



## Standards and Audit Committee

Wednesday 29 September 2010

### APPENDICES

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The Financial Statements 2009/10 and the Report to those charged with governance (KPMG) referred to in item 9 on the agenda have been circulated separately to Members of the Committee and relevant Officers only.

## Comparison of Runnymede Internal Audit with CIPFA Code of Practice 2006 Position at September 2010

(N.B. This table reproduces the format of the checklist published in the CIPFA Code of Practice. The reference numbers in the first column relate to the relevant paragraphs in the Code. In columns 3, 4 and 5: Y = YES, P = PARTIAL and N = NO. Please note numeric references have been taken directly from the Code. Some of those references are duplicated; some references are missing from the numeric sequence.)

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
<b>1</b>	<b>Scope of Internal Audit</b>				
<b>1.1</b>	<b>Terms of Reference</b>				
1.1.1	Do Terms of Reference:				Standards and Audit Committee approved the 'Terms of Reference for the Provision of Internal Audit Services' (the TOR) on 16 September 2003. The ToR was revised and approved by S&A Committee 11 Sept 2007.
	(a) Establish responsibilities and objectives of Internal audit?	Y			Covered by paragraphs 3 to 5 and 14 of the TOR
	(b) Establish the operational independence of Internal audit?	Y			Covered by paragraphs 10 to 13 of the TOR
	(c) Establish the accountability, reporting lines and relationships between the Head of Internal Audit and: <ul style="list-style-type: none"> <li>• Those charged with governance?</li> <li>• Those parties to whom the Head of Internal Audit may report?</li> </ul>	Y			Paragraphs 10 to 13 of the TOR
	(d) Recognise that Internal Audit's remit extends to the entire control environment of the organisation?	Y			Paragraph 2 of the TOR.
	(e) Identify Internal Audit's contribution to the review of the effectiveness of the control environment?	Y			Paragraph 14 of the TOR.
	(f) Require and enable the Head of Internal Audit to deliver an annual audit opinion?	Y			f) Paragraph 30 of the TOR.
	(g) Define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)?	Y			g) Paragraph 14 of the TOR.

Ref	Adherence to the Standard	Y	P	N	Evidence//Comment
	<p>(h) Explain how Internal Audit's resource requirements will be assessed?</p> <p>(i) Establish Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?</p>	Y			<p>h) Paragraphs 24 to 25 of the TOR</p> <p>i) Internal issues are covered in paragraphs 15 and 16 of the TOR and Financial Regulation 9.6. Audit's Terms of Reference do not include any right to access records, assets, personnel and premises of any other organisation.</p> <p>Financial Regulation 9.6 states ....(audit, as representative of the Director of Finance will) have access at all times to all records, documents and correspondence relating to any financial and other transactions of the Council, whether held by employees of the Council or by Consultants' employees under a contract for professional services. This would only be enforceable if the other party could be shown to be bound by Runnymede's Financial Regulations (e.g. through including this in the contract/terms of agreement).</p>
1.1.2	Does the Head of Internal Audit advise the organisation on the content and the need for subsequent review of the terms of reference?	Y			The Chief Internal Auditor initiated the drafting of the original Terms of Reference and subsequent reviews/revision.
1.1.3	Have the terms of reference been formally approved by the organisation?	Y			Original version approved by Standards & Audit Committee 16th September 2003. Revised version approved by same committee 11 <sup>th</sup> Sept 07.
1.1.3	Are terms of reference regularly reviewed?	Y			Reviewed by the Chief Internal Auditor as part of the annual review of the constitution.
<b>1.2</b>	<b>Scope of Work</b>				
1.2.1	Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining Internal Audit's work and where effort should be concentrated?	Y			This forms part of the process of compiling and prioritising the audit plan which is reported each February to the Standards and Audit Committee.
1.2.3	Where services are provided in partnership has the Head of Internal Audit identified: (a) how assurance will be sought? (b) agreed access rights where appropriate?	Y			a) The Chief Internal Auditor reviews a sample of contractor's working papers for contracted systems audits and checks for evidence of supervisory review for IT audits.

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
					b) Contract staff have the same access rights to documents and personnel as in house auditors. (see Financial Regulation 9.6)
<b>1.3</b>	<b>Other Work</b>				
1.3.1	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the: [a] skills, and [b] resources to do this?	Y			a) Internal Auditors only undertake work that the Chief Internal Auditor is confident is within their competencies. Where specialist skills are required enquirers are passed to an appropriate contact. b) Time is allowed in each annual audit plan for this work. If the circumstances demanded additional resources, the contract with Haines Watts provides the scope for this.
1.3.2	Do the terms of reference define Internal Audit's role in: (a) fraud and corruption? (b) consultancy work?	Y			Covered in paragraphs: a) 6-7 b) 12 (last bullet point)
<b>1.4</b>	<b>Fraud and Corruption</b>				
1.4.2	Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	Y			Covered by para 1.13 of the Anti Fraud & Corruption Policy
<b>2</b>	<b>Independence</b>				
<b>2.1</b>	<b>Principles of Independence</b>				
2.1.1	Is Internal Audit: [a] independent of the activities it audits?  [b] free from any non-audit (operational) duties?	Y  Y			(a) The Chief Internal Auditor also manages the Insurance Officer. This complements the risk approach adopted in the audit of systems. Independence is maintained by allocating the audit of insurance activities to Haines Watts (the contractor). (b) The only 'routine' work undertaken in the section relates to the co-ordination of the National Fraud Initiative work.
2.1.2	Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits.		P		The section is not big enough to be able to split work in this way.

Ref	Adherence to the Standard	Y	P	N	Evidence/ Comment
<b>2.2</b>	<b>Organisational Independence</b>				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	Y			
2.2.2	Does the Head of Internal Audit have direct access to: (a) officers? (b) members?	Y			Paragraph 16 of the TOR.
2.2.2	Does the Head of Internal Audit report in his or her own name to members and officers?	Y			
2.2.3	(a) Is there an assessment that the budget for Internal Audit is adequate?  (b) Does any budget delegated to service areas ensure that: (i) Internal Audit adherence to the Code is not compromised? (ii) The scope of Internal Audit is not affected? (iii) Internal Audit can continue to provide assurance for the Statement on Internal Control?	Y  Y			The budget is based on an assessment of the number of audit days required.
<b>2.3</b>	<b>Status of the Head of Internal Audit</b>				
2.3.1	Is the Head of Internal Audit managed by a member of the corporate management team?	Y			The Chief Internal Auditor reports to the Director of Finance.
<b>2.5</b>	<b>Independence of Internal Audit Contractors</b>				
2.5.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	Y			The contractor supplies only Internal Audit services to Runnymede.
<b>2.6</b>	<b>Declaration of Interest</b>				
2.6.1	Do audit staff make formal declarations of interest?	Y			In house auditors are bound by the same terms and conditions as other officers.
2.6.2	Does the planning process take account of the declarations of interest registered by staff?	Y			Whilst the Chief Internal Auditor does not review the register, there is only one auditor and he is fully aware of the need to inform the Chief Internal Auditor of any potential conflicts of interest.
<b>3</b>	<b>Ethics for Internal Auditors</b>				
<b>3.1</b>	<b>Purpose</b>				
3.1.1	Does the Head on Internal Audit regularly remind staff of their ethical responsibilities?	Y			In house auditors are required to sign a Code of Ethics on joining the Council's employment. Day to day management and training of new recruits ensure that staff are reminded of the requirements.

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
<b>3.2</b>	<b>Integrity</b>				
3.2.1	Has the internal team established an environment of trust and confidence?	Y			This is the view of Directors. In 2009/10, 93% of recommendations made were accepted by auditees.
3.2.1	Do internal auditors demonstrate integrity in all aspects of their work?	Y			Through staff management and working paper review, the Chief Internal Auditor ensures that integrity is an integral element of the section's approach to work.
<b>3.3</b>	<b>Objectivity</b>				
3.3.2	Are internal auditors perceived as being objective and free from conflicts of interest?	Y			This is the view of Directors.
3.3.3	Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	Y			Two years The TOR says a minimum of 12 months. We could change that or this or argue that we work on 2 years in principle but have 12 months in the TOR to allow for flexibility as it is such a small section. It has been academic for the last 10 years.
3.3.4	Are staff rotated on regular/annually audited areas?	Y			Every attempt is made to ensure that individual auditors only audit an area 3 times (max) in succession, unless there are exceptional circumstances.
<b>3.4</b>	<b>Competence</b>				
3.4.1	Does the Head of Internal Audit ensure that staff have sufficient knowledge of: [a] the organisation's aims, objectives, risks and governance arrangements?  [b] the purpose, risks and issues of the service area?  [c] the scope of each audit assignment?  [d] relevant legislation and other regulatory arrangements that relate to the audit?	Y  Y  Y  Y			This is explained to all staff as relevant to each audit. Staff also have access to policies etc. on the Intranet. These are documented for each audit. The Chief Internal Auditor issues a Terms of Reference for each audit. These include the scope of work to be undertaken. Where the section already holds this information (e.g. in previous working papers) this becomes background reading for the auditor. Details of relevant new/amended legislation are obtained by the auditor during the audit.

Ref	Adherence to the Standard	Y	P	N	Evidence/ Comment
<b>3.5</b>	<b>Confidentiality</b>				
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	Y			This is set out in the Code of Ethics that new auditors sign up to on commencing work in the Internal Audit section.
<b>4</b>	<b>Audit Committees</b>				
4.1	Purpose of the Audit Committee				
4.1.1	Does the organisation have an independent audit committee?	Y			
4.2	<b>Internal Audit's Relationship with the Audit Committee</b>				
4.2.1	Is there an effective working relationship between the audit committee and Internal Audit?	Y			
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	Y			The strategic audit plan is approved by committee and performance is monitored against the annual plan.
4.2.2	Does the committee approve the annual internal audit plan and monitor progress?	Y			The strategic audit plan is approved by committee and performance is monitored through the annual plan.
4.2.4	Does the Head of Internal Audit: [a] attend the committee and contribute to its agenda? [b] participate in the committee's review of its own remit and effectiveness? [c] ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives? [d] report on the outcomes of internal audit work to the committee?  [e] establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa? [f] present the annual internal audit report to the committee?	Y  Y  Y  Y	P		Committee receives and approves the annual audit plan.  Committee receives a list of the recommendations made and the progress made in implementing them, together with the rated conclusion (e.g. good, unsatisfactory etc.) for each audit.
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee?	Y			The Standards and Audit Committee consider some reports from the Chief Internal Auditor in part II of the agenda.

Ref	Adherence to the Standard	Y	P	N	Evidence/ Comment
<b>5</b>	<b>Relationships</b>				
<b>5.1</b>	<b>Principles of Good Relationships</b>				
5.1.2	Is there a protocol that defines the working relationship for Internal Audit with: (a) management? (b) other internal auditors? (c) external auditors? (d) other regulators and inspectors? (e) elected members?		P		Partly covered by paragraphs 10 to 13 of the TOR.  Productive relationships with external bodies (including external audit) are maintained through the adherence to professional standards and transparency.
<b>5.2</b>	<b>Relationships with Management</b>				
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	Y			Where there is disagreement between an auditor and an auditee, the Chief Internal Auditor may reperform testing work or extend a test to form an independent opinion.
5.2.2	Is the timing of audit work planned in conjunction with management?	Y			Managers are contacted prior to the audit to identify any periods of least convenience, which are planned around. Where unplanned absences occur e.g. sickness of a key auditee, or key changes to systems are imminent, audits are delayed and rescheduled.
<b>5.3</b>	<b>Relationships with other Internal Auditors</b>				
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?	Y			This has been agreed with the audit contractor.  There is professional networking through the Surrey Audit Group and the Institute of Internal Auditors.
<b>5.4</b>	<b>Relationships with External Auditors</b>				
5.4.2	Is it possible for Internal Audit and External Audit to rely on each other's work?	Y			The external auditor uses internal audit working papers for the key systems audits. In addition, some work (e.g. verification of base data for subsidy claims) is carried out by Internal Audit at External Audit's request.  When required, the External Auditor provides relevant information to internal audit to support enquiries.
5.4.3	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?		P		No formal meetings are held between Internal and External audit. However, communication by email, telephone and face to face conversations takes place routinely.

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
5.4.3	Are the internal and external audit plans co-ordinated?	Y			The Chief Internal Auditor provides copies of draft plans to the External Auditor.
<b>5.5</b>	<b>Relations with Other Regulators and Inspectors</b>				
5.5.1	Has the Head of Internal Audit sought to establish dialogue with the regulatory and inspection agencies that interact with the organisation?	Y			There is regular dialogue with KPMG auditors. Where other external inspections are carried out (e.g. by the VAT Inspector), Internal Audit seeks to follow up any issues raised.
<b>5.6</b>	<b>Relations with Elected Members</b>				
5.6.1	Do the terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should operate?	Y			This is covered in the Member/Officer Protocol in the Council's Constitution and in paragraphs 13 and 16 in the TOR.
5.6.1	Does the Head of Internal Audit maintain good working relationships with members?	Y			
<b>6</b>	<b>Staffing, Training and Continuing Professional Development</b>				
<b>6.1</b>	<b>Staffing Internal Audit</b>				
6.1.1	Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	Y			The partial outsourcing of Internal Audit provides a wide mix of audit skills and experience.
6.1.1	Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	Y			The partial outsourcing of Internal Audit provides the opportunity to bring in specific skills.
6.1.2	Is the Head of Internal Audit professionally qualified and experienced?	Y			Chief Internal Auditor is a qualified member of the Institute of Internal Auditors, has been Chief Internal Auditor for 10 years and has over 20 years audit experience.
6.1.2	Does the Head of Internal Audit have wide experience of internal audit and management?	Y			The Chief Internal Auditor is a qualified member of the Institute of Internal Auditors, has been Chief Internal Auditor for 10 years and had 2 previous years experience of managing an Internal Audit service.
6.1.3	[a] Do all internal audit staff have up to date job descriptions? [b] Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for	Y Y			As required for all RBC staff.

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
	internal audit staff?				
<b>6.2</b>	<b>Training and Continuing Professional Development</b>				
6.2.1	[a] Has the Head of Internal Audit defined the skills and competencies for each level of auditor? [b] Are individual auditors periodically assessed against these predetermined skills and competencies? [c] Are training or development needs identified and included in an appropriate ongoing development programme? [d] Is the development programme recorded, regularly reviewed and monitored.	Y Y Y Y			Covered by RBC's recruitment and appraisal process. All appraisals are carried out annually.
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	Y			A training log is maintained in the section.
<b>7</b>	<b>Audit Strategy and Planning</b>				
<b>7.1</b>	<b>Audit Strategy</b>				
7.1.1	[a] Is there an <i>internal audit</i> strategy for delivering the service? [b] Is it kept up to date with the organisation and its changing priorities?	Y Y			There is a 5 year strategic plan which aims to cover the majority of the Council's activities over a 5 year period. This is reviewed annually and amended to reflect changes.
7.1.2	Does the strategy include: [a] Internal Audit objectives and outcomes? [b] how the Head of Internal Audit will form and evidence his or her opinion on the control environment? [c] how Internal Audit's work will identify and address local and national issues and risks? [d] how the service will be provided, i.e. internally, externally, or a mix of the two? [e] the resources and skills required to deliver the strategy?	Y			These are all integral considerations the Chief Internal Auditor includes in managing the section. It is not formally documented.
7.1.3	Has the strategy been approved by the audit committee?	Y			The strategic audit plan is approved by committee.
<b>7.2</b>	<b>Audit Planning</b>				
7.2.1	Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?	Y			The plan is based on a risk assessment that is scored and compiled by the Chief Internal Auditor. It is not linked to the Risk Register and there is no formal method of linking it to performance management information.
7.2.1	Where the risk management process is not fully developed or reliable, does the Head of Internal	Y			There is a structured risk assessment which seeks to rank

Ref	Adherence to the Standard	Y	P	N	Evidence / Comment
	Audit undertake his or her own risk assessment process?				audit areas on a risk based list of criteria.
7.2.1	Are stakeholders consulted on the audit plan?	Y			Each draft annual plan is circulated to Chief Officers who discuss relevant elements of the plan with their Heads of Service. Comments and feedback are discussed and incorporated where appropriate before the plan is finalised and approved.
7.2.2	Does the plan demonstrate a clear understanding of the organisation's functions?	Y			The plan takes account of the consultation with Directors.
7.2.3	Does the plan: [a] cover a fixed period of no longer than one year? [b] outline the assignment to be carried out? [c] prioritise assignments?  [d] estimate the resources required?  [e] differentiate between assurance and other work?  [f] allow a degree of flexibility?	Y Y Y  Y  Y			The annual plan: covers a year,  lists the audits to be undertaken, identifies those audits that are high risk,  specifies the number of days required for each assignment, and the total days required to carry out the work,  categorises work between systems based audits, IT audits, consultancy work and work carried out for the benefit of the organisation (e.g. assist in external audit subsidy work),  The plan is revisited whenever circumstances require e.g. new external auditors advise their requirements.
7.2.4	If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?	Y			That is how we came to outsource part of the section.
7.2.4	Has the plan been approved by the audit committee?	Y			The annual plan is presented to the Standards & Audit Committee each year, prior to 1 <sup>st</sup> April.
7.2.5	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	Y			That is how we came to outsource part of the section.
<b>8</b>	<b>Undertaking Audit Work</b>				
<b>8.1</b>	<b>Planning</b>				
8.1.1	[a] Is a brief prepared for each audit? [b] is the brief discussed and agreed with	Y			The Chief Internal Auditor prepares a Terms of Reference for each

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
	relevant managers?				audit. The scope of work and the risks identified are discussed with auditees.
8.1.1	Does the brief set out:  [a] objectives? [b] scope? [c] timing?  [d] resources? [e] reporting requirements?	Y Y Y  Y Y			The Terms of Reference for each audit shows: a list of objectives the scope of the audit work the number of days allowed for the audit. The actual timing is not included in the brief at the commencement of the audit as this may not have been finalised at the time the Terms of Reference is produced. However, auditees are consulted on suitable times to conduct the audit, and dates are agreed prior to work commencing in the relevant department. the name of the assigned auditor the names/Job Titles of people who should receive the report.
<b>8.2</b>	<b>Approach</b>				
8.2.1	Is a risk-based audit approach used?	Y			Audits assess risks and the controls to manage and mitigate them.
8.2.3	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	Y			Being a small section, the Chief Internal Auditor is in daily contact with auditors so is able to give instructions when a significant finding needs to be discussed with a senior manager/ Chief Officer.
8.2.4	Does the audit approach include a quality review process for each audit?	Y			The Chief Internal Auditor reviews all in house systems audit working papers and a sample of contracted audit working papers. She also ensures contracted audit working papers have been reviewed by the contract auditors' managers. Satisfaction questionnaires are sent to auditees with the final report and responses are reviewed and reported to committee.
<b>8.3</b>	<b>Recording Audit Assignments</b>				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	Y			There is a standard set of working papers that both the in house and contract auditors use.

Ref	Adherence to the Standard	Y	P	N	Evidence//Comment
8.3.1	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	Y			The Chief Internal Auditor rejects work that does not conform to the standard, or discusses minor amendments with a view to continuous improvement.
8.3.2	Are working papers such that an experienced auditor can easily: [a] identify the work that has been performed? [b] re-perform it if necessary? [c] see how the work supports the conclusions reached?	Y			The Chief Internal Auditor rejects working papers that do not match these criteria. Interim checks have shown that in-house staff consistently comply. Should a contract auditor not comply and another contract auditor needs to reperform the work, it is the contractor who would have to bear the cost of any repeat work.
8.3.3	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	Y			Hard copy working papers are retained for the previous and 2 prior audits (unless the audit area drops off the plan, e.g. an operating system is replaced). Electronic documents are retained for 8-9 years (two strategic plan cycles). Any sensitive electronic data (e.g. downloads from the payroll system for the National Fraud Initiative work) is deleted when no longer required (e.g. the data matching exercise is complete).
8.3.3	Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc and any organisational requirements?	Y			
8.3.3	Is there an access policy for audit files and records?	Y			Testing documents are shown to auditees where appropriate to explain why recommendations have been made.
<b>9</b>	<b>Due Professional Care</b>				
<b>9.2</b>	<b>Responsibilities of the Individual Auditor</b>				
9.2.1	Are there documents that set out the requirements on all audit staff in terms of: [a] being fair and not allowing prejudice or bias to override objectivity? [b] declaring interests that could be perceived to be conflicting or could potentially lead to conflict? [c] receiving and giving gifts and hospitality from employees, clients, suppliers or third parties? [d] using all reasonable care in obtaining	Y			Auditors sign the RBC Internal Audit code of ethics and also work to Institute of Internal Auditors' professional standards.

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
	<p>sufficient, relevant and reliable evidence on which to base conclusions?</p> <p>[e] being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?</p> <p>[f] having sufficient knowledge to identify indicators that fraud or corruption may have been committed?</p> <p>[g] disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?</p> <p>[h] disclosing any non-compliance with these standards?</p> <p>[i] not using information they gain in the course of their duties for personal use?</p>				
<b>9.3</b>	<b>Responsibilities of the Head of Internal Audit</b>				
9.3.1	Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	Y			This forms part of staff appraisals.
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	Y			Included in the training and induction of auditors. The Anti-Fraud and Corruption Policy sets out procedures for all staff.
<b>10</b>	<b>Reporting</b>				
<b>10.1</b>	<b>Principles of Reporting</b>				
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	Y			There is an audit conclusion in each report ranging from critical to good. The control environment and risk exposure are specifically identified in each report.
10.1.3	Has the Head of Internal Audit determined the way in which Internal Audit will report?	Y			There is a standard report template set up by the Chief Internal Auditor with input from auditors.
10.1.4	Has the Head of Internal Audit set out the standards for internal audit reporting?	Y			Reports are based on a standard format. Quality assurance is maintained by a systematic application of Institute of Internal Auditors' standards.
10.1.5	Are there laid-down timescales for reports to be issued?	Y			There are targets to issue the draft report within 10 days of completing the audit work. Performance against this target is reported to the Standards and Audit

Ref	Adherence to the Standard	Y	P	N	Evidence / Comment
					Committee annually.
<b>10.2</b>	<b>Reporting on Audit Work</b>				
10.1.4	Do the reporting standards include: [a] format of the reports?	Y			Covered in the preamble to each audit report and the opening meeting notes.
10.1.4	[b] quality assurance of reports?	Y			
10.2.2	[c] the need to state the scope and purpose of the audit?	Y			
10.2.1	[d] the requirement to give an opinion?	Y			
10.1.4	[e] process for agreeing reports with the recipients?	Y			
10.2.1	[f] an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	Y			
10.2.3	Does the audit reporting process include discussion and agreement of reports?	Y			Draft report discussed with auditees. Factual inaccuracies amended. Differences of opinion reported if significant or auditee insists we have got it wrong despite us showing them the evidence.
10.2.4	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	Y			All recommendations are classified as high medium or low.
10.2.5	Are areas of disagreement recorded appropriately?	Y			As 10.2.3 above
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	Y			The acceptance or rejection of recommendations is included in each audit report. Section managers and the relevant Chief Officers therefore have the opportunity to satisfy themselves they are happy to accept the risk. If the Chief Internal Auditor is concerned about specific risks being rejected, these are escalated to Members if necessary.
10.2.6	Is the circulation of each audit report determined when preparing the audit brief? (a) Does the reporting process include details of circulation of that particular audit report? (b) Is this included in the brief for each individual audit?	Y			The list of intended recipients is included in the Terms of Reference for each audit and on the front page of each audit report. This may be amended if the work identifies an issue that needs to be brought to the attention of another officer.
10.2.7	Does the Head of Internal Audit have mechanisms in place to ensure that: (a) recommendations that have a wider	Y			

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
	<p>impact are reported to the appropriate forums?</p> <p>(b) risk registers are updated?</p>	Y			<p>Any significant issues are discussed with the Director of Finance who manages the corporate Risk Register.</p> <p>The Chief Internal Auditor attends the Risk Register review sessions so is able to raise such issues at these forums.</p>
<b>10.3</b>	<b>Follow-up Audits and Reporting</b>				
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	Y			<p>Recommendations are routinely followed up shortly after the agreed target date. Time is allowed for this in the annual allocation of resources. Where serious weaknesses are identified, a follow up review is conducted.</p> <p>E-mails to follow up recommendations are prepared at the time each report is issued, and sent just after the relevant target date. Responses are monitored. Where serious weaknesses are identified, a follow up review is conducted.</p>
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	Y			<p>Where recommendations have not been implemented by the agreed date, the Chief Internal Auditor assesses whether this is due to acceptable reasons (e.g. reliance on third parties such as Surrey Police or system providers). If so, a revised target date is agreed. If not, issues are escalated through the internal management structure.</p>
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	Y			<p>It is reported if the issues have been satisfactorily dealt with. A revised opinion is issued where appropriate.</p>
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	Y			<p>These are considered when the audit plans are compiled (both strategic and annual).</p>
<b>10.4</b>	<b>Annual Reporting and Presentation of Audit Opinion</b>				
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control?	Y			<p>The Chief Internal Auditor submits an annual internal audit report to Standards and Audit Committee.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence / Comment
					This informs the Statement on Internal Control.
10.4.2	<p>Does the Head of Internal Audit's annual report:</p> <p>[a] include an opinion on the overall adequacy and effectiveness of the organisation's control environment?</p> <p>[b] disclose any qualifications to that opinion, together with the reasons for the qualification?</p> <p>[c] present a summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?</p> <p>[d] draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control?</p> <p>[e] compare that actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets?</p> <p>[f] comment on compliance with the standards of the Code?</p> <p>[g] communicate the results of the internal audit quality assurance programme?</p>	Y			<p>This is now included in the annual report to the Director of Finance, which in turn goes to the Standards and Audit Committee.</p> <p>Feedback provided through the satisfaction questionnaires and any complaints are reported to the Director of Finance and the Standards and Audit Committee annually.</p>
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	Y			The Standards and Audit Committee meets three times each year and the Chief Internal Auditor reports to each meeting on the progress of audits and recommendations.
<b>11</b>	<b>Performance, Quality and Effectiveness</b>				
<b>11.1</b>	<b>Principles of Performance, Quality and Effectiveness</b>				
11.1.1	Is there an audit manual?	Y			Stored in Internal Audit's electronic folder on the network.
11.1.1	Does the audit manual provide guidance on: [a] carrying out day-to-day audit work? [b] complying with the Code?	Y			The requirements of the code are embodied in our work processes. Those processes are documented in the form of the check list at the front of each set of working papers.
11.1.1	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	Y			Work instructions/standard documents in use are formally reviewed by the Chief Internal

Ref	Adherence to the Standard	Y	P	N	Evidence//Comment
					Auditor each year and amended on an ongoing basis for changes (e.g. the number of tests required by the external auditors).
11.1.2	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: [a] each individual audit? [b] the internal audit service as a whole?	Y			See 1.2.3 and 8.2.4 above
<b>11.2</b>	<b>Quality Assurance of Audit Work</b>				
11.2.1	Does the Head of Internal Audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	Y			If the in house auditor is still training, the demanding audits are given to the contractor or the Chief Internal Auditor supervises.
11.2.2	Does the Head of Internal Audit have a process in place to ensure that all staff are supervised appropriately throughout all audits?	Y			Audits and their progress are discussed with auditors routinely.
11.2.2	Does the supervisory process cover: [a] monitoring progress? [b] assessing quality of audit work? [c] coaching staff?	Y			See above
<b>11.3</b>	<b>Performance and Effectiveness of the Internal Audit Service</b>				
11.3.1	Does the Head of Internal Audit have a performance management and quality assurance programme in place?	Y			Auditors complete a spreadsheet as the audit progresses which identifies delays in the audit process. In house auditors also complete daily time sheets. Satisfaction questionnaires are issued after each audit
11.3.1	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: (a) meeting its aims and objectives? (b) compliant with the Code? (c) meeting internal quality standards? (d) effective, efficient, continuously improving? (e) adding value and assisting the organisation in achieving its objectives?	Y			
11.3.2	Does the performance management and quality assurance framework include as a minimum: (a) a comprehensive set of targets to measure performance: • which are developed in consultation with appropriate parties?	Y			Performance measures are monitored and reported to Standards and Audit Committee.  There are no formal service level agreements.

Ref	Adherence to the Standard	Y	P	N	Evidence/Comment
	<ul style="list-style-type: none"> <li>• which are included in service level agreements, where appropriate?</li> <li>• against which the Head of Internal Audit measures, monitors and reports appropriately on progress?</li> </ul> <p>(b) user feedback obtained for each individual audit and periodically for the whole service?</p> <p>(c) a periodic review of the service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy?</p> <p>(d) internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?</p> <p>(e) an action plan to implement improvements?</p>	Y			<p>Satisfaction questionnaires for individual audits and conversations with officers/auditees/Heads of Service for the Internal Audit service.</p> <p>Forms part of the annual review which informs the risk assessment and strategy.</p> <p>This issue is repeatedly raised at the Surrey Audit Group with no real decision as to how best to carry this out. A reciprocal exercise was undertaken in 2009 when the Chief Internal Auditor at Waverley reviewed some Runnymede audit working papers and vice versa. Discussions are under way to make this a regular event.</p>
11.3.3	Does the Head of Internal Audit compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?	Y			
11.3.4	Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?	Y			
11.3.5	Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	Y			

## Self-assessment Checklist – Measuring the Effectiveness of the Audit Committee

ISSUE	Y	P	N	Comment
<b>Terms of Reference</b>				
Have the committee's terms of reference been approved by full council?	Y			
Do the terms of reference follow the CIPFA model?	Y			
<b>Internal Audit Process</b>				
Does the committee approve the strategic audit approach and the annual programme?	Y			
Is the work of internal audit reviewed regularly?	Y			
Are summaries of quality questionnaires from managers reviewed?	Y			These are reported to the Standards and Audit Committee each year.
Is the annual report, from the head of audit, presented to the committee?	Y			
<b>External Audit Process</b>				
Are reports on the work of external audit and other inspection agencies presented to the committee?	Y			
Does the committee input into the external audit programme?			N	This has not occurred up to now, but there is no impediment to any input
Does the committee ensure that officers are acting on and monitoring action taken to implement recommendations?	Y			
Does the committee take a role in overseeing:				
risk management strategies	Y			
internal control statements	Y			
anti-fraud arrangements	Y			
whistle-blowing strategies?	Y			
<b>Membership</b>				
Has the membership of the committee been formally agreed and a quorum set?	Y			
Is the chair free of executive or scrutiny functions?	Y			There are no executive arrangements at Runnymede. The chairman is not a councillor.
Are members sufficiently independent of the other key committees of the council?	Y			Two members of the committee (including the Chairman) are not councillors.
Have all members' skills and experiences been assessed and training given for identified gaps?		P		
Can the committee access other committees as necessary?	Y			
<b>Meetings</b>				
Does the committee meet regularly?	Y			
Are separate, private meetings held with the external auditor and the internal auditor?			N	These have never been requested by the External Auditor or by members of the committee.
Are meetings free and open without political influences being displayed?	Y			

ISSUE	Y	P	N	Comment
Are decisions reached promptly?	Y			
Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	Y			
Does the committee have the benefit of attendance of appropriate officers at its meetings?	Y			
<b>Training</b>				
Is induction training provided to members?	Y			
Is more advanced training available as required?	Y			
<b>Administration</b>				
Does the authority's s151 officer or deputy attend all meetings?	Y			
Are the key officers available to support the committee?	Y			

<b>STRATEGIC RISK MANAGEMENT REPORT AUGUST 2010</b>
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## 1. Executive summary

- 1.1 A strategic risk 'refresh' workshop was conducted on 3 August 2010. This exercise was an opportunity to refresh (or update) those risks that may affect the ability of the Council to achieve its corporate objectives. It involved preparation in advance by senior managers, reviewing the material that was produced last year, and using a workshop to identify, analyse and prioritise the business risks that will be included in the strategic risk register over the forthcoming year.
- 1.2 In total 29 strategic risks from the previous year's list were re-evaluated. 4 new risks were identified, 2 risks (numbers 12 and 45) were deleted and nine scenarios from the previous year were amalgamated into five risks producing a new list of 26 risks.
- 1.3 The risk matrix measured each risk for its likelihood and impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.
- 1.4 The risk tolerance line was maintained at the same position on the matrix as last year.
- 1.5 Of the risks rated at the workshop, the top risks facing the Council are:-

Scenario	Short name
11	Required number of affordable houses may not be provided
54	Major public inquiries require the Council to commit resources and money
18	Projected savings may not be realised
3a	The Government has raised expectations about the Council's responsibilities in response to a civil emergency.
8	The Government may add significant new areas of responsibility to Runnymede's portfolio with a lack of clarity as to what is required and when
3b	A major event occurs in the Council for which there is no effective business continuity plan.
5	If the Council wishes to take on another major initiative, staff may not be able to deliver it within available resources.
24	In order to deliver on priorities, Runnymede is increasingly partnering with other agencies to deliver services. There are many issues around terms of reference, ownership and sharing of objectives and liabilities
44	Asset disposals are delayed.
52	Council is vulnerable to challenge if Equalities Impact Assessments have not been actioned.
56	Failure to comply with Health and Safety guidelines
58	The £2m transfer from the HRA may not be repaid

- 1.5 These risks appear above the tolerance line and the next stage is to manage them. This will require assessing the adequacy of existing actions and to identify the need for further action with the aim of moving the risks to below the line.

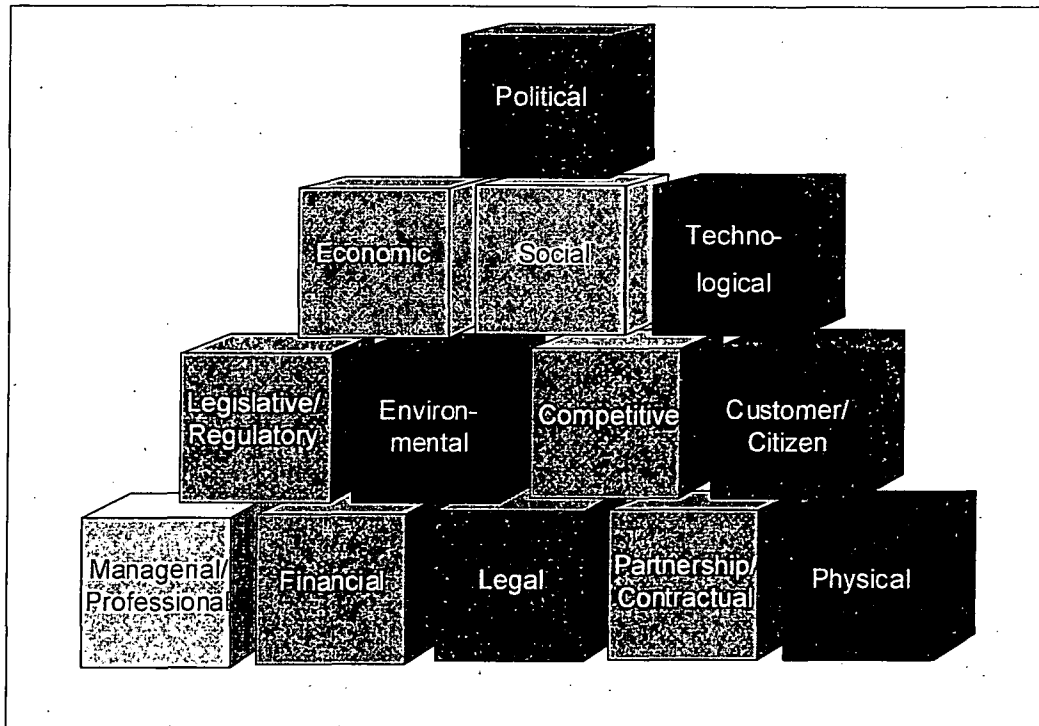
## 2. The process

### 2.1 Introduction

The process repeated the annual exercise introduced by Zurich Municipal in 2004.

### 2.2 Risk identification

The first of five stages of the risk management cycle involves risk identification. This was achieved with a workshop with senior managers (identified in Appendix 1). The workshop covered 13 categories of risk as shown below, based on the approach recommended by Zurich Municipal and the definitions set out in Appendix A of the Council's Risk Management Strategy.



### 2.3 Risk analysis

- 2.3.1 The results from the identification stage created 26 risk scenarios. 29 risks were brought forward from last year, some of which required some minor descriptive amendments to bring them up to date. Four new risks were identified (numbers 58 to 61). Two risks on last year's risk register (numbers 12 and 45) were deleted. Nine risks were combined into four risks where it was felt that this avoided duplication:-
- Contingency Planning – 3a and 26;
  - Partnership Working – 24, 48 and 49;
  - Financial Risks – 18 and 58;
  - Reputational Risks – 1 and 16.

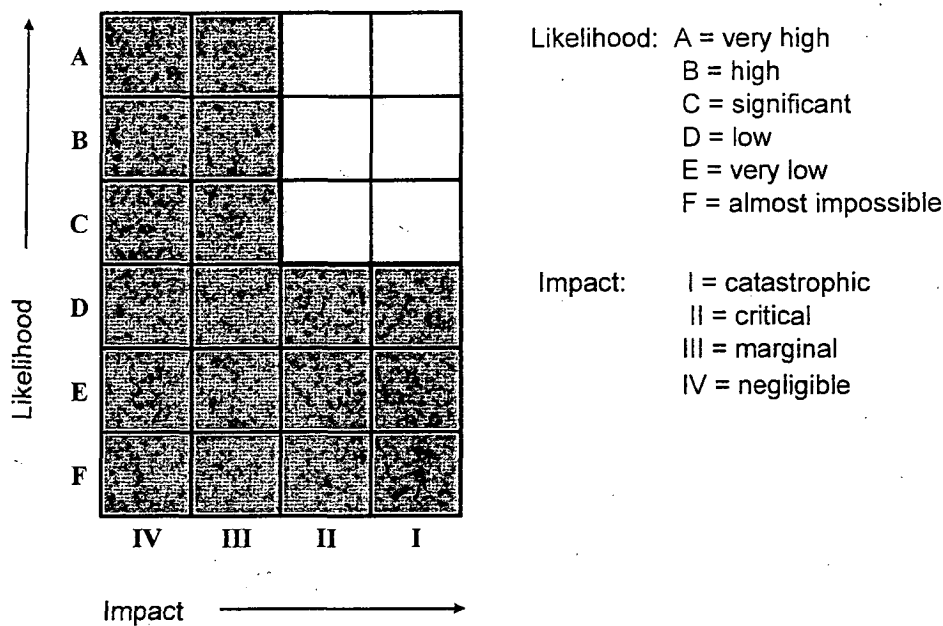
- 1.5 These risks appear above the tolerance line and the next stage is to manage them. This will require assessing the adequacy of existing actions and to identify the need for further action with the aim of moving the risks to below the line.

Risk scenario number 8, dealing with the challenge of new legislation has been expanded to reflect the implications of the localism and change agenda.

2.3.2 At the workshop on 3 August 2010, Officers reviewed the 26 risks to be included in the risk register. The risk register attached to this report includes all modifications made to the rated risk scenarios.

## 2.4 Risk profile/prioritisation

During the workshop the risks were assessed for impact and likelihood and they were plotted onto a matrix (depicted below). The impact was measured as being negligible, marginal, critical or catastrophic. The likelihood was measured as being almost impossible, very low, low, significant, high or very high (in accordance with paragraph 4.3 of the Council's Risk Management Strategy). The grid reproduced below also shows the risk tolerance line that had been used last year.



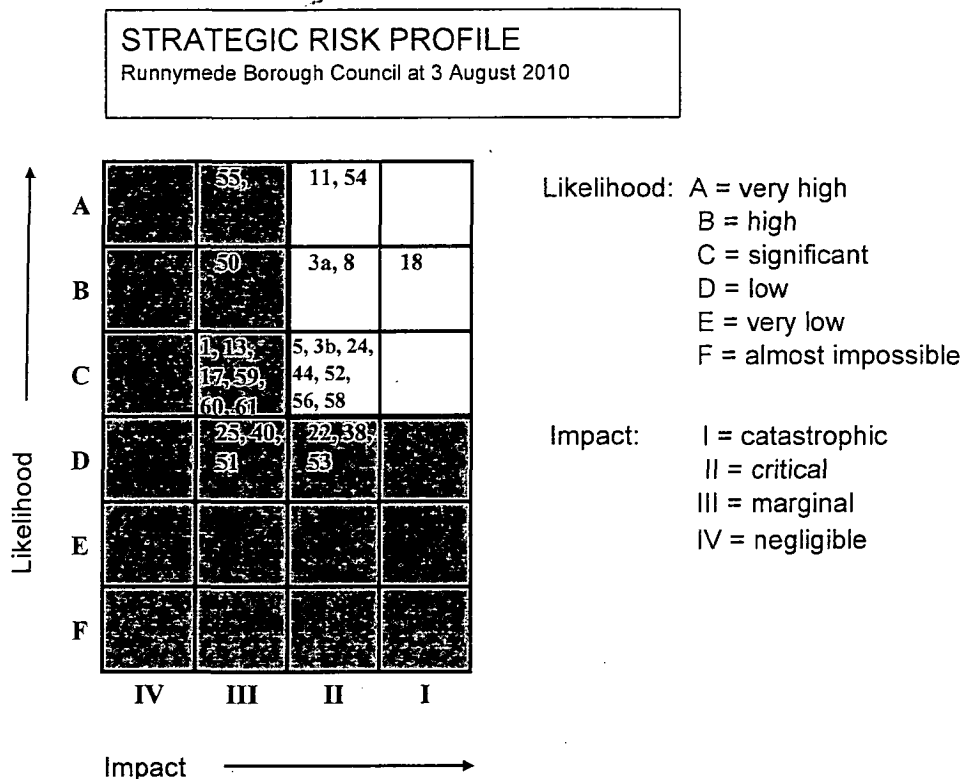
## 2.5 Setting the tolerance line

To determine the group's appetite for risk (the risk tolerance line) the group considered each of the squares on the matrix and decided if they were prepared to live with a risk in that box or if they wanted to actively manage it. The team decided to retain the tolerance line in the same position as last year. Those risks above the line require further action and monitoring and those below the line have sufficient controls in place.

### 3. Risk analysis results

#### 3.1 Risk profile

3.1.1 Based on the identification and analysis during the workshop, each of the 26 risks were considered in turn and plotted against the matrix. Of these risks, 12 were profiled above the risk tolerance line and 14 risks were profiled below the line. The results are shown in the diagram below.



3.1.2 Appendix 2 shows all the risks that were profiled during the exercise. An indicator is shown against each risk showing if the risk has increased, reduced or maintained the same rating as last year. This Appendix represents the Council's new risk register.

3.1.3 Appendix 3 identifies those issues no longer to be profiled.

3.1.4 The next stage will require the Chief Officers' Management Team to determine the action plans for each of the identified risks. This will enable each risk to be monitored and successfully managed down.

#### 4. Above the line Risk Clusters

Where appropriate, the risks have been grouped into risk clusters to facilitate the development of action plans.

##### Financial pressures

Scenario	Short name
18	Projected savings may not be realised
44	Asset disposals are delayed.
54	Major public inquiries require the Council to commit resources and money

##### Contingency Planning

Scenario	Short name
3a	Raised expectations about the Council's responsibilities in a civil emergency.
3b	A major event occurs in the Council for which there is no effective business continuity plan.

##### Organisational issues

Scenario	Short name
5	If the Council wishes to take on another major initiative, staff may not be able to deliver it within available resources.
8	Lack of clarity from Government leads to inertia and failure to respond to the change agenda
24	Runnymede is increasingly partnering with other agencies to deliver services
52	Council is vulnerable to challenge if Equalities Impact Assessments have not been actioned.

##### Housing

Scenario	Short name
11	Required number of affordable houses may not be provided
58	The £2m transfer from the HRA may not be repaid

##### Health and Safety

Scenario	Short name
56	Failure to comply with Health and Safety guidelines

## 5. Conclusion

5.1 Compared with previous years, the risk register shows the following position:-

	April 2005	April 2006	April 2007	June 2008	July 2009	Aug 2010
Risks above the tolerance line	12	13	16	18	13	12
Risks below the tolerance line	14	16	16	15	16	14
New risks added to the register	2	4	6	5	5*	4
Risks deleted	8	1	3	4	9	7*
Risks that have increased	4	4	5	9	3	0
Risks that have decreased	8	8	4	5	9	5

\* Includes 5 risks that have been amalgamated into other risk scenarios (see paragraph 2.3.1).

- 5.2 Priority will be given to controlling those risks that could have a catastrophic or critical impact.
- 5.3 The Chief Officers' Management Team will continue to monitor and measure the work that is undertaken and, where required, reassess the management action plans to ensure that progress is being made and the targets can be met.
- 5.4 These risks will be reviewed within twelve months in order to determine if they are still relevant and to identify new scenarios.

## **Appendix 1**




### **Workshop attendees**

The following is a list of those who attended the workshop

- Jane Amos Davidson, Interim HR Manager
- Deborah Blowers, Director of Housing and Community Services
- Ian Blowers, Head of Tenant Services
- Stuart Cawthorne, Director of Finance
- Diane Cooke, Chief Internal Auditor
- James Cooper, Assistant to the Chief Executive
- Andy Cryer, Head of Community Services
- Bob Etheridge, Head of Planning
- Stephen Fuggles, Head of Engineering
- Robert Hanger, Assistant Director of Finance (Accountancy & Payments)
- Chris Hunt, Head of Leisure
- Nick Moon, Emergency Planning Officer
- Andrew Pearson, Director of Administration and Leisure
- Paul Turrell, Chief Executive
- John Willmott-French, Environmental Policy Officer

## Appendix 2

### Risks register: risks above the tolerance line



No	Rating	Vulnerability	Trigger	Consequence
11	A2 	Due to high house prices and a shortage of land for development (due to planning constraints) there is a lack of affordable housing within the district. Key funding stream for social housing has been compromised	Required number of affordable houses not provided	<ul style="list-style-type: none"> <li>• Council target on affordable housing not met</li> <li>• Increased costs of dealing with homelessness</li> <li>• Many people in the district are unable to afford to buy their own house</li> <li>• Young people/key workers leave the district</li> <li>• Shortage of local workforce – especially blue collar</li> <li>• Workers commute into the district</li> <li>• Increased traffic congestion and pollution</li> <li>• Community not sustainable in longer term</li> </ul>
54	A2 	Major public inquiries require the Council to commit resources and money	A public inquiry is held	<ul style="list-style-type: none"> <li>• Cost</li> <li>• Staff diverted from the day job</li> <li>• Threat to savings target</li> </ul>
18	B1 	Financial risks:-  Failure to achieve savings targets.  Further constraints on future tax increases and grant funding.	Projected savings are not realised  Failure to close gap between budget and funding (grant / Council Tax)	<ul style="list-style-type: none"> <li>• Services are inadequately funded / Reduced service levels</li> <li>• Across the board cuts in budgets</li> <li>• Major projects do not proceed</li> <li>• Councils fails to deliver on priorities</li> <li>• Staff cuts with impact on morale and motivation</li> <li>• Public criticism</li> <li>• Member officer tensions</li> </ul>

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Appendix 'D'

Appendix 'D'

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No	Rating	Vulnerability	Trigger	Consequence
		The cumulative impact of inflation on the Council's cost base	Inflation increases	
3a	B2  	<p>Contingency Plans - External</p> <p>The Civil Contingencies Act requires the Council to reassess the robustness of its business continuity planning process.</p> <p>The Government has raised the public's expectations about the Council's responsibilities.</p> <p>In the event of extreme weather conditions (e.g. flooding) stakeholders expect the Council to respond.</p> <p>Runnymede invests time, money and resources in dealing with this problem</p>	<p>A major incident occurs in the Borough for which there is no effective emergency plan (e.g. plane crash)</p> <p>The Council fail to respond properly to an incident.</p> <p>The area experiences uncommonly heavy rainfall and flooding occurs</p>	<ul style="list-style-type: none"> <li>• Effective procedures not implemented</li> <li>• Disruption to services</li> <li>• Local community at risk</li> <li>• Resources used trying to rectify situation</li> <li>• Community loses confidence in the Council</li> <li>• Council seen to be failing to meet requirements of Civil Contingencies Act</li> <li>• Adverse publicity / Image of Council damaged</li> <li>• Large areas of private and business property are damaged causing thousands of pounds worth of damage for which the Council is blamed triggering claims against the Council</li> <li>• The Council is pressured into paying for improvements to flood defences</li> <li>• Money is diverted from other projects</li> <li>• Loss of confidence in the Council's emergency planning</li> </ul>
8	B2  	The roles and responsibilities of Local Authorities are defined by the stroke of a politician's/civil servant's pen and Runnymede Borough Council must monitor and respond to new political	Government adds significant new areas of responsibility to Runnymede's portfolio and/or	<ul style="list-style-type: none"> <li>• Authority needs to be on top of implications of change requiring resource input.</li> <li>• Risk of key information missed from consultation process</li> <li>• New costs must be managed</li> <li>• Budgets put under pressure</li> </ul>

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No	Rating	Vulnerability	Trigger	Consequence
		<p>decrees.</p> <p>Policy vacuum at a national level and there is insufficient guidance for the Council to develop new policies</p> <p>Insufficient capacity within the Council to deliver under new powers</p> <p>Failure to provide leadership</p>	<p>there is lack of clarity (either from Government or within Runnymede) as to what is required and when.</p> <p>Localism Bill</p>	<ul style="list-style-type: none"> <li>• Existing services must be prioritised</li> <li>• Failure to follow guidelines</li> <li>• Commitments are not realised.</li> <li>• Loss of income opportunities</li> <li>• Council criticised for failing to implement policies, with damage to reputation</li> <li>• Do not achieve objectives in the corporate plan</li> <li>• Public dissatisfaction</li> <li>• Potential conflicts between localism and Councillors' own political agendas</li> <li>• Impact on staff morale</li> <li>• Staff lack skills/training to cope with new environment</li> </ul>
3b	<p>C2</p> <p>↓</p>	<p>Contingency Plans - Internal</p> <p>The Civil Contingencies Act requires the Council to reassess the robustness of its business continuity planning process.</p>	<p>A major event occurs in the Council for which there is no effective business continuity plan</p> <p>e.g. loss of offices</p>	<ul style="list-style-type: none"> <li>• Effective procedures not implemented</li> <li>• Disruption to services</li> <li>• Key information lost</li> <li>• Local community at risk</li> <li>• Resources used trying to rectify situation</li> <li>• Community loses confidence in the Council</li> <li>• Council seen to be failing to meet requirements of Civil Contingencies Act</li> <li>• Adverse publicity</li> </ul>
5	<p>B2</p> <p>→</p>	<p>Runnymede Borough Council has worked hard to focus on identifying community priorities, but is less clear as to what is not a priority.</p>	<p>Council wishes to take on another major initiative and staff cannot deliver it within available resources.</p>	<ul style="list-style-type: none"> <li>• Everything becomes a priority</li> <li>• Priorities become a 'to do' list</li> <li>• Staff confused over direction and link with vision.</li> <li>• Resource cannot be matched to need</li> <li>• Financially impossible to achieve</li> </ul>

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No	Rating	Vulnerability	Trigger	Consequence
		<p>Members are heavily focused on achieving outcomes and there is a 'can do' culture. Council likes to 'punch above its weight'</p>	<p>Faced with the need to reduce expenditure, the Council cannot decide what to do.</p>	<ul style="list-style-type: none"> <li>• Unrealistic customer/citizen expectations</li> <li>• Overstretched workforce</li> <li>• Customer dissatisfaction</li> <li>• Long term goals not achieved</li> <li>• Member dissatisfaction leading to deterioration in member /officer relationships.</li> <li>• Council underperforms</li> <li>• Poor audit /inspection outcome</li> <li>• Council criticised</li> </ul>
24	<p>C2</p> <p>↘</p>	<p>In order to deliver on priorities, Runnymede is increasingly partnering with other agencies to deliver services. There are many issues around terms of reference, ownership and sharing of objectives and liabilities</p> <p>Potential ineffectiveness of partnerships.</p> <p>Funding streams are vulnerable</p> <p>Outcomes of the process do not warrant inputs</p> <p>Pressure to undertake unproductive or ill-justified joint working.</p>	<p>Partnership ineffectively managed</p> <p>e.g. lack of terms of reference/ incorporation/ shared objectives/ ownership of issues.</p> <p>Increased status given to statutory partnerships and funding decisions made by others</p> <p>National and local political pressure</p>	<ul style="list-style-type: none"> <li>• Inability to determine (and meet) local priorities</li> <li>• Council is seen to fail</li> <li>• Relationships with agencies deteriorate</li> <li>• Adverse effect on performance</li> <li>• Ineffective assignment of risk</li> <li>• Censure by audit/inspection</li> <li>• Adverse publicity.</li> <li>• Image of Council damaged</li> <li>• Political fall-out</li> <li>• Effect on voting patterns</li> <li>• Disputes arise over joint funding</li> <li>• Funding reduced</li> <li>• Expertise shifts to other bodies</li> <li>• Loss of control and enforced compromise</li> <li>• Increased costs</li> <li>• Abortive work</li> <li>• Staff disaffection</li> <li>• Reduced standard of service</li> <li>• Inability to achieve desired benefits</li> </ul>

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
No	Rating	Vulnerability	Trigger	Consequence
		Lack of clarity about partners' objectives.		<ul style="list-style-type: none"> <li>• Member disaffection</li> <li>• Takes resources away from other priorities</li> <li>• Limits options for the future</li> </ul>
44	C2 ↖	Asset disposals are delayed.	Failure to achieve a sale of key sites.	<ul style="list-style-type: none"> <li>• Financial pressures increase</li> <li>• Member / public criticism</li> <li>• Eyesore created by vacant sites</li> </ul>
52	C2 ↖	Council is vulnerable to challenge if Equalities Impact Assessments have not been actioned	Challenge or assessment	<ul style="list-style-type: none"> <li>• Equalities ranking reduced</li> <li>• Loss of reputation</li> <li>• Damages awarded against the Council</li> </ul>
56	C2 ↖	<p>Failure to comply with health and safety procedures.</p> <p>Manual handling and the use of heavy machinery are significant issues for depot based services.</p> <p>New ways of working are not adequately assessed for health risks (e.g. hotdesking).</p> <p>Courts increase the responsibilities of organisations, e.g. the grey fleet and fire regulations.</p>	<p>Inadequate observance of health and safety guidelines.</p> <p>Increased use of on-screen resources (e.g. e-mail, scanned material)</p>	<ul style="list-style-type: none"> <li>• Insurance claims and potential uninsured damages.</li> <li>• Increased incidence of health problems / sickness.</li> <li>• Staff turnover increases.</li> <li>• Managerial focus diverted from service needs.</li> <li>• Adverse publicity and damaged reputation</li> </ul>

No	Rating	Vulnerability	Trigger	Consequence
		Increased liability for the actions of others e.g. contractors		
58	C2  NEW	The £2m transfer from the HRA may not be repaid	HRA faced with a deficit  Council fails to generate sufficient capital receipts	<ul style="list-style-type: none"> <li>• Unable to repair/maintain stock in accordance with current standards</li> <li>• Decline in tenants' satisfaction</li> <li>• Sanctions from TSA/HCA</li> <li>• Bad publicity</li> <li>• Members do not take the hard decisions on General Fund strategy</li> </ul>

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Risks register: risks below the tolerance line


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No	Rating	Vulnerability	Trigger	Consequence
55	A3 	The staff profile is ageing and a retirement 'hump' is inevitable.  The Council reduces staffing levels in response to financial constraints or reduced workloads in market-driven services.	Key posts remain unfilled/take unacceptable lengths of time to fill.  No obvious successors when staff leave.	<ul style="list-style-type: none"> <li>• Pressures on existing staff</li> <li>• Potential difficulties recruiting suitable staff when demand for services increases</li> <li>• Activities are ineffectively carried out</li> <li>• Difficulties in succession planning</li> <li>• Reliance on agency/temporary staff</li> <li>• Gaps appear in structures</li> <li>• Adverse impact on service delivery</li> <li>• Service failure and the potential for health and safety risks to increase</li> <li>• Adverse publicity</li> <li>• Image of Council damaged</li> </ul>
50	B3 	Ageing population and other demographic changes (including population growth).  Increased expectations of elderly but no additional funding to meet requirements.  Lack of adequate contemporary data.	When demands outstrip capacity of the organisation.	<ul style="list-style-type: none"> <li>• Unmet demand for services.</li> <li>• Council reputation suffers</li> <li>• Forced to reprioritise other services</li> <li>• Reactive rather than planned services</li> <li>• Council ends up shouldering responsibilities of others</li> <li>• Staff disaffection</li> </ul>
1	C3	Reputational risks:-  Runnymede Borough Council	A disappointing future external assessment (e.g.	<ul style="list-style-type: none"> <li>• Disappointment amongst Members and officers leading to loss of morale and commitment</li> <li>• Criticism of Officers by Members, who feel let</li> </ul>

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No	Rating	Vulnerability	Trigger	Consequence
	➔	<p>prides itself on being a well-run organisation with excellent standards in service delivery and high expectations from members and officers. Financial stringency makes it harder to maintain high standards.</p> <p>The Council needs to communicate (and sell) a number of key corporate messages, both externally to stake holders, and internally to all staff. There are several delicate messages to deliver, e.g. the budget position, asset disposals, savings targets and income generation.</p>	<p>from auditors) is received which does not meet officers' and Members' expectations</p> <p>A key message is not effectively communicated and managed</p>	<p>down</p> <ul style="list-style-type: none"> <li>• Credibility of senior management damaged</li> <li>• Media criticism</li> <li>• Wider perception of authority damaged</li> <li>• Time and money spent on improvement planning to recover position</li> <li>• Senior management positions in jeopardy</li> <li>• Key staff leave to join more successful authority.</li> <li>• Some lower tier staff do not receive corporate messages</li> <li>• Staff confused by / unaware of new strategies</li> <li>• Public resistance to changes</li> <li>• Poor press</li> <li>• Members critical of media and communication management</li> <li>• Staff feel alienated / frustrated</li> <li>• Tensions between staff and managers</li> <li>• Corporate strategies compromised</li> <li>• Council fails to move forward</li> </ul>
13	C3  ➔	<p>Anti-social behaviour is a high profile issue for local residents and the Council has a lead role to play in managing community initiatives to deal with this. This is a key ambition and significant gains have been made.</p>	<p>Perception of anti-social behaviour begins to increase.</p>	<ul style="list-style-type: none"> <li>• Perceived failure of council leadership</li> <li>• Areas of the Borough 'get a reputation'</li> <li>• Negative impact on economy</li> <li>• Negative impact on local communities</li> <li>• Issue gets in the way of other key priorities</li> <li>• Major election issue</li> <li>• Breakdown in partnership with other agencies, in particular police.</li> </ul>




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
No	Rating	Vulnerability	Trigger	Consequence
				<ul style="list-style-type: none"> <li>• Member/officer tensions</li> </ul>
17	C3  	<p>The Runnymede area is undergoing economic growth and expansion. Transportation is struggling to cope.</p> <p>The prospect of consent for mineral extraction and waste treatment facilities will affect the Borough's attractiveness and economy.</p> <p>Co-operation with strategic partners can be patchy and slow.</p>	<p>Council fails to influence / manage change effectively</p>	<ul style="list-style-type: none"> <li>• Opportunities missed</li> <li>• Unsatisfactory solutions/compromises are reached</li> <li>• Infrastructure fails to cope</li> <li>• Traffic congestion increases</li> <li>• Adverse impact on local economy</li> <li>• Negative impact on local environment</li> <li>• Tensions with other agencies e.g. County Council</li> <li>• Public criticism</li> <li>• Council seen to be failing</li> <li>• Adverse publicity</li> </ul>
59	C3  NEW	<p>Major events e.g. Magna Carta celebrations e.g. Olympics</p> <p>RBC expected to pay for services that are beyond our capacity</p>	<p>RBC not prepared</p>	<ul style="list-style-type: none"> <li>• Delivery of RBC services suffers while coping with these major events</li> <li>• RBC does not respond effectively</li> <li>• Public criticism</li> <li>• Reputational risk</li> </ul>
60	C3  NEW	<p>Service reviews have unforeseen consequences</p>	<p>Not delivering outcomes from the Service Reviews</p>	<ul style="list-style-type: none"> <li>• Not modernising services</li> <li>• Not achieving savings</li> <li>• Insufficient workforce capacity</li> </ul>

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No	Rating	Vulnerability	Trigger	Consequence
61	C3  NEW	Potential failure of Surrey First	Failure to reach agreement between partners	<ul style="list-style-type: none"> <li>• Member disaffection</li> <li>• Failure to generate anticipated savings</li> <li>• Expectations unfulfilled</li> <li>• Time wasted</li> <li>• Relationships between Surrey authorities deteriorate, jeopardising existing partnership working</li> </ul>
22	D2  ↑	Successful service delivery is dependent upon effective performance monitoring. However robust performance management is not consistently applied across the Council.	Performance in a key area drops/improves	<ul style="list-style-type: none"> <li>• No clues as to why performance has suffered/improved</li> <li>• Managers are unaware of quality and performance standards being achieved.</li> <li>• No corrective action can be taken during the performance of a function</li> <li>• Failure to reward successes</li> <li>• Failure to address poor performance</li> <li>• Resources are wasted</li> <li>• Service quality falls</li> <li>• Censure by audit / inspection</li> <li>• Focus on BVPI targets diverts attention from service needs.</li> </ul>
38	D2  ↓	The Leisure Trust may not realise the desired financial and community benefits.	Failure to increase usage of the facilities.	<ul style="list-style-type: none"> <li>• Higher level of support needed.</li> <li>• Compensating savings required elsewhere.</li> <li>• Member dissatisfaction.</li> <li>• Council reputation may suffer.</li> </ul>
53	D2	Pressure to undertake or provide more access to services on-line	An incident occurs	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Fraud</li> </ul>

4.2

No	Rating	Vulnerability	Trigger	Consequence
		<p>exposes the Council to greater risk of security breaches or data theft/abuse.</p> <p>Homeworking or mobile working connected to office systems.</p>	<p>- e.g. someone hacks in.</p> <p>- e.g. theft of an unprotected laptop</p>	<ul style="list-style-type: none"> <li>• Cost</li> <li>• Additional workload in maintaining systems</li> </ul>
25	D3  	<p>The Council is required to meet increasing Government targets on recycling and is investing significant resources and funds to achieving this.</p> <p>There is a dependency on a viable market for the products from recycling to help finance the exercise</p>	<p>Cost of achievement of increased recycling targets is economically unsustainable</p>	<ul style="list-style-type: none"> <li>• Targets not achieved/sustained</li> <li>Or</li> <li>Funds diverted from other services to sustain</li> <li>• Services suffer</li> <li>• May require a radical revision of refuse collection arrangements</li> <li>• Increased pressure on savings targets</li> <li>• Audit criticism</li> <li>• Public dissatisfaction.</li> </ul>
40	D3  	<p>Environmental planning constraints restrict new developments.</p>	<p>Government fails to provide a solution resulting in widespread refusal of planning permissions and other consents.</p>	<ul style="list-style-type: none"> <li>• Impact on local economy</li> <li>• Impact on asset disposals</li> <li>• Impact on housing market</li> <li>• Bewildered public</li> <li>• Impact on attractiveness of the Borough.</li> <li>• Substitute savings required to replace interest on asset disposals.</li> <li>• Need to review previous planning decisions.</li> </ul>

No	Rating	Vulnerability	Trigger	Consequence
51	D3 	Environmental risks (e.g. Contaminated Land)	An environmental risk is identified.  New legislative responsibilities are placed upon the Council.	<ul style="list-style-type: none"> <li>• Risk to public</li> <li>• Cost</li> <li>• Staffing resources (and expertise) inadequate</li> </ul>

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### Appendix 3

#### Risks deleted from the register

No	Rating	Vulnerability	Trigger	Consequence
45	C2	A use for QE House is not found that meets community aspirations and financial targets.	Failure to find a suitable purchaser.	<ul style="list-style-type: none"> <li>• Community aspirations not met</li> <li>• Community opportunity lost</li> <li>• Failure to realise budget savings on time</li> <li>• Budget savings only achievable through an unpopular solution</li> <li>• Member dissatisfaction.</li> <li>• Council reputation may suffer.</li> </ul>
12	E2	The Council has a number of key contracts. Procurement management skills are not yet embedded in the organisation. It is taking measures to address this but there is still a need for skills to be embedded in the organisation.	A key contract fails or is ineffectively negotiated	<ul style="list-style-type: none"> <li>• Council taken advantage of by contractor</li> <li>• Benefits of procurement approach not realised</li> <li>• Efficiency savings not made</li> <li>• Time is wasted</li> <li>• Increased pressure on staff</li> <li>• Contract(s) fail</li> <li>• Procured service not value for money</li> <li>• Procured service is poor</li> <li>• Waste of resources</li> </ul>

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**INDEPENDENT MEMBERS' AGREEMENT**

**Definitions**

'Agreement'	means this Agreement between the Councils for the use by a Council of an Independent Member of a Standards Committee of another Council;
'Applicant'	means a Council that makes a request for a Replacement Independent Member;
'Councils'	means all of the authorities who have agreed to comply with the Agreement and "Council" refers to single authority that has agreed to comply with the Agreement;
'Facilitator'	means a Council that has agreed to provide at least one Replacement Independent Member;
'Hearing'	means either an assessment sub-committee, or a review sub-committee or a determination sub-committee of another Council;
'Independent Member'	means a non-elected co-opted member of a Council's Standards Committee whose period of appointment is still current; and
'Replacement Independent Member'	means an Independent Member who is available and eligible to sit on another Council's Hearing and has agreed to sit on another Council's Hearing.

**Operation of Agreement**

1. Each Council confirms that this Agreement has been discussed with its Independent Members who have volunteered to be a replacement and they have understood the terms and have agreed to them.
2. Each Council confirms that it has at least one Independent Member who has agreed to act as Replacement Independent Member and has also agreed to consider reasonably and sympathetically any request for assistance by an Applicant.
3. Only Independent Members who have received training on the Local Assessment Procedure shall be eligible.

12. A Replacement Independent Member is carrying out the business of the Applicant when acting as a Replacement Independent Member.
13. Each Replacement Independent Member Council shall have an obligation of confidentiality to an Applicant in relation to information received as part of a Hearing.
14. The Replacement Independent Member has agreed that if he or she is delayed or becomes unavailable to attend the Hearing he or she will provide the maximum notice of the situation.
15. A Replacement Independent Member cannot have been a member or officer of the Applicant in the preceding 5 years or be a close friend or of a member or employee of the Applicant.
16. The appointment of the Replacement Independent Member shall in each case take effect pursuant to the provision made in Regulation 5 of the Standards Committee (England) Regulations 2008. The method of appointment and term of office of each appointee shall be in accordance with the Procedure Rules and Scheme of Delegation of the Applicant (which may involve a power of appointment delegated to the Proper Officer).
17. Any other Surrey Local Authority may join the Agreement by agreeing in writing that it will act in accordance with this Agreement.
18. If a Council decides to take no further part in this Agreement, it will give at least 30 days notice to the other Councils of its intention to leave.
19. The operation of this Agreement will be reviewed on an annual basis