

## AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE

Thursday 14 April 2016 at 7.30 pm

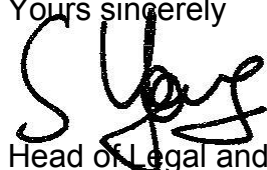
Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Audit, Crime & Disorder and Scrutiny Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Clive Smitheram  
(Chairman)  
Councillor David Reeve (Vice-  
Chairman)  
Councillor Steve Bridger  
Councillor Kate Chinn  
Councillor Alex Clarke

Councillor George Crawford  
Councillor Robert Foote  
Councillor Peter O'Donovan  
Councillor Humphrey Reynolds  
Councillor David Wood

Yours sincerely



Head of Legal and Democratic Services

For further information, please contact Tim Richardson, 01372 732122 or  
[trichardson@epsom-ewell.gov.uk](mailto:trichardson@epsom-ewell.gov.uk)

### AGENDA

#### 1. QUESTION TIME

To take any questions from members of the Public.

**Please note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question to the Committee.**

#### 2. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

**3. MINUTES OF THE PREVIOUS MEETING** (Pages 3 - 6)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 4 February 2016 (attached) and to authorise the Chairman to sign them.

**4. EXTERNAL AUDIT - PROGRESS REPORT** (Pages 7 - 28)

This report sets out the approach being taken by the Council's external auditors, Grant Thornton, to the audit of the accounts for 2015/16.

**5. INTERNAL AUDIT MONITORING REPORT** (Pages 29 - 58)

This report summarises progress against the audit plan for 2015/16.

**6. INTERNAL AUDIT STRATEGY 2016-17** (Pages 59 - 82)

This report introduces the updated Strategy for Internal Audit for 2016/2017.

**7. PERFORMANCE MANAGEMENT 2015/16: PROGRESS REPORT THREE**  
(Pages 83 - 104)

This report presents the Committee with its third performance management progress report for 2015/16, providing an overview of progress made against the policy committees' actions and highlighting those actions recorded as not met.

**8. SCRUTINY REVIEW OF THE ARRANGEMENTS FOR PUBLICISING AND DETERMINING PLANNING APPLICATIONS** (Pages 105 - 116)

This report presents the Audit, Crime & Disorder and Scrutiny Committee with the Report of the Scrutiny Review Task Group on the Administrative Arrangements for Publicising and Determining Planning Applications.

**9. ANNUAL REPORT 2015/16** (Pages 117 - 122)

This report presents the Annual Report of the Audit, Crime & Disorder and Scrutiny Committee for 2015/16.

**10. OUTSTANDING REFERENCES** (Pages 123 - 126)

This report lists references to officers outstanding as at 14 April 2016.

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY  
COMMITTEE held on 4 February 2016**

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**PRESENT -**

Councillor Clive Smitheram (Chairman); Councillor David Reeve (Vice-Chairman);  
Councillors Steve Bridger, Kate Chinn, Alex Clarke, George Crawford,  
Peter O'Donovan, Humphrey Reynolds and David Wood

In Attendance: Karen Williams (Risk Advisory Director) (RSM Risk Assurance Services  
LLP)

Absent: Councillor Robert Foote

Officers present: Kathryn Beldon (Director of Finance and Resources), Margaret Jones  
(Scrutiny Officer), Gillian McTaggart (Corporate Risk & Governance Manager) and Tim  
Richardson (Democratic Services Officer)

**32 QUESTION TIME**

No questions were asked or had been submitted by members of the public.

**33 DECLARATIONS OF INTEREST**

No declarations of interest were made by Councillors in items on this agenda.

**34 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny  
Committee held on 26 November 2015 were agreed as a true record and signed  
by the Chairman.

With reference to Minute No.21 of the Meeting of 26 November, it was noted that  
the Community Safety Officer had requested further information from Surrey  
Police Service relating to increases in incidents of a serious sexual or violence  
(with injury) nature, and was still awaiting a response. It was noted that this  
information would be provided to the Committee via email once received.

**35 INTERNAL AUDIT - MONITORING REPORT**

The Committee received a report summarising progress against the Internal  
Audit Plan for 2015/16.

The following matters were considered:

- 
- Management Actions for Reviews of Project Management and Procurement Management. The Committee was informed that the Internal Audit Progress Report provided by the Auditor (and attached as Annexe 1 to the report) did not include detailed management actions for the reviews of Project Management or Procurement Management, but that they were summarised on page 11 of the agenda. It was noted that the Auditor would amend their report to include detail of the management actions for these two advisory reviews, and that this would be circulated to the Committee via email. The Chairman requested Committee Members to inform both himself and the Corporate Risk & Governance Manager if they had any concerns regarding the actions for these two reviews upon receipt of the amended report.
  - Contract Management Advisory Review. The Auditor informed the Committee that there was no evidence that the Council had entered into any poor value contracts as a result of the issues identified by the Contract Management Advisory Review.
  - Project Management Advisory Review. The Committee was informed that officers had produced a project methodology toolkit to assist in ensuring that a consistent approach was taken to all projects, and that this had been rolled-out across the Council.
  - Income from Car Parks Review. The Committee noted that this draft review currently had an Amber/Red Opinion, but that it had not yet been finalised as the Council's Parking Manager had raised queries over some of the draft actions recommended. The Committee noted that the finalised review would be reported to the next meeting.
  - Property Maintenance Review – corrections to Auditor's Report. It was noted that the Auditor's Opinion for this Review was Amber/Red, and not "Green" as incorrectly stated on page 24 of the Agenda. The Committee also noted that the Implementation Date for Action 2 (page 24 of the Agenda) should read as "31 March 2016" and not "31 March 2015".
  - Property Maintenance Review – progress toward implementation of Action 3. The Director of Finance and Resources informed the Committee that the first step in producing a plan for reducing maintenance liabilities was to create a comprehensive list of what liabilities the Council currently held. Work to produce this was currently underway.
  - Provision of plastic screen covers to prevent CCTV capture of credit card number entry (page 28). It was noted that the Corporate Risk & Governance Manager would follow this matter up with the Head of Financial Services.

Following this consideration, the Committee:

- (1) Noted the Internal Audit Progress Report, and that an amended copy providing details of Management Actions for the Contract Management Advisory Review and Project Management Advisory Review would be circulated to all Committee Members following the meeting. It was noted that the Management Actions from these reviews would also be included in the papers for the next meeting.
- (2) Agreed to authorise the Chairman to take actions necessary to address any concerns raised by Committee Members with regard to the amended Internal Audit Progress Report, following its receipt.

### 36 PERFORMANCE MANAGEMENT 2015/16: PROGRESS REPORT TWO

The Committee received a report presenting it with the second performance management progress report for 2015/16.

The following matters were considered:

- Number of actions for Leisure Committee (Page 38 of the Agenda). The Committee identified that the chart for Leisure Committee stated that the Committee had 7 Actions, but only listed the status of 5. It was noted that the Councils Research, Consultation and Information Analyst would be requested to clarify this.
- Briefing for Councillors: Plan E. The Committee considered that a Briefing with regard to Plan E (the Area Action Plan for Epsom Town Centre) would be of interest to Councillors, and requested that officers provide a Members' Briefing Evening on the topic in the future.

Following consideration, the Committee:

- (1) Received Performance Management Progress Report Two 2015/16.
- (2) Did not identify any issues requiring action, other than a request for clarification of the number of actions for Leisure Committee and a briefing for Councillors regarding Plan E, as detailed above.

### 37 OUTSTANDING REFERENCES AND WORK PROGRAMME 2015/16

The Committee received a report listing references to officers outstanding at 4 February 2016, updating it on the work programme 2015/16, and asking that a new scrutiny review task group be appointed to undertake the review of Venues.

Following consideration, the Committee:

- (1) Noted the one outstanding reference to officers detailed at Annexe 1 to the report and the Committee's updated work programme attached at Annexe 2 to the report.

- (2) Appointed the following Members to a task group to undertake the review of Venues as per the Terms of Reference attached at Annexe 3 to the report:

Councillors: Steve Bridger, David Reeve and Clive Smitheram

- (3) Agreed to co-opt a member of the Strategy and Resources Committee (nominated by that Committee's Chairman) to the appointed task group. It was noted that Councillor Mike Teasdale had been nominated for this role by the Chairman of the Strategy and Resources Committee.

*The meeting began at 7.30 pm and ended at 8.11 pm*

COUNCILLOR CLIVE SMITHERAM (CHAIRMAN)

**EXTERNAL AUDIT – AUDIT PLAN FOR 2015/16**

Report of the: Director of Finance & Resources

Contact: Kathryn Beldon

Urgent Decision?(yes/no) No

If yes, reason urgent decision  
required:

Annexes/Appendices (attached): Annexe 1 - The Audit Plan Year Ended 31  
March 2016

Other available papers (not  
attached):

**REPORT SUMMARY**

**This report sets out the approach being taken by the Council's external auditors, Grant Thornton, to the audit of the accounts for 2015/16.**

**RECOMMENDATION (S)**

*Notes*

- (1) That the Committee notes the External Audit Plan Year Ended 31 March 2016 as endorsed by Strategy & Resources Committee on 5 April 2016.**

**1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 This report supports the Council's Key Priority of "Managing Resources".

**2 Background**

- 2.1 Grant Thornton are the Council's independent external auditors appointed by the Audit Commission. The main contacts are Elizabeth Olive (Associate Director) and Ade O Oyerinde (Audit Manager).
- 2.2 The auditors have had discussions with finance staff, the Chief Executive and the Director of Finance & Resources and have prepared an audit plan for the 2015/16 accounts (Annexe 1).

### **3 Proposals**

- 3.1 Officers are satisfied that the Audit Plan addresses the key financial and governance issues.
- 3.2 Grant Thornton's audit manager will be in attendance to introduce this item and answer Members' questions.

### **4 Financial and Manpower Implications**

- 4.1 Audit fees are estimated at £53,684 as set out in the Audit Plan.
- 4.2 **Chief Finance Officer's comments:** None for the purposes of this report.

### **5 Legal Implications (including implications for matters relating to equality)**

- 5.1 Grant Thornton has confirmed that the Audit Plan has been prepared in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General in 2015.
- 5.2 **Monitoring Officer's comments:** None for the purposes of this report.

### **6 Sustainability Policy and Community Safety Implications**

- 6.1 There are no implications for the purposes of this report.

### **7 Partnerships**

- 7.1 There are no implications for the purposes of this report.

### **8 Risk Assessment**

- 8.1 The audit of the Council's financial statements comprises a key element of the Council's governance arrangements.

### **9 Conclusion and Recommendations**

- 9.1 The Committee is asked to note the Audit Plan as endorsed by Strategy & Resources Committee on 5 April 2016.

**WARD(S) AFFECTED: N/A**



# The Audit Plan

## Epsom and Ewell Borough Council

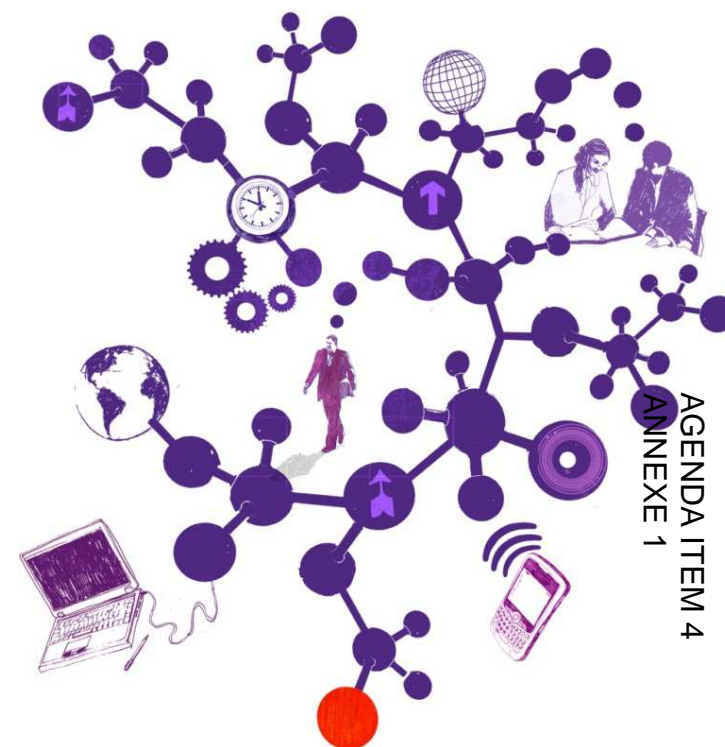
**Year ending 31 March 2016**

**5 April 2016**

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AGENDA ITEM 4  
ANNEXE 1

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

AGENDA ITEM 4  
ANNEX 1

Epsom and Ewell Borough Council  
Town Hall  
The Parade  
Epsom  
Surrey  
KT18 5BY

5 April 2016

Dear Members of the Strategy and Resources Committee

**Audit Plan for Epsom and Ewell Borough Council for the year ending 31 March 2016**

The Audit Plan sets out for the benefit of those charged with governance (in the case of Epsom and Ewell Borough Council, the Strategy and Resources Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Yours sincerely

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Engagement Lead

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**Chartered Accountants**

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# Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

## Challenges/opportunities

### 1. Autumn Statement 2015 and financial health

- The Chancellor proposed that local government would have greater control over its finances, although this was accompanied by a 24% reduction in central government funding to local government over 5 years.
- Despite the increased ownership, the financial health of the sector is likely to become increasingly challenging.
- Epsom and Ewell Borough Council is one of the 15 councils nationwide to face quicker and more savage Government cuts than expected. This means the Council will need to save £1m more than originally anticipated.

### 2. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.

### 3. Housing

- The Autumn Statement also included a number of announcements intended to increase the availability and affordability of housing.
- Epsom and Ewell Borough Council is currently faced with increasing level of homelessness which is exacerbated by increases in the weekly rental charges.

### 4. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.
- You brought forward the accounts production in 2014/15 and are reviewing the accounts preparation process to streamline this further in 2015/16.

## Our response

- We will consider your plans for addressing its financial position to inform our work reaching our VFM conclusion.

- We will consider if devolution is a VFM risk and discuss your plans to inform our work in reaching our VFM conclusion.

- We will consider how you have reflected government announcements to inform our work in reaching our VFM conclusion.
- We will share our knowledge of how other councils are responding to these changes.

- We will work with you to identify areas of your accounts production where you can learn from good practice in other authorities.
- We aim to complete all substantive audit work on your financial statements by 31 July 2016 as a 'dry run'

AGENDA ITEM 4  
ANNEX 1

# Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

## Developments and other requirements

### 1. Fair value accounting

- A new accounting standard on fair value (IFRS 13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS 13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS 13.

### 2. Corporate governance

- The Accounts and Audit Regulations 2015 require local authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of your financial statements.

### 3. Joint arrangements

- Councils are involved in a number of pooled budgets and alternative delivery models which they need to account for in their financial statements.
- Collaborative working with others is likely to be one of the solutions to the Government's austerity measures.

### 4. Other requirements

- You are required to submit a Whole of Government accounts pack on which we provide an audit opinion
- You also complete housing benefit grant claims and returns on which audit certification is required

## Our response

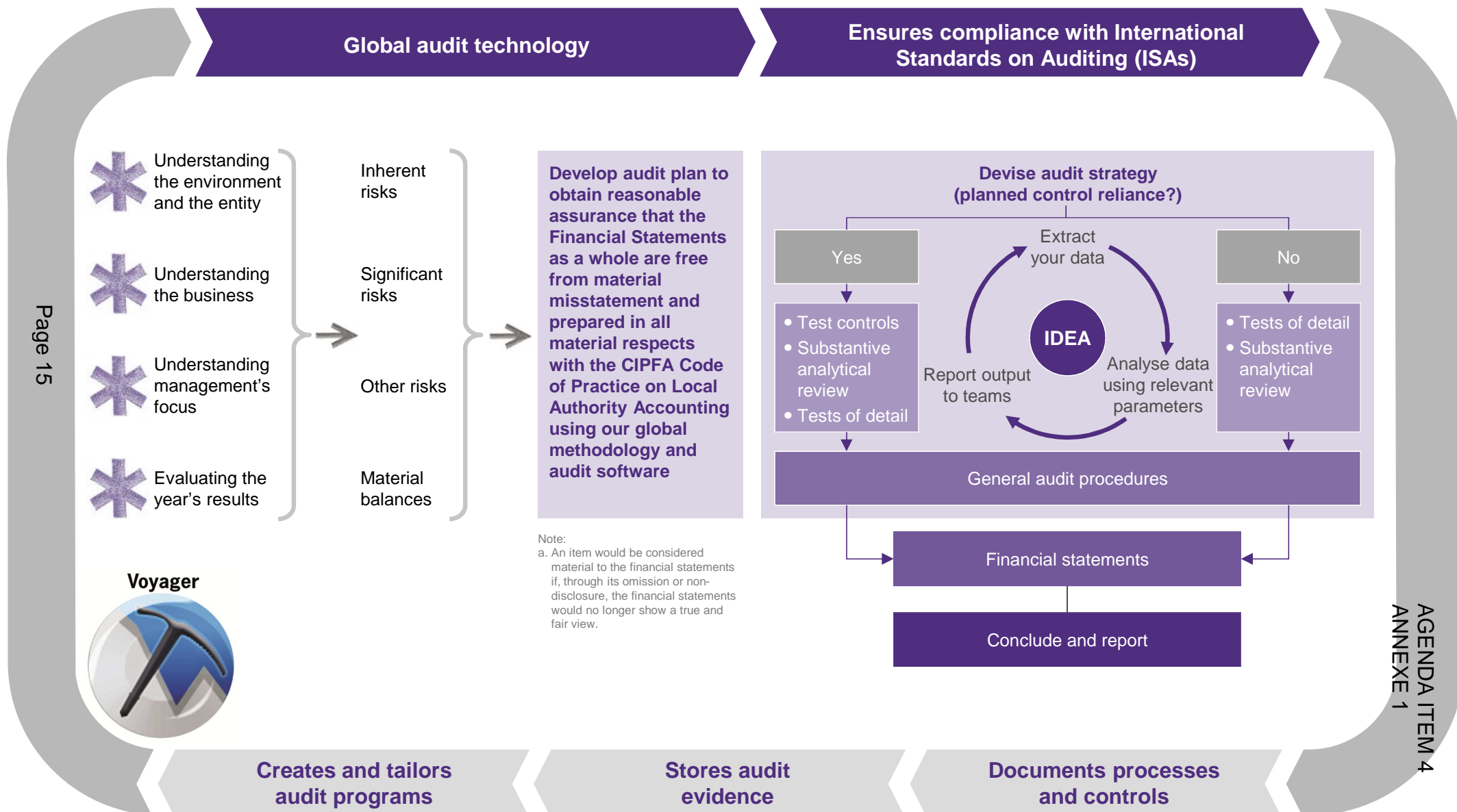
- We will keep you informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- We will discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- We will review your draft financial statements to ensure you have complied with the disclosure requirements of IFRS 13.

- We will review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council and the requirements of CIPFA guidance.

- We will discuss with officers the arrangements in place for partnership working to inform our work in reaching our VFM conclusion.

- We will carry out work on the WGA pack in accordance with requirements
- We will certify the housing benefit subsidy claim in accordance with the requirements and by the deadline specified by Public Sector Audit Appointments Ltd.

# Our audit approach



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# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £911k (being 2% of gross revenue expenditure). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £46k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are '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'.

We have not identified any separate materiality levels.



# Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
<div>Page 1</div> The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Epsom and Ewell Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Epsom and Ewell Borough Council, mean that all forms of fraud are seen as unacceptable.</li> </ul>
Management over-ride of controls	Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Documenting the control environment and walkthrough of the system in respect of journal entries</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Testing of journal entries</li> <li>• Review of unusual significant transactions.</li> </ul>

# Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Operating expenses  Page 18	Creditors understated or not recorded in the correct period (Operating expenses understated)	<b>Work completed to date:</b> <ul style="list-style-type: none"> <li>• Walkthrough of operating expenses system</li> </ul> <b>Further work planned:</b> <ul style="list-style-type: none"> <li>• Review of control account reconciliations</li> <li>• Sample testing of operating expenditure during the financial year</li> <li>• Testing of the year end payables</li> <li>• Testing for unrecorded liabilities</li> <li>• Testing of manual accruals</li> </ul>
Employee remuneration	Employee remuneration and benefit obligations and expenses understated (Remuneration expenses not correct)	<b>Work completed to date:</b> <ul style="list-style-type: none"> <li>• Walkthrough of the payroll system</li> </ul> <b>Further work planned:</b> <ul style="list-style-type: none"> <li>• Review of monthly/weekly reconciliations of the payroll to the ledger</li> <li>• Directional analytical review using trend analysis</li> <li>• Sample testing of payroll transactions to payslips and HR contract of employment.</li> </ul>

# Other risks identified (continued)

Other risks	Description	Audit approach
<p>Valuation of property, plant and equipment (PPE) including investment properties</p> <p>Page 19</p>	<p>You revalue your assets regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Investment properties are re-valued annually.</p> <p>The Code requires that you ensure that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.</p>	<p><b>Planned work:</b></p> <ul style="list-style-type: none"> <li>• Review of management's processes and assumptions for the calculation of the estimate</li> <li>• Review of the competence, expertise and objectivity of any management experts used</li> <li>• Review of the instructions issued to valuation experts and the scope of their work</li> <li>• Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions</li> <li>• Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding</li> <li>• Testing of revaluations made during the year to ensure they are input correctly into your asset register</li> <li>• Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.</li> </ul>
<p>Valuation of pension fund net liability</p>	<p>Your pension fund asset and liability as reflected in your balance sheet represent significant estimates in the financial statements.</p>	<p><b>Planned work:</b></p> <ul style="list-style-type: none"> <li>• We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement.</li> <li>• We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out</li> <li>• We will undertake procedures to confirm the reasonableness of the actuarial assumptions made</li> <li>• We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>

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# Other risks identified (continued)

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous section but will include:

- Heritage assets
- Assets held for sale (if any)
- Cash and cash equivalents
- Borrowing and other liabilities (long term and short term)
- Usable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Segmental reporting note
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes

## Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

# Value for Money

## Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

This is supported by three sub-criteria as set out to the right:

## Risk assessment

We shall carry out an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we will consider :

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies,
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"><li>• Acting in the public interest, through demonstrating and applying the principles and values of good governance</li><li>• Understanding and using appropriate cost and performance information to support informed decision making and performance management</li><li>• Reliable and timely financial reporting that supports the delivery of strategic priorities</li><li>• Managing risks effectively and maintaining a sound system of internal control</li></ul>
Sustainable resource deployment	<ul style="list-style-type: none"><li>• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</li><li>• Managing assets effectively to support the delivery of strategic priorities</li><li>• Planning, organising and developing the workforce effectively to deliver strategic priorities.</li></ul>
Working with partners and other third parties	<ul style="list-style-type: none"><li>• Working with third parties effectively to deliver strategic priorities</li><li>• Commissioning services effectively to support the delivery of strategic priorities</li><li>• Procuring supplies and services effectively to support the delivery of strategic priorities.</li></ul>

# Value for Money (continued)

## Risk assessment

Following the completion of this risk assessment, we have identified one significant risk and this is summarised below. A significant risk is defined as an issue, decision or area of activity which relates to the overall VfM criterion, is important enough to be of clear interest to the public and other stakeholders and about which we do not already have sufficient information on which to base a conclusion on the relevant arrangements. Included below are details of the work we plan to carry out to address this risk in fulfilling our duties in respect of the 2015/16 VfM conclusion. We will also consider the Council's other risks related to the NAO's VfM criteria and will report back any findings to the Strategy and Resources Committee.

Significant risks	Sub-criterion	Planned response
You are on course to achieve a planned budget for 2015/16 though you have had to take some difficult measures such as having a moratorium on spend. Going forward to 2016/17, the Local Government Finance Settlement reduced your funding assessment by 25% in 2016/17 and further savings of £1.6 million are required over the period 2017/18 to 2019/20.	Sustainable resource deployment	We propose to: <ul style="list-style-type: none"><li>• review your outturn position for 2015/16, including the delivery of savings targets</li><li>• review your plans to achieve the 2016/17 revenue budget</li><li>• assess your progress on the residual risk reported in our previous audit reports</li><li>• meet with key officers to discuss and review your arrangements to ensure medium term financial stability.</li></ul>

## Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and summarised in the Annual Audit Letter. As stated above, we will only report by exception in our auditor's report where we are not satisfied that the Council has proper arrangements in place to secure value for money.

# Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

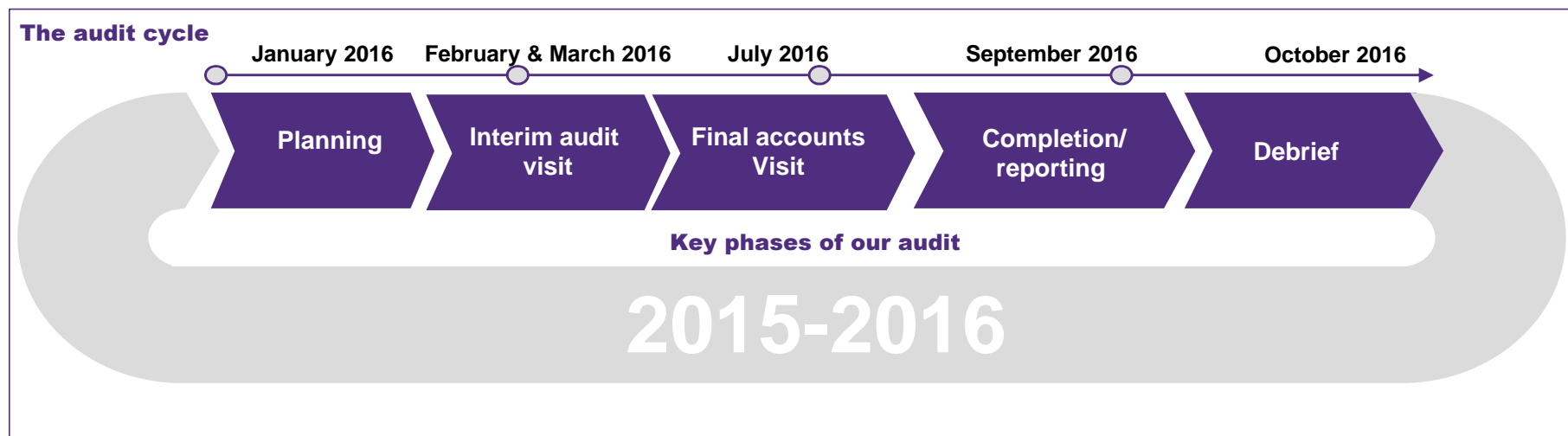
	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention</p> <p>We have also reviewed internal audit's work on your key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• communication and enforcement of integrity and ethical values</li> <li>• commitment to competence</li> <li>• participation by those charged with governance</li> <li>• management's philosophy and operating style</li> <li>• organisational structure</li> <li>• assignment of authority and responsibility</li> <li>• human resource policies and practices.</li> </ul>	<p>Our work has not identified material weaknesses which are likely to adversely impact on your financial statements.</p>
Walkthrough testing	<p>We have completed our walkthrough tests of the controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work to date has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work to date has not identified any weaknesses which impact on our audit approach.</p> <p>Further work required: Document year end controls around pension liabilities and PPE valuations.</p>

# Results of interim audit work (continued)

	Work performed	Conclusion
Early testing	<p>We undertook the following early transaction testing during the interim:</p> <ul style="list-style-type: none"> <li>• Operating expenses (months 1 – 9)</li> <li>• Property Plant Equipment ownership and physical verification</li> <li>• Housing Benefits system parameters</li> <li>• Employee remuneration (months 1 – 9) is in progress</li> </ul> <p>Our work to date has not identified any issues which we wish to bring to your attention.</p>	<p>Our work to date has not identified any weaknesses which impact on our audit approach.</p> <p>Further work planned:</p> <ul style="list-style-type: none"> <li>• High level review of IT</li> </ul>
Journal entry controls	<p>We have reviewed your journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on your control environment or financial statements.</p> <p>We have carried a walkthrough of the journal entry system and confirmed that the system operates as designed.</p> <p>We also completed early testing of journal entries (months 1 – 10) during the interim audit.</p>	<p>Our work over the control environment and walkthrough of the journal system has not identified any weaknesses which impact on our audit approach.</p> <p>Our work to date on interim testing of journals month 1 – 10 has not identified any issues to bring to your attention.</p>



# Key dates



Date	Activity
January 2016	Planning
w/c 15 February 2016	Interim site visit
5 April 2016	Presentation of Audit Plan to Strategy and Resources Committee
14 April 2016	Presentation of Audit Plan to Audit, Crime & Disorder & Scrutiny Committee
1 July 2016	Year end fieldwork commences
September 2016 (TBA)	Audit findings clearance meeting with Director of Finance and resources
27 September 2016	Report audit findings to those charged with governance (Strategy & Resources Committee)
By 30 September 2016	Sign financial statements opinion

# Fees and independence

## Fees

	£
Council audit	44,708
Grant certification	8,976
<b>Total audit fees (excluding VAT)</b>	<b>53,684</b>

## Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the Council at the agreed dates and in accordance with the agreed upon information request.
- The scope of the audit, and the Council and its activities, have not changed significantly.
- The Council will make available management and accounting staff to help us locate information and to provide explanations.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

## Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited

## Fees for other services

Service	Fees £
None	Nil

## Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

# Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

## Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<https://www.psaa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		AGENDA ITEM 4 ANNEXE 1
Uncorrected misstatements		
Significant matters arising in connection with related parties		
Significant matters in relation to going concern		



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## **INTERNAL AUDIT MONITORING REPORT**

Report of the: Director of Finance and Resources  
Contact: Gillian McTaggart  
Urgent Decision?(yes/no) No  
If yes, reason urgent decision required: N/A  
Annexes/Appendices (attached): Annexe 1 - Internal Audit Progress Report  
Annexe 2 – Progress Update on 2015/16 High Priority Recommendations  
  
Other available papers (not attached): Strategy for Internal Audit for 2015/16  
Agendas and Minutes of meetings of the Audit, Crime & Disorder and Scrutiny Committee held on 4 April 2015 and 4 February 2016.

### **REPORT SUMMARY**

**This report summarises progress against the audit plan for 2015/16.**

### **RECOMMENDATIONS**

- (1) That the Committee receives the Internal Audit Progress Report for 2015/16.**

#### **1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 None for the purposes of this report.

#### **2 Background**

- 2.1 The Committee's terms of reference includes the requirement to monitor implementation of recommendations from the external and internal auditors.
- 2.2 On 4 February 2016 the Committee received the internal audit progress report for 2015/16. There were no matters arising where the Committee required further reports.

- 2.3 The Committee endorsed the Strategy for Internal Audit for 2015/16 on 4 April 2015 and another report is brought to this Committee proposing the Audit Strategy for 2016/17.

### **3 Audit Findings**

- 3.1 The Internal Audit Progress Report covering the period to date for 2015/16 is attached as Annexe 1 to this report.
- 3.2 The report monitors the delivery of the audit programme and contains the key features that this Committee has requested. RSM use the traffic light system of Red, Amber and Green. Amber has been split into two classifications (Amber-Green and Amber-Red) in order that the auditors can give a clear indication of whether an assurance is positive or negative. During the year, progress reports will reflect the opinions given and build a picture of findings towards the end of year opinion. The recommendations within each report are categorised as High, Medium or Low.
- 3.3 The report (see Annexe 1) monitors the effective delivery of the audit programme and contains the key features that this Committee has requested previously:-
- 3.3.1 It provides a summary of progress against the internal audit plan.
- 3.3.2 Internal Audit Plan Performance.
- 3.3.3 Any alterations to the Audit Plan are highlighted, as are any planning issues.
- 3.3.4 Key Findings from Internal Audit Work, identifying the headline findings and the agreed recommendations.
- 3.4 Four reports have been finalised since the last monitoring report; these are Income from Car Parking (Amber/Red) and Fleet Management (Green), Payroll (Amber/Green) and Capital Accounting and Fixed Assets (Green) noted in bold in the Table below.
- 3.5 Income from Car Parking was assigned an Amber /Red . This was due to the significant number of discrepancies between the value recorded on the audit tickets from the parking machines and the cash collected. A total of 74 days of cash collections from September to November 2015 were examined and of those, 64 were with an unexplained discrepancy. 29 of these exceeded £200 and 2 exceeded £1,000. The overall discrepancies identified amounted to +£16,112.25. Although it is an overall positive variance, this can mask negative variances when unexplained. Explanations for these discrepancies were subsequently obtained by the auditor and reasons for any future variances will now be recorded at the time of the reconciliation and investigated promptly.

- 3.6 Due to an administrative error the details of the Project Management and Contract Management Reviews were not included within the Progress Report reported to the February committee meeting . The updated report was subsequently emailed to all members of the Committee and a summary of the findings have been included within this Progress Report . Both of these reviews highlighted gaps in our current processes. An action plan has been drawn up to improve our arrangements which was discussed at the Leadership Team in December. The initial focus will be on improving our project management arrangements. Our contract management arrangements will be reviewed in line with proposed changes to our procurement framework. The Risk Assurance Director from RSM will be available at the meeting to go through any queries.
- 3.7 A summary of progress against the Internal Audit Plan for the year to date including those previously reported is shown below.

Assignment	Opinion	Actions Agreed		
		H	M	L
<i>Attendance</i>	Green		1	1
<i>Recruitment</i>	Amber/Green		1	5
<i>Review of Anti Fraud and Anti Bribery Arrangements</i>	Advisory	1	5	3
<i>Cash Handling</i>	Amber/Green	1	5	3
<i>Venues</i>	Amber/Green		1	1
<i>Information Governance</i>	Amber/Green		2	8
<i>Property Maintenance</i>	Amber/Red	1	1	2
<i>PCI Compliance</i>	Amber/Red	3	6	
<i>Project Management</i>	Advisory		7	
<i>Contract Management</i>	Advisory		7	
<b><i>Income from Car Parking</i></b>	<b>Amber/Red</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b><i>Fleet Management</i></b>	<b>Green</b>			<b>2</b>
<b><i>Payroll</i></b>	<b>Amber/Green</b>		<b>1</b>	<b>3</b>
<b><i>Capital Accounting &amp; Asset Management</i></b>	<b>Green</b>			<b>0</b>

3.8 An update on the progress for the implementation of the 7 high priority recommendations reported in 2015/16 is attached in Annexe 2.

3.9 There is one report in draft, which will be reported to the next meeting; which is:-

Assignment in Draft	Draft Opinion
<i>Income from Recycling: Green Waste</i>	Amber/Red

#### 4 Financial and Manpower implications

4.1 There are no specific financial or manpower implications for the purpose of this report.

4.2 Officers are taking a pragmatic approach to ensure that the process does not become unduly bureaucratic, whilst ensuring that reasonable changes are considered where appropriate.

4.3 **Chief Finance Officer's comments:** None for the purposes of this report.

#### 5 Legal Implications (including implications for matters relating to equality)

5.1 Baker Tilly has rebranded and will now be known as RSM.

5.2 **Monitoring Officer's comments:** None for the purposes of this report.

#### 6 Sustainability Policy and Community Safety Implications

6.1 There are no particular community safety implications for the purpose of this report.

#### 7 Partnerships

7.1 The Council will work with Internal Auditors to improve risk management arrangements.

7.2 The contract for internal audit services is held jointly with Mole Valley, Reigate and Banstead, Tandridge and Waverley Councils and the Surrey Police Authority.

#### 8 Risk Assessment

8.1 The internal audit service forms a statutory part of the Council's internal control arrangements.

#### 9 Conclusion and Recommendations

9.1 There has been no audit review with a red assurance reported in this monitoring report, although one has an Amber/Red Assurance.



**WARD(S) AFFECTED: ALL**

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# EPSOM AND EWELL BOROUGH COUNCIL

## Internal Audit Progress Report

Audit, Crime & Disorder and Scrutiny  
Committee Meeting

April 2016

## CONTENTS

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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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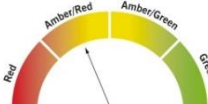
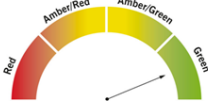

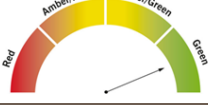
# 1 INTRODUCTION

The Internal Audit Plan for 2015/16 was approved by the Committee in Date 9 April 2015. This report provides a summary update on progress against that plan and summarises the results of our work to date.

## 2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Audit Committee held.

The Executive Summary and Key Findings of the assignments below are attached to this progress report at Appendix B. In addition we have included the executive summaries from the Project Management Advisory review (9.15/16) and Contract Management Advisory Review (10.15/16) not included in our January progress report.

Assignment	Assurance	Management Actions agreed		
		High	Medium	Low
Car Park Income (11.15/16)		1	1	1
Fleet Management (12.15/16)		-	-	2
Payroll (14.15/16)		-	1	3
Capital accounting and fixed assets (15.15/16)		-	-	-

## 2.1 Impact of findings to date



To date there are no areas that we need to bring to your attention as adversely impacting on our annual opinion.

Overall the level of findings and recommendations is low and management actions are being responded to in a timely manner.

## 2.2 Themes arising from our findings

The table below shows the issues we have flagged to date in our reports this year, and the underlying causes of the control weaknesses.

Root cause	High	Medium	Low
Policies and / or procedures out of date	1	7	4
Non-compliance with policies / procedures	-	3	2
Poor design of the control framework	3	5	5
Lack of training / awareness for staff	1	2	4
Lack of or poor management or performance information	1	1	3
Lack of segregation of duties	-	-	-
Poor record keeping	-	-	4

### 3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2015/16	Status
Green Waste Income (13.15/16)	Quarter 2	Draft report issued 5 February 2016
Facilities Management	Quarter 3	Moved to quarter 4, and combined with risk management, governance and procurement. Being undertaken by contract specialist.
Performance Management and Delivery of Corporate Plan	Quarter 4	Fieldwork complete
Data Quality	Quarter 3	Fieldwork to start in March 2016
IT Audit	Quarter 3	TBC
Risk Management	Quarter 4	As above
Governance	Quarter 4	As above
Procurement	Quarter 4	As above



## 4 OTHER MATTERS

### 4.1 Changes to the audit plan

There have been no further changes to the plan.

### 4.2 Added value work

We have undertaken the following added value work since the previous meeting of the Committee.

Area of work	How this has added value
Our audit of project management and contract management were undertaken by a specialist in this area.	Our audit has provided the Council with a greater level of skill in these areas which has resulted in areas for management attention which may not otherwise have been determined. These reports are currently in draft for management review.
The combined review of facilities management, risk management, governance and procurement into one audit focusing on the governance, risk management of the facilities management contract in operation.	This review has been undertaken by a specialist to provide guidance as to the suitability of the contract, the adherence to contract terms and any potential for the council to obtain better value from the detail of the contract.

### 4.3 Key performance indicators (KPIs)

Delivery				Quality			
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
Audits commenced in line with original timescales	Yes	Yes	1	Conformance with PSIAS and IIA Standards	Yes	Yes	-
Draft reports issued within 10 days of debrief meeting	100%	50%	2	Response time for all general enquiries for assistance in 2 working days	100%	100%	-
Final report issued within 3 days of management response	100%	100%	-	Response for emergencies and potential fraud	1 working day	N/A 100%	-
Notes							
1 – Dates have been changed at the request of management. No audits were cancelled/moved by RSM							
2 – Reports were delayed earlier in the year. Delays now addressed.							

## APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Assignment	Opinion issued	Actions agreed		
		H	M	L
Attendance (1.15/16)		-	1	1
Recruitment (2.15/16)		-	1	5
Review of Anti-fraud and Anti-bribery Arrangements (2013/14) (3.15/16)	Advisory	1	5	3
Cash Handling (4.15/16)		1	3	2
Venues (5.15/16)		-	1	1
Information Governance (6.15/16)		-	2	8
Property Maintenance 7.15/16		1	1	2
PCI Compliance Control Framework (8.15/16)		3	6	-
Project Management Advisory review (9.15/16)	Advisory	-	7	-
Contract Management Advisory Review (10.15/16)	Advisory	-	7	-

## APPENDIX B: EXECUTIVE SUMMARIES

Assignment: Project Management Advisory review (9.15/16)	Opinion:	Advisory
<p>a) Our review found some evidence of good practice project management across the Council. However, this was not consistently applied on many of the projects that we observed during our field work. Our view is that the formal application of project management is in its infancy. In particular, we identified weaknesses in project risk management, governance and accountability.</p> <p>b) There were also challenges around getting planned projects started in good time to enable delivery within timescales. Overall, we found there is scope to improve ways of working when delivering projects and related change programmes.</p> <p>c) Our report proposed a set of actions that if taken could bring significant improvements to the management of projects across the Council. These were:</p> <ul style="list-style-type: none"> <li>i. The Council should build upon existing work around project management templates and processes being carried out by the ICT Team and expands this so that a set of Council wide project management tools can be developed. There should be a single Epsom &amp; Ewell Borough Council project toolkit.</li> <li>ii. The Council should consider investing in developing a set of principles/ways of working that can serve as a guide to reinforce key values and behaviours that lead to effective management and delivery of projects.</li> <li>iii. The Council should develop a comprehensive project register in order to maintain periodic oversight of key projects that are being initiated and delivered across the Council. This should build upon existing information and data captured in the capital bid process and the Project Teams 'current works list'.</li> <li>iv. Resource constraints impacting project delivery should be identified and escalated to senior leaders in good time for resolution. To maximise the likelihood of delivering planned work, we recommend that the Council includes resource stage assessment during the later stages of the capital bid process.</li> <li>v. The Council should carry out lessons learned reviews on all major projects.</li> <li>vi. Terms of reference be created between project sponsors and the Projects Team, to ensure roles and responsibilities are clear for managing controls. Project boards should also be created to provide oversight of projects of a significant size and to ensure projects are routinely reviewed.</li> <li>vii. Projects of a substantial size should have a devoted risk log that is monitored and updated regularly throughout the life of the project. Significant risk, with a high impact and likelihood, should be escalated to project boards and/or senior stakeholders. In our view, the capital appraisal forms should include risk to delivering proposals within suggested timescales.</li> </ul> <p>The introduction of these changes should be approached and managed as a change programme to ensure that there is buy in and support from stakeholders across the Council.</p> <p><b>Management Response</b></p> <p>The actions to be taken have been reported to the Leadership Team with timescales for completion.</p>		

Assignment: Contract Management Advisory Review (10.15/16)	Opinion:	Advisory
<p>a) The fieldwork conducted as part of our advisory review identified some instances of good practice contract management within the Council. For example, the presence of a contract register. However, overall there were limited formal contract management processes and controls in place. In particular, we identified challenges around performance reporting on contracts and gaps in accountabilities between those responsible for contract management and sponsors within service areas. In addition, there were no processes in place to ensure that contracts of significant risk were identified and given greater attention.</p> <p>b) In our view, the absence of formal contract management practice leaves the Council exposed to risk and decreases the likelihood of obtaining full value from contractual relationships with third party suppliers. Therefore, our actions were around introducing a more structured approach to contract management and investing in improving contract management awareness.</p> <p>Summary of actions:</p> <p>i) The Council should update its contract register to include all contracts across the organisation. The contract register should be kept up to date and shared with senior management periodically. In addition, a single depository of signed contractual documents should be created. It should become a mandatory process to upload new contracts onto the database once signed.</p> <p>ii) The Council conducts an assessment of its contract management resource requirements.</p> <p>iii) We recommend a number of improvements to reporting progress on performance of projects managed by the Projects Team. The quality of the 'current works projects' reporting tool should be enhanced so that it covers information on suppliers, key risks and progress against contracted agreements.</p> <p>iv) The Council should invest in contract management and commercial awareness training. Training should be made available for all of those involved in managing relationships with third parties, including staff, managers, sponsors and senior managers involved in leading projects which are being supported by third parties.</p> <p>v) The Council develops governance arrangements for contracts. Such arrangements should set out the roles and responsibilities for the various functions involved in contract management. Priority contracts should be subject to more formal controls and periodically reviewed via the Council's governance structure.</p> <p>vii) Where appropriate, the Council should seek to pass the administrative responsibilities for collecting contract performance information to its suppliers. This should assist in reducing the burden of Council staff in collecting performance monitoring information on contracts.</p> <p>viii) The council should distil the high level activities contained within this advisory report and produce a more detailed contract management improvement plan. The plan should be tracked against completion of outputs and delivering planned outcomes.</p> <p><b>Management Response</b></p> <p>The actions to be taken have been reported to the Leadership Team with timescales for completion.</p>		

Assignment: Car Park Income (11.15/16)	Opinion:	Amber / Red																													
<p>a) During the audit it was noted that the Council do not have a formal write-off procedure in place for the writing off of Parking Charge notices. There is a risk that the approach to writing off car park income debts is inconsistent and that debts may be inappropriately written off by employees in the Council without the appropriate level of authorisation.</p> <p>b) Keys for the pay and display machines are stored in the Ashley centre car park. They are stored in a locked room and only those with access to the keys have the pin to enter the room. There is no sign out sheet in place for the keys when individuals who work for the Council remove them. There is a risk that without a sign out sheet keys are potentially in the possession of inappropriate individuals.</p> <p>c) A reconciliation spreadsheet is maintained to record values of cash removed from the parking pay machines and the audit ticket produced. The results reflect significant discrepancies between the values on the audit tickets and the cash removed from these machines.</p> <p>In particular from an examination of 74 days from September to mid November 2015 there were 64 variances reported with an unidentified reason recorded on the reconciling spread sheet. Of these 64 variances, 29 exceeded £200 and 2 exceed £1000. Although overall discrepancies are appearing as positive, this could potentially due to the absence of an audit ticket. The overall level and value of variance weakens our overall assurance that all monies are accurately and completely accounted for.</p>																															
<table><tr><th>Variance Discrepancy</th><th>September</th><th>October</th><th>November (to the 16/11/15)</th></tr><tr><td>£0</td><td>1</td><td>2</td><td>0</td></tr><tr><td>&gt;£0 &lt;£5</td><td>1</td><td>0</td><td>0</td></tr><tr><td>&gt;£5 &lt;£50</td><td>3</td><td>11</td><td>16</td></tr><tr><td>&gt;£50&lt;£200</td><td>1</td><td>3</td><td>0</td></tr><tr><td>&gt;£200</td><td>16</td><td>10</td><td>3</td></tr><tr><td>Total value of variance (+/-)</td><td>+ £9333.55</td><td>+ £4313.25</td><td>+£2465.45</td></tr></table>				Variance Discrepancy	September	October	November (to the 16/11/15)	£0	1	2	0	>£0 <£5	1	0	0	>£5 <£50	3	11	16	>£50<£200	1	3	0	>£200	16	10	3	Total value of variance (+/-)	+ £9333.55	+ £4313.25	+£2465.45
Variance Discrepancy	September	October	November (to the 16/11/15)																												
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<p><b>Well-designed controls being applied effectively</b></p> <p>d) New fees and charges are presented annually to the Environment Committee for approval. Reports are presented to the Board for approval and the new charges are implemented. Fees and charges were presented to the Environment Committee and approved for the next financial year on January 2015.</p> <p>e) Cash is collected by a cash handling company – Contract Securities. They empty the machines and deliver the cash to the bank. We found that in all cases cash was promptly banked after collection, taking an average of two days before being recorded in the bank account.</p> <p>f) A bank reconciliation is carried out between the cash collected from pay and display machines and the amount deposited in the bank. We found the reconciliation was carried out on a daily basis and we did not identify any reconciling issues in our sample.</p>																															

g) The Council has a 'Lifespan' of a standard Penalty Charge Notice (PCN). The process map details the lifecycle of a charge notice and the payments to be made at each stage. In addition there are process notes that detail how to actually use the system SiDem and how PCNs are issued from the system.

h) A Penalty Charge Notice has six stages to its 'life'. If payments are not made within certain timescales, triggers are activated on the SiDem software and the PCN is escalated to the next stage of payment recovery. We found for a sample of PCNs that the appropriate follow up action had taken place to recover the monies owed by the individual fined.

i) Parking charge notice appeals can be made via email (using the Council's website) or by letter. Procedures are in place for the staff involved to follow. Appeals must be in writing and cannot be made via phone call. Once a decision has been made the Council will write to the individual to inform them of the outcome. Whilst a PCN is being challenged the debt chasing process will be put on hold. We found from our sample that all appeals had been processed correctly and when a decision had been made the individual was written to inform them of the outcome. In addition, going forward the Council is moving towards barrier controlled access on their car parks which should reduce the number PCNs issued. However, use of barriers brings different risks of operations from pay and display.

	Agreed Management Action	Implementation Date	Manager Responsible
1	A sign out sheet for parking machine keys will be introduced, detailing: - date - key number - reason for key request - time the key was taken in or out - the individuals name and signature. (Low)	1 April 2016	Joy Stevens – Head of Customer Services
2	The Customer Services Team will investigate the differences on the values on the audit tickets and cash collected. Reasons for each variance will be investigated and recorded on the reconciliation.  In addition this reconciliation will be reviewed by the Head of Customer Services on a monthly basis with the results of her review recorded to reflect the acceptance of reasons and investigations undertaken. (High)	31 January 2016	Joy Stevens – Head of Customer Services
3	A write- off procedure will be agreed by management for car park income debt. The procedure will detail the signatories required to authorise a write-off and at the point at which recovery processes have been exhausted. (Medium)	1 April 2016	Joy Stevens – Head of Customer Services



<b>Assignment:</b> Fleet Management (12.15/16)	<b>Opinion:</b>	<b>Green</b>
<p><b>We identified a good level of controls established, with two exceptions:</b></p> <p>a) The fleet vehicle requirements are discussed informally with service managers at regular meetings during the course of the year to ensure that services to be delivered can be met. For example, would the Council need to procure an additional type of vehicle if there was to be a change in service provision. The outcome of these discussions are not formally minuted or documented. There is a risk this weakens the rationale and decision making process in the fleet requirement going forward.</p> <p>b) The Fleet Team at the Depot monitor vehicle downtime but not MOT success/failures. In addition KPIs are not formally reported to management. There is a risk the absence of such formal reporting weakens routine assurances of oversight and control.</p> <p><b>Application of the Control Framework</b></p> <p>We did not identify any issues with the application of the control framework during the audit.</p> <p>c) Legislation requires fleet managers to hold an Operator's licence. We satisfactorily verified evidence that a current Operator's Licence is held by the nominated officer who is the Fleet Manager.</p> <p>d) We confirmed insurance cover is in place for the Council's fleet. Insurance managed by London Borough of Sutton (LBS) on behalf of the Council, which deals with Zurich insurers on the Council's behalf. Any claims under £25,000 are dealt with by LBS, and over £25,000 Zurich will take over. Additionally all third party insurance claims are carried out using Zurich.</p> <p>e) Previously tendering at the Depot was carried as per the Council's standard procurement approach. The last procurement activity carried out was in 2008 for the SFS contract for leased vehicles. Any additional vehicles have been made within this contract. The SFS contract is to expire in 18 months' time. The Council has decided to use the Yorkshire Purchasing Organisation (YPO) to carry out the procurement process for the new fleet lease contract due to the better service offered. The procurement process is in the early stages but four potential suppliers had been chosen and the contract was go out to tender in January/February 2016. It was undecided if the Council would purchase or lease the next set of fleet vehicles.</p> <p>f) The status of driver's personal licences is routinely checked and verified by an external company, the Licence Bureau, and reported to EEBC. Random spot checks are carried out on driver's eligibility to drive. We were also provided with a full report where all driver licences had been checked. The report did not identify any issues and action did not need to be taken.</p> <p>g) All drivers are required to sign a declaration of fitness to drive. LGV drivers (above 7.5-tonne vehicles) are required to undergo a medical at age 45 and every five years thereafter. In addition, waste services drivers undergo a mandatory annual hearing test and optional eye tests are available to drivers. The results of health checks are reported to management at the Depot. A memo was sent out to all drivers on 2 December 2015 to remind them to report medical conditions that will affect their driving.</p> <p>h) Routine in year vehicle maintenance, annual MOTs and payment of road fund licences are monitored through a number of monitoring spreadsheets which have key reminder dates set up to prompt the Transport Administrator. For a sample of fleet vehicles selected we found that all were present on the monitoring spreadsheet detailing when the last service/MOT was carried out and we verified that an MOT had taken place as per the schedule for each vehicle sampled.</p> <p>i) All vehicle repairs for damage are costed and purchase orders are authorised on the fleet software by the Transport Administrator or Fleet Manager depending on the value. The Transport Administrator can authorise orders to £250 and the Fleet Manager above this for vehicle reports only. If he is not present the authorisation request is escalated. For a sample of 10 maintenance and repair costs we found that all had been authorised appropriately on Fleetwave, which interfaces with the Council's finance system for payment.</p>		

j) Keys for vehicles have to be signed in and out of the Depot. They are kept in a safe that has a pin protected access code. We were provided with the sign out and sign in sheet. We observed workers at the start of the day signing out their keys and on their return signing them back in. In addition our testing confirmed that keys were all returned at the end of the day and securely stored.

k) The Transport Administrator carries out bi-weekly audits of fuel usage. A sample of 10 fuel records are selected and reconciled against the original receipts for fuel payments. We reviewed the last five audits carried out by the Transport Administrator and found a receipt was in place in relation to each fuel payment. There were no variances identified but investigations are carried out by the Transport Administrator if discrepancies are identified.

l) Accidents reported are recorded and rates are scrutinised and monitored via a monitoring spreadsheet. If drivers are involved in three or more incidents in 12 month rolling period discussions are held with their line manager. We were provided with the monitoring spreadsheet that details accidents that have occurred as well as; who is responsible and the value of the subsequent claim.

m) Budget monitoring identifies any exceptional costs that may be arising in respect of fuel or overheads. Routine budget reports are provided to the Fleet Manager and quarterly meetings and updates occur with the appropriate Group Accountant. Fuel cost monitoring forms part of the budget monitoring process and is analysed by the Waste and Transport Manager and the Senior Financial Accountant. We satisfactorily confirmed that budget reports are received by the Fleet Manager. The budget reports are reviewed by the Fleet Manager and any exceptional costs are noted and explanations are sought.

n) Maintenance fees are fixed within the contract and included in the cost of leasing the vehicle. SFS repair and maintenance employees are as a result paid a fixed fee and the Council have no jurisdiction over monitoring their performance.

o) For O Licence holders, the legislation requires that daily vehicle checks are undertaken. There is a defect book in place for every vehicle. The drivers are required to fill this out every time the vehicle is used. If the drivers identify a defect they are required to update and take the book and keys into the workshop so it can be repaired. If there are no defects they are required to state this in the book. For a sample of vehicles we reviewed the defect books and found all were being filled out prior to the vehicle being used.

	Agreed Management Action	Implementation Date	Manager Responsible
1	In conjunction with informal meetings, in order to demonstrate a clear rationale and decision making process in the fleet requirement going forward we will document users requirements and comments regarding fleet numbers and vehicle profile in a formal document on at least an annual basis. This will be used to inform fleet procurement decisions.	01/04/16	Fleet Manager – Jon Sharpe
2	Agreed performance indicators together with standing issues, risks and budget pressures will be formally reported with narrative by the Fleet Manager on at least a quarterly basis to the management team. This could be briefly summarised in a one page dashboard format for simplicity.	01/04/16	Fleet Manager – Jon Sharpe

Assignment: Payroll (14.15/16)	Opinion:	Amber/Green
<p>a) It was noted that it was not clear from the documentation on file whether the individual requesting the change in HR is different from the individual reviewing exception reports. There is a risk of fraudulent payments being made due to the lack of a segregation of duties.</p> <p>b) In only three instances was a leaver form filled out when an employee's contract was terminated. There is a risk that if the leaver checklist is not filled out that all the required steps required to process a leaver may not be carried out leading to individuals remaining on the payroll system and receiving payment. In three instances we found no evidence of correspondence between the individual leaving the organisation and HR detailing the reasons for them leaving the organisation and their final leaving date. There is a risk employees may not have been removed from the payroll records in a timely manner as per their official leaving date leading to overpayments to former employees.</p> <p>c) Payroll runs, and HMRC and pension payments, are reviewed by the Head of HR prior to the final BACS submission by the Payroll Bureau Manager. Based on the evidence provided we could not confirm that October's payroll run had been reviewed prior to the final BACS submission payment by the Payroll Bureau Manager. There is a risk that without review of the payroll runs prior to payment that inappropriate payments may be being made to staff.</p> <p>d) The BACS submission file to pay the payroll is required to be ready at least three working days prior to the submission on the 20th. For three of the months sampled we found that the BACS submission file was only submitted two working days prior to the 20th of each month (payday). There is a risk if BACS submissions are not made in a timely manner that staff may be paid late leading to employee dissatisfaction.</p> <p><b>Evidence of well-designed controls being applied effectively:</b></p> <p>e) The Council has a procedural document detailing the processes in place with regards to the payroll function at the Council. The document clearly outlines the roles and responsibilities of HR and Payroll.</p> <p>f) HR is responsible for the addition and amendment of employee personnel data at the Council. In addition they are responsible for the review and authorisation of the payment run. Payroll is responsible for the activation of payroll data (starters, leavers and amendments) as detailed within the monthly changes spreadsheet which is updated by the HR Team and the physical processing of the payment run. They are not responsible for making amendments to payroll standing data. We confirmed that there is significant segregation in duties in place with regards to the processing of payroll information and payment of the payroll.</p> <p>g) Through an electronic workflow all starter information is forwarded onto payroll that subsequently activates the employee account on iTrent. For all new starters sampled we found they had been appropriately set up on the system with an accompanying starter form, signed contract and an authorisation to recruit document which reconciled to the information on iTrent.</p> <p>h) For a sample of five BACS payments to HMRC we found that all were authorised prior to the BACS submission being paid by the Head of HR in a timely manner.</p> <p>i) We found for a sample of leavers that all had been removed promptly from payroll records.</p> <p>j) We reviewed a sample of five reconciliations between payroll and the general ledger and found all had been carried out in a timely manner and evidence of independent review was present.</p> <p>k) When identified overpayments are reported, HR send a letter to the individual concerned identifying the amount that has been overpaid and the asking individual to pay the money back. The detail of the overpayment is forwarded to the Finance Team for pursuing as a debtor. There were only two overpayments identified by the Payroll and HR team at the time of the audit and both were being dealt with as per the Council's procedures.</p>		

**AGENDA ITEM 5**  
**ANNEXE 1**

	Agreed Management Action	Implementation Date	Manager Responsible
1	The monthly timetable will be adhered to for the processing of payroll information and final BACS submissions to ensure compliance with the Council's payroll procedural manual.	1 April 2016	Cynthia Gill – Payroll Bureau Manager
2	In all cases we will ensure that signatures confirming the authorisation of payroll runs will be accompanied by a date to verify that it had been reviewed prior to final BACS submission by the Payroll Bureau Manager.	1 April 2016	Cynthia Gill – Payroll Bureau Manager
3	On an individual leaving the organisation a leaver's form will be completed and filed by a member of HR. Recording information including the last date of employment and reason for leaving.  In addition correspondence between the individual leaving the organisation and HR. (medium)	1 April 2016	Shona Mason – Head of HR and Personnel
4	Segregation of duties between the submission of payroll changes and the review of the exception report will be enforced.  The 'monthly changes' spreadsheet that will be amended to include an additional column would be added detailing the member of HR requesting the change.  If an individual had been responsible for a change throughout the month they would not be responsible for reviewing monthly exception report.	1 April 2016	Cynthia Gill – Payroll Bureau Manager & Shona Mason – Head of Personnel & HR

<b>Assignment:</b> Capital accounting and fixed assets (15.15/16)	<b>Opinion:</b>	<b>Green</b>
<p>a) We raised no issues in this review which required management action.</p> <p>b) Capital expenditure is reported to the Financial Policy Panel in terms of the Capital Programme. We verified reported expenditure to the ledger and for a sample of additions to capital assets we verified these had been updated in the asset register. For the purchase of a property in 2014/15 and for the sale of a property in 2015/16, we agreed the entries to the ledger and obtained a copy of the signed Transfer of Title Deed.</p> <p>c) Capital income and expenditure, and balance sheet entries, are reconciled to the asset register as part of the preparation of final accounts. We confirmed that this took place and verified key figures in the reconciliations to source. We confirmed that capital and revenue expenditure is analysed to ensure expenditure that does not produce a capital asset is not capitalised and revenue expenditure which does is capitalised.</p> <p>d) We verified that investment land and buildings are valued by a qualified valuer each year and other land and buildings are valued on a five year cycle. We confirmed that an impairment review had been carried out, i.e. indexes for changes in values were provided for land and buildings not being individually valued. For a sample of land and buildings we confirmed the asset register had been updated for the new valuation and that the indexation for a sample of properties had been applied.</p> <p>e) We confirmed that vehicles are verified and the asset register updated for any changes. We accepted that other plant and equipment is not verified because of the value of the assets and the resources that would be required to verify them. This is a long-standing policy of the Council which has not been challenged by External Audit.</p>		

<p>f) We confirmed that the reconciliation of capital transactions included reconciliation to the previous year's balance sheet entries and verified key figures to the 2013/14 annual accounts and the 2014/15 annual accounts. We agreed the calculation of depreciation for a sample of assets.</p> <p>g) We confirmed that only appropriate officers have access to the RAM Asset Register. We accept management assurance that the asset register is backed up as part of the routine backup processes.</p>			
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	Agreed Management Action	Implementation Date	Manager Responsible
	None raised		

## FOR FURTHER INFORMATION CONTACT

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## Progress Update on 2015/16 High Priority Recommendations

High Priority Recommendation	Agreed Action	Responsible Officer	Implementation Date	Current Position
<b>Cash Handling (Reported to Committee November 2015)</b>				
<p>Gypsy site rent receipts were not being issued by the collecting officer for monies collected and in this respect any allegations of fraud or irregularity could not be systematically refuted.</p> <p>In addition the rent account system is not operational and individual rent accounts are not up to date.</p>	<p>Signed receipts will be issued for all gypsy site rent transactions. A copy of this will be retained and the receipt number recorded on the weekly collection sheets held.</p> <p>Once operational again up to date rent accounts will be posted with historic rent debit and payment transactions for 14/15.</p>	Housing Operations Manager	Nov 2015	<p>The Gypsy Liaison Officer is issuing receipts for the rent. The Housing Operations Manager continues to monitor this at regular one to one meetings.</p> <p>The rent account system is operational and all historic transactions have been posted.</p> <p>An audit of the housing rent accounting and reconciliations is planned for 2016-17</p>
<b>Fraud Review (Reported to Committee November 2015)</b>				
<p>The Council should streamline its strategic approach to include anti-fraud and anti-bribery awareness training that should be delivered as part of an induction process. Having been delivered at induction the training should include a continuing rolling process of bespoke fraud and bribery awareness sessions delivered on a yearly or bi-yearly basis. These session should be supplemented with:</p> <p>Leaflets, flyers and anti-fraud and bribery literature</p>	<p>This will be incorporated into the Corporate Governance Action Plan and training will be developed. Initial training will be given to the Leadership Team and bi yearly awareness sessions will be established</p> <p>The induction training will be reviewed to ensure it adequately reflects the Council's approach to fraud.</p>	<p>Corporate Risk &amp; Governance Manager G McTaggart</p> <p>S Mason (induction training )</p>	Dec 2015	<p>A brief outline of our fraud arrangements is included within both the HR Induction &amp; the Corporate Induction.</p> <p>The Anti fraud and Anti Corruption Strategy and Whistleblowing Policy were reviewed by Corporate Governance Group in March Further fraud documents will be updated and reported to the Corporate Governance Group in May and then training dates will be agreed</p> <p>There will be a dedicated section on the Intranet to provide guidance to staff on fraud once new Intranet is in place.</p>

A dedicated internal and external web-page				
A clearly defined whistleblowing or reporting mechanism. (High)				
<b>PCI Compliance Control Framework (Reported to Committee November 2015)</b>				
<p>The Council's VPI call recording software is not PCI compliant as the vendor does not support PCI requirements in its current form.</p> <p>(We confirmed that the Council does not use the PCI compliant implementation from VPI <a href="http://www.vpi-corp.com/PCI-Compliance">http://www.vpi-corp.com/PCI-Compliance</a>)</p>	<p>The Council will ensure that the chosen call recording software that 'records' conversations in scope of PCI is PCI compliant. (High)</p>	<p>Mark Lumley, Head of ICT</p>	<p>31 March 2016</p>	<p>An upgraded Call Recording System has been installed by the supplier. Some initial work have been completed on the CRM to ensure that when taking a payment call the call recording automatically stops and starts to ensure that we are then PCI compliant. This is currently being tested and bugs on the call recording system are being resolved by the supplier.</p>
<p>We observed that the Adelante PAN capture screen shows the credit card number in plain text while being entered onscreen and there is a CCTV pointing to the screen from the roof.</p> <p>The Camera could view the credit card information of the screen as they are entered in clear text which could result in a breach.</p>	<p>The Council will ensure that only authorised people have access to view the PCI data that is entered on the screen.</p> <p>The Council could add a privacy filter to the screen to block out the cameras view of the screen once the information on which screen has been provided by RSM. (High)</p>	<p>Lee Duffy, Head of Financial Services</p>	<p>30 Sept2016</p>	<p>A privacy filter has been fitted to the screen in Reception. There is restricted access to the CCTV footage within the Cash Office and it is logged if footage is checked.</p> <p>COMPLETED</p>
<p>No formal PCI roles and responsibilities have been documented</p>	<p>Identify roles and responsibilities that govern the PCI environment and communicate the responsibilities to everyone. (High)</p>	<p>Kathryn Beldon, Director of Finance and Resources.</p>	<p>31 March 2016</p>	<p>This is still under review pending the shared service within ICT</p>



<b>Property Maintenance (Reported to Committee in February 16)</b>				
There is a significant shortfall in the budget for future property repairs. The Corporate Property Group is reviewing the property portfolio with a view to reducing future liabilities.	The Corporate Property Group to prepare a plan for ensuring maintenance needs of retained properties can be met within the Medium Term Financial Strategy by a programme of disposal or transferring responsibility for maintenance.	Tony Foxwell Senior Building Surveyor / Corporate Property Group	31 March 2016	<p>The Corporate Property Group has been producing a list of the repairs required on the property portfolio until 2023-2024. In line with this, they are also looking at the future strategy for acquisitions and disposals.</p> <p>The Asset Management Plan will be revised once the 2016 -2020 Corporate Plan has been agreed. The new position of Head of Corporate Property will have responsibility for driving this forward..</p>
<b>Income from Car Parking (Reported to Committee April 2016)</b>				
A reconciliation spreadsheet is maintained to record values of cash removed from the parking pay machines and the audit ticket produced. There are currently significant discrepancies between the values of the audit tickets and the cash removed from these machines.	<p>The Customer Services Team will investigate the differences on the values on the audit ticket and cash collected. Reasons for the variances will be investigated and recorded on the reconciliation.</p> <p>In addition this reconciliation will be reviewed by the Head of Customer Services on a monthly basis with the results of her review recorded to reflect the acceptance of reasons and investigations undertaken</p>	Head of Customer Services/ Parking Manager	31 <sup>st</sup> January 2016	The Parking Manager is now in post and is regularly reviewing the reconciliations. They are completed daily by the Parking Supervisor and reviewed monthly and explanations obtained. One issue has been the failure of the Cash Collection Agents to take the audit ticket. These are being identified and acted upon quicker in order that the ticket can be obtained .

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**INTERNAL AUDIT STRATEGY 2016/17**

<u>Report of the:</u>	Director of Finance & Resources
<u>Contact:</u>	Gillian McTaggart or Doug Earle
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	N/A
<u>Annexes/Appendices (attached):</u>	<u>Annexe</u> - Internal Audit Strategy 2016/17
<u>Other available papers (not attached):</u>	Report and Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny Committee, 9 April 2015.

**REPORT SUMMARY**

**This report introduces the updated Strategy for Internal Audit for 2016/2017.**

**RECOMMENDATIONS**

**That the Committee endorses the Strategy for Internal Audit for 2016/17 as prepared by RSM.**

**1 Implications for the Council's Key Priorities, Service Plans and Community Strategy**

- 1.1 The internal audit work programme is designed to review and evaluate the risk management, control and governance arrangements that the Council has in place to establish and monitor the achievement of the Council's objectives and to identify, assess and manage the risks to achieving those objectives.
- 1.2 The work undertaken by Internal Audit contributes to the Core Values of performing with openness and honesty and providing value for money.

**2 Background**

- 2.1 Internal Audit provides the Council through the Audit, Crime & Disorder and Scrutiny Committee with an independent and objective opinion on risk management, control and governance. RSM (under different names) has provided internal audit services to Epsom and Ewell Borough Council, as part of a Consortium since April 2005.
- 2.2 RSM use the Council's objectives as a starting point to develop the internal audit plan, then they evaluate our risk management process and place reliance on the risk registers to inform the audit strategy.
- 2.3 The Statutory Officers Group and the District Auditor (Grant Thornton) are consulted in compiling the Audit Strategy.

- 2.4 There is scope for modification should the Committee be concerned that a particular risk area has not been properly addressed in the Strategy. There is also scope to amend the Strategy during the year should alternative work be required. A representative from RSM will be available at the meeting to discuss the methodology for the Strategy and answer any questions raised.
- 2.5 The Committee's terms of reference includes the requirement to monitor implementation of recommendations from the external and internal auditors.
- 2.6 The Committee endorsed the previous Strategy for Internal Audit for 2015/16 on 9 April 2015.

### **3 Proposals**

- 3.1 That, the Committee endorses the Strategy subject to any amendments identified as important to cover risks not adequately addressed in the draft Strategy
- 3.2 The specific considerations for the Committee are stated in section 4.0 of the Strategy (Annexe 1).
  - 3.2.1 Is the Committee satisfied that sufficient assurances are being received within our annual plan to monitor the Council's risk profile?
  - 3.2.2 Does the Strategy for internal audit cover the Council's key risks as they are recognised by Committee?
  - 3.2.3 Are the areas selected for coverage this coming year appropriate?
  - 3.2.4 Is the Committee content that the standards within the Charter (attached as Appendix C to Annexe 1) are appropriate to monitor the performance in internal audit.
- 3.3 As in previous years there is a follow up allocation to track the adequacy of the Council's arrangements for implementing previous recommendations and an allocation for audit management including liaising with the District Auditor.

### **4 Financial and Manpower Implications**

- 4.1 The audit days proposed are 220 days which can be funded from the provision for internal audit within the Strategy and Resources Committee budget.
- 4.2 The budget includes a separate provision for investigation work outside of the plan where this cannot be contained within the audit programme. In developing the internal audit plan, Baker Tilly has discussed this with officers
- 4.3 **Chief Officer's comments:** None for the purposes of this report.

### **5 Legal Implications (including implications for matters relating to equality)**

- 5.1 RSM comply with professional responsibilities as set out in the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors.
- 5.2 **Monitoring Officer's comments:** None for the purposes of this report.

**6 Sustainability Policy and Community Safety Implications**

6.1 None for the purposes of this report.

**7 Partnerships**

7.1 The Council continues to work in partnership with Mole Valley, Reigate and Banstead, Tandridge, Waverley and Surrey Police.

**8 Risk Assessment**

8.1 Internal Audit has an independent and objective consultancy role to help line managers improve risk management, governance and control.

**9 Conclusion and Recommendations**

9.1 The proposed internal audit coverage for 2016/17 is based on the Council's needs as assessed by RSM, in order to provide a cost effective means of delivering internal audit that is compliant with statutory requirements and government and international audit standards.

9.2 The recommendation is that the Committee endorses the Strategy, subject to any modifications agreed with the Audit Director at the meeting.

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## EPSOM AND EWELL BOROUGH COUNCIL

Updated Internal Audit Strategy 2016-2017

For presentation to the Audit, Crime & Disorder and Scrutiny  
Committee



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This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and board of our client and, pursuant to the terms of our engagement, should not be copied or disclosed to any third party without our written consent. No responsibility is accepted as the plan has not been prepared, and is not intended for, any other purpose.



# 1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Epsom and Ewell Borough Council in the year ahead, including changes within the sector.

## 1.1 Background

The Council continues to face financial pressures and has developed financial savings plans for delivery in year.

A new Corporate Plan has been developed with revised objectives, outcomes and performance indicators. This was subject to agreement at the time of writing.

## 2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

### 2.1 Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy.

Based on our understanding of the organisation, the outline plan for 2016/17 in the existing internal audit strategy and our knowledge of the sector, we have developed a draft internal plan for the coming year and updated the high level strategic plan (**see Appendix A and B for full details**).

We have discussed priorities for internal audit coverage with the Statutory Officer's Group.

### 2.2 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion or exclusion within the strategy.

Area	Reason for inclusion or exclusion in the audit plan/strategy
Rent accounting and housing revenue account reconciliation	Management concern
Lettings and Voids	Management concern
Car Parking	Change in barriers, payment machines as well as management of the team
ICT Shared service	Change in service delivery
Private Sector Leasing Scheme	Management concern
Procurement	Management concern and change in approach as a result of previous weaknesses identified.

We have discussed with management but not included:

Area	Reason for inclusion or exclusion in the audit plan/strategy
Cyber Security	Emerging risk across the public sector

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: a contingency allocation, time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in Appendices A and B.

## **2.3 Working with other assurance providers**

The Audit, Crime & Disorder and Scrutiny Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

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

## 3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Karen Williams, supported by Chris Benn.

### 3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within Appendix D.

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Assurance service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

### 3.2 Conflicts of interest

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

## 4 AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE REQUIREMENTS

In approving the internal audit plan and strategy, the Committee is asked to consider the following:

- Is the Committee satisfied that sufficient assurances are being received within our annual plan (as set out at Appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at Appendix B) cover the organisation's key risks as they are recognised by the Committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Committee content that the standards within the charter in Appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Committee approve such any amendments to this plan.

## APPENDIX A: INTERNAL AUDIT PLAN 2016/17

Audit	Scope for Year	Audit days	Proposed timing	Proposed Committee
<b>Risk Based Assurance</b>				
Financial Management and main accounting	This review will challenge the achievement of the four year cost reduction plan approved following consultation with Heads of Service and committee approval. We will also undertake a review of core control functions including budget setting, financial saving identification and monitoring, financial reporting through sound management of the ledger and journal entries.	8	September 2016	TBC
Car Parking – on street and car parks	Review of the management of car parks, to consider the strategic plan for the future of car parks, costs associated with the provision of the parking service cross the borough and allocation of those costs to the relevant cost centre, the charges applied to parking, collection of all income through use of the new machines and penalty charge notices. We will also look at relevant performance indicators such as average income per enforcement officer.	10	July 2016	TBC
Planning and Building Control	Compliance with requirements for managing applications received and collection of all income due before services are completed.	8	May 2016	TBC
Rental income	Management of the identified of income due and collection of that income.	8	February 2017	TBC
Workforce planning	Review of the processes used by management to determined staffing resources required, to include the Depot and use of agency staff.	10	June 2016	TBC
Procurement of agency staff	To review the process followed by management to enter into and manage an agency contract for the supply of temporary staff. The timing has been agreed to allow for the running of the contract for 6 months.	8	March 2017	TBC
PCI code of conduct compliance	Review to ensure compliance with requirements in this area following the areas for management attention our previous review.	10	November 2016	TBC
<b>Core Assurance</b>				
Data quality	Review of a selection of reporting indicators to ensure that the reported performance agrees to source data. This will be pertinent for 2016 with the introduction of revised performance indicators.	10	October 2016	TBC

Audit	Scope for Year	Audit days	Proposed timing	Proposed Committee
Risk Management	Review of the core controls	6	November 2016	TBC
Governance	Review of the core controls	6	October 2016	TBC
Council Tax (Revenues)	Review of the core controls to ensure that the correct charges are set, income is recovered and arrears are pursued.	8	January 2017	TBC
Benefits	Review of the core controls to ensure that the correct payments are made in line with claims requirements.	8	January 2017	TBC
Payroll	To ensure that payments are made to staff in line with contracts of employment and that the control framework continues to operate in a period of staff changes.	10	September 2016	TBC
Creditors and ordering	Orders and payments are made in line with financial regulations.	8	December 2016	TBC
Cash Handling	Now that the cash office has been closed for some months, we will undertake a review of the management of cash across the all services/departments to determine how operational practices have changed and income received is banked and recorded in the accounts of the Council.	8	June 2016	TBC
Housing rent accounting and reconciliation	Compliance with procedures in this area to ensure that the accounts are reconciled and agreed daily for confidence in financial reporting.	8	June 2016	TBC
Allocations, lettings and voids	Compliance with procedures in this area.	8	September 2016	TBC
Private Sector Leasing Scheme	Compliance with requirements for the provision of this scheme. Notably the entitlement to support, and the landlord responsibilities of maintenance and servicing.	8	March 2017	TBC

Audit	Scope for Year	Audit days	Proposed timing	Proposed Committee
Implementation of Business Performance Review actions.	<p>Management have implemented business process reviews across activities of the Council.</p> <p>We will review the implementation of the actions identified to ensure full completion for the achievement of the planned change.</p> <p>Covering:</p> <ul style="list-style-type: none"> <li>- Democratic services</li> <li>- Homelessness</li> </ul>	<p>4</p> <p>4</p>	<p>August 2016</p> <p>February 2017</p>	
Procurement	Review of the changes made by management since our last review to provide assurance the improvements have been delivered.	8	March 2017	TBC
Grant audits	Where grants are claimed and where paid to organisations.	8	As required	TBC
<b>Other internal audit activity</b>				
Contingency	To allow additional reviews to be undertaken in agreement with the Audit, Crime & Disorder and Scrutiny Committee or management based in changes in risk profile or assurance needs as they arise during the year.	20	TBC	TBC
Action tracking	<p>To provide quarterly assurance on action taken to address recommendations previously agreed by management.</p> <p>Specific follow up reviews will be made of the following 2014/15:</p> <ul style="list-style-type: none"> <li>• Contract management</li> <li>• Project management</li> </ul>	<p>8</p> <p>4</p>	Quarterly	N/A
Management	<p>This will include:</p> <ul style="list-style-type: none"> <li>• Annual planning</li> <li>• Preparation for, and attendance at, ACDS Committee</li> <li>• Regular liaison and progress updates</li> <li>• Liaison with external audit and other assurance providers</li> <li>• Preparation of the annual opinion</li> </ul>	14	Throughout the year	N/A



## APPENDIX B: UPDATED INTERNAL AUDIT STRATEGY 2015/16 – 2017/18

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
<b>Risk based assurance</b>				
Financial Management	Risk: Failure to achieve service cost reductions and efficiencies.  To include budget setting and monitoring which will incorporate savings plans in the process from 2015/16.	-	✓	-
Management of income generating activities	Economic Vitality  Reduction income levels due to recession / economic downturn  -Venues  -Car Parks  -Planning & Building Control  -Recycling  -Rents  Overall economic viability of the Borough/  Shortfall in income from business rates.	   ✓ ✓ - ✓ - - - -	   - ✓ ✓ - ✓ - - -	   - ✓ ✓ - - - ✓ -
Workforce Planning	Risk: Workforce- review of resources to meet service needs and overall resilience.	-	✓	-
Recruitment	Management concern: elements of recruitment practice were identified in our review of agency procurement leading to concerns as to adequacy of control framework and compliance with required practice.	✓	-	-
Attendance Management	Management concern: under reporting of sickness absence following implementation of self-serve to record absences.	✓	-	-
Agency staffing	Risk: Procurement of Agency staff	-	✓	-

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Project Management	Risk: Failure to take opportunities for transformational change and IT related changes and corporate projects.	✓	-	-
IT Audit	Risk: IT systems – Resilience and efficient running of network and applications. Also information governance.	✓	✓	✓
<b>Core Assurance</b>				
Performance Management and Delivery of Corporate Plan	Identified by Corporate Board as a key area for improvement with the move to CRM.	✓	-	-
Data Quality	Identified by Corporate Board as a key area for improvement with the move to CRM.	✓	✓	✓
Risk Management	An annual review to ensure that risk management operates effectively throughout the organisation. Scope to be agreed as part of annual planning cycle.	✓	✓	✓
Governance	An annual review of the governance arrangements in place. Scope to be agreed as part of annual planning cycle.	✓	✓	✓
Fleet Management	Highlighted for coverage from the 2012/13 IA Strategy. The Council leases a high number of vehicles and assurance is sought that the contract is managed effectively.	✓	-	-
Facilities Management	Previous low level of assurance and many weaknesses identified.	✓	-	-
Property Maintenance	To provide ongoing assurance that controls operate as planned, and that properties owned and managed by EEBC are maintained to required standard.	-	-	✓
Emergency Planning/Compliance with Civil Contingencies Act	To provide ongoing assurance that controls operate as planned.	-	-	✓
Procurement	To challenge the processes followed by the Council to ensure that the Transparency code is met, as well as legislative requirements such as OJEU compliance, are properly considered.	✓	✓	✓
Contract Management		✓	-	✓

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Individual Electronic Registration	From 2014 a new system of registration will require individuals making an application to register individually and providing personal identifiers. Management have requested an early advisory on the preparation for the change.	-	-	✓
Income from s106 agreements and Community Infrastructure Levy	To provide assurance that the control framework reflects changes as a result of the introduction of the Community Infrastructure Levy, as well as the general management of s106 income.	-	-	✓
Revenues	Rolling programme of coverage	-	✓	✓
Benefits	Rolling programme of coverage	-	✓	✓
Treasury Management	Rolling programme of coverage	-	-	-
Capital Accounting and Fixed Assets	Rolling programme of coverage	✓	-	-
Main Accounting, General Ledger and Reconciliations	Rolling programme of coverage (with Financial Management)	-	✓	-
Payroll	Rolling programme of coverage	✓	✓	✓
Debtors	Rolling programme of coverage	-	-	✓
Creditors	Rolling programme of coverage	-	✓	-
Cash Handling	Review of the Council's management of cash, to include benchmarking information of ways to reduce the use of cash across activities.	✓	✓	-
Grant audits	Internal audit of processes for sign off	✓	✓	✓

#### New areas for assurance

Housing rent accounting and reconciliation	Compliance with accounting requirements.	-	✓	-
Letting and Voids	Compliance with standards set	-	✓	-
ICT Shared service	Assurance that service provision is as agreed	-	-	-
Private Sector Leasing Scheme	Compliance with scheme requirements and responsibilities of the Council.	-	✓	-
Business Process Review	Review of actions taken in response to actions identified.	-	✓	✓

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Property acquisition	Activity in this area is anticipated to start in 2017/18.	-	-	✓
<b>Other Internal Audit Activity</b>				
Contingency	To allow additional reviews to be undertaken in agreement with the Audit, Crime & Disorder and Scrutiny Committee or management based in changes in risk profile or assurance needs as they arise during the year.	✓	✓	✓
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning</li> <li>• Preparation for, and attendance at, Audit, Crime &amp; Disorder and Scrutiny Committee</li> <li>• Administration of our actions tracking database – 4Action</li> <li>• Regular liaison and progress updates</li> <li>• Liaison with external audit and other assurance providers</li> <li>• Preparation of the annual opinion</li> </ul>	✓	✓	✓

## APPENDIX C: INTERNAL AUDIT CHARTER

### Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Epsom and Ewell Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit, Crime & Disorder and Scrutiny Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP ("RSM"). Your key internal audit contacts are as follows:

	Director	Manager
Name	Karen Williams	Chris Benn
Telephone	07818002464	07528970127
Email address	<a href="mailto:Karen.williams@rsmuk.com">Karen.williams@rsmuk.com</a>	<a href="mailto:Chris.benn@rsmuk.com">Chris.benn@rsmuk.com</a>

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

An overview of our client care standards are included at Appendix D.

### Role and definition of internal auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes".

#### Definition of Internal Auditing, Institute of Internal Auditors

Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

### Independence and ethics

To provide for the independence of Internal Audit, its personnel report directly to Karen Williams (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Director of Finance, through the Corporate Risk and Governance Manager

The head of internal audit has unrestricted access to the Chair of Audit, Crime & Disorder and Scrutiny Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Epsom and Ewell Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit, Crime & Disorder and Scrutiny Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit, Crime & Disorder and Scrutiny Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit, Crime & Disorder and Scrutiny Committee for review and approval each year before work commences on delivery of that plan.
- Implement the audit plan as approved, including any additional tasks requested by management and the Audit, Crime & Disorder and Scrutiny Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a Quality Assurance and Improvement Program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design and training.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Provide a list of significant measurement goals and results to the Audit, Crime & Disorder and Scrutiny Committee to demonstrate the performance of the internal audit service.
- Liaise with the external auditor for the purpose of providing optimal audit coverage to the organisation.

## Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit, Crime & Disorder and Scrutiny Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.

- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

## Key performance indicators (KPIs)

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

Delivery	Quality
Draft reports issued within 10 working days of debrief meeting.	Conformance with the Public Sector Internal Audit Standards.
Management responses received from client management within 10 working days of draft report.	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.
Final report issued within 3 days from receipt of management responses.	Response time for all general enquiries for assistance is completed within 2 working days.
Completion of internal audit plan by the end of the financial year.	Response to emergencies such as concerns of potential fraud with 1 working day.

## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit, Crime & Disorder and Scrutiny Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit, Crime & Disorder and Scrutiny Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Personal data is not shared outside of RSM. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).

RSM has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

## **Fraud**

The Audit, Crime & Disorder and Scrutiny Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit, Crime & Disorder and Scrutiny Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work.

## **Approval of the internal audit charter**

By approving this document, the internal audit strategy, the Audit, Crime & Disorder and Scrutiny Committee is also approving the internal audit charter.



## APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

## FOR FURTHER INFORMATION CONTACT

**Karen Williams**

[karen.williams@rsmuk.com](mailto:karen.williams@rsmuk.com)

07818 002463

**rsmuk.com**

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**PERFORMANCE MANAGEMENT 2015/16: PROGRESS REPORT THREE**

Report of the: Chief Executive  
Contact: Adama Roberts/Margaret Jones  
Urgent Decision?(yes/no) No  
If yes, reason urgent decision required: N/A  
Annexes/Appendices (attached): Annexe 1: Progress Report Three 2015/16 prepared for the Audit, Crime & Disorder and Scrutiny Committee  
Other available papers (not attached):

**REPORT SUMMARY**

**This report presents the Committee with its third performance management progress report for 2015/16, providing an overview of progress made against the policy committees' actions and highlighting those actions recorded as not met.**

<b><u>RECOMMENDATION (S)</u></b>	<i>Notes</i>
<b>That the Committee:</b>  <b>(1) Receives Performance Management Progress Report Three 2015/16</b>  <b>(2) Identifies any issues requiring action.</b>	

**1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 In December 2011 the Council adopted the new Corporate Plan for 2012/16. The plan identifies the Council's Key Priorities and Core Values for the four year period.
- 1.2 As part of the service planning process to support delivery of the Council's Corporate Plan, actions have been agreed under the service plans for 2015/16.

- 1.3 Owing to the volatile nature of the economic climate, it has been agreed that actions would be reviewed and set annually rather than for a period of four years. This was deemed more productive because changes and decisions around actions set in the Service Plans could be taken promptly, in line with changing economic times.

## **2 Background**

- 2.1 This report presents the Audit, Crime & Disorder and Scrutiny Committee with an extract from Performance Management Progress Report Three 2015/16 (attached as Annexe 1). It highlights the percentage of actions that have been classified as Achieved, On Target and Not Met as at February 2016. (A key to the reporting classifications is set out at Annexe 1). It provides particular detail on those actions classified as Not Met.

## **3 Update on Performance as at February 2016**

- 3.1 Thirty six actions are being monitored across 2015/16. As at February 2016, 1 action was achieved; 10 were on target and 9 were not met. In addition, 1 action had no recorded data; 4 actions were included for information purposes only.

## **4 Financial and Manpower Implications**

- 4.1 Actions identified for 2015/16, at the time of agreeing the actions, were considered to be achievable within agreed budgets, including the reduced staffing budget.
- 4.2 **Chief Finance Officer's comments:** None for the purposes of this report.

## **5 Legal Implications (including implications for matters relating to equality)**

- 5.1 There is the opportunity through the development and delivery of this Service Plan to secure significant benefits for residents.
- 5.2 **Monitoring Officer's comments:** None for the purposes of this report.

## **6 Sustainability Policy and Community Safety Implications**

- 6.1 Delivery of Year 4 of the Service Plan will assist the Council to create sustainable communities.
- 6.2 There are no particular community safety implications for the purpose of this report.

## **7 Partnerships**

- 7.1 There are no particular partnership implications for the purpose of this report.

## **8 Risk Assessment**

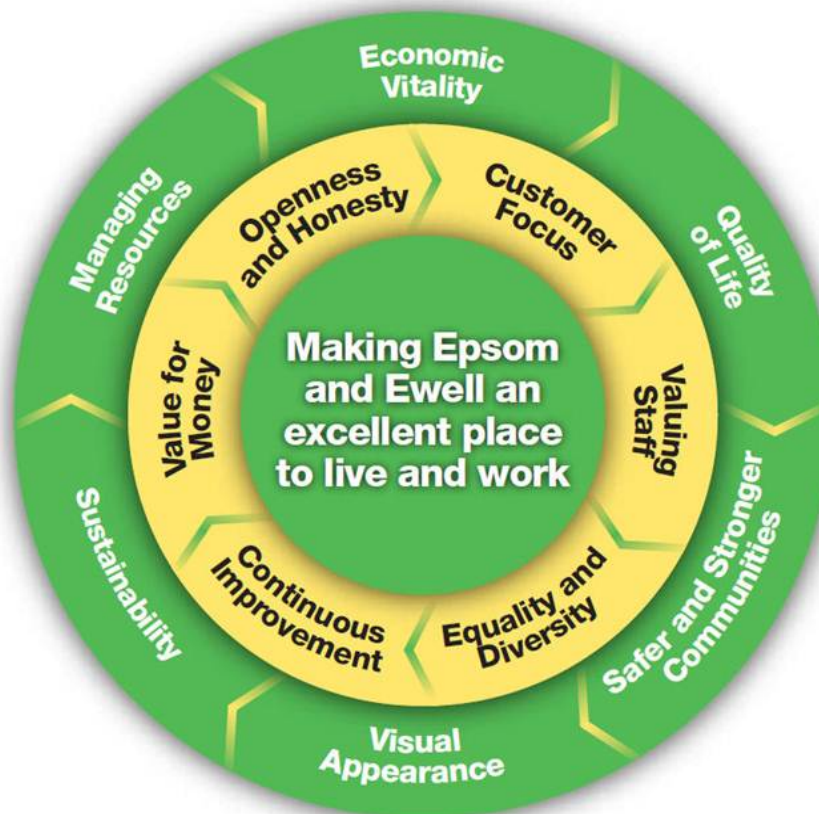
- 8.1 The creation of a Performance Management Framework mitigates against the loss of focus and assists the organisation in ensuring that it has the financial capacity to deliver its objectives.

## **9 Conclusion and Recommendations**

- 9.1 The implementation of a robust performance monitoring and management system is essential to ensure that the Committees' Service Plans and ultimately the Council's Key Priorities are delivered, any variances explained and decisions over future action made.

**WARD(S) AFFECTED: All**

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## **Progress Report Three**

Prepared for Audit, Crime & Disorder and Scrutiny Committee –  
February 2016

## Key to Reporting Progress

### Monitoring of Key Service Priorities, as set out in the Annual Service Plans for 2015/16

Progress against Key Service Priorities at year end, is monitored by:

#### Achieved



An action is achieved once all objectives specified have been completed.

#### On Target



An action is on target at the time of reporting the progress if it's likely to be completed by year end. Actions that are reported as on target are closely monitored and evaluated throughout various performance phases to ensure they continue to be achievable by year end.

Measures have been implemented to ensure Responsible Officers (ROs) promptly advise the Consultation & Communication team of any change/s that is/are likely to impact on an action being achieved. This is then fed back to CMB and responsible committees.

A risk analysis section has been introduced, for the first time in our performance reporting to pre-empt and facilitate the achieving of actions set within a given financial year. This enhances the review process embedded within our performance monitoring, because all actions that are reported as on target or not met have to be rigorously evaluated at each performance management phase - with further actions outlined to facilitate their achievement.

#### Not Met



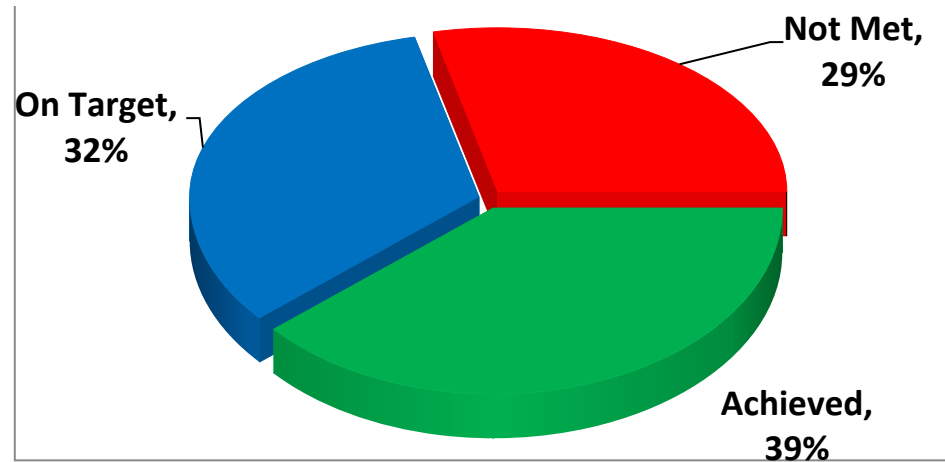
An action is reported as not met if it's likely to be unachievable at year end. The chances of achieving these actions within the reporting period are slim.

All actions are continuously evaluated and where issues may occur, automatically highlighted to alert CMB and responsible committees in order to facilitate a prompt decision making process. This process usually involves the ROs, CMB and responsible committees.

However, for Data Quality purposes, committees have the final say as to whether an action will be deleted/deferred/tweaked or replaced with a new one depending on the evidence given by ROs or CMB.



### Year-to-date picture as at February 2015/16



Please Note: In total there are 36 **actions** being monitored for the period 2015/16 against the **six key priorities** as set out in our Corporate Plan 2012/16.

- **Progress Report One:**  
Five (5) actions were 'Achieved', 24 were 'On Target', six (6) are 'Not Met', and one (1) 'No Data'.
- **Progress Report Two:**  
Six (6) actions were 'Achieved', 13 were 'On Target', six (6) are 'Not Met', two (2) 'No Data', and four (4) 'N/A - Information Only' indicators.
- **Progress Report Three:**  
One (1) action was 'Achieved', 10 were 'On Target', nine (9) are 'Not Met', one (1) 'No Data', and four (4) 'N/A - Information Only' indicators.

The report includes **progressive updates** for all actions set for 2015/16 and have **been aligned with the committee meeting cycle** enabling the reporting of information that is **as up to date as possible**.

The new reporting format also gives Responsible Officers **the opportunity to spot and act promptly** to ensure actions set for 2015/16 are achieved and if they cannot be achieved, it enables them to take necessary actions via a joint decision making process **with the Corporate Management Board (CMB) and relevant committees**.

\*A **risk analysis section** has been incorporated in the Performance Management Framework as **per audit and CMB recommendations**. It facilitates the pre-empting and reviewing of any issues that may **prevent an action from being achieved** within a specific timeframe.

## Achieved Actions

### Progress Report One:

- Review and update Cost Reduction Plan and include year two savings in 2014/15 budget, MR3
- To increase the number of businesses that recycle in accordance with the plan (Rolled Forward from 2014/2015), S1
- Deliver the Surrey Youth Games, QL2
- Subject to successful funding bids, deliver the agreed seven QEII funded capital projects in each of the Borough's seven QEII fields (Rolled Forward from 2014/2015), QL2
- Bring 5 empty homes back into use, QL6.

### Progress Report Two:

- Implement cost savings for 2015/16, MR6
- To implement new waste collection arrangements, S1
- Complete installation of barrier controlled car park pay systems (Rolled Forward from 2014/2015), S4
- Deliver Ageing Well Week, QL2
- Delivery of Round the Borough Hike & Bike, QL2
- Deliver the Epsom & Ewell Sports awards, QL2

### Progress Report Three:

- Implement the plan to maximise the contribution of volunteers and Friends of Parks Groups, VA2

**Rolled Forward Actions from 2014/15:**

- Planning application submitted and determined for new retail store and housing on Depot Road and Upper High Street, EV4 **(yet to be achieved)**
- To increase the number of businesses that recycle in accordance with the plan, S1 (this action has been reviewed and replaced with the 2015/16 target 'To Implement new waste collection arrangements')
- Complete installation of barrier controlled car park pay systems, S4 (this has been achieved in PR2, refer to page 5 of this report)
- Subject to successful funding bids, deliver the agreed seven QEII funded capital projects in each of the Borough's seven QEII fields, QL2 (this was achieved in PR1, refer to page 5 of this report).

**Deferred Actions:**

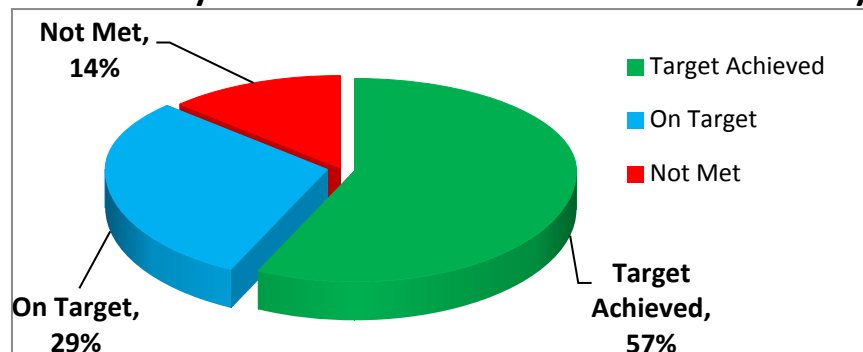
- Undertake refurbishment at Horton Chapel, SS3 PR1. Deferred to 2015/16

Note: This action was deferred as a result of the Decisions Notice of Strategy & Resources Committee issued on 23 September 2014.

**Deleted Actions:**

- Nil

### Summary of Environment Committee as at February



The **Environment Committee** has **Seven (7)** actions for the financial year 2015/16. As at February, **four (4)** actions have been Achieved, **two (2)** On Target, and **one (1)** Not Met.

#### Achieved Actions

##### Progress Report One:

- To increase the number of businesses that recycle in accordance with the plan (Rolled Forward from 2014/2015), S1

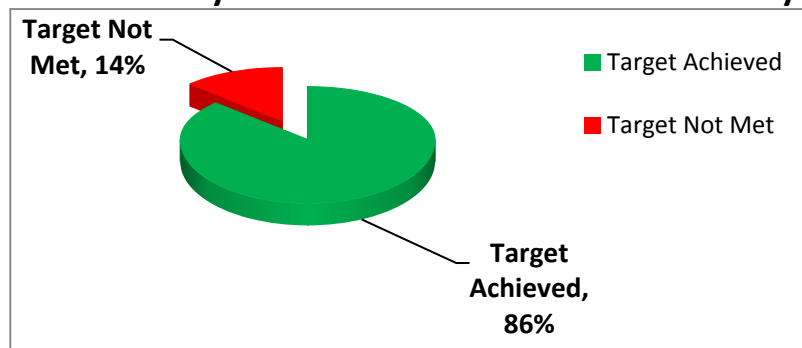
##### Progress Report Two:

- To implement new waste collection arrangements, S1
- Complete installation of barrier controlled car park pay systems (Rolled Forward from 2014/2015), S4

##### Progress Report Three:

- Implement the plan to maximise the contribution of volunteers and Friends of Parks Groups, VA2

### Summary of Leisure Committee as at February



**Leisure Committee** has **seven (7)** actions for the financial year 2015/16. As at February, **six (6)** actions have been Achieved, and **one (1)** action Not Met.

#### Achieved Actions

##### Progress Report One:

- Deliver the Surrey Youth Games, QL2
- Subject to successful funding bids, deliver the agreed seven QEII funded capital projects in each of the Borough's seven QEII fields (Rolled Forward from 2014/2015), QL2

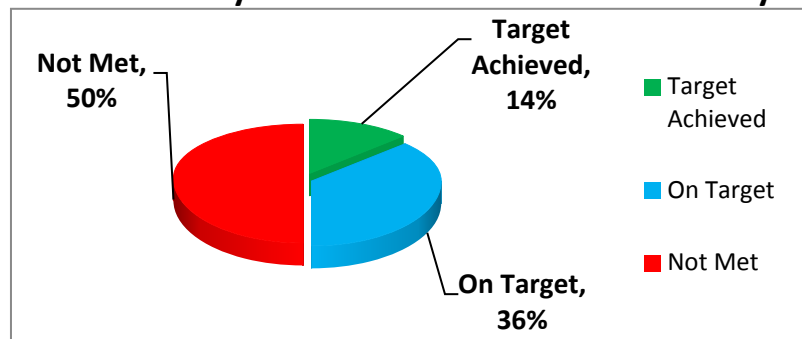
##### Progress Report Two:

- Deliver Ageing Well Week, QL2
- Delivery of Round the Borough Hike & Bike, QL2
- Deliver the Epsom & Ewell Sports awards, QL2

##### Progress Report Three:

- Implement the plan to maximise the contribution of volunteers and Friends of Parks Groups, VA2

### Summary of S&R Committee as at February



**Strategy & Resources Committee** has **15** actions for the financial year 2015/16. Year to date, **two (2)** have been Achieved, **five (5)** are On Target, **seven (7)** Not Met, and **one (1)** No Data.

#### Achieved Actions

##### Progress Report One:

- Review and update Cost Reduction Plan and include year two savings in 2014/15 budget, MR3

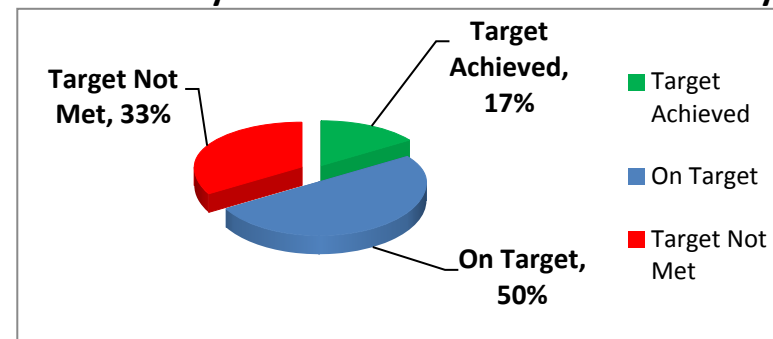
##### Progress Report Two:

- Implement cost savings for 2015/16, MR6

##### Progress Report Three:

- None

### Summary of Social Committee as at February



**Social Committee** has **10** actions for the financial year 2015/16. As at February, **one (1)** action has been 'Achieved', **three (3)** are 'On Target', **two (2)** 'Not Met', and **four (4)** 'Information Only' indicators.

#### Achieved Actions

##### Progress Report One:

- Bring 5 empty homes back into use, QL6.

##### Progress Report Two:




- N/A

##### Progress Report Three:


- N/A

##### Information Only Indicators:

- Bed & Breakfast Admissions. Number of households placed into B&B during each quarter.
- Number of households moved out of B&B during each quarter.
- Net Number of households in B&B at end of each quarter.
- Length of time in B&B where the applicant has had a negative decision per quarter.

<b>ECONOMIC VITALITY: Promote the economic vitality of Epsom &amp; Ewell</b>						
<b>KP Code</b>	<b>Our objective is ....</b>	<b>Responsible Committee</b>	<b>Responsible Officer</b>	<b>Action 2015/16</b>	<b>Progress as at February</b>	<b>Action Status</b>
<b>EV1</b>	Encouraging a vibrant and successful retail and business environment in the Borough	Environment / Strategy & Resources	Joy Stevens (from 1 April 2015)	Monitor impact of parking charging regime and set charges in consultation with local businesses	Recent Environment Committee agreed officers will revisit use of validators for parking in the Ashley Centre.	Not met 
<b>EV4</b>	Making progress in delivering Plan 'E' (which provides a detailed vision for the future of Epsom Town Centre over the next 15 to 20 years)	Strategy & Resources	Mark Berry	<ul style="list-style-type: none"> <li>Planning application submitted and determined for new retail store and housing on Depot Road and Upper High Street <b>(Rolled Forward from 2014/2015)</b></li> <li>Subject to approval new retail store and housing in place on Depot Road and Upper High Street</li> </ul>	<p>Following the termination of negotiations for a new retail store on Upper High Street work limited work has been done on delivery of this project in the last quarter. There is the prospect of the relocation of the fire station and this could be a catalyst to re-start negotiations for the delivery of a different food store and the preliminary work around other key elements of the brief.</p> <p>Development of a mixed-use on the former Tesco site is anticipated subject to planning permission but proposals are at an early stage of preparation.</p> <p>Other aspects of Plan E continue to progress satisfactorily.</p> <p>No movement since December 2015.</p>	Not met 
<b>EV4</b>	Making progress in delivering Plan 'E' (which provides a detailed vision for the future of Epsom Town Centre over the next 15 to 20 years)	Strategy & Resources	Mark Berry	Work proactively with land owners to encourage the opportunities sites identified in Plan E to be brought forward for development	See comment immediately above.	Not met 

### ECONOMIC VITALITY: Promote the economic vitality of Epsom & Ewell

KP Code	Our objective is ....	Responsible Committee	Responsible Officer	Action 2015/16	Progress as at February	Action Status
<b>EV4</b>	Making progress in delivering Plan 'E' (which provides a detailed vision for the future of Epsom Town Centre over the next 15 to 20 years)	Strategy & Resources	Mark Berry	Implement the agreed plan and deliver the junction improvement at the Spread Eagle	Detailed designs for the highway works are under preparation with further consultation with key stakeholders taking place. Public realm improvement options will be worked up once details and costings are available. Work on site is anticipated to commence in late June 2016. No movement since December 2015.	Not met 

### Significant Annual Service Plan Risk

KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
<b>EV1</b>	Monitor impact of parking charging regime and set charges in consultation with local businesses	Lack of buy-in from relevant stakeholders  Problems engaging with business communities	Joy Stevens	M	M	Work with stakeholders to ensure their views are taken on board  Continue to monitor data provided to increase the level of car park usage	Recent Environment Committee agreed officers will revisit use of validators for parking in the Ashley Centre.	31/03/16


Significant Annual Service Plan Risk								
KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
<b>EV4</b>	<ul style="list-style-type: none"> <li>Planning application submitted and determined for new retail store and housing on Depot Road and Upper High Street <b>(Rolled Forward from 2014/2015)</b></li> <li>Subject to approval new retail store and housing in place on Depot Road and Upper High Street</li> </ul>	Lack of buy-in from partners  Impact of the current economic climate	Mark Berry	H	M	Engage with partners to ensure projects are delivered on time	Detailed work was done with landowners to deliver a food store. Further engagement is taking place to deliver an alternative option.	31/03/16
<b>EV4</b>	Work proactively with land owners to encourage the opportunities sites identified in Plan E to be brought forward for development	Lack of buy-in from partners  Impact of the current economic climate	Mark Berry	H	M	Engage with partners to ensure projects are delivered on time	Working mainly with Surrey County Council on the Fire Station Site at present.	31/03/16




## Significant Annual Service Plan Risk

KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
<b>EV4</b>	Implement the agreed plan and deliver the junction improvement at the Spread Eagle	Lack of buy-in from partners  Impact of the current economic climate	Mark Berry	H	M	Engage with partners to ensure projects are delivered on time	Active participation on the project team to achieve however not within this financial year.	31/06/16

## MANAGING RESOURCES: Utilise the Council's limited resources in the most efficient way

KP Code	Our objective is ....	Responsible Committee	Responsible Officer	Action 2015/16	Progress as at February	Action Status
<b>MR2</b>	Continuing to ensure all our activities are customer focused and provide good value for money	Strategy & Resources	Joy Stevens	Implement service changes agreed	From End of January 2016 minor CRM changes which can be carried out in house are now being undertaken.	Not Met 
<b>MR4</b>	Maximising revenues generated by and minimising costs associated with all Council assets and activities	Leisure/ Strategy & Resources	Andrew Lunt	Implement changes to deliver venues subsidy targets	The venues are to be the subject of a service review, commencing in late February 2016. The outcomes of this review will be reported the Audit, Crime & Disorder and Scrutiny Committee as well as the Leisure committee in due course.	Not Met 


Significant Annual Service Plan Risk								
KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
MR2	Implement service changes agreed	Customer Services & ICT staff time	Joy Stevens	M	M	Identify and implement achievable measures	From End of January 2016 minor CRM changes which can be carried out in house are now being undertaken.	30/09/15
MR4	Implement changes to deliver venues subsidy targets	Poor market conditions Unable to meet income targets  Unable to meet cost reduction targets	Andrew Lunt	H	H	Service review Business Planning Budget Monitoring	In-depth report on each venues subsidy is submitted to Leisure Committee for consideration at each of the committee's meeting. This target will not be achieved by year end	N/A


SUSTAINABILITY: Encourage energy efficiency, reduced waste and cleaner forms of transport						
KP Code	Our objective is ....	Responsible Committee	Responsible Officer	Action 2015/16	Progress as at February	Action Status
S2	Further reducing the environmental impact of Council operations	Strategy & Resources	Doug Earle / Tony Foxwell	To reduce gas consumption to 2.5m KWHs	There is a continued reduction in energy, but targets need to be reviewed and re-assessed with the reduction staff and lack of resources.	Not Met 

## Significant Annual Service Plan Risk

KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
<b>S2</b>	To reduce gas consumption to 2.5m KWHs	Agreed investments not implemented  Adverse weather conditions	Doug Earle / Tony Foxwell	M	M	Robust arrangements in place to ensure implementation	Energy Manager post needs to be filled to compile correct data and put forward viable schemes for energy saving projects and set realistic targets	31/03/16

## QUALITY OF LIFE: Improve the quality of life for all residents, but particularly the more vulnerable within our society

KP Code	Our objective is ....	Responsible Committee	Responsible Officer	Action 2015/16	Progress as at February	Action Status
<b>QL1</b>	Encouraging greater use of our social centre in the Borough	Social	Andrew Lunt	Extend range of activities and agreed income targets	In December 2015 Council decided to consolidate the social activity of both centres on the Longmead site. Council Also decided to investigate the options for disposal of the Wells Centre building.	Not Met 
<b>QL6</b>	Looking for ways to reduce the use of temporary homeless accommodation	Social	Rod Brown / Annette Snell	Bed & Breakfast Admissions. Number Of Households Placed <u>Into</u> B&B During Each Quarter	Households placed <u>into</u> B&B: <ul style="list-style-type: none"> <li>Quarter 1: 28 households</li> <li>Quarter 2: 17 households</li> <li>Quarter 3: 23 households</li> </ul>	<b>N/A</b> <b>Informational Indicator</b>
<b>QL6</b>	Looking for ways to reduce the use of temporary homeless accommodation	Social	Rod Brown / Annette Snell	<ul style="list-style-type: none"> <li>Number Of Households Moved <u>Out</u> Of B&amp;B During Each Quarter</li> </ul>	Households moved <u>out</u> B&B <ul style="list-style-type: none"> <li>Quarter 1: 45 households</li> <li>Quarter 2: 26 households</li> <li>Quarter 3: 20 households</li> </ul>	<b>N/A</b> <b>Informational Indicator</b>

<b>QUALITY OF LIFE: Improve the quality of life for all residents, but particularly the more vulnerable within our society</b>						
<b>KP Code</b>	<b>Our objective is ....</b>	<b>Responsible Committee</b>	<b>Responsible Officer</b>	<b>Action 2015/16</b>	<b>Progress as at February</b>	<b>Action Status</b>
<b>QL6</b>	Looking for ways to reduce the use of temporary homeless accommodation	Social	Rod Brown / Annette Snell	<ul style="list-style-type: none"> <li>• <u>Net Number</u> Of Households in B&amp;B At End Of Each Quarter</li> </ul>	<u>Net Number</u> Of Households in B&B: <ul style="list-style-type: none"> <li>• Quarter 1: 68 households</li> <li>• Quarter 2: 59 households</li> <li>• Quarter 3: 62 households</li> </ul>	<b>N/A</b> <b>Informational Indicator</b>
<b>QL6</b>	Looking for ways to reduce the use of temporary homeless accommodation	Social	Rod Brown / Annette Snell	<ul style="list-style-type: none"> <li>• Number of families with children and households with pregnant women in non-self-contained B&amp;B for more than 6 weeks at the end of the quarter</li> </ul>	<p>As at the end of Q1 there were 2 households with children in non-self-contained B&amp;B for more than 6 weeks. Of those 1 has been offered a moved to self-contained accommodation &amp; refused offer. 1 has been referred to LB Croydon.</p> <p>As at the end of Q2 there were 3 households with children in non-self-contained B&amp;B for more than 6 weeks. Of those 1 has been offered a moved to self-contained accommodation &amp; refused offer.</p> <p>As at the end of Q3 there were 3 households with children in non-self-contained B&amp;B for more than 6 weeks.</p>	<b>Not met</b> 
<b>QL6</b>	Looking for ways to reduce the use of temporary homeless accommodation	Social	Rod Brown / Annette Snell	<ul style="list-style-type: none"> <li>• Length of time in B&amp;B where the applicant has had a negative decision per quarter</li> </ul>	<ul style="list-style-type: none"> <li>• Quarter 1: 174 days</li> <li>• Quarter 2: 101.5 days</li> <li>• Quarter 3: No Data</li> </ul>	<b>N/A</b> <b>Informational Indicator</b>

Significant Annual Service Plan Risk								
KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
QL1	Extend range of activities and agreed income targets	Lack of resources  Low take up	Andrew Lunt	M	M	Marketing and promoting the centres  Prioritise resources	In December 2015 Council decided to consolidate the social activity of both centres on the Longmead site. Council Also decided to investigate the options for disposal of the Wells Centre building.	2016

## Significant Annual Service Plan Risk

KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
QL6	Bed & Breakfast Admissions. Number Of Households Placed Into B&B During Each Quarter	<p>Lack of resources</p> <p>Risk that the Council is breaching the Homelessness (Suitability of Accommodation) (England) Order 2003</p> <p>Difficult to increase supply of accommodation for the homeless</p> <p>Demand increases as a result of benefit changes</p>	Rod Brown / Annette Snell	H	H	<p>The B&amp;B providers are refurbishing the B&amp;B units and converting them to self-contained units.</p> <p>Increase supply of private rented accommodation by looking at landlord incentive payments and Private Sector Leasing (PSL) schemes.</p>	<p><u>Proposals to reduce cost of Homelessness</u></p> <p>Three proposals to increase the extent of temporary accommodation were agreed at Strategy and Resources Committee on 27 January. In brief, these are:</p> <ul style="list-style-type: none"> <li>• Private Sector Leasing scheme for the provision of 15 units of temporary accommodation for homeless households from properties owned by the private sector and managed by the Council. The scheme will be funded from existing budgets.</li> <li>• Residential property acquisition fund of £3 million to be used to purchase properties for use as temporary accommodation on a spend to save basis.</li> <li>• Refurbishment of 9 Council owned flats in Blenheim Road will provide an additional 9 x 1 units within the borough for small sized families</li> </ul> <p><u>B&amp;B Procurement Framework</u></p> <p>Housing Services are working in partnership with Mole Valley, Elmbridge, Spelthorne and Reigate and Banstead Councils in setting up a procurement framework aimed at moderating the cost for nightly-paid emergency accommodation. Mole Valley District Council are the lead authority on this project.</p>	N/A

Significant Annual Service Plan Risk								
KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
QL6	• Number Of Households Moved Out Of B&B During Each Quarter	(as above)	Rod Brown / Annette Snell	H	H	(as above)	(as above)	(as above)
QL6	• Net Number Of Households in B&B At End Of Each Quarter	(as above)	Rod Brown / Annette Snell	H	H	(as above)	(as above)	(as above)
QL6	• Number of families with children and households with pregnant women in non-self-contained B&B for more than 6 weeks at the end of the quarter	(as above)	Rod Brown / Annette Snell	H	H	(as above)	(as above)	(as above)
QL6	• Length of time in B&B where the applicant has had a negative decision per quarter	(as above)	Rod Brown / Annette Snell	H	H	(as above)	(as above)	(as above)

## SAFER AND STRONGER COMMUNITIES: Promote safer, more active and caring communities

KP Code	Our objective is ....	Responsible Committee	Responsible Officer	Action 2015/16	Progress as at February	Action Status
SS2/3	Encouraging greater community involvement across the Borough  Enabling stronger communities in areas of identified needs such as Town, Court and Ruxley wards	Strategy & Resources	Simon Young	Undertake refurbishment at Horton Chapel <b>Note:</b> This action was deferred to 2015/16 as a result of the Decisions Notice of Strategy & Resources Committee issued on 23 September 2014.  Chapel functioning as community centre	No Data	No Data

## Significant Annual Service Plan Risk

KP Code	Action 2015/16	Risk Identified	Risk Owner	Inherent Risk		Mitigation	Further Action Required	Implementation Date
				Probability	Impact			
SS2/3	Undertake refurbishment at Horton Chapel <b>Note:</b> This action was deferred to 2015/16 as a result of the Decisions Notice of Strategy & Resources Committee issued on 23 September 2014.  Chapel functioning as community centre	Failure to appoint Trustee  Failure to complete project	Simon Young	H	H	Engage with communities  Engage with relevant stakeholders to ensure project is completed	No Data	No Data



**SCRUTINY REVIEW OF THE ADMINISTRATIVE ARRANGEMENTS FOR  
PUBLICISING AND DETERMINING PLANNING APPLICATIONS**

<u>Report of the:</u>	Head of Legal & Democratic Services
<u>Contact:</u>	Margaret Jones
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	<u>Annexe 1</u> : Report of the Scrutiny Review Task Group on the administrative arrangements for publicising and determining planning applications
<u>Other available papers</u> (not attached):	Records of the Information Gathering Meetings held on 17 November 2015; 24 November 2015; 12 January 2016.

**REPORT SUMMARY**

**This report presents the Audit, Crime & Disorder and Scrutiny Committee with the Report of the Scrutiny Review Task Group on the Administrative Arrangements for Publicising and Determining Planning Applications**

**RECOMMENDATION (S)**

*Notes*

- (1) That the Committee approve the Report of the Scrutiny Review Task Group attached at Annexe 1 together with the recommendations included therein.**

**1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 The Report of the Scrutiny Review Task Group contributes to the Council's Core Value of Continuous Improvement - 'We will monitor and evaluate our activities and strive for improvement in all that we do'.

## 2 Background

- 2.1 At the meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 5 February 2015, the Committee agreed that it wished to undertake a review during 2015/16 of the administrative arrangements for publicising and determining planning applications.
- 2.2 The Committee agreed the scope of its review in April 2015. It agreed that the investigation should focus on planning administrative processes which supported the publication and determination of validated planning applications, particular reference to be paid to public holiday periods such as Easter and Christmas. Applications concerning telecommunications were included within the scope of the review. Actual planning decisions made or impending were excluded from the review.
- 2.3 In June 2015, the Committee appointed three members to a task group to undertake the investigation; Councillors Clive Smitheram, David Reeve and Humphrey Reynolds. Investigation work started in October 2015.
- 2.4 During the review the task group met with officers, a member of the public representing a group of local residents and the Epsom Civic Society to hear their views. The task group wrote to two planning consultants who had regular liaison with the Council's Planning Department, but did not receive any response.

## 3 Proposals

- 3.1 It is proposed that the Audit, Crime & Disorder and Scrutiny Committee approve the Report of the Scrutiny Review Task Group on the Administrative Arrangements for Publicising and Determining Planning Applications, including the recommendations contained therein.

## 4 Financial and Manpower Implications

- 4.1 The recommendations of the Scrutiny Review Task Group do have resource implications. In the main, these resource implications concern officer time as the majority of the Scrutiny Review Task Group recommendations suggest that different aspects of the planning administrative processes be reviewed.
- 4.2 Precise resource implications will need to be considered by the Head of Place Development and the Head of Legal & Democratic Services when considering and responding to the Task Group's recommendations.
- 4.3 **Chief Finance Officer's comments:** None for the purposes of this report.

## 5 Legal Implications (including implications for matters relating to equality)

- 5.1 During the review the task group received guidance on the legal requirements placed on the Council.

- 5.2 Should any changes be implemented following consideration of the recommendations, there will be a need to ensure that these changes are in accordance with planning law.

5.3 ***Monitoring Officer's comments:*** None for the purposes of this report.

## **6 Sustainability Policy and Community Safety Implications**

- 6.1 None for the purposes of this report.

## **7 Partnerships**

- 7.1 None for the purposes of this report.

## **8 Risk Assessment**

- 8.1 The recommendations of the task group have been designed to provide for improved customer satisfaction with the Council's administrative processes which support the publication and determination of planning applications. Should the recommendations of the Task group not be approved there will be a risk that the Council will lose an opportunity to further develop its functions and seek continuous improvement in all that it does.

## **9 Conclusion and Recommendations**

- 9.1 The findings and recommendations of the Scrutiny Review Task Group which looked at the Council's administrative arrangements for publicising and determining planning applications have been set out in the report attached at Annexe 1. The Audit, Crime & Disorder and Scrutiny Committee is now asked to consider and approve the report and recommendations.

**WARD(S) AFFECTED: All**

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## **Report of the Scrutiny Task Group on its Review of the Administrative Arrangements associated with the Publication and Determination of Planning Applications**

### **1. Background**

1.1 At the meeting of the Audit, Crime & Disorder and Scrutiny Committee (AC&DS Committee) held on 5 February 2015, the Committee agreed that it wished to undertake a review of the administrative arrangements associated with the publication and determination of planning applications during 2015/16.

1.2 The Committee agreed the scope of its review in April 2015. It agreed that the investigation should focus on planning administrative processes which supported the publication and determination of validated planning applications, particular reference to be paid to public holiday periods such as Easter and Christmas. Applications concerning telecommunications were included within the scope of the review. Actual planning decisions made or impending were excluded from the review.

1.3 The AC&DS Committee agreed that a task group should be appointed to undertake the investigation. Three Members were appointed in June 2015, Councillors Clive Smitheram (Chairman of the AC&DS and current Member of the Planning Committee), David Reeve (Vice Chairman of the AC&DS Committee) and Humphrey Reynolds (Chairman of the Planning Committee and current member of the AC&DS Committee). Investigation work commenced October 2015.

### **2. Aim of the Review**

2.1 The aim of the task group investigation was to review the Council's administrative processes associated with the publication and determination of validated planning applications in order to identify potential ways in which customer satisfaction with the process could be enhanced.

2.2 Four objectives were agreed:

- Identify the statutory requirements and deadlines of administrative processes associated with the publication and determination of validated planning applications.
- Establish the administrative steps which are undertaken by Epsom & Ewell Borough Council (EEBC) following receipt of a validated planning application and in the lead up to determination either by way of officer or committee.
- Investigate whether any particular issues/considerations in relation to the administrative arrangements for the publication and determination of planning applications arise, in particular around public holiday periods.
- Make such recommendations as considered appropriate for the enhancement of customer satisfaction with the arrangements for the publication and determination of validated planning applications.

### 3. The Investigation

3.1 In order to inform the review the task group undertook a number of different information gathering exercises. These included meetings with officers at the Council, the Epsom Civic Society and a member of the public who spoke on behalf of a group of local residents who had had first-hand experience of the Council's planning administrative processes. Lastly, the task group wrote to a couple of agents who liaised with the Council's planning department regularly.

3.2 The dates of the information gathering exercises and the task group meetings are set out in Table 1 below.

**Table 1 - Task Group Activities Undertaken**

	<b>Scrutiny Review Task Group Activity</b>	<b>Date</b>
1.	First Meeting of the Task Group	Tuesday 3 November 2015
2.	Meeting with the Head of Place Development and the Head of Legal & Democratic Services	Tuesday 17 November 2015
3.	Meeting with Epsom Civic Society	Tuesday 24 November 2015
4.	Letters sent to Planning Agents	Thursday 10 December 2015
5.	Meeting with Member of the Public	Tuesday 12 January 2016
6.	Final meeting of the Task Group	Friday 22 January 2016

### 4. Task Group Findings and Recommendations

4.1 Undertaking this scrutiny review has provided the task group with a greater understanding of the planning administrative processes in place at the Council as well as their impact on users. Throughout its investigation the task group has been mindful of the various legal requirements placed on the Council by planning law, a vast, complex area, and also the need to facilitate public engagement and confidence in the planning process.

#### **Receipt of Planning Applications**

4.2 Before any development<sup>1</sup> work can be undertaken in the local area, planning permission is required. Planning permission can take a number of different forms. Two forms of particular relevance to the review are:

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<sup>1</sup> Development is defined in the Town and Country Planning Act 1990. Development examples include amongst others, building operations such as structural alterations, construction, rebuilding and most demolition as well as material changes of use of land and buildings.

- **Local authority grants of planning permission.** These encompass applications for full planning permission and outline planning permission;
- **National grants of planning permission by the General Permitted Development Order.** These allow certain work and change of use without the need for a planning application although some permitted development rights are subject to conditions and limitations. In some such cases prior approval will need to be sought from the Council, e.g. installation of telecommunications equipment. (Permitted development is discussed separately in paragraphs 4.18 to 4.25 below.)

4.3 For the majority of applications Epsom & Ewell Borough Council acts as the planning authority for the local area. The Council receives the relevant planning applications either electronically through the Planning Portal, or by hardcopy. On receiving a planning application the Council will first make a decision as to whether the application is valid. The Council aims to complete this process within five working days of receipt of the application. In order to be valid, the Council must have received along with the planning application, necessary plans of the site, all required supporting documentation and the correct fee. If the Council has received correct documentation it will inform the applicant of the application's validity. If not valid, the Council will inform the applicant of what further information it requires.

4.4 Once validated, the Council then has a set period of time in which to make a decision on the planning application, as well as inform the applicant of the outcome (process known as determination). Statutory time limits exist for this decision making process, two statutory time limits are set out in the table below.

***Table 2 – Statutory Time Limits relating to Decision Making***

Type of Application	Statutory Time limit
Planning applications concerning non major development	8 weeks
Planning applications concerning major development	13 weeks

4.5 The Council does have the ability to agree with an applicant a longer time period within which it should make a planning application decision (relates to those applications requiring local authority grants of planning permission). However, should the Council fail to make a decision within the relevant statutory or agreed time limit and no extension of time has been agreed, the applicant has the right to appeal against non-determination to the Secretary of State.

#### **Who makes planning application decisions?**

4.6 Planning application decisions at the Council are made by either the Planning Committee or by officers. The Planning Committee at the Council has determined the level of delegation to officers. This means that it has agreed which decisions can

be made by case officers and which should be decided by the Planning Committee. Applications referred to the Planning Committee include proposals that:

- run counter to established policy and which officers consider should be approved
- involve significant development in the Green Belt
- involve major development
- are submitted by, or on behalf of, Epsom and Ewell Borough Council
- are submitted by, or on behalf of, a Councillor or former Councillor, employee or former employee of the Council, or the spouse or partner of any such person
- are specifically requested by a Borough Councillor.

4.7 The task group did consider whether the list of planning applications which needed to be presented to the Planning Committee appeared appropriate. It concluded that the level of delegation to officers might benefit from being reviewed by the Head of Place Development to ensure that the delegation was still appropriate.

4.8 The task group considered that the Model Code of Good Practice for members of the Planning Committee incorporated into the Constitution in 2007 would also benefit from being reviewed.

***Recommendation 1:***

***That the Head of Place Development review the levels of delegation in place at the Council to ensure that they are still appropriate and reflect current times.***

***Recommendation 2:***

***That the Head of Legal & Democratic Services and the Head of Place Development review the Model Code of Practice for Members regarding Planning Matters contained in the Constitution to ensure that going forward it continues to be fit for purpose.***

**Call-in**

4.9 The means by which a Borough Councillor can specifically request that an application be decided by the Planning Committee (last bullet point in paragraph 4.6 above) is known as 'Call-in'. The task group discussed in detail the call-in process and considered how it should best operate.

4.10 The task group first considered whether maintaining the ability of a Borough Councillor to call-in a planning application decision for consideration at the Planning Committee was appropriate. The task group was informed that local authorities in general have different approaches. Some had narrow criteria, only enabling Planning Committee members to call in an application; others had much wider criteria enabling anyone to call-in a planning application. Recognising the importance that local Ward Councillors engage with the planning application process, and that not every Ward had a member on the Planning Committee, the task group considered that the current process in place at the Council, whereby any Council member can call-in a planning application for consideration at the Planning Committee, appeared appropriate. The task group noted that some Ward Councillors were interested in planning matters generally and so took an interest in applications across the borough as a whole, whilst others concentrated solely on those planning applications affecting their own particular ward. The task group also recognised that at times Ward Councillors would be away and so considered it was important for the call-in process to be flexible enough to provide all borough



councillors with an ability to request that a specific planning application be called-in for consideration by the Planning Committee.

***Recommendation 3:***

***That in relation to the planning call-in process, the ability of any councillor to call-in a planning application for consideration at the Planning Committee be maintained and that training on this be provided to all councillors.***

4.11 The task group discussed the practicalities associated with call-in. It recognised that given the statutory time limits for determination, the later a call-in was made, the harder it was to action. Consequently, in order to ensure the process ran smoothly, the task group considered that members should be subject to the same statutory period of time within which the public can comment on an application, i.e. 21 days from the date of notification and that the Head of Place Development should include Ward Councillors on the list of recipients to receive a neighbour notification letter. The task group agreed that a member requesting call-in needed to email the case officer and copy in the Planning Development Manager specifying the reasons as to why they were making the request; the task group felt that contentious applications were likely to fall within this scope. The task group considered that councillors would benefit from receiving further training on this aspect of call-in.

***Recommendation 4:***

***A councillor should make a request for call-in as soon as possible after receipt by the Council of a validated planning application, but in any case within the 21-day consultation period.***

4.12 Lastly, the task group felt that there was a number of planning application types which needed to be excluded from the call-in process. It agreed that the Head of Place Development was best placed to consider which applications should be excluded.

***Recommendation 5:***

***That the Head of Place Development consider which applications should be excluded from the Call-in procedure.***

**Publication**

4.13 Before a decision is made on a planning application, the Council will take steps to publicise it according to requirements of Article 15 of The Town and Country Planning (Development Management Procedure) (England) Order 2015. Different planning applications are covered by Article 15. Each has its own publication requirements. Two examples of particular relevance to the scrutiny review are provided below.

***Applications for major development***

Notice by means of:

- a site notice for not less than 21 days or a neighbour notification letter; and
- A newspaper advertisement; and
- Inclusion of information relating to the application on the Council's website.

***Standard (non-major) applications***

Notice by means of:

- a site notice for not less than 21 days or a neighbour notification letter; and

- Inclusion of information relating to the application on the Council's website.

4.14 The Council will place all validated planning applications on its online database (public access). This database enables anyone to view the information available and comment should they so wish. For residents without internet access, a computer kiosk is available in the Town Hall reception area, plus computers are available in the public library at Bourne Hall.

4.15 Currently the Council produces a weekly list of all validated planning applications received, known as the Canary. This information is circulated to different parties including Borough Councillors. The task group has learnt that this information is used by the Epsom Civic Society to identify new planning matters within the Borough. Epsom Civic Society seeks to encourage civic pride among the residents of Epsom while shaping its future and safeguarding its past<sup>2</sup>. However, the task group has also learnt that there are resource implications for the Council associated with producing these weekly lists and as such the Council is looking to discontinue them. Each week Council officers collate and present the relevant information, a time consuming operation, despite the information being readily available online. The task group understands that a user can receive the same information by searching the Council's public access system online via its website. With growing pressures on Council resources and the need for greater efficiency, the task group consider that the Council should look at encouraging use of the alternative way by which the public can access the information readily.

***Recommendation 6:***

***That the Head of Place Development consider the options by which the information contained within the Council Canary can be accessed in a more cost efficient manner.***

4.16 Although no longer a statutory requirement, the Council has a Statement of Community Involvement (SCI). This statement, which was adopted on 4 April 2006, sets out how the Council intends to involve stakeholders and the local community in the Local Development Framework process and the consideration of planning applications. The task group considers that it would be beneficial for the SCI, which is now over 9 years old, to be reviewed. This process would also cover some of the other areas addressed by recommendations in this report.

***Recommendation 7:***

***That the Head of Place Development review the Council's Statement of Community Involvement***

4.17 The task group was interested, during this review, to discover whether any particular issues/considerations in relation to the publication of planning applications arose around public holiday periods. The task group has learnt that in relation to one particular planning application, letters of notification were not received by local residents for 6 or 7 days (includes Saturday and Sunday). The task group recognises that the delay in receiving neighbour notification letters does impact on the length of time available for local residents to respond, bearing in mind the statutory time limits. It also recognised that there was potential for this delay to increase over a public holiday period such as Christmas and Easter. As such the Committee wished to re-emphasise that the Council should ensure that it expedites the sending of neighbour notification letters, although it recognises that it is not in control of any delays which occur within the postal system itself.

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<sup>2</sup> [www.EpsomCivicSociety.org.uk](http://www.EpsomCivicSociety.org.uk)

**National Grants of Planning Permission by the General Permitted Development Order.**

4.18 The Town and Country Planning (General Permitted Development) (England) Order 2015 allows certain work and change of use to be undertaken without the need for a planning application, although certain conditions and limitations will often apply.

4.19 Mobile telecommunications are covered by the General Permitted Development Order (Schedule 2, Part 16). Before certain work in this area can be undertaken, the operator must apply to the local planning authority for a determination as to whether prior approval of the authority is required in relation to siting and appearance. The local planning authority has 8 weeks from receipt of a valid prior approval application to make and notify its determination on whether prior approval is required to siting and appearance and to notify the applicant of the decision to give or refuse such approval. If the applicant has not received the determination within this period, permission is deemed to have been granted.

4.20 Guidance in the form of a 'Code of Best Practice on Mobile Network Development in England' is provided to Mobile Network Operators, their agents and contractors as well as local planning authorities. The Guidance states that the '...principal aim of this Code is to ensure that the Government's objective of supporting high quality communications infrastructure is achieved in a timely manner, but in a way that also minimises the potential impact that can be associated with such development.'

4.21 Where a local planning authority receives a prior approval application it must give notice of the proposed development in accordance with the requirements of the General Permitted Development Order, e.g. for certain mobile telecommunications prior approvals either a site notice is to be displayed on or near to the land for not less than 21 days, or notice is to be served on adjoining owners and occupiers. For full and prior approval applications, the Council has in its SCI committed to place an advert in the local Press and to provide notice to all owners or occupiers within a 150m radius. However, the Council will in addition take a view as to whether it would be beneficial to provide notification to other properties. These steps will be in addition to those steps undertaken by the operators themselves. Within the guidance mobile operators have signed up to Ten Commitments, the first of which is to deliver high quality consultation with local communities.

4.22 The task group has learnt that mobile telecommunications technology has evolved and in line with this their associated planning applications have, in general, also evidenced a slight change. With the early advances in technology came a greater need for more base stations and hence new site planning applications. However, operators have been working together to reduce the amount of infrastructure needed. The Code of Best Practice<sup>3</sup> highlights that 'operators anticipate largely using existing network infrastructure for the provision of 4G services and are ... similarly upgrading their 2G and 3G network infrastructure to improve capacity and coverage'. It does, however, go on to mention that 'this does not mean that there will not be a need for any new base stations. For example, more base stations will be needed in areas where there has previously been only limited or no coverage, and where coverage and capacity needs to be enhanced in line with Government policy and customer demand.'

4.23 The task group has given detailed consideration to the processes in place which support such applications. It has heard that the Council received only a small

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<sup>3</sup> Code of Best Practice on Mobile Network Development in England July 2013, page 6.

number of telecommunications applications in more recent years. However, recognising the potential wide interest in such applications the task group considers that the Council could look to make use of a site notice for new telecommunications site applications. This would be in addition to neighbour notification letters and an advert in the local press.

***Recommendation 8:***

***That the Council give consideration to using site notices for planning applications concerning new telecommunications sites in addition to other publication steps undertaken.***

4.24 In relation to neighbour notification letters the task group understands that a geographical cut off point will exist somewhere, with potentially one neighbour receiving a neighbour notification letter and another, not. In the SCI the Council has committed to notifying adjoining owners and occupiers within a 150m radius. The task group understands that the Council does give additional thought to each application, but recommends that the Head of Place Development review the conditions of neighbour notification to ensure that the most appropriate steps are being undertaken.

***Recommendation 9:***

***That the Head of Place Development review the current conditions of neighbour notification for telecommunications masts (full and prior approval applications).***

4.25 Finally, the task group wished to highlight that the policy which concerned the siting of telecommunications masts on Council owned property (a policy which had been in place for a number of years) might benefit from being reviewed. However, the task group wished to highlight that this observation was in essence outside the scope of its review.

***Recommendation 10:***

***That the Council give consideration as to whether it should wish to review its policy on the siting of telecommunications masts on Council owned land to ensure the policy remains appropriate and fit for purpose.***

**Concluding Comments**

4.26 Looking to the future the task group was keen that the Council sought feedback on its administrative processes associated with the publication and determination of validated planning applications. This would enable it to consider improvements or adjustments as appropriate. As such the task group recommends that the Head of Place Development explore the potential for including a customer satisfaction survey in its administrative processes without increasing the work load of case officers.

***Recommendation 11:***

***That the Head of Place Development explore the potential to include a customer satisfaction survey within its administrative processes.***

**AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE ANNUAL REPORT  
2015/16**

Report of the: Head of Legal & Democratic Services  
Contact: Margaret Jones  
Urgent Decision?(yes/no) No  
If yes, reason urgent decision required: N/A  
Annexes/Appendices (attached): Annexe 1: Annual Report 2015/16  
Other available papers (not attached):

**REPORT SUMMARY**

**This report presents the Annual Report of the Audit, Crime & Disorder and Scrutiny Committee for 2015/16.**

**RECOMMENDATION (S)**

- (1) That the Committee approves the Annual Report 2015/16 attached at the Annexe.**
- (2) That the Committee authorises the Scrutiny Officer in consultation with the Chairman to make any amendments or additions necessary to the Annual Report 2015/16 as a result of business transacted at this meeting.**

*Notes*

**1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 The work of the Audit, Crime & Disorder and Scrutiny Committee contributes to the Council's Core Value 'Continuous Improvement'.

**2 Background**

- 2.1 Under Article 6 of the Constitution, the Audit, Crime & Disorder and Scrutiny Committee is required to report annually to the Council on its workings and make recommendations for future work programmes and amended working methods if appropriate. The Annual Report for 2015/16 is attached as an Annexe to this report.

### **3 Proposals**

- 3.1 It is proposed that the Committee approves the Annual Report 2015/16 attached at Annexe 1 and agrees that the Scrutiny Officer in agreement with the Chairman make any amendments/additions necessary to reflect the outcome of the current meeting.

### **4 Financial and Manpower Implications**

- 4.1 There are no financial or manpower implications for the purpose of this report.
- 4.2 **Chief Finance Officer's comments:** None for the purposes of this report.

### **5 Legal Implications (including implications for matters relating to equality)**

- 5.1 There are no particular legal implications for the purpose of this report.
- 5.2 **Monitoring Officer's comments:** None for the purposes of this report.

### **6 Sustainability Policy and Community Safety Implications**

- 6.1 There are no particular sustainability policy implications for the purpose of this report.
- 6.2 A responsibility of the Audit, Crime & Disorder and Scrutiny Committee is to scrutinise the work of the Epsom and Ewell Community Safety Partnership.

### **7 Partnerships**

- 7.1 There are no particular partnership implications for the purpose of this report.

### **8 Risk Assessment**

- 8.1 The Audit, Crime & Disorder and Scrutiny Committee will need to consider its Annual Report at its April meeting in order for Council to receive it at the end of this current municipal year.

### **9 Conclusion and Recommendations**

- 9.1 The Committee is asked to consider and approve its Annual Report 2015/16, attached at Annexe 1, for submission to Council as required by the Overview and Procedure Rules of the Constitution.

**WARD(S) AFFECTED: ALL**

## Annual Report of the Audit, Crime & Disorder and Scrutiny Committee 2015/16

### 1. Introduction

- 1.1 This Annual Report provides Council with an overview of the work of the Audit, Crime & Disorder and Scrutiny Committee during 2015/16.
- 1.2 In 2015/16 the work of the Committee has been taken forward by its ten members, Councillors Clive Smitheram (Chairman), David Reeve (Vice Chairman), Steve Bridger, Kate Chinn, Alex Clarke, George Crawford, Robert Foote, Peter O'Donovan, Humphrey Reynolds and David Wood. Attendance at the four formal meetings of the committee and a Special meeting of the Committee held on 6 October 2015 is shown in the table below.

Member	Actual Attendance at Meetings	Nominated Substitute
Councillor Clive Smitheram	4*	
Councillor David Reeve	4*	
Councillor Steve Bridger	4*	
Councillor Kate Chinn	4*	
Councillor Alex Clarke	3*	1
Councillor George Crawford	1*	2
Councillor Robert Foote	3*	
Councillor Peter O'Donovan	4*	
Councillor Humphrey Reynolds	3*	
Councillor David Wood	3*	

[\*To be updated following April meeting]

- 1.3 An account of the main items considered by the Audit, Crime & Disorder and Scrutiny Committee across the year is set out below.

### 2. Effectively holding Decision makers to Account

- 2.1 The Audit, Crime & Disorder and Scrutiny Committee has the ability, subject to certain conditions, to examine Council decisions made by a policy committee and those taken by an officer under delegated decision making.
- 2.2 Members of the Audit, Crime & Disorder and Scrutiny Committee have a statutory power to call-in a decision of a policy committee where there is evidence to suggest a decision made but not yet implemented does not meet the principles of decision making set out in the Constitution. Although subject to specific time limits, following review the Audit, Crime & Disorder and Scrutiny Committee can refer a decision back to the policy committee for reconsideration, refer the matter to Full Council or take no further action. No decisions of the policy committees were called in for scrutiny during 2015/16.
- 2.3 The Scheme of Delegation to Officers requires a report to be presented to the Committee annually which sets out significant decisions taken by Officers under delegated powers in the year prior.

- 2.4 At its meeting of 23 June 2015 the Committee received the annual report on the decisions taken under delegated powers (excluding Planning Committee decisions). No issues of particular note were raised.

**3. Contributing to More Effective Policies and Improving Services**

- 3.1 During the year the Audit, Crime & Disorder and Scrutiny Committee has continued to monitor progress on the Council's Corporate Plan receiving regular reports which highlighted progress made against the targets of four of the Council's policy committees (Environment, Leisure, Social, and Strategy & Resources Committees). The Committee was interested, in particular, in those actions which were recorded as not met, i.e. those actions not likely to be achievable at year end.
- 3.2 The Audit, Crime & Disorder and Scrutiny Committee did not raise any issues of concern with the policy committees. However, the Committee learned that the Council's Performance Management system would be reviewed once the new Corporate Plan had been agreed. The Committee requested that in future end of year reports, the broad reason for 'signing-off' an action should be given. In addition, it considered that Plan E was of interest to councillors and so requested that officers provide a Members' Briefing Evening on the topic in the future.
- 3.3 In June 2015 the Audit, Crime & Disorder and Scrutiny Committee appointed a scrutiny task group to review the Council's administrative arrangements for publicising and determining planning applications. The aim of this review was to identify potential ways in which customer satisfaction could be enhanced. The report and recommendations of the task group is due to be considered by the Committee at its meeting in April 2016.
- 3.4 Lastly, the Committee monitored different aspects of the Council's work including action taken against the Council's Corporate Equality Scheme and the Data Quality Strategy 2012/16. No areas of concern were raised.

**4. Improving the Quality of Life for Local People**

- 4.1 In June and November 2015 the Committee received an update on the work of the Epsom and Ewell Community Safety Partnership (CSP). The Committee learned that the loss of CSP funding had affected its ability to resource on-going intervention work, but that it had been successful in receiving some project specific funding from the Police and Crime Commissioner for Surrey. The potential to amalgamate with neighbouring CSPs to help address capacity and capability had been considered; this is being continually reviewed.

**5. Adding Value**

- 5.1 Under its Terms of Reference the Audit, Crime & Disorder and Scrutiny Committee has overall responsibility for audit and governance frameworks (including functions of an audit committee). To meet this responsibility the Committee has considered various audit reports throughout 2015/16. Internal auditors have attended each of the meetings of the Committee to present the findings of their audit reports and answer questions of the Committee. External audit attended the November 2015 Committee meeting.



- 5.2 In accordance with its annual work programme, in June 2015 the Audit, Crime & Disorder and Scrutiny Committee received the Internal Audit Assurance Report for 2014/15. The Council received assurance levels for governance, risk management and internal control according to a traffic light rating system. Governance and risk management received a green rating; internal control received an amber rating. Also at the June 2015 meeting, the Committee confirmed the adequacy of the arrangements for preparation of the Council's Annual Governance Statement 2014/15.
- 5.3 Throughout the year, the Committee received quarterly audit monitoring reports from the internal auditors; these have informed the Committee of progress made against the Audit Plan 2015/16, as well as the outcome of individual audits. In November 2015 the Committee received and considered a progress report from External Audit.
- 5.4 Lastly, in June 2015 the Committee agreed to carry out two service reviews on (i) the Social Centres and (ii) Routecall. Both reviews were to form part of the work programme for preparing the Medium Term Financial Strategy. Two task groups were appointed. These task groups reported their findings to the Special Meeting of the Committee held on 6 October 2015 and have since been considered by the Social Committee and Full Council. A third service review of Venues, the details of which were agreed by the Committee in February 2016, is on-going with an initial report anticipated in the autumn.

## **6. Conclusion**

- 6.1 The Audit, Crime & Disorder and Scrutiny Committee wishes to thank all those who have contributed to the work of the Committee during 2015/16. In particular the Committee should like to thank all those who have attended meetings of the Committee to provide information and advice.

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**OUTSTANDING REFERENCES**

Report of the: Head of Legal & Democratic Services  
Contact: Margaret Jones  
Urgent Decision?(yes/no) No  
If yes, reason urgent decision required: N/A  
Annexes/Appendices (attached): Outstanding References  
Other available papers (not attached):

**REPORT SUMMARY**

**This report lists references to officers outstanding as at 14 April 2016.**

**RECOMMENDATION (S)**

- (1) That the Committee notes there are no outstanding references to officers as at 14 April 2016.**

*Notes*

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The following references to Officers are outstanding as at 14 April 2016: -

<b>Date of reference/Item</b>	<b>Title and nature of report back</b>	<b>Officers</b>	<b>Report due</b>	<b>Position as at 26 November 2015</b>	<b>Latest Position</b>
9/04/15 Min 40 And 23/06/15 Min 9	Review of the administrative arrangements for publicising and determining planning applications	Scrutiny Officer	November 2015	Report to April 2016 meeting	Report elsewhere on the Agenda (Item 8)

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