

Standards and Audit Committee

Tuesday 28 July 2020 at 6.30pm

**This meeting will be held remotely via
MS Teams with audio access to the public
via registered dial-in only**

Members of the Committee

Councillors M Nuti (Chairman), J Sohi (Vice-Chairman), M Adams, D Anderson-Bassey, B Clarke, M Cressey, R Edis, M Harnden, M Kusneraitis and J Wilson.

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) You are only permitted to hear the debate on the items listed in Part I of this Agenda, which contains matters in respect of which reports have been made available for public

inspection. You will not be able to hear the debate for the items in Part II of this Agenda, which contains matters involving Exempt or Confidential information in respect of which reports have not been made available for public inspection. If you wish to hear the debate for the Part I items on this Agenda by audio via MS Teams you must register by 10.00 am on the day of the meeting with the Democratic Services Team by emailing your name and contact number to be used to dial-in to democratic.services@runnymede.gov.uk

v) **Audio-Recording of Meeting**

As this meeting will be held remotely via MS Teams, you may only record the audio of this meeting. The Council will not be recording any remote meetings.

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
- Exempt Appendix '1' to item 11 Complaints and Compliments 118
- b) Confidential Items
- (No items to be considered under this heading)

- 1. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP**
- 2. MINUTES**

To confirm and sign the Minutes of the Committee held on 28 January 2020, as attached at Appendix 'A'.

It is a requirement of the Council's Constitution that the minutes of the Committee are signed at the next available meeting. However, as the meeting is being held remotely, the Chairman will ask the Members of the Committee if they approve the Minutes which will then be signed when this is physically possible.

Runnymede Borough CouncilSTANDARDS AND AUDIT COMMITTEE28 January 2020 at 7.30pm

Members of the Committee Present: Councillors M Nuti (Chairman), J Sohi (Vice-Chairman), M Adams, B Clarke, M Cressey, R Edis, M Harnden, C Howorth, M Kusneraitis and J Wilson

Members of the Committee absent: Mr M Litvak (Independent person)

468. FIRE PRECAUTIONS

The Chairman read the procedures to be followed in the event of fire or other emergency.

469. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

The Group mentioned below had notified the Chief Executive of its wish that the change listed below be made to the membership of the Committee. The change was for a fixed period ending on the day after the meeting and thereafter the Councillor removed would be reappointed.

<u>Group</u>	<u>Remove From Membership</u>	<u>Appoint Instead</u>
Conservative	Councillor D Anderson-Bassey	Councillor C Howorth

The Chief Executive had given effect to this request in accordance with Section 16(2) of the Local Government and Housing Act 1989.

470. MINUTES

The Minutes of the meeting of the Committee held on 26 November 2019 were confirmed and signed as a correct record. It was advised that the follow up report on the Local Plan would be done in quarter 4 and reported on in due course.

471. APOLOGIES FOR ABSENCE

There were no items of business for the Independent person.

472. INTERNAL AUDIT PROGRESS REPORT FOR OUTSTANDING RECOMMENDATIONS

The Committee reviewed the 7 outstanding recommendations from completed audits, and noted the written explanations provided by relevant Corporate Heads.

It was agreed to keep the follow-up report on the initial 'shallow test' audit of the DSO planned for the next year's programme.

With regard to completion of e-learning for Freedom of Information, reminders had been despatched to all staff by the relevant Officers and followed up by the Learning

and Development Manager to ensure all staff completed mandatory training by the revised deadline of 31 March 2020.

Members noted that revised targets had been agreed for these and the implementation of recommendations from GDPR preparedness and Section 106 agreements.

473. INTERNAL AUDIT PROGRESS REPORT 2019/2020

The Committee noted satisfactory progress with the Internal Audit programme for 2019/2020. There were no priority 1 recommendations to report and TIAA had not been advised of any potential frauds or irregularities since the last summary report had been issued. There were 2 priority 2 recommendations to note with regard to Risk Management and Housing Enforcement both of which had attracted a 'reasonable' assurance. The Head of Housing had provided supplementary comment with regard to the latter audit confirming that anti-social behaviour cases were often very complex and that their procedures were being reviewed for consideration by the Housing Committee at a future meeting.

Commercial Rents, Commercial Property Redevelopment, Payroll and Accounts Receivable had been given 'substantial' assurance. Officers anticipated that the audits on Governance and Planning Enforcement would be completed shortly. In progress were audits on Housing Allocations and Homelessness, and Capital Accounting with a further 10 scheduled to start in February and March 2020.

There was some discussion about feedback from auditees and it was concluded that Officers disagreeing with audit findings and recommendations would be invited to the meeting in future to explain any points of difference with the auditors and for those comments to be incorporated in the audit report.

474. INTERNAL AUDIT DRAFT ANNUAL AUDIT PLAN 2020/2021 AND STRATEGY

Officers from TIAA presented the Committee with a draft document for discussion, outlining their ideas for the audit programme for 2020/2021.

The Committee was informed that TIAA's Audit Director had met each of the Council's Senior Managers/Corporate Heads and gathered feedback on which areas should be audited and what the audit's scope should cover but that he did not intend to alter the plan significantly as a result of those discussions. He did confirm however that the plan would retain flexibility and focus on the key areas as directed by the Committee who sought a more 'Member' led programme.

Members were invited to give further feedback. This included the suggestion that all SLT members have an audit of at least one of their areas every year and that the Local Plan follow up audit be brought forward.

TIAA's Audit Director was asked to consider moving the GDPR audit from Digital Services to Law and Governance and Procurement and Project Management from Law and Governance into Corporate Services. It was agreed though to keep the proposed audit on the Leisure contract in the programme.

A special meeting of the Committee was arranged for 17 March 2020 to finalise the programme. The Committee would also need to agree the revised number of 175 days in total for the audit programme by making adjustments to the planned audits. It was also agreed that Officers from BDO would present their draft Annual Audit Plan to that meeting as well.

Members wished to have an informal meeting immediately prior to the Committee meeting which Officers would arrange.

475. COMPLAINTS AND COMPLIMENTS QUARTER 3 2019/2020

The Committee reviewed the 12 complaints and 24 compliments that had been recorded on the central registers from October to 31 December 2019.

Members were advised that although no complaints had been upheld in the last quarter, it was important to extract lessons that could be learned to avoid complaints in the future. Issues highlighted the importance of clear, regular and prompt communication with complainants.

Officers were pleased to report that compliments received in Quarter 3 showed how individuals had combined efficiency with a caring and professional manner and also how well teams worked together to keep up the appearance of the borough. The DSO had received a significant number of compliments, as had staff in Safer Runnymede and Green Space; all those complimented would, as was now the practice, be thanked on behalf of the Committee personally.

Members noted those complaints and compliments relevant to equalities.

Officers advised that to comply with GDPR, compliments from before 2018 had been removed from the register but that complaints were not due to be reviewed until 2022.

In line with best practice and guidance published by the Ombudsman Officers would be reviewing the Council's 'vexatious complaints protocol' and updating the website to modernise the information given on submitting feedback to the Council.

476. COMMERCIAL SERVICES AUDITS

The Committee noted two very positive audits completed for Commercial Rents and Commercial Property Redevelopment. Neither had attracted any recommendations and Officers were commended for this.

An issue with regard to the budget for Egham Gateway was raised about which Officers would correspond separately with Members, to provide an explanatory note with regard to the budget.

477. REFERENCE FROM CORPORATE MANAGEMENT COMMITTEE

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1 and 3 of Schedule 12A to Part 1 of the Act.

The Committee was asked to note a report which had been presented to the Corporate Management Committee in December 2019. That Committee had resolved that the Standards and Audit Committee should also have the report as it concerned an elected Member of the Council.

Members were advised that the Member in question had not breached the Members Code of Conduct and the events took place before he became a Councillor. The matter had been resolved satisfactorily.

478. ADDLESTONE ONE RISK REGISTER

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee reviewed the risk register for Addlestone One, a project that was nearing completion with few 'live' risks.

With regard to progress with the project the Committee was informed that the retail market had slowed generally in line with national trends, but the development was let for all but one remaining unit. The residential units continued to sell well.

The forthcoming change in staffing was noted as was the importance of a detailed hand over to cover key current and future issues.

Officers confirmed that owing to the high usage of the Addlestone One car park at peak times it would be appropriate to review the fees and charges at a future meeting of the Corporate Management Committee. Officers were requested to check that the 'tap and pay' system was fully functioning and to advise Members accordingly.

479. EGHAM GATEWAY WEST RISK REGISTER

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

Members noted the Risk Register for the Egham Gateway West development which was reaching a critical stage with key decisions to be made by Corporate Management Committee and full Council, if approved, in February 2020. Members were invited to an important workshop in the first week of February.

Officers confirmed the process for creation of and filtering entries in the register to focus on significant items. It was suggested that in the final column of the spreadsheet expected end dates could be added.

The most recent spreadsheet had been updated since publication of the agenda. Officers advised that the Council did have to adhere to statutory deadlines with regard to the Committee process, this necessitated an agreed 'lead in' time to receive finalised reports from originating Officers.

Officers responded to a number of technical queries about the project illustrating the importance of the handover mentioned in the previous item. In doing so the Committee thanked the Director of Commercial Services for his valued steering of the projects in his care.

Chairman

(The meeting ended at 8.35pm)

3. APOLOGIES FOR ABSENCE

4. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and email it to the Legal Representative or Democratic Services Officer by 5pm on the day of the meeting.

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. Membership of an outside body in their private capacity as a director, trustee, committee member or in another position of influence thereon should be regarded as a disclosable pecuniary interest, as should an appointment to an outside body by the Council as a trustee.

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.

5. INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2019/2020 (TIAA, Chris Harris)

Synopsis of report:

To present the Committee with the Annual Assurance Report prepared by our contracted Internal Audit providers, TIAA, for 2019/2020.

Recommendation(s):

None. This report is for information.

1. Report

1.1 Attached at Appendix 'B' is the draft Internal Audit Annual Assurance Report for 2019/2020.

1.2 A verbal report will be given at the meeting.

(For information)

Background papers

Relevant Internal Audit working files and reports



Runnymede Borough Council

Internal Audit Annual Report

2019/2020

Standards and Audit Committee

28 July 2020

April 2020

Internal Audit Annual Report

Introduction

This is the 2019/20 Annual Report by TIAA on the internal control environment at Runnymede Borough Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control.

Limitations on our opinion arising from Covid-19

The delivery of the internal audit work for 2019/20 has been impacted by the global Covid-19 pandemic which has taken hold during this accounting period. As a result, we were not able to complete or partially complete the following reviews:

- Council Tax
- Non-Domestic Rates (Business Rates)
- ICT Active Directory
- ICT Network security

Notwithstanding this, we have still provided enough internal audit coverage in order to be able to provide an opinion based on the work carried out to date. Not completing the reviews highlighted above has not impacted on our overall assessment.

The consequences of this unprecedented event are expected to continue into the new financial year and will continue to pose significant risks to all organisations. The impact of ongoing events on Runnymede Borough Council's control systems, financial sustainability or operational performance have not been assessed and our opinion takes no account of this. This report is designed to assist the Board in making its annual governance statement.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Runnymede Borough Council has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid-19 pandemic has not impacted on our overall assessment.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Runnymede Borough Council from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2019/20 Annual Audit Plan approved by the Standards and Audit Committee was for 175 days of internal audit coverage in the year.

During the year there were several changes to the Audit Plan and these changes were approved by the Standards and Audit Committee leading to a revised plan of 200 days.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

No extra work was carried out which was in addition to that set out in the Annual Audit Plan and detailed in Annex A.

Assurance

TIAA carried out 22 reviews, 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 Runnymede Borough 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. These figures include those areas where our inability to complete the work due to restrictions brought about by Covid-19 has resulted in an indicative assurance assessment.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	15	11

Assurance Assessments	Number of Reviews	Previous Year
Reasonable Assurance	6	8
Limited Assurance	1	0
No Assurance	0	0

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 carried out in 2019/20.

Urgent	Important	Routine
0	15	21

Audit Summary

Control weaknesses: There was one area reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited'. Recommendations were made to further strengthen the control environment in this area and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	0	6	3
Compliance	0	8	18
Operational	0	1	0
Reputational	0	0	0

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
14

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%	92%
Audits Completed in Time Allocation	100%	92%
Final report issued within 10 working days of receipt of responses	95%	100%
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 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 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 2020
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Annexes

Annex A

Actual against planned Internal Audit Work 2019/20

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Risk Management	Assurance	6	6	Reasonable	
Commercial Property Redevelopment		11	0		Audit cancelled
Data Quality	Assurance	6	6	Reasonable	
Commercial Rents	Assurance	6	6	Substantial	
Benefits and Council Tax Support	Assurance	10	10	Substantial	
Non-Domestic Rates (NDR)	Assurance	8	8	Substantial	Draft report
Council Tax	Assurance	8	8	Substantial	Draft report
Accounts Payable (Creditors)	Assurance	6	6	Reasonable	Draft report
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	Substantial	
Capital Accounting and Asset Management	Assurance	6	6	Substantial	
Treasury Management	Assurance	6	6	Substantial	
ICT – Active Directory, IT Data Backup and Disaster Recovery		8	0		Audit not complete due to Covid 19
ICT – Network Security		8	0		Audit not complete due to Covid 19
Procurement/Contracts		6	0		Audit cancelled
Governance – Corporate (Constitution, Members, transparency and openness)	Assurance	6	6	Substantial	Draft report
Freedom of Information	Assurance	6	6	Substantial	

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Depot – to include trade waste		6	0		Audit cancelled
Car Parking	Assurance	6	6	Substantial	
Planning Enforcement	Assurance	6	6	Reasonable	
Housing Rents	Assurance	6	6	Substantial	Draft report
Housing Allocations and Homelessness	Assurance	6	6	Reasonable	Draft report
Housing Enforcement	Assurance	6	6	Reasonable	
Housing Section 106	Assurance	8	8	Substantial	
Local Plan	Assurance	8	13	Limited	
Follow up	Follow up	15	15	N/A	
	Total Days	200	166		

6. INTERNAL AUDIT PROGRESS REPORT WITH 2019/2020 AUDITS (TIAA, Chris Harris)

This will be a verbal report at the meeting.

7. INTERNAL AUDIT DRAFT ANNUAL AUDIT PLAN 2020/2021 AND STRATEGY (TIAA, Chris Harris)

Synopsis of report:

To update Members on the latest draft of the Annual Internal Audit Plan for 2020/2021 following discussions between TIAA and the Senior Leadership Team, the Assistant Chief Executive and Members of this Committee and to seek approval thereof.

Recommendation(s):

that the Internal Audit Annual Programme for 2020/2021, as amended, if applicable, as attached at Appendix 'C', be approved

1. Context of report

1.1 Attached at Appendix 'C' is the draft Internal Audit Plan for 2020/2021.

2. Report

2.1 The report was submitted as a discussion draft at two previous meetings of this Committee to encourage feedback and suggestions on the type of work that the Committee would like TIAA to undertake in 2020/21. It was due to be considered at the meeting of this Committee in March that was cancelled.

2.2 The framework of the rolling strategic plan over a four year period (2019 – 2023) is also presented.

2.3 Members will recall that the final audit programme was the subject of discussion amongst the Corporate Leadership Team and with a number of Members of the Committee and TIAA's Audit Director. Owing to Covid, it is likely that the plan will have been modified since the meeting in March and a verbal update will be given at the meeting.

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 and Equality implications

4.1 None.

(To resolve)

Background papers

Relevant Internal Audit working files and reports

Runnymede Borough Council

Audit Strategy and Annual Internal Audit Plan
2020/2021

Standards and Audit Committee

28 July 2020

February 2020

Overview

2020/21 Audit planning process

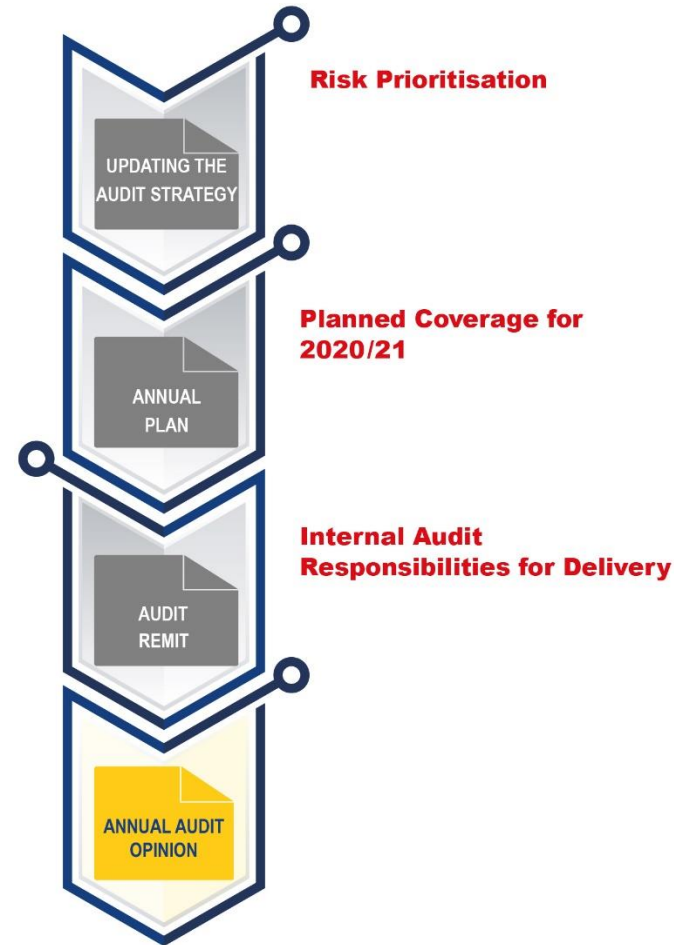
Introduction

The Audit Plan for 2020/21 has been informed by a risk assessment carried out across all our clients (with members and senior management) and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

This year will be another challenging year for local authority organisations in terms of income, regulation and also the pressures on service delivery. We have identified a number of key areas which require consideration when planning internal audit coverage.

- Senior Officer Restructure – we are aware of the restructure to the senior management team and the risks that may flow from both the cultural change and the need for good communication between the Heads of Service
- Brexit – Governance and Risk Registers need to be stress-tested against continuing uncertainty, which may have knock-on impacts on recruitment and retention of staff and on procurement and suppliers.
- Transformation and Strategic Change – development of new internal systems and processes will impact on the capacity and capability of resources to develop working practices and drive efficiencies.
- Staff Changes – the staff changes that have/are occurring will impact on the infrastructure to support them, including service delivery, recruitment, learning and development, IT support and customer care.
- Collaborations – consideration to collaborations to provide smarter more cost effective delivery of services.



Adequacy of the planned audit coverage

The Fundamental reviews identified in the audit plan for 2020/21 support the Head of Audit’s annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control as required by TIAA’s charter. The Organisational reviews have been identified from your assurance framework, risk registers and key emerging themes.

Internal Audit Plan

Audit Strategy Methodology

We adopt a proprietary risk based approach (GUARD) to determining your audit needs each year, which includes reviewing your risk register and risk management framework, previous internal audit work for the organisation, external audit recommendations together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the Council and those within the sector and has been developed with senior management and the Standards and Audit Committee.

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing the Council. The resultant changes for 2020/21 which underpin your Audit Plan is set out at Annex A.

Audit Strategy and Annual Plan

Following the risk prioritisation review, the Audit Strategy has been updated (Annex B) and the Annual Plan (Annex C) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation, and will be formally reviewed with senior management and the Standards and Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of the Annual Plan includes: research, preparation and issue of terms of reference, production and review of working papers and reports and site work. The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and the Council. Where additional work is required days and the aggregate day rate will be agreed in advance and will be clearly set out in the terms of reference.

Audit Remit

The Audit Remit (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within the Council and defines the scope of internal audit activities.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and the IIA UK & Ireland standards.

Progress Reports: Progress reports will be prepared for each Standards and Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and the IIA UK & Ireland standards. The Annual Report will include our opinion of the overall adequacy and effectiveness of the Council's governance, risk management and operational control processes.

Other Briefings: During the year Client Briefing Notes, benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Assurance Mapping

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance mapping process is set out in Annex E.

Liaison with the External Auditor

We will liaise with the External Auditor, as required. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Performance

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed in time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	95%
	Final report issued within 10 working days of receipt of responses.	95%
Professional Standards	Compliance with TIAA's audit charter and the IIA UK & Ireland Standards.	100%

Conflict of Interest

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and the IIA UK & Ireland standards, the Council's requirements and TIAA's internal policies.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of the Council and additional time will be required to carry out such testing. the Council is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

Standards and Audit Committee Responsibility

It is the responsibility of the Standards and Audit Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

Release of Report

The table below sets out the history of this plan.

Date plan issued:	20 February 2020
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Changes for 2020/21

In addition to the core audit work required to underpin the Head of Audit Annual Opinion (governance, risk management, core financial systems, network controls, follow up etc.) a GUARD assessment of key risks has been completed, to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed. These are summarised below.

LINKED TO RISKS ON PAGE 1	GUARD Risk Analysis
Risk Areas	Cross Ref to Annual & Strategic Plan (Annex B, C)
<p>Strategic Governance – Restructure and Brexit – There is likely to be significant uncertainty and potential fast-emerging risks developing as a result of the UK leaving the EU in January 2020, which will not be fully understood until after the departure date. In addition, the restructure and staff changes may impact culture, communication and strategic governance of the Council.</p> <p>How we intend to review this risk: We will assess the extent of system and communication working and will have been stress-tested against this within our audit areas.</p>	<p>Year 1</p>
<p>Staff changes – the staff changes may impact on the infrastructure to support them, including, service delivery, recruitment, learning and development, IT support and customer care.</p> <p>How we intend to review the risk: We will assess the infrastructures in place and developing changes, how these are being implemented and supporting the staff changes.</p>	<p>Year 1</p>
Client Specific Risks	
<p>Transformation and Strategic Change – development of new internal systems and processes will impact on the capacity and capability of resources to develop working practices and drive efficiencies.</p>	<p>Year 1</p>

Fundamental Review Areas To support the Head of Internal Audit opinion	BAF / Risk Ref.	Type	Yr1	Yr2	Yr3
Governance					
Key governance areas will be reviewed on a rotational basis each year such as strategic planning, strategic control, performance management, overall assurance, partnership working, management of conflicts, health and safety, subsidiary governance and third party assurances.		Assurance	✓	✓	✓
Risk					
A robust risk management framework is critical to all organisations to ensure risks are effectively management and emerging risks identified our cyclical annual reviews will cover embedding risk, risk identification, risk mitigation and risk workshops.		Appraisal	✓	✓	✓
Financial systems - Cost Control and Income Maximisation					
Cost control, income maximisation and robust financial systems are essential to financial well-being of any organisation. Our reviews of key financial systems are designed to ensure compliance with IIA standards and help protect against potential frauds. We will carry out a high level review of key financial systems each year supported by a rolling programme of financial system reviews such as payments health check, income, payroll, budgetary control/management reporting, cost improvement planning and nominal ledger.		Assurance	✓	✓	✓
ICT					
We will use our risk assessment to continue to review ICT risks and controls in place within the organisation. The rolling programme of reviews will include data protection, ICT governance, ICT management and business support, application reviews, network security, data quality and cyber security. The audit areas will be reviewed as systems implementation develops.		Assurance	✓	✓	✓
Follow Up					
We will carry out a continuous follow up of internal audit recommendations utilising TIAA's recommendation tracker. Updates will be provided to each Standards and Audit Committee.		Follow Up	✓	✓	✓

Rolling Strategic Plan

Review Area	Risk Ref	Type	Prog Ref	2019/20	2020/21	21/22	22/23
Corporate Services and/or Council Wide Audit							
Risk Management		Assurance		6		6	
Commercial Property		Assurance	B000		8	8	8
Business Continuity		Assurance	B000		6		6
Data Quality (include security of data)		Assurance		6		6	
Data Protection - (Information Governance)		Assurance	B000		6		6
Commercial Rents		Assurance	G023	6	6	6	
Human Resources – Absence Management		Assurance	B000		6		6
Human Resources – Recruitment		Assurance				6	
Communications		Assurance			8		
Procurement/Contracts		Value for Money			8	6	
Project Management Toolkit		Assurance	I030		6		
Financial and Resources Audit							
Key Revenues Controls							
Benefits and Council Tax Support		Assurance		10	20	20	20
Non-Domestic Rates (NDR)		Assurance		8			
Council Tax		Assurance		8			
Key Financial Controls							
Accounts Payable (Creditors)		Assurance		6			
Accounts Receivable (Debtors)		Assurance		6			
Income – Cash and Bank		Assurance		6	6		
Main Accounting (General Ledger)		Assurance	G004	6	6	6	6
Payroll		Assurance	G009	8	8	8	8
Budgetary Control		Assurance	G002		6		
Capital Accounting and Asset Management		Assurance		6			6
Treasury Management		Assurance		6		6	

Review Area	Risk Ref	Type	Prog Ref	2019/20	2020/21	21/22	22/23
Insurances (include staff owned vehicles on Council business)		Assurance	B000				
Customer Services		Assurance				6	
ICT Audit							
ICT - Service Desk		Assurance					
ICT - Change Management and control		Assurance					
ICT – Strategy (include Policy and procedures)		Assurance					
ICT – Document Management System		Assurance		8			
ICT – Active Directory		Assurance					
ICT – Virtual Desktop		Assurance					
ICT – Network Security		Assurance		8			
ICT - Operations		Assurance					
ICT – Disaster Recovery		Assurance					
ICT – Cyber Security		Assurance					
ICT – Project Management		Assurance					
ICT –Mobile Device Security and Management		Assurance					
ICT – Contingency days					16	16	16
Operational Audit - Law and Governance							
Governance – Gifts and Hospitality		Assurance					6
Governance – Corporate (Constitution, Members/transparency and openness/Reporting)		Assurance		6			6
Freedom of Information		Assurance		6		6	
Data Protection - (Information Governance)		Assurance	B000		6		6
Operational Audit - Planning and Environment							
Depot – to include Commercial (Trade) Waste from 2017/18		Assurance			6	6	
Building Services		Assurance					6
Car Parking		Assurance		6			6
Development and Building Control		Assurance	B000				
Licensing		Assurance	B000				
Runnymede Travel Initiative		Assurance				6	
Planning Enforcement		Assurance	B000	6	8	6	6
Local Plan audit (Follow up)		Assurance		13	3		

Review Area	Risk Ref	Type	Prog Ref	2019/20	2020/21	21/22	22/23
Operational Audit-Housing and Community Development							
Housing Rents		Assurance	G011	6	6	6	6
Housing Allocations and Homelessness		Assurance		6			6
Housing Health and Safety		Assurance			10		
Housing Repair and Maintenance		Assurance			12		6
Housing Enforcement		Assurance		6		6	
Leisure Contract		Assurance	B000				
Community Transport		Assurance	B000		8		
Community Safety		Assurance					
Community Grants		Assurance					6
Safeguarding/Prevent		Assurance	B000		6		
Day Centres		Assurance					6
Sheltered Centres/Accommodation		Assurance				6	
Housing Section 106		Assurance		8		6	

Other							
Follow up of recommendations				15	12	12	12
Annual Report				-	-	-	-
Audit Management - to include annual plan, client liaison, Committee preparation and attendance, external audit.				-	-	-	-
Contingency				-	-	-	-
		Totals		182	205	176	172

Proposed areas for Audit – 2020/21

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
Q2	Commercial Property	John Rice	Assurance	8	<p><u>Rationale:</u> The Council have embarked on a regular investment and development programme of work throughout Runnymede. This presents a high risk for the Council in that significant sums are now to be borrowed, major contracts are to be tendered and properties either sold, rented out or leased to tenants following development.</p> <p><u>Scope:</u> The scope will include: For the development projects: <ul style="list-style-type: none"> • Reviewing progress and costs against the pre-determined targets. • Examining the many change orders produced since the last audit. • Reviewing the governance and reporting arrangements. • Reviewing the payments made to the contractor and the supporting evidence. For the RBC companies: <ul style="list-style-type: none"> • Reviewing the governance arrangements • Reviewing decisions taken and reporting mechanisms – to include Committee papers • Reviewing Separation of Duties/Conflicts of Interest for Directors of the RBC companies For Property Purchase: <ul style="list-style-type: none"> • Reviewing decisions taken and reporting mechanisms – to include Committee papers • Reviewing policy and procedures • Reviewing Governance arrangements </p>	
Q1	Business Continuity	Sarah Walsh	Assurance	6	<p><u>Rationale:</u> Business Continuity is essential for maintaining essential services to the community and Business Continuity Plans need to be tested to confirm they are resilient and able to provide continuation of business as usual. A periodic audit will provide assurance that Services will continue as required after a disruption.</p> <p><u>Scope:</u> The review will assess the adequacy and effectiveness of the internal controls in place at the Council for managing the business continuity planning process and ensuring that the Council is resilient to disruptive events that may impact upon the organisation. The audit will focus on the following key areas: <ul style="list-style-type: none"> • Business Continuity risks per the Strategic and Operational risk registers have action plans to mitigate risk; </p>	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<ul style="list-style-type: none"> • Appropriate Corporate and Service Continuity plans are in place, which are regularly reviewed and readily accessible to staff; • Business Impact Assessments are completed on a regular basis; • Staff and additional financial resources required to execute the plans are adequate and available; • Adequate training is provided to officers to ensure they are fully aware and understand their responsibilities in the event of an incident occurring; and • Business Continuity Plans are periodically tested to ensure their effectiveness, with lessons learned being integrated into the planning process 	
Q2	Commercial Rents	John Rice	Assurance	6	<p><u>Rationale:</u> Commercial Rents are becoming a major income stream for the Council and an annual audit is required to provide assurance that all rents are collected in accordance with the rental/lease agreement</p> <p><u>Scope:</u> The review will consider the following key areas:</p> <ul style="list-style-type: none"> • How the rental arrangements with Sainsbury's at the Chertsey site are being managed following previous failure to apply a rent rise. • The current portfolio of commercially rented properties and how these are managed/verified are accurate within the Concerto system. • To establish and confirm that all commercial rents are appropriately recorded with trigger dates for rent reviews are in place. • To establish that the database of commercial properties is accurate and up to date. • To sample test a number of commercial properties to confirm that rents are paid in accordance with their agreement 	
Q2	Data Protection	Mario Leo	Assurance	6	<p><u>Rationale:</u> Failure to comply with the new General Data Protection Regulations could mean very substantial fines. An assurance audit to assess compliance with the Regulations will help to identify any weakness or omission.</p> <p><u>Scope:</u> To review compliance with the General Data Protection Regulations (GDPR).</p>	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<p>The review will directly assess how compliant the Council is with the GDPR. This will include key elements such as (but not limited to):</p> <ul style="list-style-type: none"> • Privacy Impact Assessments • Data Subject rights (e.g. Right to be forgotten) • Data Classification and Asset management • Data Security • Breach Management • Governance • Consent • Data Controllers & Processors 	
Q2	HR – Absence Management	Fiona Skene	Assurance	6	<p><u>Rationale:</u> This is a periodic audit to assess the council’s resilience and control of absence.</p> <p><u>Scope:</u> The review will examine the Council's recording, monitoring and management of staff sickness absence. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> • Appropriate procedures are in place, which are readily accessible to all relevant staff; • Roles and responsibilities for managing absence are clearly defined; • Appropriate training has been carried out for line managers to ensure compliance with procedures; • Adequate records are maintained for all staff absences; • Appropriate monitoring/follow-up action is taken by HR and/or line managers; and • Appropriate management reporting is in place for staff absence 	
Q3	Revenue Services – Key Controls	Linda Norman	Assurance	20	<p><u>Rationale</u> This is a key audit risk area. The full audits for the Revenues systems will be undertaken on a systematic basis, however, to provide assurance that the key revenue systems are adequately controlled an annual audit will be undertaken selecting a number of key revenue systems.</p> <p><u>Scope</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the following key revenue systems.</p> <ul style="list-style-type: none"> - Council Tax 	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<ul style="list-style-type: none"> - Non- Domestic Rates - Benefits, and - Council Tax Support 	
Q3	Financial Systems – Key Controls	Paul French	Assurance	12	<p><u>Rationale</u> This is a key audit risk area. The full audits for the financial systems will be undertaken on a systematic basis, however, to provide assurance that the key financial systems are adequately controlled an annual audit will be undertaken selecting a number of key financial systems.</p> <p><u>Scope</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the following key financial systems.</p> <ul style="list-style-type: none"> - Accounts Receivable - Accounts Payable - Treasury Management 	
Q3	Income, Cash and Bank	Paul French	Assurance	6	<p><u>Rationale:</u> Due to the high volume of transactions and the income involved this is a high risk area and subject to an annual audit. In addition, a new software system will be in place for the 2020 21 financial year and an audit would be beneficial at this time.</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the Income (Cash & Bank) function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> • Recommendations from the previous audit report have been implemented; • Adequate policies and procedures are in place and accessible to all relevant staff; • System access is restricted to authorised personnel only; • Adequate controls are in place to ensure amounts received are accurately and promptly banked; • Adequate security is in place to manage all cash received and banking arrangements; • Regular reconciliations are carried out between the cash receipting system, the general ledger and the Council's bank account; and <p>All items posted to suspense accounts are checked and regularly cleared</p>	
Q3	Payroll	Paul French	Assurance	8	<p><u>Rationale:</u> Due to the high volume of transactions and the expenditure involved this is a high risk area and subject to an annual audit.</p>	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Council for managing the Payroll function. The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> • Recommendations from the previous audit report have been implemented; • Adequate policies and procedures are in place and accessible to all relevant staff; • System access is restricted to authorised personnel only; • Payroll data is supported by proper documentation, properly authorised, and subject to satisfactory segregation of duties; and • Reasonableness checks and regular reconciliations are carried out. 	
Q3	Main Accounting (General Ledger)	Paul French	Assurance	6	<p><u>Rationale:</u> This is the main financial ledger and an important system for the Councils which is audited annually.</p> <p><u>Scope:</u> To assess the adequacy and effectiveness of the internal controls in place at the Councils for the financial accounting system (Integra). The review will focus on the following areas:</p> <ul style="list-style-type: none"> • Adequate policies and procedures are in place and accessible to all relevant staff; • Access to Integra is restricted to authorised personnel only and the system is appropriately backed up; • Financial information is produced which meets all legal/reporting requirements on a timely basis; • Journal entries are supported by adequate narrative, with appropriate separation of duties in place; • New ledger codes/amendments are supported by appropriate authorisation; • Suspense accounts are regularly reviewed and cleared; and • Opening balances are brought forward promptly and accurately 	
Q3	Budgetary Control	Paul French	Assurance	6	<p><u>Rationale:</u> Budgetary Control is a fundamental finance system that is audited every other year.</p> <p><u>Scope:</u> The control objectives that will be considered as part of this audit include:</p> <ul style="list-style-type: none"> • Formally approved budgets are set each year, taking into account all relevant income and expenditure • All budget adjustments (including virements) are authorised • The financial management system accurately reflects the agreed budgets • Budgets are allocated to named individuals • Budgets are adequately monitored 	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<ul style="list-style-type: none"> The budget position is regularly reported Appropriate financial reserves are maintained in line with assessed risks. 	
Q1/2	ICT – TBA (Contingency)		Assurance	18	<p><u>Rationale:</u> TBA</p> <p><u>Scope:</u> TBA</p>	
Q1	Communications	Peter Le Riche	Assurance	8	<p><u>Rationale:</u> The audit will examine the level of assurance on the adequacy of the corporate framework for managing internal communications.</p> <p><u>Scope:</u> The audit will include the following key areas of activity:</p> <ul style="list-style-type: none"> Communications arrangements following the Leadership restructure The strategy and policy for communications Roles and responsibilities as supported by details in Job Descriptions Awareness and training Monitoring, reporting and review. Future vision for structure and communications (vertical and horizontal) 	
Q2	Planning Enforcement	Rachel Raynaud	Assurance	8	<p><u>Rationale:</u> This is a periodic audit to provide assurance over the Planning Enforcement process.</p> <p><u>Scope:</u> The audit will include the following keys areas of activity:</p> <ul style="list-style-type: none"> Delegation to Officers Enforcement Notices Inspections and Monitoring Appeals Data and Information Security Risk and how this is managed Member involvement in the enforcement process 	
Q1	Local Plan (follow up audit)	Rachel Raynaud	Assurance	3	<p><u>Rationale:</u> The audit undertaken in 2019 20 gave a Limited Assurance opinion. It is good practice to follow up on all Limited Audit Reports.</p> <p><u>Scope:</u> The audit will review and evidence that all recommendations made in the 2019/20 internal audit report have been actioned.</p>	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
Q3	Housing Rents	Chris Stratford	Assurance	6	<p><u>Rationale:</u> Due to the high volume of transactions and the income involved this is a high risk area and subject to an annual audit.</p> <p><u>Scope:</u> To audit will review the following key areas:</p> <ul style="list-style-type: none"> • There are up to date documented procedures for all aspects of the rent, accessible to all staff who need them, • Recommendations from the previous audit report have been implemented, • Rents due are being collected and promptly allocated to the correct rent accounts, • Benefits awarded are being properly allocated to the correct rent accounts, • Case records provide a management trail and complete case history 	
Q1	Housing The processes for managing Health and Safety requirements within the Housing Department	Chris Stratford	Assurance	10	<p><u>Rationale:</u> The council has experienced difficulties with maintaining a fit for purpose housing stock and an independent review in to health and safety matters would be beneficial.</p> <p><u>Scope:</u> Ascertain and report on the systems and processes the council has in place to ensure compliance and provide assurance that these are designed and operating effectively in relation to health and safety and building safety compliance.</p> <p>Ascertain and report on whether the council has appropriate policy/procedures to ensure actual compliance with both statutory and regulatory health and safety requirements/best practice. This to include sample checks of Health and Safety inspections in relation to:</p> <ol style="list-style-type: none"> valid Gas certificates (LGSR) valid Fire Risk Assessments (FRAs) valid Electrical certificates valid Legionella certificates valid Asbestos certificates valid Lift inspection certificates (LOLER) 	
Q1	Housing A deep dive into maintenance and repair of the Housing stock	Chris Stratford	Assurance	12	<p><u>Rationale:</u> The council has experienced difficulties with maintaining a fit for purpose housing stock and an independent review into repair and maintenance matters would be beneficial.</p> <p><u>Scope: Procedures:</u></p> <ul style="list-style-type: none"> • The housing repair procedures have been reviewed and updated and are available to all members of staff. <p><u>Order and variation processes:</u></p>	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<ul style="list-style-type: none"> Housing repair orders are fully documented from initiation to completion and approval for payment. Details of job variations and their financial variation values are recorded. Where a standard schedule of rates is not available, an agreed job price has been received and authorised in advance of an order being placed. <p><u>Inspections:</u></p> <ul style="list-style-type: none"> The system fully documents the inspection of property repairs completed by all contractors. Repair inspection targets are monitored and reported to senior management. All properties are subject to regular stock condition surveys completed by an independent property consultant. <p><u>Budget monitoring:</u></p> <ul style="list-style-type: none"> Repairs budgets are accurate, regularly reviewed and reported. Where tenants are responsible for repairs, a process and control framework is in place to charge relevant works order costs. Leaseholder service charges for repairs and maintenance, where applicable, are up to date and have been correctly charged. <p><u>Contract monitoring:</u></p> <ul style="list-style-type: none"> Effective client / contract monitoring is in place and reported, where contractors are used. <p><u>Performance indicators:</u></p> <ul style="list-style-type: none"> Monitoring of the key performance indicators for emergency and routine repairs is ongoing and regularly reported to senior management. 	
Q3	Community Transport	Darren Williams	Assurance	6	<p><u>Rationale:</u> This is an important area for the Council that receives periodic audit.</p> <p><u>Scope:</u> The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> Policies and procedures are documented, subject to periodic review and readily accessible to staff; Fees and charges have been appropriately approved and are consistently applied; All income received is recorded, banked promptly, and correctly coded on the general ledger; Drivers are subject to adequate pre-employment checks and are sufficiently trained; Vehicles are adequately maintained, insured and licensed. (A review at the Depot to confirm all vehicles are fit for purpose and have the appropriate certificates/documents – MOT, Service, tax etc) 	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
	Safeguarding	Chris Hunt	Assurance	6	<p><u>Rationale:</u> This is an important area for the Council that receives periodic audit.</p> <p><u>Scope:</u> The audit will focus on the following key areas:</p> <ul style="list-style-type: none"> • Appropriate procedures are in place for Safeguarding, which are readily accessible as guidance to all relevant staff; • Risks are appropriately captured within service area business plans; • Enquire with staff as to their awareness of the procedure to follow in the event of a Safeguarding concern; • Evidence that a Safeguarding Team and a Safeguarding plan is in place and is monitored; • Disclosure Barring Check procedures are in place for recruitment of staff and DBS checks are recorded on the HR system ; • Evidence that Safeguarding training of all staff takes place with HR records updated; • Safeguarding training is offered to Members and completed where appropriate; and • Safeguarding is included in corporate performance reporting to senior management and Members 	
Q2/3	Depot	Peter Burke	Assurance	6	<p><u>Rationale:</u> This is a periodic audit to provide assurance over the operations at the Depot and the collection of Trade Waste.</p> <p><u>Scope:</u> The review considers the following key areas:</p> <ul style="list-style-type: none"> • Procedures and processes in place to monitor and manage the site management, • The process for paying for services and how this is evidenced and authorised, • The process for managing the quality of service and in particular the management of the depot, and • The process for managing the performance of the recycling arrangements. • An effective system of complaints monitoring exists • Stock is properly controlled • Value for Money is constantly being reviewed • The collection monies for Trade Waste is adequately controlled 	
Q1/2	Procurement	Sarah Hall	Value for Money	8	<p><u>Rationale:</u> Following interviews with Heads of Service they were concerned that the existing procurement arrangements were not providing value for money.</p>	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
					<p><u>Scope:</u> A review of the Heads of Service requirements verses the Council procurement requirements to ascertain how procedures might be varied to provide both value for money in procurement yet demonstrating good accountability and compliance with the Councils Contracting procedures.</p>	
Q3	Project Management	Sarah Hall	Assurance	6	<p><u>Rationale:</u> Project Management is a high risk and a periodic assurance audit will help identify any weakness in the management of projects.</p> <p><u>Scope:</u> The audit will consider the following key areas: The project management framework including Project Management Toolkit, procedures/templates and guidance covering project management activities;</p> <p>Review of a sample project from the initial stages through to when the project is in progress covering:</p> <ul style="list-style-type: none"> • Project Initiation Document (PID) • Initial plan • Risk and Issues logs • Budgetary control • Quality log • Stakeholder Analysis and Communications Plan • Resource management • Approval of projects by Committee/Council • Monitoring of the operational and financial progress of projects by Project Team/Committee/Council; and <p>Escalation of project risks from individual project risk logs/registers, corporate risk register and strategic risks, as appropriate.</p>	
4/5	Follow up		Verifying recommendations are implemented	12	<p><u>Rationale:</u> This is a regular review to meet Standards and Audit reporting requirements of outstanding recommendations made from previous internal audit reports to confirm that there has been progress to implement them.</p> <p><u>Scope:</u> All outstanding recommendations are reviewed to confirm what progress has been made to implement them as agreed in the report action plan.</p>	
3/4	2020/21 Annual Plan			-	Time spent developing, consulting and reporting on the future audit plans for internal audit – included in fixed fee.	

Quarter	Audit	Responsible Officer	Type	Days	Rationale	Prog ref
3/4	Strategic Plan			-		
4/5	2018/19 Annual Report			-	Time spent on producing and reporting upon the annual assurance report. Included in fixed fee.	
1-4	Management, QA and Support			-	This time includes attendance at Standards and Audit Committee meetings, liaison meetings and overall contract management. Included in fixed fee.	
			Total days	215		

The approval total audit days for internal audit are 175. Approval will therefore be required to any variation to this number, however, the Head of Audit will look to prioritise work through the year and as required lower priority audits will be deferred to a later period to keep within the budgeted days.

A small fixed fee applies to the Audit Planning, Management, Quality review and general audit support to this contract

Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control. TIAA is responsible for giving assurance to the Council on the adequacy and effectiveness of the Council’s risk management, control and governance processes.

Scope

All the Council’s activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that the Council’s management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the Standards and Audit Committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service’s objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of the Council and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA’s professional standards, Information Security and Information Governance policies.

Standards and Approach

TIAA’s work will be performed with due professional care, in accordance with the requirements of the Chartered Institute of Internal Auditors – UK & Ireland standards.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related

matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within the Council and the reporting arrangements

must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the Standards and Audit Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA’s professional judgement, responsibility for implementing audit recommendations rests with the Council’s management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2003.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Corporate Assurance Risks

We consider four corporate assurance risks; directed; compliance; operational and reputational, and tailor the objectives of the audit accordingly. For all types of audit we also take into account value for money considerations and any linkages to the organisational Assurance Framework. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

Assurance Assessment Gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

LEVELS OF ASSURANCE PROVIDED

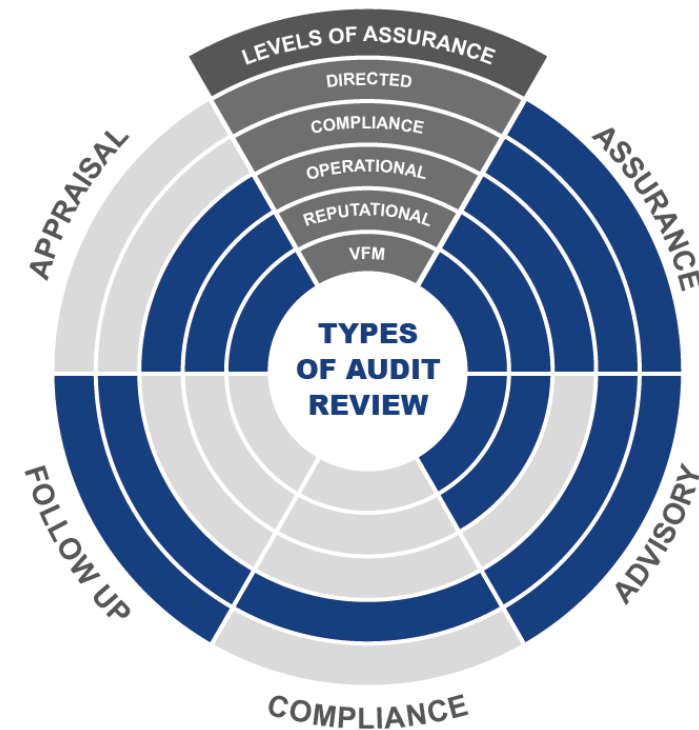


Benchmarking

Where a similar review is carried out at a number of our clients we will subsequent to the completion of the review at each of the clients we will where relevant provide a benchmarking and lessons learned digest. This digest will include Operational Effectiveness Matters for the Council to consider.

Types of Audit Review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.



8. ANNUAL GOVERNANCE STATEMENT 2019/2020 (Resources, Peter McKenzie)

Synopsis of report:

The Annual Governance Statement (AGS) is a significant part of the Council's Statement of Accounts 2019/2020. It gives readers the background on the Council's stewardship of public funds.

Recommendation(s) that-

subject to any Member amendments, this Committee recommends that the Annual Governance Statement, as attached at Appendix 'D', be signed by the Leader of the Council and Chief Executive at the next meeting of Corporate Management Committee on 30 July 2020.

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 was revised and adopted by the full Council at its meeting in July 2019.
- 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 behavior.**
 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 read in its entirety rather than in discrete sections.

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 behaviors.

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

2.7 The Covid 19 pandemic has made significant changes to the way the Council operates; however, those changes have been made in late March 2020 and have very little impact on the AGS for 2019/2020. In the main narrative for the 2019/2020 Statement of Accounts the Council will report to the electorate how we have responded to the crisis.

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

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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 2015 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 2020 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:

- A Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B Ensure openness and comprehensive stakeholder engagement; /
- C Define outcomes in terms of sustainable economic, social, and environmental benefits;
- D Determine the interventions necessary to optimise the achievement of the intended outcomes
- E Develop the entity's capacity, including the capability of its leadership and the individuals within it
- F Managing risks and performance through robust internal control and strong public financial management
- G 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 2019/20 and formally adopted by the Council in April 2019. 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 between in 2019/20 to oversee significant projects or the business of the Council.

For example, the Digital Transformation 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. Other working groups include the HR working party. All the Member working groups have been very active in 2019/20 in implementing the objectives of the Corporate Plan

The Council has invested in the regeneration of the two major towns in the Borough – Addlestone and Egham. The first project is the Addlestone One investment followed by the Egham Gateway phase 1 and a new leisure centre in Egham was completed and opened in February 2019. The Property 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.

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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.

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 way 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 2016-2020 in place which sets out its vision, values, goals and priorities. This was based on extensive consultation with the local communities. In 2019 the Council went through a first phase consultation process with a view to creating a new four-year Corporate Business Plan from 2020, but due to the COVID pandemic this has been delayed. A review of the current draft document will now be necessary and further consultation will follow before a new plan is adopted to reflect the time period of 2021-2025.

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

The Council is responsible for many key services and functions including:

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- 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 which it reviews annually.
- Environmental Services e.g. Engineering, parking, refuse collection, street cleaning and recycling.
- 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 centre's for over 55s.
- Regulation e.g. planning, building control, environmental health and licensing.
- Asset management focused until December 2019 on property acquisition to fund the Councils regeneration strategy. In 2020/21 the emphasis will change to consolidation and management of the Councils portfolio from property acquisition.
- Regeneration schemes – the Egham gateway West scheme commenced in 2019/20
- During 2019/2019 the three Council owned companies continued to grow at a slower rate than planned due to the extensive flooding of a number of units. That growth will continue in 2020/21 as more apartments in Addlestone One and other regeneration schemes are completed. The financial accounts of the companies 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 2019/20. The construction of the Addlestone One development commenced in the spring of 2015 and has been completed in 2018. However, many residential apartments have been flooded and the downturn in both the housing market and the commercial sector mean more units than anticipated remain vacant at 31 March 2020. The Council spent around £75m to fund the development and the governance structures are in place and strong, as confirmed by Internal Audit reports. The regeneration and place shaping plans have been further developed in 2019/20 with Egham Gateway West commencing in winter r 2019. The likely cost of £92m is already part funded with a 40-year loan at a fixed rate of 2.88% from a private sector investment company. Clearly the Covid 19 pandemic will affect the high street and housing market. The Council is reviewing its regeneration strategies in the summer of 2020 as the UK economy moves into recovery.

In these schemes' residents, local businesses and other stakeholders have been involved in the design brief. These consultations have included numerous meetings with resident's associations and other public meetings. 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 £400 million over the period 2016/17 to 2018/19 to acquire assets which generate a sustainable income stream. Around £340m has been spent or committed as at 31 March 2020.

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

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monitoring its operation

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

In 2019/20 there have been no allegations of financial irregularities involving members or officers.

The Chief Executive (Head of Paid Service), the Corporate Head of Law & Governance (Monitoring Officer) and the Asst Chief Executive & responsible financial 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 during the course of 2019/20 there were two hearings held by the Standards (Hearing) Sub-Committee in respect of two complaints which had been made against a specific Councillor in 2018/19. In each case a breach was found to have taken place. No sanction was imposed but the matter was reported to Full Council. During 2019/20 eight complaints were received in respect of alleged breaches of the Member Code of Conduct. In four cases upon examination it was found the complaint did not merit investigation. In two cases further information was requested from the complainants which was not provided, and they could not be progressed. In one case no breach was found to have taken place and in one case the matter complained of did not fall within the jurisdiction of the Member Code of Conduct.

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

RBC Investments (Surrey) Limited is the Council's investment and property development company which took long term leases on private dwellings that become owned by the Council and then manage those properties and is 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

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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 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 provides for the normal range of commercial pre-conditions for loan finance to a company and 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. The Chairman of the Board and Non-Executive Director is Cllr M Maddox.

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

- RBC Services (Addlestone one) Ltd, which provides the service charge regime to the commercial and domestic that require service charges to be administered.
- RBC Heat Company Ltd, which provides heating and hot water as a commercial undertaking to all 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 Head of Financial Services 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 have 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 lately the Council's Capital Strategy via reports to the Corporate Management Committee and all Member briefings to Council who have made key decisions. That process will continue beyond 31 March 2020 as the regeneration activity develops through a development partner to deliver the Runnymede Regeneration Programme of a number of sites over an 8-10-year period.

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. The Council updated its Corporate Business Plan 2016-2020 following extensive consultation with residents to focus scarce resources on those services residents see as important. Elected members adopted the Corporate Business Plan taking those views into account. The Business Plan will be updated in 2019/20

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

- Transport and building maintenance.
- 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 2018/19
- Community Services providing a range of community services in partnership with Surrey Heath BC.
- Safer Runnymede provides a CCTV service for Spelthorne Borough Council 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 Head of Law & Governance (the Monitoring officer)
- Asst Chief executive (Responsible Finance or Section 151 officer)

For all of 2019/20 that structure has been in place. CLT will be supported by a Senior Leadership Team of around 11 officers who cover all the Councils operations. The elected members have approved a new formal Member structure of Member working groups. This new structure will involve all members in developing policy and was implemented early in 2019 to specifically:

- Strengthen objective setting and delivering Council objectives
- Prescribes a new way of working between members and officers that better suits the challenges of the next decade and enables greater control of the organisation by members.
- Sets out a new competency framework for senior officers
- Strengthen the corporate center and provide greater uniformity and accountability across all services (e.g. performance management, procurement etc.)
- The member working groups propose a more effective use of members time in a challenging and demanding environment
- Describes a system of continuous service reviews to improve service delivery, corporate systems and to address the commercial requirements of the Council over the next decade.

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 Financial Services. The Council has set up a 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 2019/20. One of the outcomes is to improve

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the Councils corporate governance arrangements together with individual management accountability.

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 revised officer structure "Fit for the Future" 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 (Chief Executive, Monitoring Officer and Responsible Finance Officer supported by 11 Heads of Service) meet weekly as a group (with specialist officer's support) to lead on:

- Strategy
- Business Planning
- Asset Management
- Risk Management
- Business Continuity
- Equalities
- 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 2019/209 the Council received declarations from all 41 councilors. In May 2019 this has been reduced to 41 from 42 Councilors following a Boundary Commission Review.

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 relating to 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 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.

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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.

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 2019/20.

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

- reviewing the strategy regularly
- 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 2018, spent a number of weeks preparing options for the 2019/20 budget. This member / officer group completed and produced a balanced 2019/20 budget by December 2018. The objective was not only the future financial resilience of the Council in an environment where Central Government grant may 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. From 2016 to 2019/20 a number of training sessions have been run for newly elected Councilors on various topics including local government finance. Training and seminars are also provided on topics such as risk management, asset management and in December through to January 2019 the projected outturn for 2019/20 and future strategic financial risks.

The draft Council Tax Support Scheme was consulted with residents and was duly amended and approved by Members in January 2013. In February 2018 Council approved the scheme continuing into 2018/19. In February 2019, following an extensive consultation exercise, the council tax support scheme was significantly updated for implementation in 2019/20.

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:

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- 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. The internal audit review of “key financial systems and control” had no issues to report to the Standards and Audit Committee.

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 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, the central monitoring of which is a key governance role.

Runnymede has a formal approved process in place that details how staff should handle complaints. This was last updated in 2018 and is kept under continuous review. 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. The complainant, if they wish, can contact the Local Government Ombudsman and the Council provides all the relevant contact details

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 quarterly and a report on these and any lessons learnt is considered by Standards and Audit Committee.

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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 2019/20 had no findings of maladministration 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.

The Council’s Corporate Business Plan 2016-2020 which was subject to wide range public consultation. The vision for Runnymede is:

“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.

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 2019/20.

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 Asst Chief Executive (Responsible Finance officer) 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, BDO 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

Annual Governance Statement 2019/2020

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 2019/2019 will be presented to the Standards and Audit Committee in summer 2020.

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 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.

The Council has set a balanced budget for 2019/2019 and 2020/21 2019/20. The budget includes contingencies for managing risk and a planned use of reserves to mainly fund the regeneration plans of the Council. However, the Covid 19 pandemic does mean the Council will re-visit all of its financial plans in October 2020. 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 require 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

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Where weaknesses in controls have been identified the Council has acted 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.

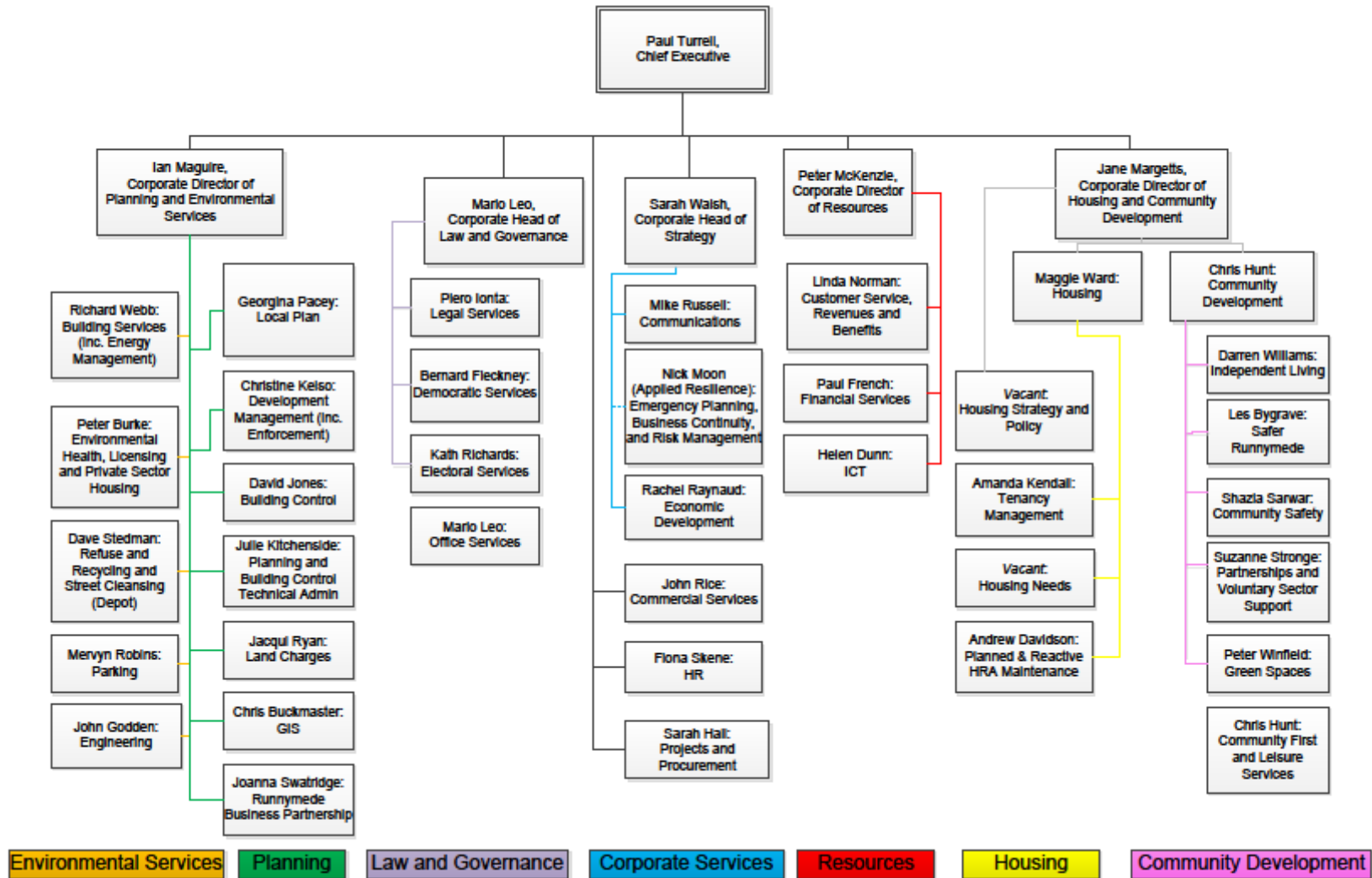
Councillor N H Prescott
Leader of the Council
30 July 2020

Mr. P Turrell
Chief Executive
30 July 2020

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Runnymede Borough Council

25 April 2018



Annual Governance Statement 2018/19

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>During 2019/2020 a number of partnerships increased in size and / or scope. This includes a partnership agreement with Surrey Heath Borough</p> <p>In 2018/19 the Council entered into a partnership with Reigate and Banstead Borough Council to provide additional fraud investigation capacity. The partnership continued in 2019/20</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 continues to work with Surrey County Council on its transformation plans in 2019/20 and beyond as the UK moves into Covid recovery</p> <p>This has resulted in some significant short term but predominantly longer-term opportunities for savings and service improvement</p>	<p>On-going</p> <p>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.</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>As the Councils new management structure is embedded Business Continuity Plans will be re-visited in 2020/21</p>	<p>On-going</p>
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</p>	<p>Members approved a new structure that transferred responsibility for reviewing commercial rents to the Commercial Services Section.</p>	<p>Additional professional resources have been brought in to review all 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>

Annual Governance Statement 2018/19

	recommended actions which have been agreed by the Standards and Audit Committee			
--	---	--	--	--

**9. BDO AUDIT PLANNING REPORT FOR YEAR ENDING 31 MARCH 2020
(Resources, Peter McKenzie (on behalf of BDO))**

Synopsis of report:

To present the Committee with BDO's Draft Audit Planning report for the year ending 31 March 2020.

Recommendations:

None. This report is for information

1. Report

- 1.1 Officers from BDO, the Council's External Auditors met with the Assistant Chief Executive and Corporate Head of Finance on 9 March 2020 to discuss BDO's Draft Audit Planning Report for the year ending 31 March 2020.
- 1.2 Attached at Appendix 'E' is BDO's report which they will use to inform their audit of the Council's final accounts later in the year.

(For information)

Background Papers

None stated.

Report to the Standards and Audit Committee

RUNNYMEDE BOROUGH COUNCIL

Audit Planning Report: year ending 31 March 2020



IDEAS | PEOPLE | TRUST



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WELCOME

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We have pleasure in presenting our Audit Planning Report to the Standards and Audit Committee of Runnymede Borough Council (the 'Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2020 in respect of our audit of the financial statements and consolidated entities (together the 'Group') and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

We look forward to discussing this plan with you at the Standards and Audit Committee meeting on 17 March 2020 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

Steve Bladen, Director

For and on behalf of BDO LLP, Appointed Auditor

17 March 2020

Steve Bladen

Engagement Director

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Matthew Vosper

Audit Manager

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This report has been prepared solely for the use of the Standards and Audit Committee and Those Charged with Governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

SCOPE AND MATERIALITY

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This summary provides an overview of the key audit matters that we believe are important to the Standards and Audit Committee in reviewing the planned audit strategy for the Council and Group for the year ending 31 March 2020.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties.

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.



SCOPE AND MATERIALITY

Executive summary

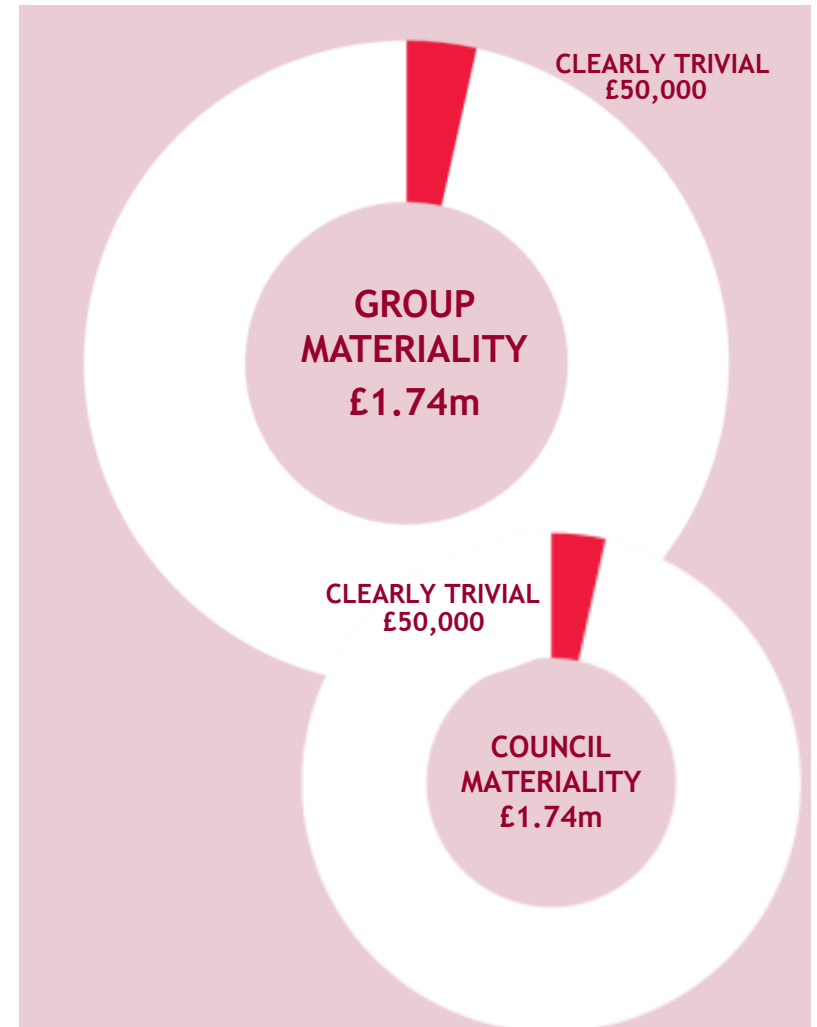
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Materiality

Planning materiality for the Group and Council has been set at 2% of gross expenditure for the year. Based on the prior year financial statements this has been calculated as £1.74 million for both the Group and Council. This will be revisited when the draft financial statements are received for audit. We have set our clearly trivial threshold at £50,000 for both the Group and Council.

In the prior year we set overall planning materiality at 1% of gross assets. This was set at £9.9 million for the Group (£9.3 million for the Council). However, we also applied a lower level of specific materiality to income and expenditure transactions that impacted on revenue resources. This was calculated on the basis of 2% of gross income (excluding valuation gains on investment properties and impairment reversals for dwellings) in the Comprehensive Income and Expenditure Statement, and was set at £1.6 million for the Group (£1.5 million for the Council). Our judgement this year is that while the Council holds a significant investment property portfolio, as a public sector entity, the key focus of the user of the financial statements is the Council's expenditure.

Although materiality is the judgement of the engagement lead, the Standards and Audit Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit.



AUDIT STRATEGY

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Our audit strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher, or where there is a risk that the organisation has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have discussed the changes to the Council, systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Group's activities and to determine which risks impact on the numbers and disclosures in the financial statements, or on its arrangements for securing economy, efficiency and effectiveness in its use of resources.

We will continue to update this assessment throughout the audit.

The table on the next page summarises our planned approach to audit risks identified.

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Risk identified - financial statements	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
Management override of controls	Significant	Yes	Substantive	Medium
Revenue and expenditure recognition	Significant	Yes	Substantive	Medium
Valuation of non-current assets	Significant	No	Substantive	High
Valuation of pension liability	Significant	No	Substantive	High
Allowance for non-collection of receivables	Normal	No	Substantive	Medium
Disclosure of IFRS 16 impact	Normal	No	Substantive	Low

Risks identified - Use of resources	Risk rating	Testing approach
Sustainable finances	Significant	Detailed review
Egham Gateway West development	Significant	Review of governance procedures



INDEPENDENCE AND FEES

Executive summary



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Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

Fees

	2019/20 £	2018/19 £
Code audit fees	34,754	34,754
Additional audit fee	(2) TBC	(1) 38,572
Total audit fees	TBC	73,326
Non audit fees		
- Housing Benefit Subsidy certification	(4) TBC	7,208
- Housing Benefit Subsidy additional fee	-	(3) 6,000
- Pooling Housing Capital Receipts return certification	2,250	2,250
Non audit fees	TBC	15,458
Total fees	TBC	88,784

Notes

- (1) The 2018/19 planned audit fee is the PSAA published scale fee. The scale is based on the historical position from 2012/13, and does not reflect the Council's significant investment in commercial property in recent years, or any of the changes in audit scope linked to current audit requirements for property assets, pensions liability, group accounts work, or whole of government accounts. As a consequence of this change in scope, we incurred significant additional costs in 2018/19, and therefore proposing an increase of £38,572 to our audit fee for 2018/19. In the first instance we will agree this variation with the Assistant Chief Executive, and Standards and Audit Committee. We will then submit a formal request to vary the fee to PSAA Ltd.
- (2) The factors outlined in (1) above are equally applicable to 2019/20, and we therefore expect to seek a broadly similar variation to the scale fee as that sought in 2018/19. Discussions on the total fee impact will be held initially with the Assistant Chief Executive, and the Standards and Audit Committee, before a formal request to vary the fee is submitted to PSAA Ltd.
- (3) Additional work was required for each error type identified, either to quantify an amendment to the subsidy return, or to test a sufficient number of cases to be able to extrapolate the impact of the errors identified over the untested population of claims.
- (4) Non audit fees are currently being reviewed for 2019/20. These will be agreed with the Assistant Chief Executive, and then reported to the Standards and Audit Committee.

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Key components of our audit objectives and strategy for the Group are highlighted and explained on the following pages.

Audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Financial statements	We will express an opinion on the Council and Group financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2019/20 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information contained in the Statement of Accounts to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
Use of Resources	We will report whether we consider that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
WGA	We will review the Whole of Government Accounts (WGA) return and express an opinion on whether the return is consistent with the audited financial statements.
Additional powers and duties	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to the Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
Report to the Standards and Audit Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the Standards and Audit Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.

AUDIT SCOPE ENTITIES, COMPONENTS AND AUDIT RISKS

As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600.

A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.



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AUDIT SCOPE ENTITIES, COMPONENTS AND AUDIT RISKS 2

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Entity	Nature of Operations	Audit classification	Reason for classification	Audit Risks	Component Materiality	Audit strategy
Runnymede Borough Council	Provides district council services	Significant parent entity	Size and risk Expenditure £94m Income £89m Gross assets £973m	All risks	£1.7 million	Statutory audit performed by BDO LLP
RBC Investments (Surrey) Ltd	Residential property	Non-significant component	Size and risk Expenditure £0.8m Income £0.8m Gross assets £30m	Valuation of non-current assets	N/A	The financial statements for these components are subject to statutory audit by CSL Partnership Ltd.
RBC Services (Addlestone One) Ltd	Property maintenance	Non-significant component	Size and risk Expenditure £0.8m Income £0.9m Gross assets £0.5m	N/A	N/A	In performing our audit of the Council's group financial statements, we will not place reliance on the work of CSL Partnership Ltd., but will instead undertake direct testing of those transactions and balances within the component entities that are material to the group financial statements.
RBC Heat Company Ltd	Heat and light power generation	Non-significant component	Size and risk Expenditure £0.2m Income £0.3m Gross assets £0.1m	N/A	N/A	

BDO TEAM

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Steve Bladen
Engagement Lead

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As audit engagement lead I have primary responsibility to ensure that the appropriate audit opinions are given.

In meeting this responsibility I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I will ensure that we have undertaken sufficient work to assess the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources against the guidance published by the NAO.

I am responsible for the overall quality of the engagement and am supported by the rest of the team as set out here.

Matthew Vosper
Audit Manager

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e: matthew.vosper@bdo.co.uk

I will lead on the audit of the Group and Council.

I work closely with Steve to develop and execute the audit strategy. I will be a key point of contact on a day to day basis for the Council and will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to management and the Standards and Audit Committee are highlighted on a timely basis.

OVERVIEW

Audit risks

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements or impact on our use of resources opinion and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team. Key: **Significant** / **Normal**

Description of risk	Significant risk	Normal risk	Overview of risk
1. Management override of controls			ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
2. Revenue and expenditure recognition			Under auditing standards there is a presumption that income recognition presents a fraud risk. For the Council, we consider the risk of fraudulent revenue recognition to be in respect of the accuracy and existence of investment property income and grant income where there are conditions attached to recognition of the grant. There is also a risk of manipulation of expenditure recognition by inappropriately deferring expenditure by including expenditure in the following year.
3. Valuation of non-current assets			There is a risk over the valuation of land, buildings, dwellings and investment properties where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at year-end.
4. Valuation of pension liability			There is a risk the valuation is not based on appropriate membership data where there are significant changes or uses inappropriate assumptions to value the liability.
5. Allowance for non-collection of receivables			There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.
6. Disclosure of IFRS 16 impact			There is a risk that disclosures for the implementation of IFRS 16 in 2020/21 are not complete and accurate if the Council has not undertaken the necessary preparatory work.
7. Sustainable finances (Use of Resources)			The financial environment in which the Council operates continues to be challenging, and presents a number of risks to the financial sustainability of the Council. In particular, the Council's investment strategy carries with it increased risk and exposure to an economic downturn, and as a consequence, a reduction in the yield available from commercial property. To achieve a sustainable financial position, the Council will need to meet income targets and deliver savings plans in the medium term; there is a risk that those targets will not be met.
8. Egham Gateway West (Use of Resources)			December 2019, the Council commenced work on the Egham Gateway West project, a £90 million pound redevelopment of Egham town centre. The Council will need to ensure governance arrangements for the programme development are robust and adequately manage the risks of the project.

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Auditing standards presume that management is in a unique position to perpetrate fraud by overriding controls.

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

Risk detail

ISA (UK) 240 - The auditor’s responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant in all entities.

Planned audit approach

To address this risk we will:

- Review and verify journal entries made in the year, agreeing the journals to supporting documentation. We will determine key risk characteristics to filter the population of journals. We will use our IT team to assist with the journal extraction;
- Review estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
- Evaluate any significant transactions that appear to be outside the normal course of business, or that otherwise appear unusual; and
- Review unadjusted audit differences for indications of bias or deliberate misstatement.

In considering how the risk of management override may present itself, we consider the inappropriate capitalisation of revenue expenditure to be a key risk. To address this risk we will:

- Sample test additions to non-current assets and investment property to ensure they have been classified correctly; and
- Test journals relating to the acquisition of non-current assets and investment property.

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Auditing standards presume that income recognition presents a fraud risk.

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

Risk detail

Under auditing standards there is a presumption that income recognition presents a fraud risk. For the Council, we consider the risk of fraudulent revenue recognition to be in respect of the accuracy and existence of investment property income and grant income where there are conditions attached to recognition of the grant.

In the public sector the risk of fraud in revenue recognition is modified by Practice Note 10 issued by the Financial Reporting Council. This states that auditors should also consider the risk that material misstatements may occur through the manipulation of expenditure recognition. This risk is identified as being relevant to the cut-off of expenditure, where our testing will be focussed.

Planned audit approach

Our audit procedures will include the following:

- Test an increased sample of revenue grants included in net cost of services income to documentation from grant paying bodies and check whether recognition criteria have been met;
- Test an increased sample of investment property income to supporting documentation, including lease agreements, contracts and rent reviews;
- Test an increased sample of expenditure either side of year end, to confirm that expenditure has been recorded in the correct accounting period; and
- Test a sample of manual accruals.

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The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk	■
Normal risk	□
Fraud risk	■
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	■
Substantive testing approach	■
Risk highlighted by Council	■

Risk detail

Local authorities are required to ensure that the carrying value of land, buildings and dwellings is not materially different to the current value (operational assets) or fair value (surplus assets, assets held for sale and investment properties) at the balance sheet date. At 31 March 2019, the Council held dwellings of £294 million, other land and buildings of £80 million, and investment property of £479 million.

Valuations of property assets can be complex, and the estimates and judgments made by management are likely to have a significant impact on the value of those assets. We also note that the Council is planning to change its valuer in 2019/20.

We consider there is a significant risk over the valuation of these assets due to the high degree of estimation uncertainty and management judgement.

Planned audit approach

Our audit procedures will include the following:

- Consider the adequacy of the work performed by the Council’s valuer, including the scope of the work performed;
- Review the valuer’s skills and expertise to determine if we can rely on management’s expert;
- Review the assumptions used by the valuer;
- Test source data used by the valuer to supporting documentation (for example, rental agreements / site plans);
- Test that the basis of valuation for assets valued in year is appropriate;
- Test movements in the valuation of assets against relevant indices for similar classes of assets, and valuation movements that appear unusual; and
- Confirm that assets not subject to valuation in 2019/20 have been assessed to ensure their reported values remain materially correct at the balance sheet date.

VALUATION OF PENSION LIABILITY

The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty

Risk detail

The valuation of the defined benefit obligation is a complex calculation involving a number of significant judgements and assumptions. The Council's pension fund deficit at 31 March 2019 was £46 million.

The actuarial estimate of the pension fund liability uses information on current, deferred and retired member data and applies various actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.

An actuarial estimate of the liability is calculated by an independent firm of actuaries. The estimate will be based on the submission of membership data from the 2019 triennial valuation exercise, updated at 31 March 2020 for factors such as mortality rates and expected pay rises.

There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the Council's share of the scheme liability.

Planned audit approach

Our audit procedures will include the following:

- Agreeing the disclosures to the information provided by the pension fund actuary;
- Assess the qualifications and competence of the actuary through the use of PwC consulting actuary (auditor's expert);
- Review the reasonableness of the assumptions used by the actuary (management's expert) for the calculation of the liability against other local government actuaries' assumptions and other observable data using the benchmark range of acceptable assumptions provided by PwC consulting actuary (auditor's expert);
- Reviewing the controls in place for providing accurate membership data to the actuary;
- Check the accuracy and completeness of the data set submitted to the actuary for the 2019 triennial valuation of the LGPS;
- Checking that any significant changes in membership data have been communicated to the actuary; and
- Contacting the pension fund auditor and requesting confirmation of the controls in place for providing accurate membership data to the actuary and testing of that data; and

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	
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ALLOWANCES FOR NON COLLECTION OF RECEIVABLES

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There is a risk over the valuation of the allowance for the non-collection of arrears and debt.

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

Risk detail

The Council recognises an allowance for the non-collection of receivables (arrears and debt), primarily in respect of council tax, non-domestic rates, housing benefit overpayments, housing rents and parking charges.

The Council assesses each type of receivable separately in determining how much to allow for non-collection. There is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.

Planned audit approach

Our audit procedures will include the following:

- For receivables that are excluded from IFRS 9, review the provision model to assess whether it appropriately reflects historical collection rates by age of debt or arrears; and
- For all other receivables and intra-group loans to subsidiaries, review the provision model to assess whether it includes appropriate assumptions for expected credit losses.

DISCLOSURE OF IFRS 16 IMPACT

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There is a risk that disclosures in the 2019/20 financial statements for the implementation of IFRS 16 in 2020/21 are not complete and accurate if the Council has not undertaken the necessary preparatory work.

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

Risk detail

The Code of Practice on Local Authority Accounting requires the implementation of IFRS 16 (leases) in 2020/21. This is a significant change to the financial reporting requirements for the Council. The preparation for this change represents a major piece of work.

There is a risk that the disclosures required in the ‘Accounting standards not yet adopted’ note in the 2019/20 financial statements are accurate if the Council does not undertake the necessary preparatory work to enable the smooth implementation of IFRS 16.

Planned audit approach

Our audit procedures will include the following:

- Review the preparatory work undertaken by the Council;
- Review the disclosures in the ‘Accounting standards not yet adopted’ note;
- Test the completeness of the leases schedule to check that all relevant leases are identified; and
- As part of our testing of lease disclosures, test a sample back to supporting documentation to agree the terms of the lease to the leases scheduled maintained by the Council.

SUSTAINABLE FINANCES (USE OF RESOURCES)

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To achieve a sustainable financial position, the Council will need to meet income targets and deliver savings plans in the medium term; there is a risk that those targets will not be met

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Detailed review
- Risk highlighted by Council

Risk detail

The financial environment in which the Council operates continues to be challenging, and presents a number of risks to the financial sustainability of the Council. The Council’s latest Medium Term Financial Strategy identifies a savings gap of £4.8 million over the period 2020/21 - 2023/24. These savings are in addition to the £6.5 million of savings realised by the Council in recent years.

Since 2015 the Council has invested over £400 million in commercial asset acquisitions. The objective of this has been two-fold - firstly to acquire assets as part of a long-term place shaping and regeneration strategy, and secondly to generate a sustainable income stream to both fund its regeneration strategy, and replace significant reductions in the level of government funding received by the Council since 2009/10. The Council’s investment strategy carries with it increased risk and exposure to an economic downturn, arising for example, from factors such as Brexit (and as a consequence, a reduction in the yield available from commercial property).

Planned audit approach

Our audit procedures will:

- Review the assumptions used in the Medium Term Financial Strategy, including the cost pressures applied, reductions in Government grant, and the level of commercial income;
- Review the delivery of budgeted savings in 2019/20; and
- Review the strategies to close the budget gap after 2020/21.

EGHAM GATEWAY WEST DEVELOPMENT (USE OF RESOURCES)

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The Council will need to ensure governance arrangements for the programme development are robust and adequately manage the risks of the project.

Significant risk
Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
Controls testing approach
Detailed review
Risk highlighted by Council

Risk detail

Egham Gateway West is one of several phases of the Runnymede Regeneration Programme - the Council's £200 million investment and redevelopment initiative which will upgrade the area's town centres, improving infrastructure and public facilities.

In December 2019, the Council commenced work on the Egham Gateway West project, a £90 million pound redevelopment of Egham town centre that will create a new public square, shops, a cinema, student accommodation, and more than 100 new homes, providing further options for local people, and those who would like to relocate. Main building works are set to complete in late summer 2021. The project represents a significant commitment in terms of the Council's strategic, operational and financial priorities.

Planned audit approach

Our approach will review the effectiveness of the Council's processes for exercising effective oversight of the project and significant expenditure commitments, focussing on:

- The quality of the Council's decision making process, in particular the quality of the information provided to Members when taking decisions in relation to the project;
- The extent to which the Council has sought and considered relevant technical, legal and independent professional advice to inform any decisions it made in considering the business case for this development;
- The extent to which the Council has identified, considered and mitigated the risks around the project;
- The extent to which the Council has modelled the financial implications of the project through its medium term financial plan;
- The extent to which the Council considered alternative funding options; and
- The adequacy of the processes established by the Council to review and monitor delivery of the agreed outputs.

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Fraud

Whilst the officers of the Council have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have been made aware of a small number of low value actual, alleged or suspected incidences of fraud reported by the Council. We request confirmation from the Standards and Audit Committee on fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Management believe that there is low risk of material misstatement arising from fraud and that controls in operation would prevent or detect material fraud.

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We will review the reports issued by the Council's internal audit function although we do not plan place reliance on their work in respect of their assessment of control processes.

Laws and regulations

We will consider compliance with laws and regulations. The most significant of these for your organisation includes VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We will make enquiries of management and review correspondence with the relevant authorities.

Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2019/20, applicable accounting standards or other direction under the circumstances.

Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management and the Standards and Audit Committee.

Contingencies

We request input from the Standards and Audit Committee on recent claims.

Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.

GOING CONCERN

Officers are required to make an assessment of the Council's ability to continue as a going concern.

Officers' responsibilities

It is the Officers' responsibility to make an assessment of the Council's ability to continue as a going concern to support the basis of preparation for the financial statements and disclosures in the financial statements. This is a requirement of the accounting standards.

This assessment should be supported by detailed cash flow forecasts with clear details of the key underlying assumptions, consideration of available finance throughout the forecast period, and a consideration of the forecast's sensitivity to reasonably possible variations in those assumptions along with any other relevant factors.

The going concern assessment should cover a minimum of 12 months from the date of the directors' approval of the financial statements. However, consideration should also be given to any major events or circumstances that may fall outside this period.

Audit responsibilities

Our responsibilities in respect of going concern are:

- (a) To obtain sufficient appropriate audit evidence regarding, and conclude on, i) whether a material uncertainty related to going concern exists; and ii) the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements; and
- (b) To report in accordance with ISA (UK) 570.

We will obtain an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Council's financial performance including forecasting and budgeting processes and the Council's risk assessment process. We will evaluate:

- a) The officers' method, including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other.
- b) The officers' plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances.
- c) The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist.

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IT GENERAL CONTROLS

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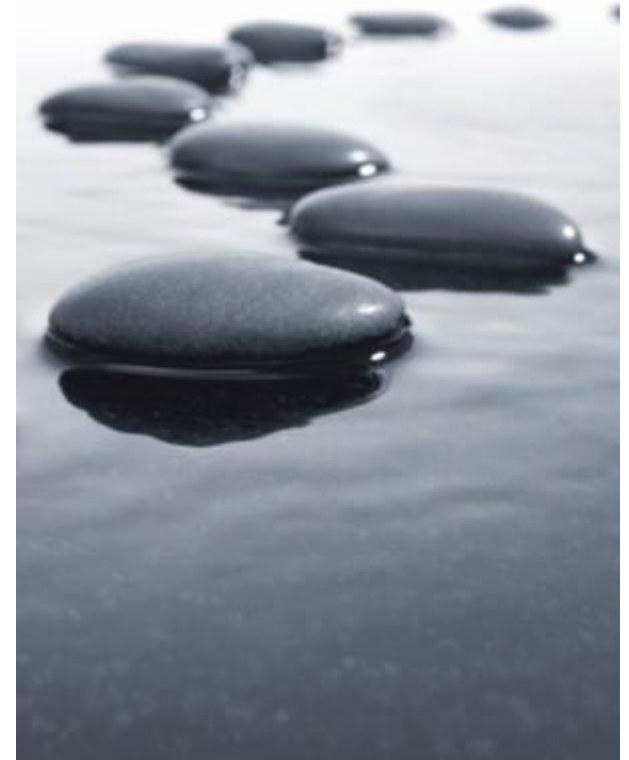
IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information systems, including the related business processes relevant to financial reporting, to include:

- Total Finance
- PARIS
- Northgate
- MoorePay.



INDEPENDENCE

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Under ISAs (UK) and the FRC’s Ethical Standard we are required, as auditors, to confirm our independence.

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ending 31 March 2020.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Group.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Council and the Group.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

Non-audit services

Details of services, other than audit, provided by us to the Group during the period and up to the date of this report are set out in the fees table on page 8.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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Financial reporting

The Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Council accounts for its stewardship and use of the public money at its disposal.

The form and content of the Council's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Council is also required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury's Whole of Government Accounts.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2019/20, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

Use of resources

Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, the Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

OUR RESPONSIBILITIES

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Our responsibilities and reporting - financial reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the ‘other information’ contained in the Statement of Accounts such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

Our responsibilities and reporting - use of resources

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether the Council has put arrangements in place that support the achievement of value for money.

What we don't report

Our audit is not designed to identify all matters that may be relevant to the Council and the Standards and Audit Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



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Those charged with governance

References in this report to those charged with governance ('TCWG') are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Standards and Audit Committee.

In communicating with the Standards and Audit Committee, representing TCWG of the parent and the Group, we consider TCWG of subsidiary entities to be informed about matters relevant to their subsidiary. Please let us know if this is not appropriate.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Audit Planning Report

The Audit Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the report.

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This table indicates the latest rotation periods normally permitted under the independence rules of the FRC’s Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Steve Bladen Director	1	10 years
Matthew Vosper Audit Manager	2	10 years

MATERIALITY: DEFINITION AND APPLICATION

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Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern; and
- Instances when greater precision is required (e.g. Remuneration and Staff Report and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the Group, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests;
- Calculate sample sizes; and
- Assist in evaluating the effect of known and likely misstatements on the Group financial statements.

Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

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If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

Unadjusted errors

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the Standards and Audit Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.

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Overview

The FRC released their Audit Quality Review (AQR) results for the 7 largest accountancy firms in July 2019 for the review period 2018/19. A copy of all of the reports can be found on the [FRC Website](#). We are very proud of our results in this review period where, for the second year running, 7 of the 8 files reviewed were assessed as either good or requiring only limited improvements.

Firm's results

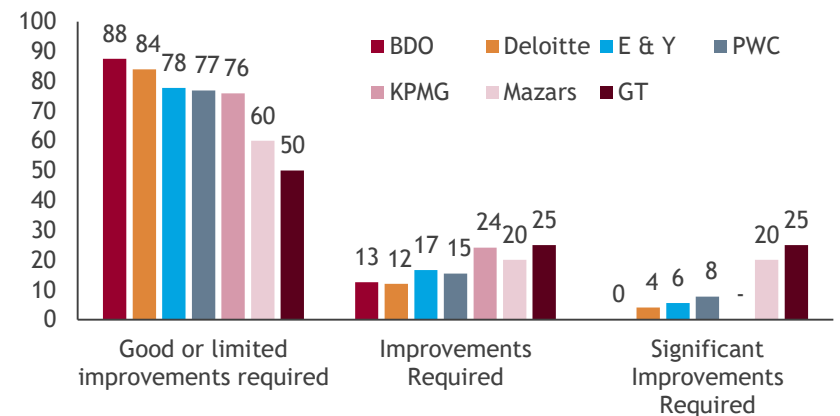
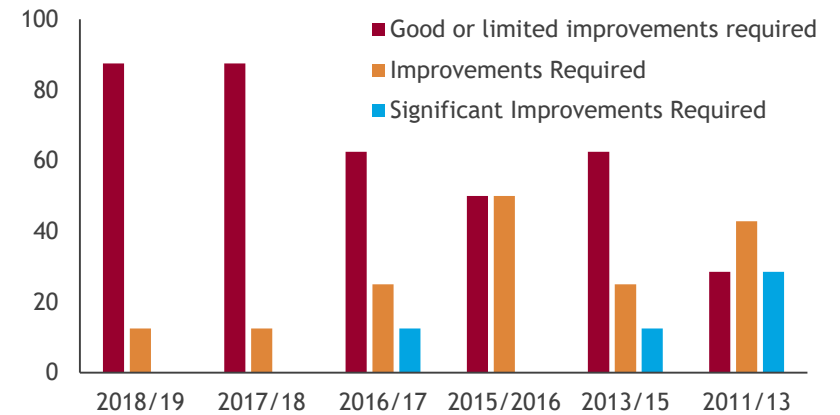
The graphs demonstrates our performance in relation to the other 6 largest firms and our continuous improvements and maintenance of that improvement over the last 6 review periods .

We include details of our model 'The Cycle of Continuous Improvement'. We acknowledge that the firm has performed well over the last few years however we are not complacent and need a strong process in place to maintain this high level of audit quality and deal rapidly and effectively with issues as they arise. This also highlights how our program of root cause analysis plays an important role in high audit quality.

We would encourage you to read our report which includes:

- Details of the root cause analysis we have been undertaking to address issues raised;
- The actions we have/are undertaking to address the issues raised by the AQR; and
- A number of areas of good practice the AQR review team identified whilst undertaking their review.

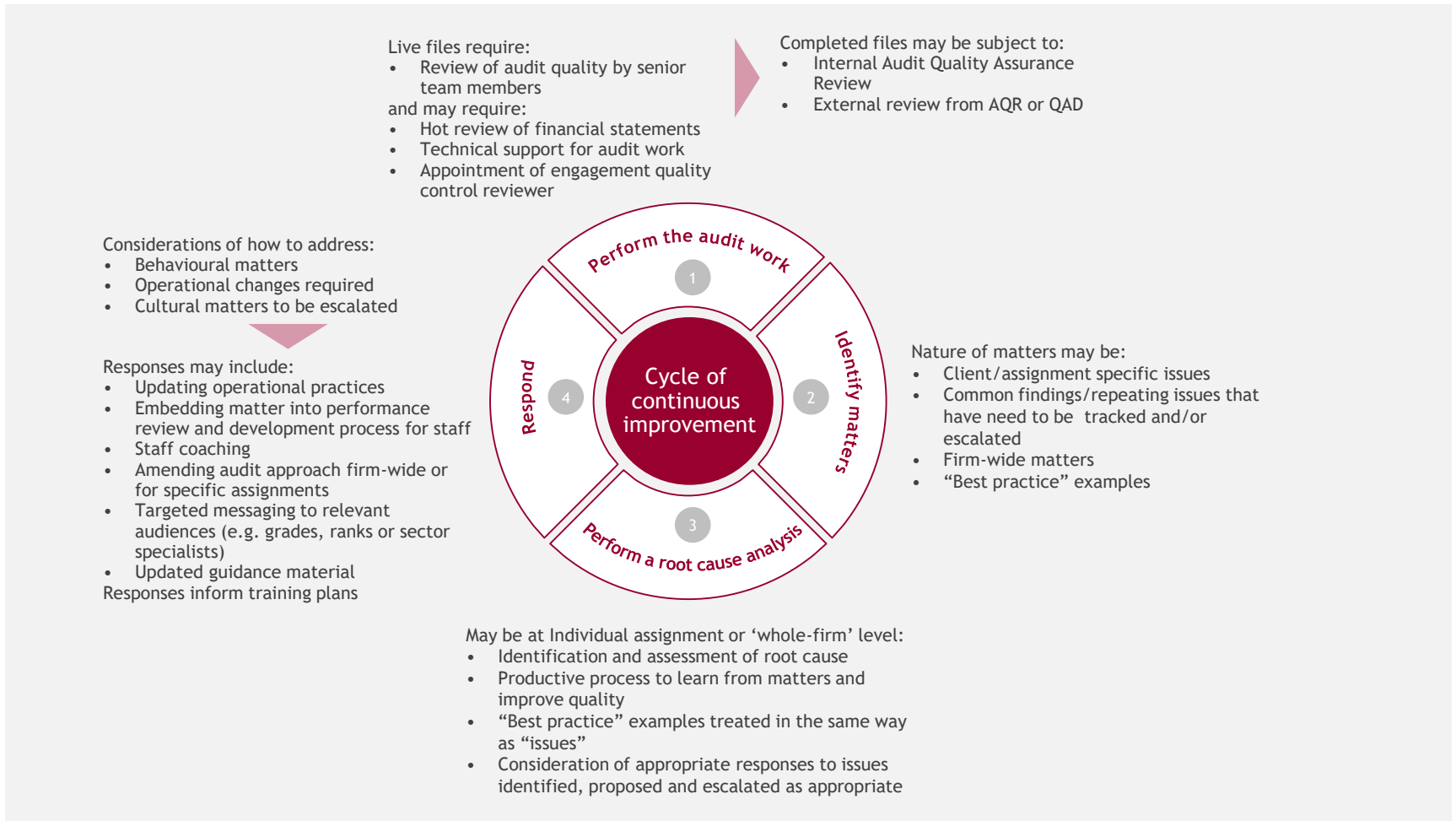
More details will be included in our Transparency Report which will be available on our www.bdo.co.uk.



AQR RESULTS 2018/19

BDO performance

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10. LOCAL GOVERNMENT ASSOCIATION MODEL MEMBER CODE OF CONDUCT CONSULTATION (Law and Governance, Mario Leo)

Synopsis of report:

To seek Members' views on a possible response to a consultation being undertaken on a Model Member Code of Conduct.

Recommendation(s):

the response proposed by Officers to the Local Government Association's consultation on the Model Member Code of Conduct, be approved

1. Context of report

- 1.1 The Localism Act 2011 (the 2011 Act) imposed a duty on all local authorities to adopt a Code of Conduct to regulate the behaviour of elected Members. The 2011 Act did not prescribe a form of Code of Conduct but left it to local authorities to create their own.
- 1.2 In January 2019 the Committee on Standards in Public Life published its report and recommendations on ethical standards in local government, following a year-long review and wide consultation. Recommendation 1 of that report was that 'The Local Government Association (LGA) should create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government'.
- 1.3 The LGA commenced on the 8 June 2020 a ten-week consultation exercise on a draft model code of conduct they have prepared. Local authorities are invited to respond to the consultation.

2. Report

- 2.1 A code of standards for elected Members has existed since 1975. The third report of the Committee on Standards in Public Life published in 1997 recommended local authorities should adopt their own codes of conduct, but within a national framework, and recommended the production of a model code of conduct.
- 2.2 Between 2000 and 2012, Standards for England was responsible for drawing up an England-wide code of conduct and dealing with allegations of breaches in the code of conduct. This included the power to suspend elected Members from office.
- 2.3 The Localism Act 2011 abolished Standards for England, and imposed a requirement for the introduction of local codes of conduct and responsibility for local investigation. The power to suspend elected Members for breaches of the code of conduct was removed.
- 2.4 When the provisions of the Localism Act 2011 came into force there were a number of alternative models suggested for adoption as local codes of conduct. Some models focused on merely dealing with the declaration of interests and quoting the seven Nolan principles of public life. Runnymede

adopted a hybrid model which not only dealt with declaring interests but also dealt with issues of behaviour and acknowledged there were some interests in matters which were not of a purely financial interest that elected Members should have regard to.

- 2.5 The Committee on Standards in Public Life undertook an investigation into local government ethical standards, which reported in January 2019. This investigation took place in the wake of expressions of concern regarding the current standards regime from within the local government sector. A Local Government Chronicle survey in mid-2017 found that 60% of 235 monitoring officers responding did not believe that sufficient tools were available to them to deal with allegations of improper behaviour.
- 2.6 The report made 26 recommendations for changes to the English standards regime, and to ancillary matters such as the Local Government Transparency Code. Amongst these were that the report did not favour a return to a pan-England system as existed before 2012. However, it recommended that the LGA should draft a new model code of local government conduct. This should cover matters such as social media use and bullying and harassment, which the report claimed are not adequately addressed by some authorities' codes of conduct at present.
- 2.7 The LGA committed to reviewing the current model member code of conduct, as recommended by the Committee on Standards in Public Life's report into Local Government Ethical Standards. The LGA held an event on Civility in Public Life with a range of stakeholders at the end of 2019 and three consultation workshops at the beginning of 2020. LGA consultants also examined examples of good practice, both in local government and other professions. The LGA consultation draft model member code of conduct is the result of this initial work. It is the intention of the LGA to create additional guidance, working examples and explanatory text.
- 2.8 The LGA very much welcome comment on the consultation draft. The LGA would particularly like to know if it stands up to the new ways of working that have been introduced and gives enough of a steer on social media and online activity.
- 2.9 The consultation on the draft member code of conduct will run for 10 weeks from Monday 8 June until Monday 17 August. The LGA hope this will provide officers and Members with enough time to reflect on the draft model member code of conduct and provide the LGA with feedback whilst they continue to respond to the COVID-19 crisis. To facilitate the consultation the LGA have produced an online consultation questionnaire. The questionnaire is designed for both Members and officers. The LGA are also happy to receive narrative responses from councils or stakeholder groups via email at the ModelCode@local.gov.uk address. If councils, elected Members or officers are interested in discussing the draft code in more detail, the LGA will be holding a number of webinars over the Summer.
- 2.10 A copy of the draft code is attached at Appendix 'F'. Officers have considered the draft code and compared it to the Council's existing code of conduct and would make the following observations.

The draft code:

- makes clear when it will apply

- makes clear reference to and incorporates the seven principles of public life (Nolan principles)
 - identifies the behaviours expected of elected Members
 - provides examples of what is meant by some of the terms used in it concerning expected behaviours
 - explains the need to declare interests and to record gifts and hospitality
 - explains the consequences of breaching the provisions of the code.
 - contains LGA guidance on an informal resolution procedure
 - has two Appendices; one sets out the Nolan principles in detail and the other explains the process for registering and declaring Disclosable Pecuniary Interests
 - has a table setting out exactly what constitutes Disclosable Pecuniary Interests
 - has a table of what it terms are other registerable interests
- 2.11 When compared to the Council's existing code of conduct the draft code is briefer in content. There is material consigned to Appendices or Tables which in the Council's code of conduct appear in the body of the document. The draft code provides some good examples of what behaviour is expected of elected Members. It is safe to say that the draft code is easier to read and understand than the Council's current code of conduct.
- 2.12 There is material which is included in the Council's code e.g. interests other than Disclosable Pecuniary Interests, a procedure for dealing with sensitive interests and the procedure for granting of dispensations, which are not dealt with in the draft code. Clearly these matters can be placed in another document with the Constitution.
- 2.13 Overall, Officers would propose that the Council responds in a positive manner to the draft code. The benefits of having a nationally agreed version is that there is consistency. Some elected Members who serve on Surrey County Council have on occasion commented on the difference between its code of conduct and the Council's. The draft code is also to be welcomed for providing examples of the types of behaviour which are included. The draft code is future proofed and designed to deal with possible future changes which may flow out of the Committee on Standards in Public Life's report into Local Government Ethical Standards.
- 2.14 The on line survey asks a series of questions about the style and content of the draft code. Officers would propose submitting a narrative response to the consultation along the lines set out in paragraph 2.13 above. Officers would propose circulating to all Members a link to the email from the LGA commencing the consultation which would enable any Member if they wish to respond to the consultation personally.
- 2.15 Members should note that the current exercise will not alter the current sanctions which can be imposed for a breach of the code of conduct. Although the Committee on Standards in Public Life's report into Local Government Ethical Standards recommended that the ability to suspend an elected Member for a breach be created, that recommendation has not been currently promoted in any manner.
3. **Policy framework implications**

3.1 One of the four themes in the Corporate Business Plan 2016-2020 is Supporting Local People. The role of elected Members is to provide local leadership and an important aspect of that role is for residents to have confidence in their councillors. The adoption of a code of conduct which is clear about the behaviours expected of elected Members will greatly assist them in discharging their functions. An easily understood code will also assist the public in their interaction with their elected representatives.

4. **Resource implications (where applicable)**

4.1 The response to this consultation exercise can be undertaken by officers as part of their normal duties and therefore no additional resources are required.

5. **Legal implications**

5.1 As explained in the body of the report there is a legal duty imposed on all local authorities to adopt a code of conduct for their elected Members. The Committee on Standards in Public Life is an independent, advisory non-departmental public body (NDPB) established in 1994. The Committee is not founded in statute and has no legal powers to compel witnesses to provide evidence, or to enforce its recommendations.

5.2 The Committee on Standards in Public Life are responsible for:

- advising the Prime Minister on ethical issues relating to standards in public life
- conducting broad inquiries into standards of conduct
- promoting the 7 principles of public Life

Their remit does not allow them to investigate individual allegations of misconduct. If any recommendations are made in any reports prepared by the Committee on Standards in Public Life their implementation is dependent on adoption by Government and the enactment of legislation.

5.3 The LGA is the national membership body for local authorities and it works on behalf of its member councils to support, promote, and improve local government. Given its position in local government, it is well placed to undertake a review of the code of conduct and to secure a consensus on what a revised code of conduct should look like.

6. **Equality implications**

6.1 There are no equality implications associated with this exercise. Any code of conduct will apply to all elected Members. The criteria governing the ability to stand for election as a local councillor are set by national legislation and not at a local level.

7. **Environmental/Sustainability/Biodiversity implications**

7.1 Responses to this consultation exercise can be submitted by electronic means and therefore is environmentally friendly.

8. **Other implications (where applicable)**

8.1 None

9. **Conclusions**

- 9.1 There is a legal obligation on local authorities to adopt a code of conduct to regulate the conduct of elected Members. The recent review by the Committee on Standards in Public Life has highlighted weaknesses which exist when a variety of examples of codes of conduct exist. The creation of one model code by the umbrella organisation for local government will promote consistency across the sector. The Council should avail itself of the opportunity to participate in this exercise.

(To resolve)

Background papers

Local Government Association Model Member Code of Conduct Consultation.

Local Government Association Model Member Code of Conduct

Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



Councillor Izzi Seccombe OBE
Leader, LGA Conservative Group



Councillor Nick Forbes CBE
Leader, LGA Labour Group



Councillor Howard Sykes MBE
Leader, LGA Liberal Democrats Group



Councillor Marianne Overton MBE
Leader, LGA independent Group

Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]¹ in [public or in]² your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

As a councillor I commit to:

Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

Your position

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

Use of council resources and facilities

9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

Interests

10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

Gifts and hospitality

11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

Example

LGA guidance and recommendations

Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details www.gov.uk/government/news/the-principles-of-public-life-25-years
5. ACAS’s definition of bullying

Appendices

Code Appendix A

The principles are :

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Code Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 .
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society.

*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	



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We consider requests on an individual basis.

11. COMPLAINTS AND COMPLIMENTS - QUARTER 4 2019/2020 AND QUARTER 1 2020/2021 (Law and Governance, Clare Pinnock)

Synopsis of report:

To provide Members with a summary of the complaints and compliments received from 1 January 2020 – 31 March 2020 (Quarter 4 of the KPI reporting structure), 1 April – 30 June 2020 (Quarter 1)

Recommendation(s):

None. This report is for information.

1. Context of Report

1.1 The Council maintains a spreadsheet 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 spreadsheet for compliments and there is an overdue complaints register which helps us keep track of unresolved complaints.

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 As there was no meeting of this Committee in June, this report also contains the Quarter 1 (April to June 2020) figures tagged onto the end of the table to save creating two very similar tables.

2.3 There were 15 formal complaints and 31 compliments recorded in Quarter 4 2019/2020 and 11 complaints and 56 compliments in Quarter 1 2020/2021. The table below shows the number of entries in each register.

2.4 Complaints 2019/2020 – and Quarter 1 2020/2021

Business Centre	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Q1
Commercial Services	0	0	0	0	0
Community Development	1	0	0	0	1
Community Services	1	0	0	1	0
Corporate Services	3	0	0	0	0
Customer, Digital and Collection Services	2 (1 joint with Environmental Services)	6	1	0	2

Development Management and Building Control	0	3	1	0	3
Economic Development and Planning Policy	0	0	0	0	0
Environmental Services	4 (1 joint with Customer, Digital and Collection Services)	13	3	3	0
Financial Services	0	0	0	0	0
Housing	10	9	7	8	4
Human Resources	0	0	0	0	0
Law and Governance	0	0	0	2	1
Totals	20	31	12	14	11

- 2.5 Of the 14 complaints recorded, none were upheld from Quarter 4 and only one of the 11 complaints was partly upheld from Quarter 1 which acknowledged our delay in dealing with a resident in a timely manner on a pre-application for planning. In Quarter 4 although we recorded them, 3 of the 14 complaints were withdrawn. There are 7 complaints overdue and the relevant managers have all been sent a reminder. However, it should be noted that dealing with the Covid response has meant that a number of Officers have been unable to update the registers because they were involved in the welfare cell and other related duties supporting our most vulnerable residents.
- 2.6 The number of complaints recorded is slightly higher than the last quarter but Quarter 1 is lower again. Officers consider that a number of complaints have arisen as people have become frustrated with the current Covid crisis and their feelings have intensified if something goes wrong.
- 2.7 Members have requested some analysis of complaints and how service improvements can be made using the data available. Resources are limited to do this, but the following has been identified from information provided in the register.
- Dealing with service requests in a timely manner
 - Explaining our processes and policies more clearly
- 2.8 **Compliments 2019/2020 and Quarter 1 2020/2021**

Business Centre	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Q 1
Commercial Services	0	0	0	0	
Community Development	2 (1 shared with Customer, Digital and Collection Services)	2	7	6	10
Community Services	2	2	1	0	1
Corporate Services	0	0	0	0	1
Customer, Digital and Collection Services	1 (shared with Community Devt)	4 (1 shared with Environmental Services)	0	2	9
Development Management and Building Control	0	0	0	0	
Economic Development and Planning Policy	0	0	0	0	
Environmental Services	5	7 (1 shared with Customer Services)	13	19	30
Financial Services	0	0	0	0	
Housing	5	0	3	4	4
Human Resources	0	0	0	0	
Law and Governance	0	0	0	0	1
Totals	14	12	23	31	56

- 2.9 There were 31 compliments received for Quarter 4 and 56 for Quarter 1. At the meeting of this Committee in July 2019, Members requested that we identify staff that received compliments as a way of recognising their achievements. The details, where staff/particular sections were named, are set out in Exempt Appendix '1' as advised to comply with Data Protection guidance.
- 2.10 In both quarters the compliments ranged from gratitude for specific road sweeps and other clearances in their areas, the care and assistance given to Service users, assistance with dealing with missing persons, caring and helpfulness of individual staff and the pride taken in their work to improve the borough for our residents.
- 2.11 A significant number of compliments were received for staff who have helped and supported people throughout the Covid crisis. For example, the staff from across the Council making welfare calls, running and working in the welfare cell demonstrated the Council working together for the benefit of our residents.

2.12 The breakdown of complaints and compliments in 2019/2020 and Quarter 1 of 2020/2021 by Ward is set out below (- denotes complaints and + compliments)

Ward	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Quarter 1	
	-	+	-	+	-	+	-	+	-	+
Addlestone North		1	2		1		2	5		1
Addlestone South	1		4	1	2	6	3	4	1	6
Chertsey Riverside	1	2		1	1		2	1	1	3
Chertsey St Ann's	3	1	1	2		1	2	1	1	7
Egham Hythe	2	1	4		1	1		1		1
Egham Town	2	4	2		2	2	2	5		2
Englefield Green East		1		1		2		2		5
Englefield Green West	2		2			1	1		3	1
Longcross, Lyne and Chertsey South	1		1							1
New Haw			4	1	1	1	1	4	3	2
Ottershaw	3		2	1	1	2		2	1	3
Thorpe	2	1	3	1	2	1		3		3
Virginia Water		1	1			1	1			5
Woodham and RowTown			2		1	1		1		2
Out of Borough	1		2	1		2				2
Unrecorded	1	2	1	5		3		2	1	12
Totals	19	14	30	14	12	24	14	31	11	56

2.13 Officers have been reminded that it is very useful to record the ward if applicable, as there were 10 this time that were not recorded. They were mostly relating to assistance given with food parcels and similar so they are more likely to be in the borough.

2.14 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.

2.15 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.

3. Policy framework implications

3.1 There are no further policy implications to report other than those previously noted.

4. Resource implications

4.1 All work on the registers is co-ordinated by an Officer in Law and Governance; whilst this can be time consuming, it is considered to be an

important part of Corporate Governance and one which assists Councillors to have an overview of how the Council is performing.

5. Equality implications

- 5.1 The Council has a duty under the Equality Act 2010 to promote and foster good relations between people who share a protected characteristic and those who do not. We should at all times act in a way that is non-discriminatory through our policies and procedures and interactions with people.
- 5.2 In the last reporting period there was one complaint which specifically referred to age being a relevant consideration.
- 5.3 There were approximately 25 compliments which can be identified as relevant to the protected characteristic of age and disability with regard to the services provided by the Independent Retirement Living Managers, Safer Runnymede, Refuse and Recycling, Community Development and Community Services. These covered young and older people. A compliment for staff at Chertsey Museum is relevant to gender as it specifically referred to the Visionary Women exhibition.

(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.

12. EXCLUSION OF PRESS AND PUBLIC

OFFICERS' RECOMMENDATION that -

the press and public be excluded from the meeting during discussion of the following report under Section 100A(4) of the Local Government Act 1972 on the grounds that the report in question would be likely to involve disclosure of exempt information of the description specified in paragraph 1 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) | <u>Exempt Items</u> | Para |
|----|--|-------------|
| | Exempt Appendix 1 to item 11 Complaints and Compliments | 1 |
| b) | Confidential Items
(No items to be considered under this heading) | |
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