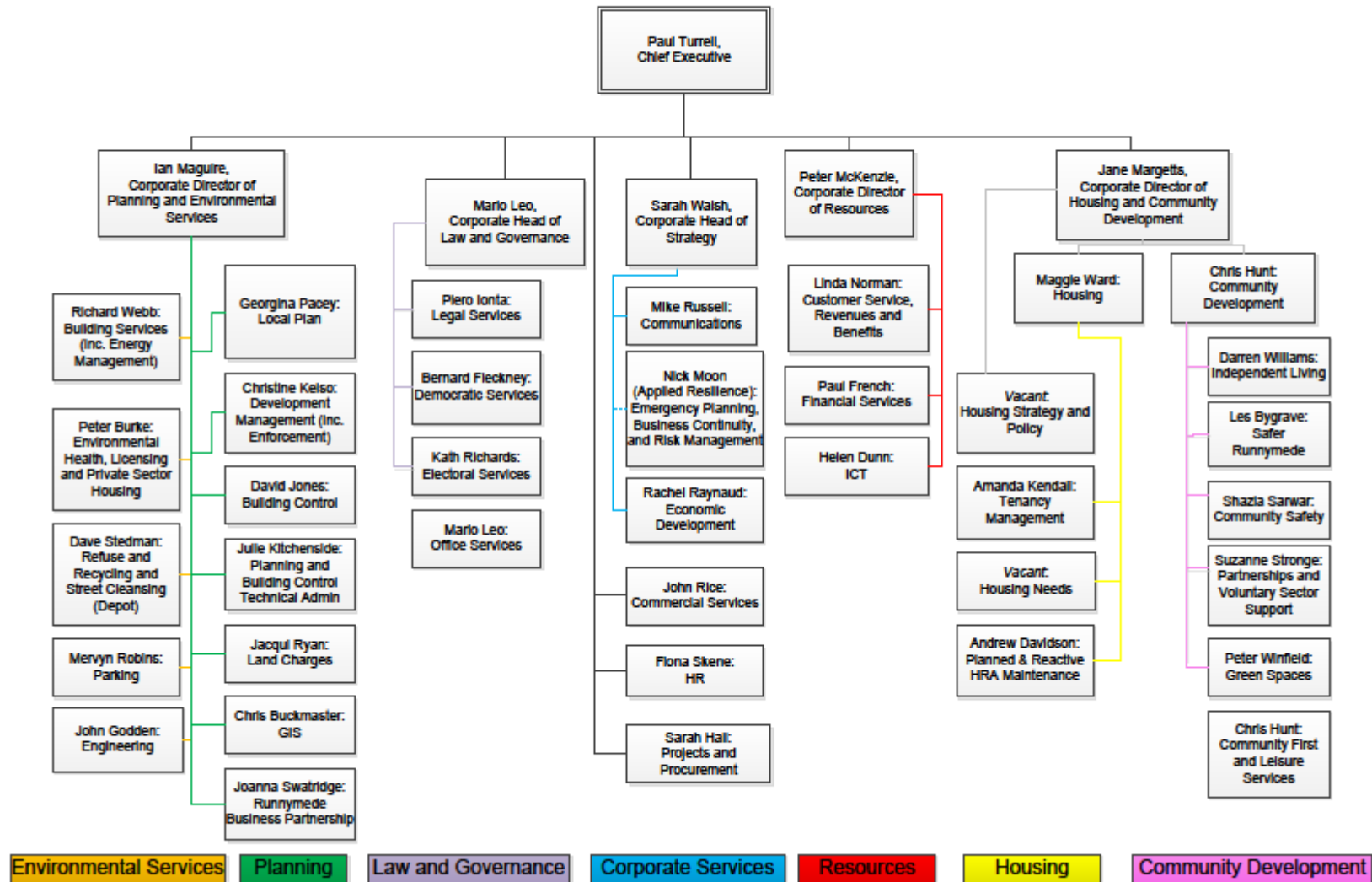
Councillor N H Prescott
Leader of the Council
30 May 2018

Mr. P Turrell
Chief Executive
30 May 2018

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Runnymede Borough Council

25 April 2018



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Action Plan

Item	Issue	Actions taken	Further actions required	Timescale
1.	<p>Partnership working</p> <p>There is a growing pressure for the Council to deliver services and policy objectives in partnership with a wide range of organisations from the public, private and voluntary sectors.</p> <p>There is a risk that local authorities may enter into partnerships without due regard to controls, financial and operational risks, and robust governance procedures.</p>	<p>The Council's Internal Control Framework deals with aspects of joint working in a comprehensive way e.g. contract standing orders set out the arrangements to follow for contractual arrangements, service level agreements are established with organisations receiving annual revenue grants.</p> <p>The Council is seeking to develop its ability to work collaboratively through participation in the Surrey First Initiative. This is a project designed to explore the opportunities for the various local authorities in Surrey to achieve more effective and efficient service delivery through a programme of shared services.</p> <p>During the last quarter of 2016/17 a number of partnerships increased in size or indications given from other Councils they may be scaled back.</p> <p>New partnership working opportunities on debt recovery have been agreed in March 2016 and continued through 2017/18 with one other Surrey council.</p>	<p>1. The Council has developed its shared service strategy formulating a number of partnerships with Spelthorne BC, Elmbridge BC, Surrey Heath BC and Surrey CC. This policy will continue where it is clear this will provide business improvement, savings or greater resilience</p> <p>2. The Council has supported the Surrey First initiative which continues to operate with five work streams:</p> <ul style="list-style-type: none"> • Procurement • Waste • Property and Assets • I.T. • Workforce <p>This has resulted in some significant short term but predominantly longer term opportunities for savings and service improvement</p>	<p>1. On-going</p> <p>2. On-going</p>
2.	<p>Business Continuity Planning</p> <p>A Business Continuity Plan is a series of arrangements to ensure that standards of service are maintained during a period of disruption. There are some gaps in the planning process which could be improved i.e. plans at a service level. The greatest risk is an incident that leaves all or a substantial part of the Civic Centre unusable for a period of time.</p>	<p>The role of the Risk and Resilience service provided by Applied Resilience is to help prepare the organisation to effectively respond to disruptive events that threaten delivery of services.</p> <p>Meetings have been held with South Oxfordshire and Vale of White Horse Councils in February 2016 following the destruction of their Civic Centre, the lessons learnt have been implemented in the ICT plans.</p> <p>Business Impact Assessments have been completed, along with a Corporate Business Continuity Policy. 12 of 16 Service Level Continuity Plans have also been completed.</p> <p>Two standard exercises have been developed allowing services to exercise and test any plans</p>	<p>1. Complete the remaining Service-Level Business Continuity Plans.</p> <p>2. Deliver a table top exercise to train staff.</p>	On-going
3.	<p>Addlestone One project</p>	<p>A detailed project plan is in place including the outline governance of the two special purpose vehicles set up in early 2015 to manage the completed project.</p>	<p>Continue to develop governance framework during 2018/19. The SPV established will have a similar core values to the Council (openness, transparency, sound</p>	Dec 2014 and on-going

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		<p>The Council will nominate two elected member to serve, one on each Board. The governance arrangements will develop in 2015/16 as “articles of Association” and board membership is decided by the Council.</p> <p>It has been confirmed there are no obstacles preventing the Council’s appointed auditor conducting an audit of the company accounts prepared. This will enhance governance and financial control.</p>	<p>financial control etc.)</p> <p>In March 2015 the Council appointed Directors to the investment company and an elected member as a non-Executive Director to the Board. The service charge and heating company will commence trading late in 2017/18</p> <p>Corporate Management and Standards and Audit Committee will continue to receive reports for decision as all of the regeneration projects develop.</p>	
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4.	<p>Commercial property Rents</p> <p>In late 2016 it became clear that a number of commercial rent reviews had not taken place for a number of years. Over the last decade the loss on income to the Council is likely to exceed £1m on one rent review. The internal Audit undertaken identified a number of recommended actions which have been agreed by the Standards and Audit Committee</p>	<p>Members approved a new structure that transferred responsibility for reviewing commercial rents to the Commercial Services Section.</p>	<p>A new version of the “Estate man is to be implemented in 2017/18</p> <p>Additional professional resources have been brought in to review all of the Council’s leases and carry out rent reviews where needed.</p> <p>Corporate Management Committee and Standards and Audit Committee will continue to receive update reports for decision as.</p>	<p>Mar 2018 and on-going</p>
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	Reference	Date received	Complaint	Status of complaint
18	66.17.12 (xviii)	16.03.18	alleged that a Member has breached the code of conduct	Apology issued by Councillor in question. Resolved informally.
19	66.17.12 (xix)	22.03.18	alleged that a Member has breached the code of conduct	Monitoring Officer arranging for formal investigation as not resolved informally
20	66.17.12 (xx)	16.03.18	alleged that a Member has breached the code of conduct by acting outside of the Council's Constitution	Monitoring Officer considered no breach
21	66.17.12 (xxi)	05.04.18	alleged that two members have breached the Code of Conduct	Monitoring Officer considering matter in consultation with Independent Person
22	66.17.12 (xxii)	10.04.18	alleged that a member has breached the Code of Conduct	Monitoring Officer arranging for formal investigation as not resolved informally