

Swindon Borough Council

Audit Committee

Tuesday, 28 November 2017

Committee Room 1, Civic Offices

At 6.00 p.m.

Conservative Councillors

Steve Weisinger
(Chair)
Malcolm Davies
Mary Friend
Nick Martin

Labour Councillors

John Ballman
Des Moffatt
Kevin Small

Committee Officer: Iain Tucker (01793 463602)

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(Telephone 01793 445500)

Access Arrangements - The venue is wheelchair accessible and an infrared receiver hearing system is provided. If you have any special requirements to enable you to attend the meeting or would like to receive any of the pages contained in this agenda in a larger print size, please contact the Committee Officer as soon as possible prior to the date of the meeting.

AGENDA

1. Apologies for Absence

2. Declarations of Interest

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

3. Public Question Time

See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance).

4. Minutes (Pages 5 - 8)

To receive the minutes of the meeting held on 13th September 2017

5. Mid Year Treasury Performance 2017/18 (Pages 9 - 12)

6. Corporate Risk Management Update (Pages 13 - 28)

7. **Internal Audit report: Performance and Risk** (Pages 29 - 54)
8. **External Audit: Annual Audit letter** (Pages 55 - 68)
9. **External Audit: Progress and update** (Pages 69 - 82)
10. **Head of Internal Audit update** (Pages 83 - 94)

Date of Despatch: 16 November 2017

Key:

Officers:

HIA - Head of Internal Audit

Public Question Time - Swindon Borough Council remains committed to increasing its accountability to the public and to promoting active citizenship. 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from the public about the work of the Committee (except for confidential matters, and matters relating to planning and licensing applications). We will give priority to those who submit questions in writing at least two days before the meeting. Questions must be relevant, clear, and concise. You may not use Public Question Time as an opportunity to make speeches or statements.

Questions in writing should be sent to the Committee Officer whose contact details appear on the agenda above or to the Director of Law and Democratic Services, we will publish it, along with the answer, alongside the Minutes. The process associated with asking a public question is set out in the "Public Question Time at Council Meetings Protocol and Guidance" available on the Council's Website.

(<http://ww5.swindon.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13338&path=0>) or from the Committee Officer named above.

The Audit Committee - Terms of Reference

(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 10 of the meeting of the Audit Sub-Committee held on 16 June 2015)

- Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- In relation to the authority's internal audit functions:
 - Oversee its independence, objectivity, performance and professionalism
 - Support the effectiveness of the internal audit process
 - Promote the effective use of internal audit within the assurance framework
- Consider the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.
- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- Support effective relationships between external audit and internal audit,

inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.

- Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

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AUDIT COMMITTEE

WEDNESDAY, 13 SEPTEMBER 2017

PRESENT: - Councillors Steve Weisinger (Chair), John Ballman, Malcolm Davies, Nick Martin and Gary Sumner

Apologies for absence were received from Councillors Mary Friend, Des Moffatt and Kevin Small.

14. Declarations of Interest

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting. No such declarations were made.

15. Public Question Time

There were no public questions

16. Minutes

Resolved - That the minutes of the meeting held on 27th June 2017 be confirmed and signed.

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17. Risk Management - Education attainment

At its June 2017 meeting the Committee requested that the Head of Education provide an update on work being carried out to improve education attainment within Swindon (Minute 10 (3) refers).

In accordance with the Committee's instruction, Peter Nathan, the Council's Head of Education, attended the meeting and gave a presentation on the current issues/risks within the service area and what action is being taken to address these. The presentation touched upon the following topics:

- The number of primary and secondary schools that were academies
- The local authority's overall responsibility for education provision.
- Examples of the Council working closely and in partnership with academies to promote positive change
- The Swindon Challenge – a three year initiative which had recently been approved by Cabinet

Following his presentation, Members were given the opportunity to put questions to the officer. Issues raised included:

- The comparatively low percentage of pupils in Swindon who attend further education.
- Lydiard Park Academy taking on the management of Isambard School
- The cost to the Council in removing and placing difficult pupils.

Resolved – That the Head of Education be thanked for his useful and informative presentation and for his full and open responses to members' questions and

observations.

18. Annual Governance Statement

Further to Minute 10, the Committee received the Annual Governance Statement (AGS) 2016/17 for approval. The AGS is the formal statement that recognises, records and publishes an authority's governance arrangements. It was noted that the draft Statement had been approved by the Committee at its meeting on 27th June 2017 and that no additional items for inclusion in the statement had been identified at that meeting or subsequently.

Resolved – That the Annual Governance Statement, appended to the report, be approved for signing by the Leader of the Council and the Chief Executive in September 2017.

19. Annual Statement of Accounts

The Committee received a report introducing the Council's Annual Statement of Accounts for 2016/17 (attached to the report at Appendix 1). The Director of Finance, with the Finance Manager, Technical, presented the report and the key points on the Final Accounts, summarising the main items impacting on the financial statements for 2016/17 and highlighting the material audit adjustments that had been made.

Following their presentation of the report, the Director of Finance and the Finance Manager responded to members' specific queries and observations regarding the accounts.

Resolved – (1) That the report and the Annual Statement of Accounts 2016/17 (attached at Appendix 1 to the report), be approved.

(2) That the letter of representation provided in connection with the audit of the group financial statements of Swindon Borough Council and its subsidiary undertaking(s) as shown in Appendix 1 to the letter, for the year ended 31 March 2017, be approved.

(3) That the Director of Finance and the Council's Finance Manager, Technical, and his team, be thanked for their hard work and diligence in compiling the Annual Statement of Accounts.

20. External Audit - Audit Findings

The Committee received a report of the Council's External Auditors, Grant Thornton, highlighting the significant findings arising from their audit of the Council's financial statements for the year ended 31 March 2017.

Elizabeth Cave, Director, (Grant Thornton), introduced the report, taking the Committee through the key findings and responses in respect of matters and risks identified at the planning stage of the audit, additional matters that arose during the course of the work, and also the adjustments to the financial statements arising from the audit work and findings in respect of internal controls.

In particular, Ms Cave drew the Committee's attention to key messages arising from the value for money review which was that the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions were satisfactory.

Ms Cave concluded her presentation by guiding members through the recommendations and proposed management responses set out in the Action Plan (attached to the report at Appendix A).

Resolved – (1) That the report be noted.

(2) That the External Auditors' opinion that for the year ended 31 March 2017 that the Council's financial statements:

(a) present a true and fair view of the financial position of the Authority and Group as at 31st March 2017 and of the Authority's and Group's expenditure and income for the year then ended; and

(b) have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law, be welcomed.

21. Internal Audit Charter

The Committee received a report of the Head of Internal Audit inviting members to review and approve the Council's Internal Audit Charter. It was noted that the Audit Charter was a requirement of the Public Sector Internal Audit Standards (PSIAS), which standards provided the mandatory guidance that constituted the principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for the evaluation of the effectiveness of Internal Audit's performance.

Resolved – That the Internal Audit Charter, appended to the report, be approved

22. Head of Internal Audit update

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee in June 2017, the appointment of an External Auditor, progress made against the Annual Internal Audit Plan 2017/18 and Internal Audit staffing and resource issues.

Resolved – That the report be noted.

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Mid-Year Treasury Performance 2017/18

Audit Committee

Date: 28th November 2017

Author: Cabinet Member for Finance and Commercialisation
Corporate Director, Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report sets out the mid-year Treasury Management performance for 2017/18.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the mid-year Treasury Management performance.

3. Detail

- 3.1 The CIPFA Treasury Code of Practice recommends that Treasury Management performance is reported at least twice a year. This report sets out the mid-year performance for the Council to the end of September 2017.
- 3.2 The Council is involved in two types of treasury activity, both of which are affected by the economic environment:
 - 3.2.1 Borrowing long-term for capital investment purposes, and short-term for temporary cash flow purposes;
 - 3.2.2 Investment of surplus cash.
- 3.3 The performance in respect of each of these two activities is summarised below.

Borrowing
- 3.4 The Council has taken out two new long term maturity loans (interest only loans with a maturity of greater than a year) in the first 6 months of this financial year, both for £10 million. The first for 9 years at 1.89%, and the second for 50 years at 2.31%.
- 3.5 In addition to long-term borrowing, the Council also undertakes short-term borrowing in order to smooth out peaks and troughs in its daily cash flow. As at the 30th September 2017, the Council had no short-term borrowing. It should be emphasised that as short-term borrowing is undertaken in respect of daily cash

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No.464384, or Email imburbidge@swindon.gov.uk.

Mid-Year Treasury Performance 2017/18

Audit Committee

Date: 28th November 2017

flow activities, this figure can fluctuate significantly from day to day dependent on income received or payments due out.

- 3.6 The Council's total long-term debt increased from £279.3m on 31st March 2017 to £298.5m as at 30th September 2017 as a small element of loans matured and two new loans of £10m were taken out as noted above. The overall long-term pool borrowing rate has now dropped from 3.55% at 1st April 2017 to 3.45% at the 30th September 2017 as a result of the rates on the new loans being lower than the previous average rate.
- 3.7 There is a significant long-term borrowing requirement to fund the capital programme and any further loans will be taken out in accordance with the approved Treasury Management Strategy and based on prevailing interest rates and the projections for the future.

Investments - Lending

- 3.8 As at the 30th September 2017, investments stood at £77.2m running at an average rate of 1.47%.
- 3.9 There are three main categories of investment:
- 3.9.1 Liquid Investments – investments that are instantly accessible and are used primarily to smooth the peaks and troughs in the Council's daily cash flow. These include money market funds, instant access accounts and any balances in our own bank account. The average balance on these funds was £11m over the first 6 months of the year achieving an average investment rate of 0.18%.
- 3.9.2 Fixed Term investments – these are locked in for a specific period of time and therefore gain the maximum return (once security and liquidity have been ensured using the Council's creditworthiness parameters.) These investments are made with banks for a fixed term up to 2 years. The average balance of these investments over the first 6 months was £35.4m, achieving an average rate of 0.62% comparing favourably with the benchmark 3 Month LIBOR rate of 0.30%.
- 3.9.3 Local Authority Property Fund ("LAPF") - £15m is invested in this fund and the average rate of return on this investment so far is 4.38%.
- 3.9.4 The LAPF gives local authorities an exposure to a diversified portfolio of commercial property throughout the UK and its objectives are to generate long-term growth in capital and an attractive income over time (5 years or more). The trustees of the fund are the Local Authorities' Mutual Investment Trust (LAMIT), a body controlled by representatives of the Local Government Association, the Convention of Scottish Local

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Authorities, the Northern Ireland Local Government Officers' Superannuation Committee and investors in the Fund.

- 3.10 The combined return of all investments for the period to 30th September was 1.47%.
- 3.11 The Council's debt and investment position as at 30th September 2017 compared with 31st March 2017 is shown in the table below:

Analysis of Debt and Investments

Debt & Investments	31/03/2017		30/09/2017	
	£'000	Rate (%)	£'000	Rate (%)
Long Term Debt - PWLB	239,256	3.54%	258,506	3.43%
Long Term Debt - Market	40,000	3.59%	40,000	3.59%
Total Long Term Debt	279,256	3.55%	298,506	3.45%
Short-term Borrowing	19,000	0.38%	0	0%
Total Debt	298,256	3.35%	298,506	3.45%
Investments	(44,000)	1.53%	(77,200)	1.47%
Net Borrowing Position	254,256		221,306	

Compliance with Treasury Limits

- 3.12 During the 2017/18 Financial Year to date, all Treasury activity has been carried out within the Council's Treasury limits and Prudential Indicators, as set out in the Council's Treasury Management Strategy.

4. Alternative Options

- 4.1 Any alternative options for specific areas are set out within the report.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 These have been reflected in the body of the report.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No.464384, or Email imburbidge@swindon.gov.uk.

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All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no such direct implications.

Diversity Impact Assessment (DIA)

- 5.4 There is no impact on the DIA associated with management of the Council's cash balances.

Risk Management

- 5.5 There are no direct risks arising from this report.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 None

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for December 2017.

Corporate Risk Management Update

Audit Committee

Date: 28th November 2017

Author:	Cabinet Member for Corporate Services and Digitalisation Corporate Director of Resources and Growth
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 To present Audit Committee with a summary of risk management activity in the Council and with the most recently updated Corporate Risk Register.
- 1.2 Audit Committee provides independent assurance to the Council on the effectiveness of the Council's risk management, internal control and its overall assurance framework. This report summarises the areas that the Committee may wish to consider in gathering this assurance and provides a basis for discussion.
- 1.3 The risk management processes and the Corporate Risk Register are key components of the successful delivery of the Council's Vision, Priorities and Pledges and the Swindon Programme, ensuring that awareness and management of risk are intrinsic to the Council's approach.

2. Recommendations

The Committee is recommended to:

- 2.1 Endorse the risk management approach and processes and risks captured in the Corporate Risk Register.

3. Detail

- 3.1 Since the last report and following the input from members of the Audit Committee there have been some adjustments to the corporate risk management process and a number of changes to the Corporate Risk Register
- 3.2 Process amendments have been designed to provide additional assurance that directorate and service risks are captured in the corporate process as part of a wider discussion about risk in the context of performance. This has been achieved through the introduction of a Council wide and directorate scorecards, which capture in one document, key performance information and risk.
- 3.3 Corporate Directors present their scorecards to Corporate Management Team monthly, thus ensuring that there is peer scrutiny and discussion of risk and importantly, a real focus by the Council's directors on the directorate and Council wide actions we are taking to mitigate the risk and the efficacy of those actions.

Further information on the subject of this report can be obtained from Carmel Burton
Direct Dial 01793 466028, carmelburton@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 28th November 2017

- 3.4 As previously, the directorate and corporate risks flow from knowledge and understanding of service area risk and performance. Heads of Service produce risk registers as part of their business planning. Work is underway to ensure that these risks are presented and discussed as part of a wider discussion about performance.
- 3.5 In addition to the regular meetings in place between Internal Audit and Risk, which ensure both that audit findings are captured in the Corporate Risk Register and that audit priorities reflect corporate risk, audit findings are also included in the scorecards so that they are also an intrinsic part of the monthly performance and risk discussions.
- 3.6 The Corporate Risk Register has been reformatted to make it more manageable and to ensure that it focusses on key corporate risks. All risks are owned by a Corporate Director, reinforcing accountability for risk. The current version of the Corporate Risk Register, which includes progress with the mitigating actions is attached at Appendix One.
- 3.7 Our current Corporate Risks have been identified as:
- 3.7.1 Financial Sustainability. This is the risk that the Council's major programmes and strategies do not deliver the expected financial and non-financial benefits and/or the Council's Vision. This has been rated as high to reflect the fact that the Swindon Programme is in its early stages. This rating will be regularly reviewed in the light of the progress of the programme
 - 3.7.2 Empowering Communities. This is the risk that we do not successfully maximise opportunities to work with communities to support them to have more influence and responsibility in their own areas. This has been rated as medium to reflect the fact that work with communities and stakeholders is ongoing.
 - 3.7.3 Growing the Economy. This is the risk that the Council is unsuccessful in growing and sustaining the level of business activity necessary to provide sufficient employment for our residents and generate enough business rates income to pay for the services we need to provide. This has been rated as medium, reflecting the fact that a new Economic Strategy and governance is in place.
 - 3.7.4 Managing our Council Environment. This risk considers aspects of our environment which if not managed could have a significant negative impact on the Council's effectiveness. They are Health and Safety, IT systems and the local, national and international context. The three aspects are all rated as medium, reflecting progress made in health and safety and improvements in IT infrastructure.
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Further information on the subject of this report can be obtained from Carmel Burton
Direct Dial 01793 466028, carmelburton@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 28th November 2017

- 3.7.5 Delivering Quality. This risk considers two areas of the Council's work where poor quality will pose significant risks to the Council. The first is our work to safeguard vulnerable children and adults which has been assessed as medium risk, reflecting that work with the most vulnerable always carries a level of risk. This rating for children's safeguarding also reflects the fact that the Ofsted system of inspection has been revised for January 2018 with new judgement criteria (yet to be published) and as such is new and untested, which increases the uncertainty of the outcome. The second area looks at governance and the risk that the Council acts outside its powers. The likelihood of this has been rated as low, reflecting the robustness of our systems of governance and the current checks and balances.
- 3.7.6 Realising Potential. This is the risk that we do not make the best use of all available capacity, either within our own staff or through strong and effective partnerships which restricts our ability to deliver our vision, priorities and pledges. This risk has been assessed as medium, reflecting growing work to develop our staff through programmes such as Swindon Manager, Future Leaders and Aspiring leaders and the work to review and build partnerships including One Swindon and Health and Wellbeing Board.
- 3.7.7 Effective Prevention. This is the risk that our preventative and early intervention work is not sufficiently targeted and hence is not successful in halting the rise in demand. This then results in increasing spend on social care leading to challenges in balancing the budget and a potential loss of services which residents value. This risk is rated as high as although there is significant work on managing demand, work is at an early stage and as yet evidence shows that demand for social care continues to rise.
- 3.7.8 Business Continuity. This is the risk that our arrangements to continue to deliver essential services where normal business has been disrupted are not sufficiently robust. This risk is rated as medium reflecting that the Corporate Management team have focussed on this area ensuring that significant work is happening to improve the robustness of our plans and processes.

4. Alternative Options

- 4.1 Not applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 Risk management activity is a core activity for the Council. As such, costs of risk management are funded from existing budgets.

Further information on the subject of this report can be obtained from Carmel Burton
Direct Dial 01793 466028, carmelburton@swindon.gov.uk.

Corporate Risk Management Update

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Legal and Human Rights Implications

- 5.2 As part of the Accounts and Audit Regulations 2015, it is a statutory requirement that the Council has a sound system of internal control which includes effective arrangements for the management of risk.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 Nothing specific for this report.

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment has not been completed for this report as it is a summary of actions within service areas to mitigate and address risk. Where applicable, Diversity Impact Assessments have been undertaken which cover the actions within the Corporate Risk Register. These assessments are held in the responsible service areas.

Risk Management

- 5.5 A risk assessment has not been completed for this report as it is a summary of risk management activity overall. The Corporate Risk Register is the corporate assessment of the key risks facing the Council at this time

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 The Chief Executive, Corporate Management Team and the Head of Internal Audit were also consulted in respect of this report.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix One – Corporate Risk Register November 2017.

Appendix One - Corporate Risk Register

1. Finance

Risk – Financial Sustainability. The Council’s major programmes and strategies do not deliver the expected financial and non-financial benefits and/or the Council’s Vision. The scale of change results in a lack of trust in the Council The Council cannot achieve its Medium Term Financial Plan and maintain the Council’s financial sustainability resulting in depletion of reserves , inability to deliver services and statutory obligations		Rating before mitigation	High	Rating after mitigation	High
Risk Owner – Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Evidence base for the interventions is not robust Unrealistic savings targets Change of direction locally/ nationally / partners Change is not sustained Major unplanned expenditure Central Government initiative / national budgetary changes Focus on the priorities and pledges is not clear Insufficient consistent focus on realising benefits Improvement is not prioritised 					
Mitigating Actions	Due date	Action owner	Progress		
Ensure that there is robust programme management and monitoring of the delivery and targets of the Swindon Programme plan	Sept 2017	Head of Corporate Programmes and Innovation	<ul style="list-style-type: none"> Corporate Programme and innovation team structure agreed. Recruitment to Project Management roles prioritised and 2 new PMs starting in October 2017 PMO governance roles interviewed Oct 2017. Decision awaiting. 		
Ensure ownership of the Swindon Programme is felt by the whole organisation and not seen as a solely corporate responsibility	Ongoing	Corporate Director Resources and Growth	<ul style="list-style-type: none"> Full staff briefings delivered Sept 17 Comms plan in plans to ensure staff engagement Intranet site created Programme created to include all savings 		
Use best practice research and local lessons to inform evidence based decision making with a particular emphasis on areas where there are performance challenges	Ongoing	Corporate Director Resources and Growth	<ul style="list-style-type: none"> Research team included in ideas development process Yammer used to promote best practice Intranet used to promote best practice 		
Ensure key pieces of work , business plans , policies , strategies and commissioning / procurement is linked to delivery of the priorities	Dec 17		<ul style="list-style-type: none"> All Gateway procurements are required to identify how they will help to deliver the Council priorities. Swindon Programme is designed to improve the ability of the Council to deliver against its priorities and pledges, through more efficient ways of working and delivering against our financial challenge in order to protect delivery of our priorities and pledges. 		

2. Empowering Communities

Risk: We do not empower communities and manage the expectations of residents and members. This potentially results in loss of trust in the Council damaging reputation and generating complaints and failure demand. We do not maximise opportunities to work with communities to support them to have more influence and responsibility in their own areas.		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner – Corporate Director Communities and Place					
Causes of risk					
<ul style="list-style-type: none"> Insufficient engagement and communication High public expectation Increasing demand Ineffective use of capacity Insufficient support / buy in from parishes 					
Mitigating Actions	Due date	Action owner	Progress		
Build on our work with communities to create a true and sustainable partnership, in order to harness the energy of the community and voluntary sector in service of the Vision for Swindon	Dec 2017	Director of Public Health	The Volunteer Swindon website was launched in June. 21 organisations have signed up to use the website and the organisations had over 2222 hits during this quarter. Promotion has taken place through Your Swindon, Facebook and to Council staff. Ongoing support is provided to other areas of council services with over 19 teams so far receiving guidance and support on volunteering. A manager toolkit to support service areas to recruit, manage and develop volunteers has been developed and is due to go live on the intranet during Q3.		
Develop volunteering within the Council.					
Ensure that there is robust and effective engagement & communication with members, parish and town councillors	Ongoing	Director of Law and Democratic Services	Full range of briefings, training and regular communication in place, including cross party briefings on key issues and regular Leader's Advisory Group meetings and regular meetings with Town/Parish councillors, and Town/Parish clerks.		
Ensure that there is good support for parish councils including delivery and budgetary support and transfer of assets	Ongoing	Head of StreetSmart	Newly elected Parish Councils are now in place and being supported by experienced Locality Leads. Ongoing discussions with Parish Councils to complete the transfer of services and land		
Use research to design and deliver further communication and engagement activity for staff, residents and stakeholders around the Vision to celebrate achievements, share challenges and ensure consistent messaging. Find a way of understanding impact.	Dec 2017	Director of Performance, Organisational Improvement and Communications	The planned primary research to get an up to date understanding of how residents find out about what's going on in their local area and the work of the Council was put on hold after the introduction of the non-essential spend restrictions. A cost effective way of reintroducing a Resident Survey in 2017/18 have been sourced through the LGA.		
Refresh our consultation policy. Work with senior officers and members to ensure that engagement and consultation opportunities	Dec 2017		The policy has been refreshed and extended to cover engagement. A toolkit has been produced to up skill officers to ensure that consultation is embedded in decision making processes. Members and parish councils are being consulted about the draft policy.		

are factored into decision making.			
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3. Growing the Economy

Risk – Growing the Economy: The Council is unsuccessful in growing / sustaining the level of business activity necessary to provide sufficient employment for our residents and generate enough business rates income to pay for the services we need to provide.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Capacity / capability of council staff and delivery agents Lack of focus – changing or unclear priorities Evidence base for strategies/plans is not robust Lack of focus on delivery Insufficient funding for projects Loss of control over housing land linked to 5 year land supply National and international economic climate / policy Competition from other LA's Opposition from residents / pressure groups Market uncertainty Insufficient suitable employment land Lack of skilled local workforce Lower than planned level of housing starts including delays developing Wichelstowe and NEV Negative perceptions of the borough Recruitment and retention problems in key sectors 					
Mitigating Actions	Due date	Action owner	Progress		
Develop/implement action plan to raise business rate income by strengthening /diversifying the business base, creating jobs that support innovation and exporting & focussing on supporting strategically important companies with high growth potential	Ongoing	Corporate Director Resources and Growth	Economic strategy approved by cabinet. Work in place with the LEP to offer business support and grant funding to encourage business growth. Place marketing through Switch on to Swindon. Strengthened relationship with Department for Industry and Trade leading to business growth opportunities		
Work with FSL and monitor project progress to regenerate Swindon's town centre.			Review of town centre regeneration including role & structure of FSL. Delivery structure for Kimmerfields reviewed -new governance is being put in place. Funding bids submitted		
Adoption of Local Plan with robust strategy and housing allocations	March 2021	Head of Planning	Strategic Housing Market Assessment and Functional Economic Market Area Assessment endorsed by the LEP and approved by Cabinet September 2017. Issues Consultation was authorised by Cabinet on 18 th October 2017.		
Allocate 60 hectares of employment land over the Local Plan period to 2036. Accelerate delivery of existing undeveloped employment land.	March 2021				
Ensure that delivery of work at Wichelstowe and New Eastern Villages is on target and meeting milestones	Ongoing	Corporate Director Resources and Growth	Planning application for road north of A420 and appeal re Lotmead - Nov. HIF bids for Southern Connector Rd & eastern access under railway. Southern Connector Rd landowner's forum Nov. Wichelstowe-secondary school started on site. Planning considering applications for pub & 85 houses. Progress with access road and canal works.		
Develop low carbon transport solutions. Support and encourage the development of business innovation in recycling technologies and low carbon	Ongoing		Proposals being developed for increasing charging infrastructure for electric vehicles and for developing energy/resource from waste. Working with Swindon Hydrogen Hub to promote use of ultra-low emission vehicles.		

Work with learning providers, partners and employers to develop skills training that meets the needs of businesses and improve access to HE	Ongoing	Strategic Commissioner Routes to Employment	Higher Futures Programme in place to ensure skills training is being developed .Work with schools/Oxford Brookes to increase HE take up. Preparing for a bid for an Institute of Technology. Developing ideas for a high level skills facility.
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4. Managing our environment. This risk considers aspects of our environment which if not managed could have a significant negative impact on the Council's effectiveness. They are Health and Safety, IT systems and the local, national and international context.

Risk - Health and Safety : A serious and avoidable accident occurs leading to serious injury, damage or death, financial penalties , HSE prosecution and reputational damage		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner –Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Lack of management accountability Condition of the site Site suitability Lack of staff compliance 					
Mitigating Actions	Due date	Action owner	Progress		
Deliver health and safety training and briefings to all staff with a particular focus on high risk groups	Ongoing	Head of Customer & Business Services	Annual plan drafted – close working between H & S and L & D to ensure all staff receive the appropriate training (main focus is operational staff at Waterside)		
Ensure continuation of all meetings in the governance structure [at operational and strategic level] with good attendance from all parties	Ongoing		Improved Management Information reporting at each level of governance meeting. New CMT sponsored working party set up to review organisational design to support compliance		
Deliver Waterside depot improvements	In line with programme milestones	Corporate Director Communities & Housing	Phases 1 & 2 of improvement plan complete. Phase 3 works started Oct 17 to complete drainage works, make safety improvements to the Materials Recycling Facility & resurface depot main road. Work expected to be complete spring 18 - overseen by the Waterside Improvement Board. Waterside Safety Committee meets monthly to monitor performance, compliance and risk.		
Develop a culture of health and safety compliance through information, audit and policy.	Ongoing	Head of Customer & Business Services	All policies updated and review cycle agreed		

Risk - The Local , National and International Context: Changes of policy at any level adversely impact on the Council's priorities or cause a change in priorities leading to difficulty in realising our ambitions, potential financial implications and reputational damage		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner –Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Insufficient awareness of policy changes (Officers or Lack of a voice at national level 					
Mitigating Actions	Due date	Action owner	Progress		
Ensure that members are provide with regular information and discussion opportunities to support informed decision making	Ongoing	Director of Performance, Organisational Improvement and Communications	Regular briefings and policy updates in place focussing on key issues.		
Ensure that officers and					

members are regularly briefed on policy changes			
Continue to explore the opportunities for developing partnerships with other councils that share a common interest with SBC to improve our ability to influence national policy and decisions		Corporate Director Resources and Growth	Fast Growth City partners met DCLG to explore policies we might pilot to accelerate housing. Discussions with England's Economic Heartland alliance of authorities underway to discuss potential SBC links.

Risk - IT system: A business critical system fails or is unavailable to a significant number of staff for a significant period leading to service disruption, potential safeguarding issues , poor productivity and reputational damage		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner –Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Inadequate systems and processes Unstable platforms 					
Mitigating Actions	Due date	Action owner	Progress		
Replace telephony system with a more resilient solution	July 2018	Director of Digital Services & Corporate Programmes	Pilot of Skype for Business completed across Resources. Network testing shows the project will fail with current LAN and WAN so will follow the upgrade of WAN and LAN improvements. PBX system requires £300,000 investment to replace and will deliver little value so Support & Maintenance 3rd party contract will mitigate risk of failure.		
Increase disaster recovery systems at Waterside	Completed		Resilience improved with Wide Area Network capacity, Storage Area Network upgrade and Virtualised Computers investments. On premise infrastructure is now set up to failover to Waterside in the event of a major failure in the Civic based IT.		
Migrate failing systems off the Capita Private Cloud (CPC)	Continuing to end of 2018		Capita and SBC have started a joint project to extract SBC servers from CPC. Email has been moved to Azure (Microsoft's Cloud based infrastructure). Capita One has been migrated on premise; further infrastructure servers have been migrated. More follow over 2018.		
Adopt Public Cloud Infrastructure to add high availability	Completed		Azure resilience now in place for specific servers. Further work to identify which are the priority systems for SBC.		

5. Delivering Quality

This risk considers two areas of the Council's work where poor quality will pose significant risks to the Council. These are our work to safeguard vulnerable children and adults and adhering to our systems of governance so that we act within our powers.

Risk – Safeguarding Children: Avoidable failure through action or inaction leads to serious harm, death or a major impact on wellbeing, potentially leading to reputational damage for the Council, loss of staff confidence and morale, loss of public and member confidence, litigation and damages.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Children's Services					
Causes of risk					
<ul style="list-style-type: none"> Recruitment/ retention of sufficient skilled staff Error / data breach Unpredictable client behaviour Inadequate processes Limitations of case management system National policy/ guidance changes Insufficient in house placement capacity for children 					
Mitigating Actions	Due date	Action owner	Progress		
Implement improvement measures including QA framework, team improvement plans , and self- evaluation of the service	Ongoing	Corporate Director - Children's Services	A QA framework is embedded & will be built on. Analysis of all QA activity is reviewed & actions agreed quarterly. The Ofsted Action Plan is embedded within Team Improvement Plans. The CQC action plan is reviewed quarterly. Work started on a full self-evaluation of the service. The LSCB has started a working group to review the use of Early Help Records and Plans to promote early intervention. A revised 'Level of Need document has been drafted, for sign off at the LSCB December Board.		
Deliver a targeted recruitment campaign and review social work caseloads	Ongoing work		Vacancies remain challenging in social work. Some appointments have been made due to targeted recruitment of newly qualified social workers with extra support through an aspiring manager. Additional resource to recruit social workers was agreed by Cabinet to reduce caseloads to nationally expected levels. Analysis showed that caseloads were in the process of reducing, however, demand has increased & caseloads have risen. There are challenges in recruiting to more experienced social worker posts- further targeted recruitment is now needed.		
Identify improvements to the Integrated Children's Services and Early Help Capita One to meet future business needs	June 2018		The review of all ICS forms has been completed and maximised functionality. Management information has been improved. There are no further opportunities to improve as the product is reaching the end of its life. CAPITA One have notified us of their intention to replace ICS with a new application, & offered it at a discounted price, the implementation planned for Oct – Dec 2018. Recently there has been a change in contractual expectations -clarity is being sought		
Implement dedicated service improvement within the fostering team	Ongoing		A Dedicated Improvement Board monitors & supports the improvement of service delivery. Recruitment & retention strategy enacted. Performance scorecard		

			now developed & implemented which will measure impact. Dedicated Children's Care Commissioner appointed and commenced in post Jan2017. Payment Scheme is now live. In October a stock take is being undertaken to inform further improvement work
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Risk – Safeguarding Adults: Avoidable failure in Adult Social Care through action or inaction leads to serious harm, death or a major impact on wellbeing with potential impacts to the Council in terms of reputational damage, loss of staff confidence and morale, loss of public and member confidence litigation and damages.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Adult's Services					
Causes of risk					
<ul style="list-style-type: none"> Recruitment/ retention of sufficient skilled staff – staff capacity Human error Unpredictable client behaviour Lack of timely compliance with processes IT limitations Inadequate supervision Lack of timely identification of adults at risk by agencies 					
Mitigating Actions	Due date	Action owner	Progress		
Deliver training to staff and partner agencies to improve performance , including training on supervision and safeguarding	Ongoing	Corporate Director Adult's Services	The ASC transformation programme continues to make good progress. Reablement services are more accessible and effective, assessment and review processes have been re-designed to ensure they are timely & promote independence, & stronger links are being developed with the voluntary & third sector. New management structure is now in place to support the ongoing delivery of the programme. The weekly ASC finance & activity dashboard has enabled managers to have better oversight to pro-actively manage performance, & spend across services.		
Work with the Local Safeguarding Adults Board to monitor demand and implement robust performance management of safeguarding alerts and work with managers and the Joint Care Management Team to monitor performance information	Quarterly		Good progress underway in developing a multi-agency quality assurance process and reporting system for Safeguarding. Currently reviewing the structure of the safeguarding team and considering the option of having police representation co-located with the ASC Safeguarding Team.		
Upgrade SWIFT	July 2018		New system to replace SWIFT has been tendered and presentations from preferred bidders is planned for mid- October 2017.		

Risk – Governance: The council does not comply with legal or statutory obligations or acts outside its powers or our governance of information is not robust resulting in loss of protected data potentially leading to successful legal challenge, financial penalties, court sanctions safeguarding issues and reputational damage.		Rating before mitigation	Medium	Rating after mitigation	Low
Risk Owner – Monitoring Officer					
Causes of risk					
<ul style="list-style-type: none"> Legislative changes Legal advice not followed Human error Lack of timely/ appropriate legal advice Financial and demand pressures (resource constraints) Malicious action 					
Mitigating Actions	Due date	Action owner	Progress		
Maintain staff with appropriate qualifications and training	Ongoing	Monitoring Officer	In place		
Deliver regular training sessions for members and officers focussing on key issues such as their role in arms- length bodies	Ongoing		Regular sessions delivered		
Implement governance arrangements for wholly owned subsidiaries	Ongoing		Report was presented to Audit Committee on 4th April 2017 recommending the formation of a Cabinet Member Advisory Group to provide oversight of Council owned companies and setting up a shareholder board. CMT has oversight of the Commercial programme together with the newly formed Commercial Investment Strategy Board		
Ensure that key pieces of work, link to the delivery of the priorities.	Ongoing	Corporate Director Resources and Growth	Governance structure are aligned through Corporate Management Team who are accountable to members for the delivery of both the programme and the priorities and pledges		
Deploy policy management solution to guarantee staff awareness and compliance with Council security policies.	Dec 2018.	Director of Digital Services & Corporate Programmes	Corporate roll-out completed and staff compliance captured for overarching Acceptable Use Policy		

6. Realising Potential

Risk –we do not make the best use of all available capacity, either within our own staff or through strong and effective partnerships which restricts our ability to deliver our vision, priorities and pledges.		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner – Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Insufficient development opportunities Difficulty in recruitment to key roles Lack of succession planning in key roles Poor performance/ absence Capacity and sustainability of the supplier market Lack of alignment with key partners eg LEP/ CCG. 					
Mitigating Actions	Due date	Action owner	Progress		
Ensure that Swindon has a strong voice in SWLEP to maximise the opportunities of attracting funding for key Swindon projects	Quarterly	Corporate Director Resources and Growth	Leader is a member of the LEP Board. Officer representation on all relevant SWLEP groups and sub-groups.		
Ensure a strong partnership with the CCG and mutually beneficial use of funding through the development of the Better Care Fund Plan, financial negotiations, and setting out a framework for a pooled budget further integrated commissioning and development of an accountable care alliance	April 2018	Corporate Director Adult Services	Accountable Care Alliance Board established with Council representation June 2017 Development of joint commissioning business case December 2017		
Work with public sector partners through One Swindon Board to ensure a collaborative and co-ordinated response to issues of common concern.	Ongoing	Director of Performance Organisational Improvement and Comms	Three areas of focus have been agreed: homelessness and rough sleeping, domestic abuse and education, skills and employment.		
Improve productivity across the Council-	March 2020		This will be an intrinsic part of the organisational excellence programme.		
Develop and deliver a leadership programme and wider engagement activity for managers.	Ongoing	Director of HR & OD	The Leadership and Culture Programme contains two leadership programmes aimed at developing key skills, competencies and behaviours of future leaders. The Future Leaders' Programme was launched on May 25 th . Programmes started in Sept 17.		
Develop and implement a recruitment and people strategy	Dec 2018		Strategy delayed to allow sufficient time to understand our learning and development to deliver the Swindon Programme.		
Implement performance management of staff across the council including absence management and the rate of appraisals	Ongoing		Work is in place including new absence management posts. Focus on absence management at EMT and WMT and increased internal comms.		

7. Effective Prevention

Risk - our preventative and early intervention work is not successful in halting the rise in demand resulting in increasing spend on social care leading to challenges in balancing the budget and a potential loss of services which residents value.		Rating before mitigation	High	Rating after mitigation	High
Risk Owner – Corporate Director Adult Services					
Causes of risk					
<ul style="list-style-type: none"> Ageing population Welfare Reform Unhealthy lifestyles Economic downturn 					
Mitigating Actions	Due date	Action owner	Progress		
Implement measures to reduce adult social care costs and demand	Ongoing	Director of Adult Services	Exceptions panels in place Review team in place Consultants' report received. Implementation in Q3/ 4.		
Commission preventative services to reduce future demand	Ongoing	Director of Public Health	Contracts in place include substance misuse, sexual health, health checks and smoking cessation. Substance misuse is currently being re-procured. All contracts monitored to ensure outcomes and KPI's are being achieved.		
Monitor performance of the delivery of the outcomes of the Health and Wellbeing Strategy and implement changes	Jan 2018	Director of Public Health	Annual review of the outcome measures scheduled. Regular monitoring of outcomes in place through multi agency forums. Documents available at http://www.swindonjsna.co.uk/		
Implement a revised model of multi-agency Early Help and intervention that enables all partners to work collaboratively to help children and families at the earliest point to reduce the need for higher level, more costly interventions.	April 2018	Corporate Director-Children's Services	Current model review completed. New model being planned including significant strategic and operational work with partners.		

8. Business Continuity

Risk: our arrangements to be able to continue to deliver essential services if things go wrong including our suppliers fail or don't perform are not sufficiently robust, leading to poor quality delivery of essential services, loss of public confidence and reputational damage		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Resources and Growth					
Causes of risk					
<ul style="list-style-type: none"> Lack of robust and up to date business continuity plans in key service areas Lack of oversight of key suppliers Lack of clear roles and responsibilities for planning and implementation during and after an incident Lack of stability in the care market 					
Mitigating Actions	Due date	Action owner	Progress		
Undertake regular reviews of completion and content of business continuity plans , guides and procedures	Ongoing	Head of Customer and Business Services	External review of Business Continuity and Emergency Planning arrangements completed in September – recommendations now being reviewed. Business Continuity Plans being refreshed in most areas of the business - more work required to pull these together into overarching picture of priority and requirements		
Deliver training /updates on resilience response	Ongoing		Four courses are run per year, 2 tactical and 2 operational		
Practice Council command and control and recovery procedures in line with the Local Resilience Forum and Local Health Resilience plans	Ongoing	Director of Public Health and Head of Customer and Business Services	Exercises in Jan, Feb and July including a large recovery exercise which looked at the recovery from a high rise building fire, a strategic level major incident exercise and a seminar on recovery from a chemical , biological, radiation or nuclear incident.		
Carry out financial health checks on all suppliers to check their likely sustainability	Ongoing	Corporate Director Resources and Growth	Gateway procurements carry out financial checks either as part of the procurement process or through use of approved frameworks		

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Internal Audit report – Performance and Risk Management

Audit Committee

Date: 28th November 2017

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating effectively.
- 1.2 Audit Committee's terms of reference set out that '*Audit Committee should provide to those charged with governance, independent assurance on the adequacy of the risk management framework....*' Internal Audit has completed a review of the Council's performance and risk management framework that provides assurance to Audit Committee regarding the suitability of these arrangements.

2. Recommendations

- 2.1 It is recommended that the contents of the report be noted.

3. Detail

Background

- 3.1 As part of the Council's annual business planning process, all departments are required to set departmental objectives in line with corporate objectives, and to nominate a suite of performance indicators to be produced and reviewed locally to measure progress against these objectives and outcomes.
 - 3.2 Guidance has been provided to departments to help develop the most appropriate set of indicators to measure performance that has the most impact on achievement of corporate objectives. For several years, ongoing performance management arrangements at a directorate or service level have been at the discretion of relevant senior management teams. However, the business planning process for 2017/18 required Heads of Service to put together scorecards containing key performance measures for their service areas. These are presented and discussed at both departmental management teams and monthly at Corporate Management Team meetings.
 - 3.3 Risk management is implicitly linked to performance management, including helping an organisation develop awareness and an understanding of emerging issues. As a result, Internal Audit has reviewed Risk and Performance Management together as one audit.
-

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Internal Audit report – Performance and Risk Management

Audit Committee

Date: 28th November 2017

Key findings

- 3.4 There have been a number of areas of development and improvement in Performance and Risk processes over the last 12 – 18 months. The Council has published its Council Plan and there is now much greater clarity in its priorities and objectives. Each priority has a set of measures by which successful delivery is appraised.
- 3.5 The Corporate Planning Lead has supported service areas to develop business plans and performance measures to support achievement of corporate priorities.
- 3.6 Corporate Management Team (CMT) now regularly receive an integrated Performance and Risk report and there is an increased focus on performance and risk. There is also emerging evidence of performance and risk information starting to be used to influence decision making and contribute to corporate governance and oversight.
- 3.7 A corporate risk register is in place, which is reviewed regularly by the Council's Corporate Management Team. Processes to produce risk registers at a Head of Service level have also been developed and these are updated quarterly. The Corporate Planning Lead uses these updated risk registers, performance information from service areas and the Data Intelligence Team and meetings with Heads of Service to produce the monthly performance and risk scorecards for the Corporate Management Team.
- 3.8 An update of the Corporate Risk register is presented at least annually to Audit Committee and has recently started being presented at Leader's Advisory Group.
- 3.9 An externally facing Swindon Borough Council Performance Dashboard has been implemented, providing data and information to the public, Members and staff, to communicate progress against the Council's Vision, Priorities and Pledges.
- 3.10 Over the past year there have been some good examples of directorates integrating performance and risk reporting (Children and Adults) and also producing scorecards of management information to help manage service delivery and improve efficiency and effectiveness (Streetsmart services).
- 3.11 A performance framework document has been produced, which includes how performance management should integrate with risk in the Council, but it is not easy to locate, for managers to refer to.
- 3.12 Programme and project performance and risk management arrangements for the Council's change programmes are being developed by the Head of Transformation. Outside of the change programmes, performance arrangements for programmes and projects are determined at the discretion of individual management teams.

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Internal Audit report – Performance and Risk Management

Audit Committee

Date: 28th November 2017

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- 3.13 However, there are number of areas where there are still opportunities to develop processes and increase the Council's maturity in relation to performance and risk.
- The regular integrated review of performance and risk at CMT and LAG level is a relatively new practice and is still developing.
 - Below Corporate Management team there has been inconsistent culture and practice in relation to using performance and risk information. In some areas, there has been a very positive culture and routine reporting of performance measures against targets and management information at management meetings, along with discussion and amendment of risk registers. In other areas, performance measures and risk registers have not been reported at directorate management meetings.
 - However, performance culture appears to be improving, as evidenced by the ongoing development of performance and risk scorecards for each of the Council's directorates. Heads of Service and Corporate Management Team will now need to champion performance and risk management at a directorate and service level, to ensure required processes embed in the organisation and the benefit of performance and risk management is delivered.
 - There are no standards or guidance to determine how performance and risk management should be applied to the Council's partnerships and issues have been identified in relation to a lack of transparent reporting, or lack of KPIs to govern these.
- 3.14 The report was finalised earlier this month and is attached as Appendix 1. The Corporate Planning Lead will be at Audit Committee to answer any questions that Members may have.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report however the detailed audit report addresses the suitability of internal controls within the systems examined

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of

Internal Audit report – Performance and Risk Management

Audit Committee

Date: 28th November 2017

Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

5.4 Effective systems of internal control within the Council will help to ensure that the Council's corporate objectives and those set out in One Swindon are achieved.

Diversity Impact Assessment

5.5 Not Applicable

Risk Management

5.6 Not applicable

6. Consultees

6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

6.2 Officers detailed in Appendix 1 were consulted on the Internal Audit report.

7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1 – Internal Audit report: *Performance Framework and Risk Management*

**Performance
and Risk Management**
November 2017
Final

Swindon Internal Audit Services: Performance and Risk Management

Contents and Distribution

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Report Distribution – Final Report issued on 9th November 2017 to:

John Gilbert	Chief Executive
Susie Kemp	Corporate Director: Resources and Growth
Sam Mowbray	Director: Organisational Excellence, Performance and Communications
Carmel Burton	Corporate Planning Lead
Karen McMahon	Head of Customer and Business Services
Mick Bowden	Director of Finance
Kim Chequer	Head of Corporate Finance
Rob Brown	Head of Corporate Programmes and Innovation
Sonia Grewal	Director: Human Resources and Organisational Development

Auditor:

Simon Phillips	Principal Auditor
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Swindon Internal Audit Services: Performance and Risk Management

Executive Summary

Background and Context

The Director of Organisational Excellence, Performance and Communications is responsible for developing the corporate performance and risk management frameworks within the Council. The Corporate Planning Lead has integrated the reporting of performance and risk to develop insight into emerging issues. Quarterly summary performance and risk reports are produced for Corporate Management team and Members

As part of the Council's annual business planning process, all departments are required to set departmental objectives in line with corporate objectives, and to nominate a suite of performance indicators to be produced and reviewed locally to measure progress against these objectives and outcomes. Guidance has been provided to departments to help develop the most appropriate set of indicators to measure performance that has the most impact on achievement of corporate objectives. For several years, ongoing performance management arrangements at a directorate or service level have been at the discretion of relevant senior management teams. However, the business planning process for 2017/18 was underway at the start of this review and by the close of the review, Heads of Service have now put together scorecards containing key performance measures for their service areas. These will be presented and discussed at both departmental management teams and quarterly at Corporate Management Team meetings.

Risk management is implicitly linked to performance management, including helping an organisation develop awareness and an understanding of emerging issues. As a result, Risk and Performance Management has been reviewed together.

Audit Opinion

The impact and materiality of Performance and Risk Management is considered **high** and combined with the Auditor's opinion that **satisfactory** arrangements are in place, gives an overall risk assessment to the Council of '**moderate**'. This is due to the considerable amount of work undertaken by People, Performance and Engagement staff and service managers to put performance scorecards in place for the organisation. Heads of Service and Corporate Management Team will now need to champion performance and risk management at a directorate and service level, to ensure required processes embed in the organisation and the benefit of performance and risk management is delivered.

Key Messages

There have been a number of areas of development and improvement in Performance and Risk processes over the last 12 – 18 months. The Council has published its corporate plan and there is now much greater clarity in its priorities and objectives. Each priority has a set of measures by which successful delivery is appraised.

Swindon Internal Audit Services: Performance and Risk Management

The Corporate Planning Lead has supported service areas to develop business plans and performance measures to support achievement of corporate priorities.

Corporate Management Team (CMT) now regularly receive an integrated Performance and Risk report. There is an increased focus at CMT on performance and risk. There is also emerging evidence of performance and risk information starting to be used to influence decision making and contribute to corporate governance and oversight. "Corporate health" indicators are also in place. Members are starting to receive the Corporate Risk register at Leader's Advisory Group (LAG) and a successful session has been held between CMT and LAG to provide a status update and agree areas of focus for the Council's priorities and pledges.

A corporate risk register is in place, which is reviewed regularly by the Council's Corporate Management Team. Processes to produce risk registers at a Head of Service level have also been developed and these are updated quarterly. The Corporate Planning Lead uses these updated risk registers, performance information from service areas and the Data Intelligence Team and meetings with Heads of Service to produce the quarterly performance and risk reports for the Corporate Management Team. An update of the Corporate Risk register is presented at least annually to Audit Committee and has recently started being presented at Leader's Advisory Group.

An externally facing Swindon Borough Council Performance Dashboard has been implemented, providing data and information to the public, Members and staff, to communicate progress against the Council's Vision, Priorities and Pledges.

Over the past year there have been some good examples of directorates integrating performance and risk reporting (Children and Adults) and also producing scorecards of management information to help manage service delivery and improve efficiency and effectiveness (Streetsmart services). The business planning process for 2017/18 has required scorecards to be developed by all Heads of Service, to ensure key performance measures for service areas are captured and reviewed. The process to produce these scorecards was being carried out while the audit was being undertaken, but scorecards of measures are now in place for the majority of areas required and have been used successfully at Corporate Management Team to inform discussions on financial sustainability.

A performance framework document has been produced, which includes how performance management should integrate with risk in the Council, but it is not easy to locate, for managers to refer to.

Programme and project performance and risk management arrangements for the Council's change programmes are being developed by the Head of Transformation. Outside of the change programmes, performance arrangements for programmes and projects are determined at the discretion of individual management teams.

However, there are number of areas where there are still opportunities to develop processes and increase the Council's maturity in relation to performance and risk.

The regular integrated review of performance and risk at CMT and LAG level is a relatively new practice and is still developing.

Swindon Internal Audit Services: Performance and Risk Management

Below Corporate Management team there has been inconsistent culture and practice in relation to using performance and risk information. In some areas, there has been a very positive culture and routine reporting of performance measures against targets and management information at management meetings, along with discussion and amendment of risk registers. In other areas, performance measures and risk registers have not been reported at directorate management meetings. There are a number of reasons for this, including the need to define the performance and risk information needed to be reported at some management teams and the need to develop processes to support this. There has been variable practice across service areas and teams in relation to business plans, performance indicators and risk registers. In some cases performance indicators listed in business plans for 2016/17 have not shown sufficient alignment to business plan objectives and corporate plan objectives.

However, performance culture appears to be improving, as evidenced by the ongoing development of performance scorecards for each of the Council's directorates. Heads of Service and Corporate Management Team will now need to champion performance and risk management at a directorate and service level, to ensure required processes embed in the organisation and the benefit of performance and risk management is delivered.

There are no standards or guidance to determine how performance and risk management should be applied to the Council's partnerships and issues have been identified in relation to a lack of transparent reporting, or lack of KPIs to govern these.

Savings/increased revenue opportunities

The following areas have been identified as opportunities for savings or increased revenue:

- If the Council brings provision of the externally facing performance dashboard in house, savings of up to £24,000 per annum could be delivered, dependant on any costs incurred in developing a replacement site.

Swindon Internal Audit Services: Performance and Risk Management

Risk Areas Examined and Findings

In accordance with best practice, a risk-based approach was adopted that identified the key risks to the business objectives and those mitigating actions/controls that should be in place. The auditor then assessed the effectiveness of the mitigating controls through examination of relevant documents, procedures and detailed testing.

The key risks to the achievement of the business objectives were discussed and agreed with the Director: Organisational Excellence, Performance and Communications and, the Corporate Planning Lead before the commencement of the audit. The table below summarises the Risk Areas examined during the review and provides an assessment of the adequacy of controls in place for each area of risk examined:

<i>Risk Area Examined and Findings</i>	<i>Audit Conclusion</i>
<p>Risk: Performance and Risk Framework</p> <ul style="list-style-type: none"> There is inconsistent practice across the Authority in relation to performance and risk management. The Council has a Performance framework that identifies the relationship between performance and risk management. However, this is very difficult to locate and it is not clear officers are aware of its existence. It will need to be reviewed to record the emerging practices in relation to Member involvement in the risk management process. The Council's intranet does include a page on managing risk. There is also guidance in relation to risk assessment of business plans as part of the business planning guidance. Although this includes useful guidance in relation to how to identify, appraise and record risks, it refers to structures and practices that are no longer in place, e.g. quarterly pillar risk management reviews. This guidance also does not cover arrangements for programmes, projects and partnership risk arrangements. There is no guidance on the Council's intranet in relation to performance management processes that should be in place below a review of performance at Corporate Management Team level. However, there is guidance on selecting performance measures included as part of the business planning section. Information regarding updated performance and risk process has been shared verbally with managers. This now needs to be documented and published, for further visibility. 	Satisfactory
<p>Risk: Governance</p> <ul style="list-style-type: none"> Since the 2015/16 Internal Audit reviews of Performance and Risk Management progress has been made in a number of areas relating to performance and risk. The Council is at an early stage of re-designing and developing arrangements for performance and risk. In terms of improvements the Council has published its corporate plan since the previous Internal Audit reviews and there is much greater clarity on its priorities and objectives. Each priority has a set of measures by which successful delivery is appraised. 	Significant improvements required

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- An internally and externally facing dashboard has been implemented which updates the status of these measures and provides commentary on performance. For the first time, this information is available to all Council staff, Members, the public and other stakeholders and significant work goes into its production to ensure an up to date report of the status of the promises is communicated through the dashboard.
- There is an increased focus at CMT on performance and risk. CMT members value the integrated performance and risk reports pulled together by the Corporate Planning Lead and there is evidence of performance and risk information starting to be used to influence decision making and contribute corporate governance and oversight.
- Corporate health indicators are also being presented at this level.
- There have also been some good examples of directorates integrating performance and risk reporting in 2016/17 (Children and Adults) and producing a dashboard/scorecard of management information to help manage service delivery and improve efficiency and effectiveness (e.g. Streetsmart services). At the start of the audit, performance scorecards for all Council directorates were being produced, with requirements for Directors to present these at Corporate Management Team and also at a directorate level in 2017/18.
- Programme and project performance and risk management arrangements for change programmes are being developed by the Head of Transformation and proposed processes address a number of Internal Audit recommendations previously made in these areas. However, there are number of areas where there are still opportunities to develop processes and increase maturity in relation to performance and risk:
 - The integrated scrutiny of performance and risk at CMT level is relatively new and is still developing. All CMT members felt that the use of information and the maturity of discussion in relation to it could improve. Specifically, officers felt that a collective understanding of the corporate significance of risks and the corporate impact of other member's risks was not always in place. Opinions were given that increasing conversations around risk were welcomed, but not always very refined, for example it was felt that a collective understanding of the corporate significance of risks and the significance and corporate impact of other member's risks was not always evident that the detail in discussion was sometimes not in place.
 - At a Member level, CMT felt that there has been limited collective ownership and consideration of organisational performance and risks at this level, although portfolio holders are very aware of performance and risk within their respective areas. A key step forward in this area is the recent presentation of the Corporate Risk Register to LAG. Recent sessions between LAG and CMT have also now been held where progress against pledges have been discussed and prioritised deliverables by May 2018 have been identified.
 - Below Corporate Management Team, there has been inconsistent culture and practice in relation to using performance and risk information in 2016/17. Some senior management teams in departments have used and reviewed regular and detailed performance and risk reports, and ask performance teams for ad-hoc information on specific subjects to gain insight into areas of review. There is evidence in some areas of joined up consideration of performance and risk and a sustained focus on areas requiring improvement (Children and Adults).

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- Other management teams have not used and reviewed regular performance and risk information routinely or to this level (e.g. Communities and Housing, Economy, Growth and Skills and Resources), although there are examples of these areas using data and evidence to produce strategy (e.g. the current draft economic strategy).
- There is variable practice in service areas and teams in relation to the use of performance and management information to direct and control services and for continuous service improvement. Some teams have well defined performance measures in business plans and reporting is escalated up to senior management teams of relevant issues. In others, performance information does not exist, or measures and reporting requires development to truly identify and present key issues for management attention. However, with the production of performance scorecards for 2017/18, performance culture appears to be improving. Heads of Service and Corporate Management Team will now need to champion performance and risk management at a directorate and service level, to ensure required processes embed in the organisation and the benefit of performance and risk management is delivered.
- The requirement to use the new programme and project performance and risk methodology that is being developed by the Head of Transformation will not apply to the programmes and projects that are not part of the change programmes. It would be beneficial for the Head of Transformation and Corporate Planning Lead to ensure that change programme, project performance and risk reporting are aligned to corporate performance, risk approaches and reporting cycles.
- Reporting and management arrangements for these programmes and projects will be at the discretion of the Council's departmental management teams, who currently demonstrate variable approaches to performance and risk management.
- There are no standards or guidance to determine how performance and risk management should be applied to the Council's partnerships. Previous Internal Audit reviews have determined that a variable approach has been taken, that has not given sufficient insight into organisations that the Council provides with significant funding, to deliver mission critical services. Although the number of significant partnerships and arms-length companies has reduced since these earlier reviews were undertaken, these issues have been evident in current partnerships, for example Forward Swindon Limited.

Risk: Performance Management

- A number of performance indicators in business plans have not shown sufficient alignment to business plan objectives and corporate plan objectives in 2016/17.
- In a number of cases indicators and targets were not SMART and did not focus on outcomes. PI's did not measure key aspects of performance of services in some cases reviewed or did not exist in other areas. For some departments, performance information has not been in place for some time (e.g. a number of service areas within Resources).
- By the end of the audit, the Council has now produced performance scorecards for 2017/18. Work will now be

Satisfactory

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<p>required to ensure performance and risk management is embedded at all levels of the Council and that measures and reporting are used appropriately to support service and pledge/promise delivery.</p> <ul style="list-style-type: none"> • Although there was a significant improvement in full appraisals carried out by the Council (more than 70%), mid-year reviews only demonstrated just over 40% compliance. • Setting individual objectives and review of values and behaviours is a key part of the Council's performance management process. Without a robust appraisal process in place, a key element of the performance management process is missing. • There are also some good examples of involving service users in performance management, however the Council's approach to this is not co-ordinated and this practice is not in place across all service areas. • There is still a lack of a defined corporate benefits realisation management methodology, leading to inconsistent or no application of these techniques to programmes and projects. 	
<p>Risk: Risk Management</p> <ul style="list-style-type: none"> • A Corporate Risk Register is in place and the register is now supported by a suite of risk registers at a Heads of Service level. • It is not clear that all significant legal and compliance risks are being captured on departmental risk registers. For example, meeting the updated General Data Protection Regulations requirements will be challenging and require significant joined up working and resource to implement. Penalties for non-compliance will be severe and increased enforcement is expected. GDPR is not on the Legal or ICT risk registers. • There is not a report to Corporate Management Team during the year on the effectiveness of risk management arrangements. However, the Head of Internal Audit is required to include an opinion on an annual basis, which is reported to Audit Committee. • A review of reports to Cabinet on key decisions identified that risk sections often lack detail. • Corporate Directors interviewed felt that reports to Members did not always spell out risks and potential consequences of proposals clearly enough. This is becoming increasingly relevant as a number of decisions require the Council to deliver services with reducing resources and this will have an impact on the ability to deliver services to the same level. 	<p>Satisfactory</p>

Swindon Internal Audit Services: Performance and Risk Management

Overall Opinion

Materiality and Impact: High. The performance and risk management process is fundamental to ensuring successful delivery of the Council's priorities and services, funded by a £136m per annum budget. Materiality is therefore high. Without effective risk and performance management processes, the Council is unlikely to successfully deliver its priorities and pledges and improve service delivery. Impact is therefore high.

Opinion on system controls: Satisfactory (see Appendix A) i.e. the auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.

Overall Assessment of Risk: the auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Moderate	Minimal	Minimal
2	Satisfactory	Moderate	Moderate	Minimal
3	Significant improvements required	Of concern	Moderate	Moderate
4	Fundamental weaknesses identified	Significant	Of concern	Moderate

Swindon Internal Audit Services: Performance and Risk Management

Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Performance and Risk Management, together with the recommendations to mitigate risks, the manager's response to the recommendations, along with the officer responsible and timescale for implementation. In order for you to identify the most significant matters arising, which affect the reliance that can be placed on the controls reviewed, the recommendations have been prioritised.

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
1	<i>Risk: Performance and Risk Framework</i>			
1.1	<p>The Council has a Performance Framework in place that identifies the relationship between performance and risk management. However, this is very difficult for officers to locate and it is not clear officers are aware of its existence. The framework will need to be reviewed to reflect organisational changes and also to record the emerging practices in relation to Member involvement in the risk management process. There is no guidance on the Council's intranet in relation to performance management although there is guidance on selecting performance measures included as part of the business planning section.</p> <p>There is a section on managing risk on the intranet. Although this includes useful guidance in relation to how to identify, appraise and record risks, it refers to structures and practices that are no longer in place, e.g. quarterly pillar level risk management reviews.</p> <p>There is also guidance in relation to risk assessment of business plans as part of the business planning guidance.</p>	<p>The performance framework should be reviewed to ensure that it reflects changes to the structure of the organisation and also the Member responsibilities and practices that are starting to be put in place.</p> <p>The framework should incorporate the business planning cycle and how performance and risk should be delivered when working in partnership.</p> <p>It should also identify requirements for programme and project management in relation to performance and risk, as well as Council partnerships. The framework should also link to any future guidance produced in relation to benefits management.</p> <p>Priority: Medium</p>	<p>Corporate Planning Lead December 2017</p> <p>Corporate Planning Lead March 2018</p>	Agreed. However, the work relating to partnerships will take longer to develop.

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>Risk: Governance</i>			
2.1	<p>Performance and Risk related information is now presented regularly (quarterly) at Corporate Management Team.</p> <p>Corporate Management Team members spoken to during the audit review valued the information presented and found it a useful view on corporate priorities and key risks.</p> <p>There is evidence of performance information being used at this level to identify risks to corporate objectives, with Corporate Management Team commissioning further research for in depth analysis at a future session to identify appropriate actions to mitigate risks (e.g. Housing Growth Targets).</p> <p>However, the scrutiny of performance and risk at this level is relatively new and is still developing.</p> <p>All CMT members felt that the use of information and the maturity of discussion in relation to it could improve. Specifically, it was felt that a collective understanding of the corporate significance of risks and the significance and corporate impact of other member's risks was not always evident. There was still a sense that conversations around risk were not very refined and the detail in relation to the discussion was sometimes missing.</p> <p>More collective ownership of organisational performance and risk was stated as necessary by those interviewed.</p>	<p>Roles and responsibilities of Corporate Management Team should be incorporated into the Performance and Risk Framework.</p> <p>Corporate Management Team should continue to develop the discussion of performance and risk during the quarterly performance and risk sessions.</p> <p>Alongside collective consideration of corporate performance and risks, Corporate Management Team should develop other board related practices and roles, including oversight of compliance with required processes within departments and ensuring that the progress of mitigating actions are reviewed and challenged for effectiveness.</p> <p>The support for the performance and risk management process at CMT level should be cascaded to departmental management teams, to ensure consistent, robust processes for performance and risk are in place below board level.</p> <p>Priority: Medium</p>	<p>Corporate Planning Lead in conjunction with Corporate Management Team</p> <p>March 2018</p>	<p>Agreed. The Corporate Planning Lead Team will put together a session for Corporate Management Team to progress this.</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>Risk: Governance</i>			
2.2	<p>The performance dashboard is available to Members. CMT Directors have stated that individual portfolio holders are very aware of performance and risk in their own areas, reinforced through regular 1:1 sessions.</p> <p>However, CMT officers has stated that in their opinion there has been limited collective ownership and consideration of organisational performance and risks at this level. LAG does not receive performance and risk reports on corporate programmes or projects, but a recent session has been held to review progress on priorities and pledges and identify priorities for delivery.</p> <p>The Corporate Risk Register has also just been presented to LAG for the first time.</p>	<p>Roles and responsibilities of Cabinet and the Leaders Advisory Group should be incorporated into the Performance and Risk Framework.</p> <p>Regular sessions on performance and risk with Cabinet or the Leader's Advisory Group, including reporting on the Council's portfolio of programmes and projects should take place.</p> <p>LAG and Cabinet should challenge the Corporate Management Team in relation to corporate risks and performance and provide appropriate oversight that performance and risk is being adequately managed.</p> <p>Priority: Medium</p>	<p>Corporate Planning Lead in conjunction with Corporate Management Team</p> <p>March 2018</p>	<p>Agreed. The Corporate Planning Lead Team will put together a session for Corporate Management Team to progress this.</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>Risk: Governance</i>			
2.3	<p>Below Corporate Management team, there has been inconsistent culture and practice in relation to using performance and risk information. Some senior management teams in departments have received regular and detailed performance and risk reports, and ask performance teams for ad-hoc information on specific subjects to gain insight into areas of review. There has been evidence in some areas of joined up consideration of performance and risk and sustained focus on areas requiring improvement (Children and Adults).</p> <p>However, in other management teams performance information and risk registers have not been tabled for discussion regularly, or at all in some cases, while performance measures that are most useful and/or the format of their presentation have been reviewed. Instead approaches have been taken where updates have been given on specific items, or managers have been asked to raise their key concerns with delivery for discussion. The business planning process for 2017/18 has required scorecards to be developed by all Heads of Service, to ensure key performance measures for service areas are captured and reviewed. The process to produce these scorecards was being carried out while the audit was being undertaken, but it is understood that scorecards of measures are now in place for the majority of areas required. Therefore, progress has been made in developing a performance and risk management culture in the Council, but this remains at an early stage in some areas and will require support to develop.</p>	<p>There should be commitment from Corporate and wider management teams to ensure consistent practice is put in place in management teams and departments relating to performance and risk.</p> <p>Performance and risk should be considered and used at all appropriate levels of the organisation and the Council's senior management cohort should work to embed a culture that embraces performance and risk as tools of organisational control and improvement.</p> <p>Priority: High</p>	<p>Corporate Planning Lead in conjunction with Corporate Management Team</p> <p>March 2018</p>	<p>Agreed. The Corporate Planning Lead Team will put together a session for Corporate Management Team to progress this.</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>Risk: Governance</i>			
2.4	<p>The Head of Transformation has produced an overall methodology for programme and project management to apply to the Swindon Programme. This includes processes that are in line with Managing Successful Programmes (MSP) and Prince 2 good practice and will include arrangements for status reporting.</p> <p>However, it is understood that the requirement to use this methodology will not be mandatory for the programmes and projects that are not part of the Swindon Programme.</p> <p>Reporting and management arrangements for these programmes and projects will be at the discretion of the Council's departmental management teams, who currently demonstrate variable practice in relation to performance and risk.</p> <p>There will need to be joining up of risk management processes across programmes and projects to ensure they are compliant and aligned with corporate processes.</p> <p>In addition, the recent consultancy work undertaken by EY has identified that the transformation programme is disconnected from the stated corporate priorities, which are subject to corporate monitoring and review.</p>	<p>The Council should apply the standard programme and project management approach to Council programmes and projects of sufficient size and complexity. The approach for programme and project risk management should align to the Council's corporate processes for risk, including to the reporting cycle.</p> <p>The Council should introduce a portfolio style approach to managing all its programmes and projects to ensure that limited resources are applied to programmes and projects effectively.</p> <p>It should also ensure that status of the programme and project portfolio is reported corporately, so there can be effective senior management and Member oversight of the Council's programmes and projects and how resources are allocated.</p> <p>Transformation programme and corporate plan outcomes should be aligned. Appropriate objectives, outcomes and performance measures should be cascaded through the organisation to help deliver these.</p> <p>Priority: High</p>	<p>Head of Corporate Programmes and Innovation March 2018</p>	<p>Agreed - Governance is in place to oversee all elements of the programme. Swindon Programme Board will sit within CMT on a monthly basis. Benefits realisation management explicitly built into governance process-being developed further to provide robust governance of the Swindon Programme.</p> <p>Programme principles have been designed and agreed with CMT following initial design work undertaken in partnership with EY.</p> <p>Structural principles of PMO have been agreed with CMT and financial resources are currently sufficient to deliver however some key recruitments are needed. Programme design and principles agreed by CMT with follow up engagement with EMT. Full corporate staff engagement has been delivered through a series of briefings sessions and further communications activity will continue during the programme period.</p> <p>The Swindon Programme is being put in place. Priority</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
				<p>areas particularly where there are performance challenges will be robustly supported. These areas will be prioritised as a part of the mobilisation process within the programme.</p> <p>Work to align the programme and delivery of the Council's pledges and priorities will be driven through the 2018/19 business planning process.</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>Risk: Governance</i>			
2.5	<p>There are no standards or guidance to determine how performance and risk management should be applied to the Council's partnerships. Previous Internal Audit reviews have determined that a variable approach has been taken, that has not given sufficient insight into organisations that the Council provides with significant funding, to deliver mission critical services.</p> <p>Officers spoken with during this review highlighted the following as an example of difficulties in partnership risk management, in relation to Forward Swindon Limited:</p> <ul style="list-style-type: none"> • High-level progress reports with a lack of detail on status of delivery. • A lack of agreed milestones to appraise delivery against. • Redefinition of projects, with pledges incorporated into larger projects making visibility of status difficult to determine. • A lack of meaningful risk and issue reporting. <p>It is understood that performance reporting from Forward Swindon has improved since completion of the audit review, but there remains a lack of guidance and standards in relation to partnership management, for both wholly owned subsidiaries and completely external bodies.</p>	<p>The Performance and Risk Framework should include a section on the standards and processes expected for performance and risk management for Council partnerships.</p> <p>Contractual agreements with partners should ensure that this methodology must be applied and reporting should feed into the Council's overall performance and risk management process.</p> <p>Priority: Medium</p>	<p>Corporate Planning Lead</p> <p>March 2018</p>	<p>Agreed. However this would have to fit in with already agreed governance structures which will need careful consideration and a realistic timescale to reflect this.</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
3	<i>Risk: Performance Management</i>			
3.1	<p>In line with findings of the recent Internal Audit review of Corporate Reporting, the Council has a number of opportunities to enhance its capability to analyse data and present information to stakeholders.</p> <p>The Council is at the very early stages of putting together scorecards for performance, to bring together the key information that a manager needs to monitor and deliver their service.</p> <p>The corporate dashboard that is used to report on the Council's priorities has improved visibility of the status of the Council's corporate objectives. However, this provision (through Socrata) costs approximately £24,000 a year and it is not clear that a similar facility cannot be provided in-house, for less that delivers the same functionality. However, when the Council's data maturity develops further, this type of solution for opening up information to external parties may prove beneficial.</p>	<p>A corporately sponsored project to roll-out management information scorecards to officers and Members should be considered.</p> <p>Resources for development should be co-ordinated and targeted to the areas of most benefit and an agile, iterative approach should be taken to ensure development meets stakeholder needs.</p> <p>The Council should review the benefits delivered from the Socrata solution, the costs incurred and determine whether the Council is currently capable of using Socrata to its full potential.</p> <p>Priority: Medium</p>	<p>Corporate Planning Lead in conjunction with Heads of Service</p> <p>March 2018</p>	Agreed, in progress.
3.2	<p>Although there was a significant improvement in full appraisals carried out by the Council (more than 70%), mid-year reviews only demonstrated just over 40% compliance.</p> <p>Setting individual objectives and review of values and behaviours is a key part of the Council's performance management process. Without the appraisal process in place, a key element of the performance management process is not in place.</p>	<p>The Council should continue to attempt to embed the appraisal process. Appraisals should be carried out regularly for all staff, in a meaningful way and focus on values and behaviours as much as more tangible work-based goals.</p> <p>The Council should ensure there is sufficient follow-up on appraisals and objectives set as part of business as usual management activities, for example through regular discussions at staff 1:1s.</p> <p>Priority: High</p>	<p>Director: Organisational Excellence, Performance and Communications</p> <p>March 2018</p>	Agreed - Action will belong to Director of HR &OD in the future.

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
3	<i>Risk: Performance Management</i>			
3.3	<p>Work has been carried out by the Head of Transformation to put develop processes and documentation for benefits realisation management to support the Swindon Programme.</p> <p>However, for programmes and projects that sit outside of the Swindon Programme, there is still not a defined corporate benefits realisation management methodology, leading to no (or an inconsistent) application of these techniques to other programmes and projects.</p>	<p>The Council should continue to develop a The Council should continue to develop a consistent corporate benefits realisation management process for the Council, including programmes and projects that sit outside of the Swindon Programme.</p> <p>Priority: High</p>	<p>Head of Corporate Programmes and Innovation March 2018</p>	<p>Agreed - A Benefits Realisation Manager will be employed as part of the Programme Management Office to develop and implement a benefits realisation framework and to oversee delivery of the benefits associated with the programme.</p>
4	<i>Risk: Risk Management</i>			
4.1	<p>CMT members interviewed felt that reports to Cabinet do not always identify risks and potential consequences of proposals being made clearly and transparently enough.</p> <p>A review of a sample of Cabinet reports confirmed this was the case, with a number of general statements made that any risks arising would be managed during the implementation phase of any proposals.</p> <p>This issues is becoming increasing important as a number of decisions require the Council to deliver services with reducing resources and this will have an impact on the ability to deliver services to the same level.</p>	<p>All key decisions submitted to Cabinet should be supported by a full risk assessment, using the Council's agreed methodology.</p> <p>The risks and impacts of the decision should be clearly identified, as well as the benefits and opportunities.</p> <p>Priority: High</p>	<p>Corporate Planning Lead in conjunction with Heads of Service March 2018</p>	<p>Agreed.</p>

Swindon Internal Audit Services: Performance and Risk Management

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
4	<i>Risk: Risk Management</i>			
4.2	<p>Since the 2015/16 internal audit review, a number of risk management processes have been developed. The Corporate risk register has been greatly improved and is presented and discussed regularly at Corporate Management Team. It is understood that further improvements are also planned.</p> <p>There are also now risk registers produced at a heads of service level and these are updated and sent to the Corporate Planning Lead quarterly, to feed into quarterly corporate reporting. Programme and project risk management arrangements are being addressed by the Head of Transformation, with recommendations made in AP2.4.</p> <p>However, a number of recommendations made have not been completely addressed. Some legal and compliance risks have not been captured on risk registers. In particular, meeting the updated General Data Protection Regulations requirements will be challenging and require significant joined up working and resource to implement. Penalties for non-compliance will be severe and increased enforcement is expected. GDPR is not on the Legal or ICT risk registers. However, other legal and compliance risks are captured on the Director of Law and Democratic Services risk register.</p> <p>There is not a report to Corporate Management Team during the year on the effectiveness of risk management arrangements, but ongoing discussions are held with CMT on areas for development of processes. Significant findings from the annual Risk Management Internal Audit are presented at the Council's Audit Committee.</p>	<p>Each service area should ensure that their Business Plan includes and details any statutory, or compliance roles and responsibilities which they have.</p> <p>Any emerging compliance risks or issues raised should be captured in the relevant risk register(s) and where necessary escalated to the directorate or Corporate risk registers.</p> <p>The Corporate Planning Lead should evaluate providing an annual or half yearly assurance to the Corporate Management Team on the effectiveness of risk management arrangements including the management of significant risks.</p> <p>Priority: Medium</p>	<p>Corporate Planning Lead in conjunction with Heads of Service</p> <p>March 2018</p>	<p>Agreed, but this would benefit from being reviewed alongside business continuity requirements and arrangements.</p>

Swindon Internal Audit Services: Performance and Risk Management

APPENDIX A

Standard Audit Opinions	Standard Audit Opinion System Control
<p>The audit opinion is based on two different criteria the first is materiality of the system and its impact on the Council if there was a system failure. This has been split into High, Medium or Low.</p> <p>The second criteria is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and fundamental weaknesses identified. Each of these categories has a standard opinion (see below).</p> <p>The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see Overall Opinion section in the main report).</p>	<p>Audit Opinion 1. High standard</p> <p>The auditor completing the review concluded the significant controls are in place and operating effectively and only minor recommendations have been made</p>
	<p>Audit Opinion 2. Satisfactory standard</p> <p><i>The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.</i></p>
	<p>Audit Opinion 3. Significant improvements required</p> <p>The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.</p>
	<p>Audit Opinion 4. Fundamental weaknesses identified</p> <p>The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.</p>

Swindon Internal Audit Services: Performance and Risk Management

APPENDIX B

Acknowledgements

Internal Audit would like to acknowledge and thank the following Officers who contributed to the review:

Name	Job Title
Carmel Burton	Corporate Planning Lead
Karen McMahon	Head of Customer and Business Services
Jo Ash	Performance and Systems Lead
Stephen Maskell	Information Governance Manager
Debbie Clutton	Adults Performance Manager
Carole Yeo	Performance Analyst
Ceri Stephens	Performance Officer
Sam Mowbray	Director: Organisational Excellence, Performance and Communications
Cara Jones	Business Intelligence and Systems Lead
Piers Harold	Management Information Systems Manager
Sheila Melrose	Oracle Team Leader
Angela Plummer	Head of Adult Services
Susie Kemp	Corporate Director: Resources and Growth
Karen Reeve	Former Corporate Director: Children's Services
Jan Willis	Former Interim Resources Manager
Bernie Brannan	Corporate Director: Communities and Housing
Andy Evans	Former Corporate Director: Economy, Regeneration and Skills
Leon Barrett	Head of Streetsmart
Rob Brown	Head of Transformation

The Annual Audit Letter for Swindon Borough Council

Year ended 31 March 2017

Agenda Item 8
28 October 2017

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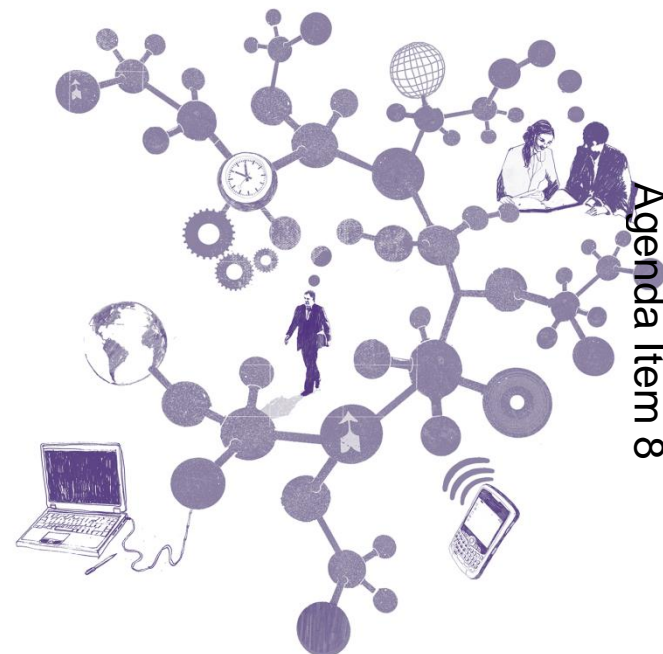
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Agenda Item 8

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A Reports issued and fees

Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Swindon Borough Council (the Council) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit Committee (as those charged with governance) in our Audit Findings Report on 13 September 2017.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 20 September 2017.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017. We reflected this in our audit opinion on 20 September 2017.

Whole of government accounts

We completed work on the Council's consolidation return following guidance issued by the NAO and issued an unqualified report on 20 September 2017.

Certificate

We certified that we had completed the audit of the accounts of Swindon Borough Council in accordance with the requirements of the Code on 20 September 2017.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2017. We will report the results of this work to the Audit Committee in our Annual Certification Letter.

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Working with the Council

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2017

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £9.5 million, which is 1.9% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for senior officer remuneration and auditor remuneration of £20,000.

We set a lower threshold of £480,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the Director of Finance are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Table 1: Accounting risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment (PPE)</p> <p>The Council re-values its assets on a rolling basis over a five year period. (Although larger assets are valued more regularly). The Accounts Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<p>We have</p> <ul style="list-style-type: none"> walked through the PPE valuation process reviewed the competence, expertise and objectivity of management experts used discussed with the Valuer the basis on which the valuation is carried out and considered and where necessary challenged the key assumptions tested revaluations made during the year to ensure they are input correctly into the Council's asset register reviewed and challenged the information used by the Valuer to ensure it is robust and consistent with our understanding evaluated 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 review of accounting estimates, judgements and decisions made by the Valuer considered unusual significant transactions. 	<p>The Valuer has valued £719m of assets which is approximately 62% of the total. The valuations were done as at 1 April and the Valuer provided a further estimate (£22.6 m) of the overall increase in value to the balance sheet date of 31 March 2017.</p> <p>The Valuer considered also the assets not valued during the year and provided an estimate of the increase needed to uplift these values to the 31 March 2016 (£10.3m).</p> <p>Overall, from our testing of the valuations to 31 March 2017, which we did by comparing to national indices and referring to independent reports prepared on movements nationally in property values, we found the estimated values were materially correct.</p>

Audit of the accounts

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represents a significant estimate in the financial statements and was assessed as a risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation to gain an understanding of the basis on which the valuation is carried out undertaken procedures to confirm the reasonableness of the actuarial assumptions made reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary. <p>We obtained further direct assurances from the Actuary in respect of the present value of funded liabilities.</p>	<p>We had no matters to report.</p>
<p>Changes to the presentation of local authority financial statements</p> <p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p> <p>Compliance with the new requirements was assessed as a risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) prior year comparatives to ensure that they are in line with the Authority's internal reporting structure. reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice. 	<p>The notes to the draft 2016/17 accounts did not originally provide sufficient detail to trace amounts disclosed in last year's accounts to the 2015/16 prior period comparatives in the 2016/17 accounts.</p> <p>Additional information was added the accounts before finalising them.</p>

Audit of the accounts

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Employee remuneration</p> <p>Payroll expenditure represents a significant percentage of the Council's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <p>Employee remuneration accruals understated (Remuneration expenses not correct)</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> completed a walkthrough of system and associated controls tested employee remuneration expenses Undertaken a trend analysis of payroll expenditure by month to identify any significant variances reviewed post year end payments to ensure all expenditure is included reviewed the reconciliation of gross payroll to the ledger to ensure completeness. 	<p>We completed our testing and identified no significant matters to report.</p>
<p>Operating expenses</p> <p>Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs.</p> <p>We identified the completeness of non- pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> Creditors understated or not recorded in the correct period (Operating expenses understated) 	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> completed walkthrough of system and associated controls tested operating expenses reviewed unrecorded liabilities and post year end payments to ensure all liabilities were identified reviewed accruals determined whether liabilities have been recorded in the correct period. 	<p>We completed our work and identified no significant matters to report in relation to the risk of creditors being understated or not recorded in the correct period.</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 20 September 2017, in advance of the 30 September 2017 national deadline.

The Council made the accounts available for audit in line with the agreed timetable. The finance team responded promptly to our queries during the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of the Council to the Council's Audit Committee on 13 September 2017. We have identified no adjustments affecting the Group and Council's overall reported financial position. Recorded net expenditure of £494.494m remained unchanged following our audit.

In addition to the key audit risks reported above, we reported two other issues noted below:

- The creditors balance was amended by £7.2m to exclude amounts that were timing differences rather than actual creditors, with a corresponding adjustment to cash, this was a presentational change to the accounts.
- The Council needs to continue to review its accounts processes and supporting documentation to enable it to meet the requirement to have its accounts audited and opinion issued by the earlier deadline next year of July 31st, as set out by the Government.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's consolidation schedule in line with instructions provided by the NAO. We issued a group assurance certificate which did not identify any issues for the group auditor to consider on 20 September 2017.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the 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.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work. These comprised:

- The Council is under pressure to develop savings plans. There was a risk that arrangements in 2016/17 for developing savings plans would not be sufficient resulting in savings plans not being deliverable in 2017/18.
- There is a risk that demand cannot be managed in Adult Care and the Service cannot be funded in the medium term.

The work we performed and our conclusions are set out in table 2 overleaf.

Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.

Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Financial Planning For 2017/18 the Council had identified planned budgeted savings of £7.5m as being at risk of not being delivered. The Council established a contingency fund of £4.1m to cover non-delivery of these savings.</p> <p>The development and delivery of savings plans was therefore identified as a risk.</p>	<p>To support our work to give our conclusion on the Council's arrangements for planning finances we reviewed how the Council built up its savings plans and risk assessed the prospects for delivering them.</p>	<p>Risk assessment and monitoring have improved, non delivery of these savings to date is 4.1m and will be covered by the contingency. Identification of sufficient ongoing savings remains high risk.</p> <p>Savings are developed and monitored for each area through the Transformation Programme which in turn is linked to the Council's key themes of growing the economy, going local and building resilience. The Council has recently appointed a new Transformation Programme Management Officer to coordinate arrangements. There is also a Transformation Board for each key area of the Programme supported by a nominated Finance officer.</p> <p>When setting the 2017/18 Budget in February 2017 savings plans were risk assessed. Finance officers had detailed discussions with service managers and project leads, reviewed implementation plans and took a view at a point in time about the level of risk. This was based on relevant factors such as the likely timing of implementing IT infrastructure, when new contracts could be in place, and the take up schemes. Those savings plans where officers felt there was a higher degree of risk were highlighted in the Budget report to Members. High risk savings plans included those to make savings from; digitisation, procurement, headcount reduction and small scale housing development. A provision of £4.1m was included in the 2017/18 budget to cover these risks.</p> <p>Overall the Council has standardised the way savings are monitored across the Council. Savings are incorporated into the budget and monitored through budget reporting, but also there is now a standard spreadsheet showing specifically progress against savings which is monitored monthly by officers for all areas, with reporting by exception to Members.</p> <p>Officers have continued to monitor risks. The provision of £4.1m has been released to cover non delivery of the high risk savings. Current projections for 2017/18 show a potential overall year end overspend of £1.5m against the budget of £136.5m. However, the projected overspend reflects new pressures in the area of Children's services.</p> <p>Overall processes support the Medium Term Financial Strategy covering the period to 2019/20 which is underpinned by an analysis of risks eg to funding and spending pressures.</p> <p>Based on our work we concluded that the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions were satisfactory.</p>

Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Adult Social Care In common with many other councils nationally Swindon's Adult Social Care Services are under considerable pressure. There is a risk demand cannot be managed and the service cannot be funded in the medium term.</p>	<p>We reviewed actions to manage the budget and longer term actions to manage demand and to transform services.</p>	<p>The Council's transformation programme is well advanced and the planned savings of 2m in 2017-18 have been delivered. The budget was rebased to reflect the pressures on Adult Social Care and so far looks to be realistic. Good progress has been made in this challenging area.</p> <p>The 2016/17 Adult Social Care budget of £60.4m was overspent by £5m. Demand pressures around Older People and Learning Disability transition cases were the main reason for the overspend. In addition the Council only delivered savings of £3.9m against a target of £6.1m.</p> <p>The Council has a number of projects aimed at helping social care clients to increase their independence and move to lower levels of care. These are managed through the Council's Transformation Programme with Adult Social Care being one of six key areas of focus. The 2017/18 budget includes savings plans of £2.6m. All the actions to achieve these have been identified. At July 2017 £2m of the total savings had been achieved and officers project all £2.6m will be realised.</p> <p>As part of the 2017/18 budget setting process, officers did a detailed exercise to rebase the Adult Social Care budget. This involved looking at the costs of residential care providers. The outcome of this was to increase the Adult Social Care Budget to £70m and build this in to the medium term financial strategy. Against this it is currently projecting a small overspend of £10,000.</p> <p>The Council continues to face budget pressures. Looking ahead to 2018/19 a further £2.7m of savings need to be identified however, based on our work we concluded that the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions were satisfactory.</p>

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of other services.

Fees

	Proposed fee £	Actual fees £	2015/16 fees £
Statutory audit of Council	128,378	133,378	128,378
Housing Benefit Grant Certification	13,500	13,500	10,476
Total fees (excluding VAT)	141,878	146,878	138,854

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

We agreed an additional fee of £5,000 to audit the transactions in the Group accounts relating to the bus company which was disposed of part way through the financial year. Fee variations are subject to approval by Public Sector Audit Appointments Ltd.

Reports issued

Report	Date issued
Audit Plan	March 2017
Audit Findings Report	September 2017
Annual Audit Letter	October 2017

Fees for other services

Service	Fees £
Audit related services:	
• Teachers pensions return	4,200
• Pooled capital receipts return	2,200
• Home and Communities Agency return	2,500
Non-audit services	0

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all other services which were identified.
- We have considered whether other services might be perceived as a threat to our independence as the Council’s auditor and have ensured that appropriate safeguards are put in place, as reported in our Audit Findings Report.

The above non-audit services are consistent with the Council’s policy on the allotment of non-audit work to your auditor and have been approved by the Audit Committee.



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Audit Committee Progress and Update Report for Swindon Borough Council *Year ended 31 March 2016*

28 November 2017

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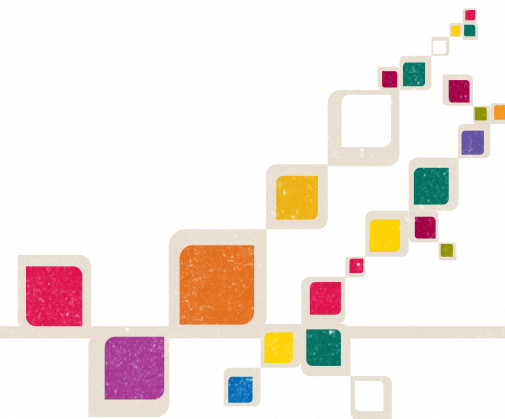
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Agenda Item 9



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 your business 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.



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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grantthornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an 'essential' service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



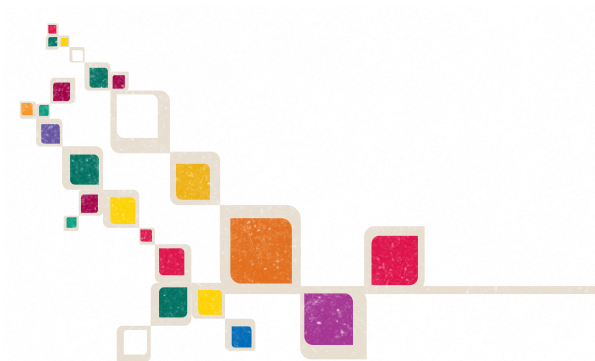
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Progress at 28 November 2017

2016/17 audit



Progress against plan
On track

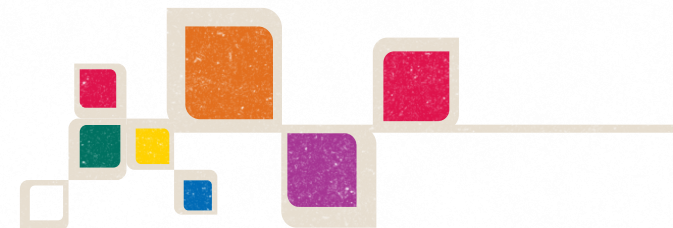
Opinion and VfM conclusion
On Track

Outputs delivered Fee letter, accounts audit plan.

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2016/17 work	Completed	Comments
Fee Letter We issued the 'Planned' fee letter for 2016/17 in April 2016.	April 2016	
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements. We also inform you of any subsequent changes to our audit approach.	April 2017	Reported to the April Audit Committee meeting
Interim accounts audit Our interim fieldwork visit includes: <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	Yes	Reported in Accounts Audit Plan.

Progress at 28 November 2017



2016/17 work	Completed	Comments
Final accounts audit Including: <ul style="list-style-type: none"> Audit of the 2016-17 financial statements proposed opinion on the Council's accounts 	Yes	The matters arising were reported to the September Audit Committee. We issued our opinion on 20 September 2017.
Value for money Including review of arrangements and risks identified in the Accounts Audit Plan.	Yes	The matters arising from our work were reported to the September Audit Committee. We issued our Conclusion on 20 September.
Grant Certification We are required to complete work on the following returns: <ul style="list-style-type: none"> Housing Benefit Homes and Communities Agency return Teachers Pension Return Pooled capital receipts return 	N/A	Our work will be completed by the deadline of 30 November 2017.
Other activities We provide a range of workshops, along with network events for members and publications to support the Council.	On-going	Our accounts workshop took place on 1 st March 2017.
Annual Audit Letter	Yes	The Annual Audit Letter was issued on October 18 2017.

Technical Matters

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Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Technical Matters

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues and developments



Procurement of external audit services



Sector Issues

Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Having concluded the procurement, PSAA will commence the process of appointing auditors to opted-in bodies. For more information on the auditor appointment process [click here](#).

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December..



Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

Grant Thornton



Setting up a successful social enterprise

Grant Thornton publications

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Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted existing models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.



<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>



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Head of Internal Audit Update

Audit Committee

Date: 28th November 2017

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in September 2017, to update Members with regard to progress against the annual internal audit plan and other key issues.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that Audit Committee comment on the proposed appointment of the Council's external auditor and note the remainder of the report.

3. Detail

Appointment of External Auditor

- 3.1 At the last Committee meeting members were informed that Public Sector Audit Appointments Ltd (PSAA) were proposing to appoint Grant Thornton (UK) LLP to audit the accounts of Swindon Borough Council for five years from 2018/19.
 - 3.2 Members indicated that they were satisfied with this appointment and therefore didn't want to make any representation regarding the proposed appointment.
 - 3.3 The Council are now awaiting PSAA's confirmation of the appointment. The published timescale states that they will write to all bodies to confirm the final decision on, or before 21st December 2017.
 - 3.4 PSAA will consult on scale fees for 2018/19 in due course and will publish confirmed scale fees for 2018/19 for opted-in bodies on their website in March 2018. PSAA has stated that the results of the audit procurement indicate that a reduction in scale fees in the region of approximately 18 per cent should be possible for 2018/19, based on the individual scale fees applicable for 2016/17.
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Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Head of Internal Audit Update

Audit Committee

Date: 28th November 2017

Progress on completion of Internal Audit Plan 2017/18

- 3.5 Details of audits finalised since the June Audit Committee meeting are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.
- 3.6 Appendix 2 sets out progress against the 2017/18 plan as at the year-end. As at the end of October 2017, 56% of the number of audits in the audit plan has been completed against a target of 56%. However, the target of completion of key audits has fallen below target 33% against a target of 50%.

Staffing update

- 3.7 The section had been without a Senior Auditor since January 2017. However, at the last Committee meeting the Head of Internal Audit reported that someone had been recruited to the post. Unfortunately this appointment has not worked out and the post is now vacant again.

Corporate Fraud Team

- 3.8 Continued HRA funding for the Corporate Fraud Team has been agreed with the Head of Housing Services for 2017/18.
- 3.9 So far in 2017/18 the Corporate Fraud Team has received a total of 254 referrals. To the end of October the team has:
- Recovered 14 housing properties (estimated savings £252,000)
 - Stopped 3 right to buy properties (discount saved of £220,043)

PSIAS update

- 3.10 Since the last Committee meeting the Head of Internal Audit has carried out an external assessment of South Gloucestershire Council's Internal Audit section against the Public Sector Internal Audit Standards.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Head of Internal Audit Update

Audit Committee

Date: 28th November 2017

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

5.4 Internal Audit's remit is to examine the adequacy of the Council's governance, risk management and internal controls. Effective systems of governance, risk management and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

Diversity Impact Assessment

5.5 None

Risk Management

5.6 Potential risks to the Council are identified in the individual audit reports summarised in Appendices 1 and 2.

6. Consultees

6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

6.2 All Heads of Service, Corporate Directors and Members who have contributed to individual audits to date during the course of 2017/18.

7. Background Papers

7.1 None

8. Appendices

Appendix 1 – Internal Audit Reports finalised since the September 2017 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2017/18

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Internal Audit reports finalised since the June 2017 Audit Committee meeting

Audit Title:	Commercial Assets						
Date of Report:	October 2017			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	7	Current Audit Opinion:	3	Previous Audit Opinion:	n/a	Overall Evaluation (Risk):	Of Concern
<u>Key Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • Links between the Commercial Investment Strategy and other relevant Council strategies and plans should be identified and reviewed to ensure they do not conflict. • A risk management process should be introduced to the property assets function to ensure there is informed decision making. • The longer term ambitions for commercial assets should be determined and documented. The income target for property assets should be clearly calculated to ensure that it is understood and based on realistic expectations. Commercial asset actual income generation vs estimates should be reported monthly, taking into account the long term effect of acquisitions and disposals. • As is noted in the Commercial Investment Strategy Report presented to Cabinet in December 2016 , the following should be devised: <ul style="list-style-type: none"> ➤ Commercial Investment Strategy Board and Terms of Reference ➤ Property Investment Strategy ➤ Investment and Appraisal Criteria ➤ Target rate of return which is consistent with the assumptions made in the MTRP ➤ A definition of what 'good' is in relation to the type of asset, location and tenant. ➤ The level at which a cap on the percentage of income that is derived from a single organisation or tenant is set and a cap on the single asset value as a percentage of gross asset value. ➤ The appointment of investment advisors. • A review of the existing commercial portfolio should be formally conducted to consider the composition of the Council's portfolio, a review of types of assets and their potential, the Council's key corporate plan objectives and how they link to the property portfolio, areas for potential change and development of the property portfolio and the risk of existing tenancies. Following this review, a gap analysis of the commercial assets portfolio should be conducted in order to inform the Council's Property Investment Strategy. • When calculating the financial performance of the commercial property portfolio all operating costs should be identified and accounted for. Once these costs have been calculated they should be compared to other local authorities to determine whether they are reasonable. • Performance indicators should be established for non-operational/commercial assets. Regular monthly reports on the performance of the estate should be produced. These reports should provide a general update on the management of the estate and issues arising, and cover in detail all aspects of income, debt management, lettings activity and also disposals across the corporate portfolio as a whole. 							

APPENDIX 1

Audit Title:	Housing Benefit and Council Tax Support						
Date of Report:	7 th November 2017			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	1	Current Audit Opinion:	2	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Moderate
<u>Key Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> A review should be undertaken to determine the acceptable percentage of client checks to be undertaken on Housing Benefit claims. If only a reduced amount of checks is possible, then check should be reviewed to ensure they are carried out on the highest risk items. 							

Audit Title:	Street Works						
Date of Report:	20 th October 2017			Materiality/Impact:		Medium	
Number of 'High Priority' Recommendations:	1	Current Audit Opinion:	3	Previous Audit Opinion:	N/a	Overall Evaluation (Risk):	Moderate
<u>Key Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> All major works or works that could have a significant impact on the highways network should be checked on receipt. All other notices should be checked on receipt if possible or as soon as possible afterwards. A regular check of outstanding notices (i.e. notices showing as unchecked) should be reviewed by the Street Works Manager to ensure that no initial and actual notices go unchecked. 							

APPENDIX 1

Audit Title:	Voluntary Sector Organisation – Supported Employment				Date of Report:	10/08/2017	
Number of ‘High Priority’ Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A
<u>Key Recommendations</u> <p>The piece of work was carried out as a consultancy review to provide additional support to Swindon Borough Council Commissioners and a voluntary sector organisation providing supported employment and other services to the residents of Swindon.</p> <p>The review appraised processes for financial and performance management. Recommendations made are being implemented.</p>							

Audit Title:	Plas Pencelli				Date of Report:	21/08/2017	
Number of ‘High Priority’ Recommendations:	8	Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Recommendations</u> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • A decision on the future of the Centre should be made as to whether it remains as a Council owned and operated facility, or becomes a Charitable Trust run by a Management Committee with Member involvement. If a decision is made to become a Charitable Trust then the Management Committee’s terms of reference should clearly define its role, particularly in relation to the operational management of the Centre (including the management of the Head of Centre) and accountability for mitigation of the Centre’s risks. The Committee should also consider the recommendations made in this report. If officer led then: <ul style="list-style-type: none"> ▪ The continuing role/need for a Management Committee should be carefully considered. ▪ Regular 1:1 performance and management review meetings, either face to face or by telephone, should take place at least monthly between the Strategic Planning Manager and the Head of Centre. ▪ An annual appraisal and mid-year review should be conducted by the Strategic Planning Manager with the Head of Centre. • All other recommendations are subject to the decision regarding the above recommendation. The Plas Pencelli management committee agreed that a working group comprising the Centre Manager, the Chair, the Vice-Chair, the Leader of the Council, the Cabinet Member for Children’s Services and Strategic Planning Manager, Commissioning, Economy and Attainment be established to consider the Audit Report and its recommendations and to formulate an action plan for consideration and adoption by the management committee. 							

APPENDIX 1

Audit Title:	Patch Management						
Date of Report:	October 2017			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	1	Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> A risk assessment should be carried out as part of the business case to move servers from Capita's management back into the Council. 							

Audit Title:	Grant certification audits						
Date of Report:	September and October			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	n/a	Current Audit Opinion:	n/a	Previous Audit Opinion:	n/a	Overall Evaluation (Risk):	
A number of grant certification audits have been completed since the last Audit Committee meeting: <ul style="list-style-type: none"> NNDR3 Bus Service operator grant Troubled Families 							

Audit Title:	Investigations						
Date of Report:	September and October			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	n/a	Current Audit Opinion:	n/a	Previous Audit Opinion:	n/a	Overall Evaluation (Risk):	
A number of investigations have been completed since the last Audit Committee meeting: <ul style="list-style-type: none"> WB 15/16 - 3 WB 16/17 - 5 Inv. 17/18 - 1 Inv. 17/18 - 7 							

APPENDIX 1

Audit Title:	Fleet management				Date of Report:	21/08/2017	
Number of 'High Priority' Recommendations:	3	Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate
<u>Key Recommendations</u> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> An effective fleet management strategy should be produced that reflects the current strategic context facing the Council and its strategic priorities. The strategy should clarify the business need for fleet and fleet management over the medium term, in consultation with customers and users of the service, reflecting their plans for service delivery and change over the next few years (see also AP2.1). The strategy should link to a corporate consideration of how the number and length of journeys can be reduced, with a view to enabling financial savings, reduction of accidents and impact on the environment. The strategy should focus on ensuring that the current service is fit for purpose, sustainable and delivers value for money for the organisation. This will ensure the service is in the best possible state to consider its future and appraise options, once the implications of parishing are clear. Areas to consider for further service development are discussed throughout this action plan and in Appendix C, which includes details of additional commercial opportunities identified from benchmarking. The training matrix includes training in relation to Health, Safety and the environment, some technical training in relation to plant, tools and machinery and some qualifications in relation to fleet management and safety. The training matrix should be reviewed and training delivered where requirements are out of date or have not been completed by staff. The costs and benefit of formal training and accreditation for technicians, for example IRTEC, should be considered. A performance framework for fleet Management should be produced. Measures that are most relevant to the efficient, effective and economical running of the service and managing risks (for example those related to vehicle and driver safety) should be selected for capture and reporting. Guidance on performance measures that can be used is included in guidance documents, such as these. The Fleet service should consider participating in benchmarking clubs, such as those run by APSE to enable comparison of cost and productivity with other providers, to help manage the service and inform decisions on the future of the service. Key measures should be reported to the departmental management team, along with targets, to give senior management assurance that the service is working efficiently, effectively and economically. 							

External work has also been completed for:

- St Joseph's
- UTC
- An external assessment of South Gloucestershire Council's Internal Audit team against the Public Sector Internal Audit Standards

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Key Audits Completed (Audits) - Draft - Total 36

	April	May	June	July	August	September	October	November	December	January	February	March
Key Audits Completed												
	Library evaluation	Corporate Reporting	Asset management-valuation	Compliance with Standing orders	New Eastern Villages	Main accounting I						
		Risk management	Annual Governance Statement		Housing Benefits	Corporate manslaughter						
		Performance Framework			Building - Statutory Compliance							
Key audits Month Total	1	3	2	1	3	2	0	0	0	0	0	0
Key audits Cumulative Total	1	4	6	7	10	12	12	12	12	12	12	12
Key audits Target %	5	8	12	20	28	35	50	60	70	80	90	100
Key audits Achieved %	3%	11%	17%	19%	28%	33%	33%	33%	33%	33%	33%	33%

Total other Audits Completed - Draft (54)

	April	May	June	July	August	September	October	November	December	January	February	March
Other Audits Issued												
	Workplace Health	Improvement Grants	Security: Civic Campus	Management of Capital projects	Homelessness	NNDR 3 claim	Care Leavers					
	Public Health Grant	Plas Pencelli	Organised crime checklist	Modern Slavery and Human Trafficking	Patch Management	WB 17/18-6	Troubled Families					
	NFI	Inv 17/18-1	Managed accounts: DHI	Carbon Reduction Commitment Grant	Children legal costs	STEAM	Nursery Funding					
		Duplicate Payments	Voluntary Sector Organisation – Supported Employment		SENRAP	Inv 17/18-1	Transport inv					
		Section 151 & HoIA responsibilities	Inv 17/18-2		W/B 17/18-1	PPS Waste Service	Inv 17/18-7					
					Parking Enforcement	Starters & leavers asset management	Capital Projects: financial contingency					
					Inv 17/18-3	WB 15/16-3	OSC: Use of Social Media					
							Bus Subsidy Grant					
Other audits total for month	3	5	5	3	7	7	8	0	0	0	0	0
Cumulative other audits	3	8	13	16	23	30	38	38	38	38	38	38

	April	May	June	July	August	September	October	November	December	January	February	March
Overall Month Total Audits	4	8	7	4	10	9	8	0	0	0	0	0
Overall Total Audits	4	12	19	23	33	42	50	50	50	50	50	50
Target Completion of Plan %	8	16	24	32	40	48	56	64	72	78	85	92
Audit Plan Achievement %	4%	13%	21%	26%	37%	47%	56%	56%	56%	56%	56%	56%

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